

CIRCULAR DATED 18 MAY 2023

**THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATIONS OF THE NON-CONFLICTED DIRECTORS AND THE ADVICE OF W CAPITAL MARKETS PTE. LTD. TO THE NON-CONFLICTED DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**If you are in any doubt in relation to the contents of this Circular or as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.**

Unless otherwise defined, capitalised terms used on this cover are defined in this Circular under the section entitled "DEFINITIONS".

This Circular, together with the Notice of EGM and the accompanying Proxy Form, have been made available on SGXNET and the Company's website at <http://investor.gear.com.sg/circulars.html>. **The Company has opted for electronic dissemination of this Circular. Please note that no printed copies of this Circular, including the Notice of EGM and the accompanying Proxy Form, will be despatched to Shareholders. Only printed copies of the Notification Letter and the accompanying Acceptance Forms will be despatched to Shareholders.**

If you have sold or transferred all your Shares held through CDP, you need not forward the printed copy of the Notification Letter and the accompanying FAA to the purchaser or transferee, as arrangements will be made by CDP for a separate copy of the Notification Letter and accompanying FAA to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately forward the printed copy of the Notification Letter and the accompanying FAT to the purchaser, the transferee or the bank, stockbroker or other agent through whom the sale or transfer for onward transmission to the purchaser or transferee.

This Circular, the Notification Letter, the Exit Offer Letter and the Acceptance Forms shall not be construed as, may not be used for the purposes of, and do not constitute, a notice or proposal or advertisement or an offer or invitation or solicitation in any jurisdiction or in any circumstance in which such a notice or proposal or advertisement or an offer or invitation or solicitation is unlawful or not authorised, or to any person to whom it is unlawful to make such a notice or proposal or advertisement or an offer or invitation or solicitation.

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.



# golden energy and resources

## GOLDEN ENERGY AND RESOURCES LIMITED

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

### CIRCULAR TO SHAREHOLDERS

in relation to

- (1) PROPOSED DISTRIBUTION *IN SPECIE* OF SHARES IN PT GOLDEN ENERGY MINES TBK TO SHAREHOLDERS OF GOLDEN ENERGY AND RESOURCES LIMITED BY WAY OF (I) A DIVIDEND *IN SPECIE* (SUBJECT TO THE CAPITAL REDUCTION BECOMING EFFECTIVE) AND (II) CAPITAL REDUCTION; AND**
- (2) PROPOSED VOLUNTARY DELISTING OF GOLDEN ENERGY AND RESOURCES LIMITED**

*Independent Financial Adviser to the Non-Conflicted Directors in respect of the  
(a) Proposed Distribution and (b) Exit Offer*



### W CAPITAL MARKETS PTE. LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 201813207E)

#### IMPORTANT DATES AND TIMES

Shareholders will NOT be allowed to attend the EGM in person. Alternative arrangements have been put in place to allow Shareholders to participate at the EGM by: (a) watching the EGM proceedings via a "live" audio-visual webcast or listening to the EGM proceedings via a "live" audio-only stream; (b) submitting questions in advance of the EGM or during the "live" audio-visual webcast of the EGM; and/or (c) voting at the EGM (i) "live" by the Shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the EGM) via electronic means or (ii) by appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM.

Last date and time for lodgement of Proxy Form	:	6 June 2023 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	9 June 2023 at 10.00 a.m.
Place of Extraordinary General Meeting	:	The Extraordinary General Meeting will be held by electronic means. Please refer to Sections 23 and 24 of this Circular for further details.

## **IMPORTANT NOTICE TO SHAREHOLDERS**

**SHAREHOLDERS WHO WISH TO RECEIVE GEMS SHARES PURSUANT TO THE PROPOSED DISTRIBUTION.** Shareholders who wish to receive their pro-rata entitlements pursuant to the Proposed Distribution in the form of GEMS Shares should ensure that they will have an IDX securities account or a brokerage/custodian account capable of holding IDX-listed securities (if they do not already have such an account). In addition, Shareholders should note that GEMS Shares are traded in board lots of 100 shares on the IDX. Entitled Shareholders may receive odd lots of GEMS Shares (being lots other than board lots of 100 shares) pursuant to the Proposed Distribution. Entitled Shareholders who receive odd lots of GEMS Shares are able to trade in the odd lots on the unit share market, which allows trading of securities in single shares. However, the market for trading of such odd lots of GEMS Shares may be illiquid and there is no assurance that Entitled Shareholders can acquire such number of GEMS Shares to make up one board lot of 100 GEMS Shares or to dispose of their odd lots (whether in part or in whole) on the IDX. Further, Entitled Shareholders who hold odd lots of less than 100 GEMS Shares may experience difficulty and/or have to bear disproportionate transaction costs in disposing of odd lots of their GEMS Shares.

**EXCLUDED OVERSEAS SHAREHOLDERS.** The circulation of this Circular and the distribution of the GEMS Shares may be prohibited or restricted (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Shareholders are required to inform themselves and to observe any such prohibition or restriction at their own expense and without any liability to the Company. It is the responsibility of Shareholders in such jurisdictions to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with the necessary formalities which are required to be observed and/or the payment of any issue, transfer or other taxes due in such jurisdiction.

Further details of the distribution of and the entitlement of Excluded Overseas Shareholders to the GEMS Shares pursuant to the Proposed Distribution are set out in Sections 7.3, 10.1(i)(b) and 10.5 of this Circular.

# 1

## THE BACKGROUND OF THE PROPOSED DISTRIBUTION, DELISTING AND EXIT OFFER

- Company announced on 9 November 2022 the Proposed Distribution via a distribution *in specie* of all the shares it holds in PT Golden Energy Mines Tbk to Entitled Shareholders on a pro-rata basis, through: (i) a dividend *in specie*; and (ii) a distribution *in specie* by way of the Capital Reduction.
- In connection with the Proposed Distribution, the Company proposes to seek the voluntary delisting of its Shares from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.
- In conjunction with the Delisting, SAC Capital, for and on behalf of the Offeror, will make the Exit Offer to acquire all the Shares (excluding treasury shares, if any) held by Shareholders.
- The Proposed Distribution and Delisting seek to address ESG pressures on the Group and provide a flexible liquidity opportunity to Shareholders.
- The Proposed Distribution, Delisting and Exit Offer is the only existing offer to Shareholders as at the Latest Practicable Date.

# 2

## VARIOUS TYPES OF CONSIDERATION AN ENTITLED SHAREHOLDER MAY RECEIVE

If the Distribution Resolution and the Delisting Resolution are **approved**, and the Exit Offer Conditions are **satisfied**:

### In respect of the Proposed Distribution:

#### **Elect to receive**

**1.3936 GEMS Shares** (“GEMS Shares Consideration”) for each Share held as at the Record Date

OR

#### **Do nothing**

and receive **full (and not part) pro-rata entitlements** to GEMS Shares in cash instead

### In respect of the Exit Offer:

#### **Accept**

the **Exit Offer** and receive the **Revised Exit Offer Price of S\$0.181** for each Offer Share

OR

#### **Reject**

the **Exit Offer** and the **Revised Exit Offer Price of S\$0.181** for each Offer Share

In the Update Announcement, revisions to the original consideration amounts were announced, i.e. the Revised All Cash Consideration, Revised Exit Offer Price as well as Revised GEMS Shares Consideration and Cash.

## 3

## OPTIONS AVAILABLE IN RECEIVING THE VARIOUS TYPES OF CONSIDERATION

An Entitled Shareholder can **CHOOSE ONE** of the following options:

Revised All Cash Consideration	Revised GEMS Shares Consideration and Cash	Revised GEMS Cash Consideration Only	GEMS Shares Consideration Only
Receive the Revised GEMS Cash Consideration and <b>ACCEPT</b> the Exit Offer and receive the Revised Exit Offer Price	Elect to receive the GEMS Shares Consideration and <b>ACCEPT</b> the Exit Offer and receive the Revised Exit Offer Price	Receive the Revised GEMS Cash Consideration and <b>REJECT</b> the Exit Offer and the Revised Exit Offer Price	Elect to receive the GEMS Shares Consideration and <b>REJECT</b> the Exit Offer and the Revised Exit Offer Price
S\$0.973 <sup>(1)</sup>	S\$0.964 <sup>(2)(5)</sup>	S\$0.792 <sup>(3)(6)</sup>	S\$0.783 <sup>(4)(5)(6)</sup>

**THE RESPECTIVE VALUES OF CONSIDERATION PRESENTED ON A PER SHARE BASIS ABOVE ARE FOR ILLUSTRATIVE PURPOSES ONLY.** Any discrepancies between the illustrative amounts above and the actual amounts received by Entitled Shareholders are due to rounding and disregarding of fractional entitlements (where applicable), depending on the actual number of Shares held by such Entitled Shareholder as at the Record Date. For an illustration of the actual amounts that may be received by Entitled Shareholders if they hold 100 or 10,000 Shares, please refer to page xiv of this gatefold.

### Notes:

- (1) The fixed value of the Revised All Cash Consideration comprises: (i) the Revised GEMS Cash Consideration component based on (a) the Revised Cash Alternative Price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936; then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places; and (ii) the Revised Exit Offer Price of S\$0.181.
- (2) The illustrative value comprises: (i) the GEMS Shares Consideration component (expressed in monetary value) based on (a) the illustrative value of the GEMS Shares Consideration of approximately IDR8,953.88 (based on the closing price of IDR6,425 per GEMS Share as at the Revised Last Trading Day multiplied by the Distribution Ratio of 1.3936); then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places; and (ii) the Revised Exit Offer Price of S\$0.181. The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Latest Practicable Date is **S\$0.997**, based on: (A) the closing price of IDR6,500 per GEMS Share and the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date as extracted from Bloomberg L.P., rounded to three (3) decimal places; and (B) the Revised Exit Offer Price of S\$0.181.
- (3) The fixed value of the Revised GEMS Cash Consideration is based on (i) the Revised Cash Alternative Price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936; then divided by (ii) the Agreed Exchange Rate, rounded to three (3) decimal places.
- (4) The GEMS Shares Consideration (expressed in monetary value) is based on (i) the illustrative value of the GEMS Shares Consideration of approximately IDR8,953.88 (based on the closing price of IDR6,425 per GEMS Share as at the Revised Last Trading Day multiplied by the Distribution Ratio of 1.3936); then divided by (ii) the Agreed Exchange Rate, rounded to three (3) decimal places. The illustrative value of the GEMS Shares Consideration as at the Latest Practicable Date is **S\$0.816**, based on the closing price of IDR6,500 per GEMS Share and the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date as extracted from Bloomberg L.P., rounded to three (3) decimal places.
- (5) If an Entitled Shareholder elects to receive the GEMS Shares Consideration, he/she/it will receive scripless GEMS Shares. There are charges and fees associated with holding scripless GEMS Shares which will need to be borne by the Entitled Shareholder. **PLEASE REFER TO SECTIONS 10.12 AND 10.13 OF THE CIRCULAR FOR FURTHER DETAILS ON A DESCRIPTION OF THESE CHARGES AND FEES.** Shareholders should also note that GEMS Shares are traded in board lots of 100 shares on the IDX. Entitled Shareholders may receive odd lots of GEMS Shares (being lots other than board lots of 100 shares) pursuant to the Proposed Distribution. Entitled Shareholders who hold odd lots of less than 100 GEMS Shares may experience difficulty and/or have to bear disproportionate transaction costs in disposing of odd lots of their GEMS Shares.
- (6) **SHAREHOLDERS WHO DO NOT ACCEPT THE EXIT OFFER WILL CONTINUE TO HOLD SHARES IN THE COMPANY, WHICH WILL THEN BE AN UNLISTED COMPANY. PLEASE REFER TO SECTION 18 OF THE CIRCULAR FOR THE IMPLICATIONS OF THE COMPULSORY ACQUISITION AND DELISTING FOR SHAREHOLDERS.**

# 4

## WHAT NEEDS TO HAPPEN FOR THE PROPOSED DISTRIBUTION AND DELISTING TO BE APPROVED AT THE EGM?

### DISTRIBUTION RESOLUTION

**≥ 75%**

of the total number of issued Shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM **must approve** the Distribution Resolution



### DELISTING RESOLUTION

**≥ 75%**

of the total number of issued Shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM **must approve** the Delisting Resolution

The Distribution Resolution and the Delisting Resolution are **INTER-CONDITIONAL** on each other.

If any of the Distribution Resolution or the Delisting Resolution is not approved at the EGM, none of these resolutions will be carried out.

The Offeror Concert Group (which includes PT Dian Swastatika Sentosa Tbk, being the majority shareholder of the Company) will abstain from voting on both resolutions.

# 5

## WHAT HAPPENS IF THE PROPOSED DISTRIBUTION AND DELISTING RESOLUTIONS ARE NOT APPROVED?

The Exit Offer is conditional upon certain conditions, including **BOTH** the Distribution Resolution and the Delisting Resolution being approved at the EGM.

If any of the Distribution Resolution or the Delisting Resolution is not approved at the EGM, the Exit Offer will lapse and all acceptances of the Exit Offer will be returned, and the Company will continue to own GEMS Shares and continue to be listed.

## 6

## WHAT DOES THE IFA ADVISE?

After having regard to the considerations set out in the IFA Letter (as set out in Appendix I to the Circular), and based on the information available to the IFA as at the Latest Practicable Date, the IFA has given certain opinions and advice to the Non-Conflicted Directors, an extract of which is reproduced (in italics) below. Shareholders should read the following extract (in italics) in conjunction with, and in the context of, the IFA Letter in its entirety as set out in the Circular.

***“In view of the above considerations and based on information available to us as at the Latest Practicable Date, we are of the view that the Revised Cash Alternative Price of IDR6,500 per GEMS Share offered to Shareholders in connection with the Proposed Distribution is FAIR and REASONABLE.”***

***“Having regard to the foregoing considerations set out in this IFA Letter, and in particular that both the Revised All Cash Consideration, and the Revised GEMS Shares Consideration and Cash, fall within or are above our estimated range of values of the Shares of between the Lower Value of S\$0.748 and the Higher Value of S\$0.964 as set out in Section 10.2.5 of this IFA Letter, we are of the opinion that, on balance: (i) the Revised All Cash Consideration of S\$0.973 is FAIR AND REASONABLE; and (ii) the Revised GEMS Shares Consideration and Cash<sup>(1)</sup> of S\$0.964 is FAIR AND REASONABLE. Accordingly, we advise the Non-Conflicted Directors to recommend Shareholders to vote in favour of the Distribution Resolution and accept the Exit Offer, unless they are able to obtain a higher price on the open market, after taking into account the applicable transaction costs.”***

**Note:**

- (1) The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Revised Last Trading Day was indicated to be S\$0.964 in the Update Announcement. The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Latest Practicable Date is **S\$0.997**, based on: (a) the closing price of IDR6,500 per GEMS Share and the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date as extracted from Bloomberg L.P., rounded to three (3) decimal places; and (b) the Revised Exit Offer Price of S\$0.181.

## WHAT DO THE NON-CONFLICTED DIRECTORS RECOMMEND?

- (i) Recommendation in respect of the Proposed Distribution. Having considered, among others, the rationale for the Proposed Distribution and Delisting set out in Section 4 of the Circular and the opinion and advice given by the IFA that the Revised Cash Alternative Price is fair and reasonable, the Non-Conflicted Directors are of the view that, notwithstanding that the EPS and NAV of the Group will decline, and the Gearing Ratio of the Group will increase, after the Proposed Distribution (as illustrated in Section 8 of the Circular), the Proposed Distribution is in the best interests of the Company.

Accordingly, the Non-Conflicted Directors recommend that the Shareholders **VOTE IN FAVOUR** of the Distribution Resolution.

- (ii) Recommendation in respect of the Proposed Distribution, Delisting and Exit Offer. The Non-Conflicted Directors have considered the following, among other things, in determining their recommendation:
- (a) the rationale for the Proposed Distribution and Delisting set out in Section 4 of the Circular and the rationale for the Exit Offer reproduced in Section 15 of the Circular;
  - (b) the opinion and advice given by the IFA that, on balance: (I) the Revised All Cash Consideration of S\$0.973 is fair and reasonable; (II) the Revised GEMS Shares Consideration and Cash<sup>(1)</sup> of S\$0.964 is fair and reasonable; and (III) Shareholders should vote in favour of the Distribution Resolution and accept the Exit Offer, which the Non-Conflicted Directors concur with;
  - (c) the Directors are of the view that the terms of the Proposed Distribution and the Exit Offer, when taken together as a single transaction, are fair and reasonable; and
  - (d) following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no existing arrangement for such Shareholders to exit their investment in the Shares in such a circumstance.

In view of the foregoing, the Directors are of the view that the Proposed Distribution, Delisting and Exit Offer (when taken together as a single transaction) are in the best interests of the Group. Accordingly, the Non-Conflicted Directors recommend that Shareholders **VOTE IN FAVOUR** of the Delisting Resolution and **ACCEPT** the Exit Offer.

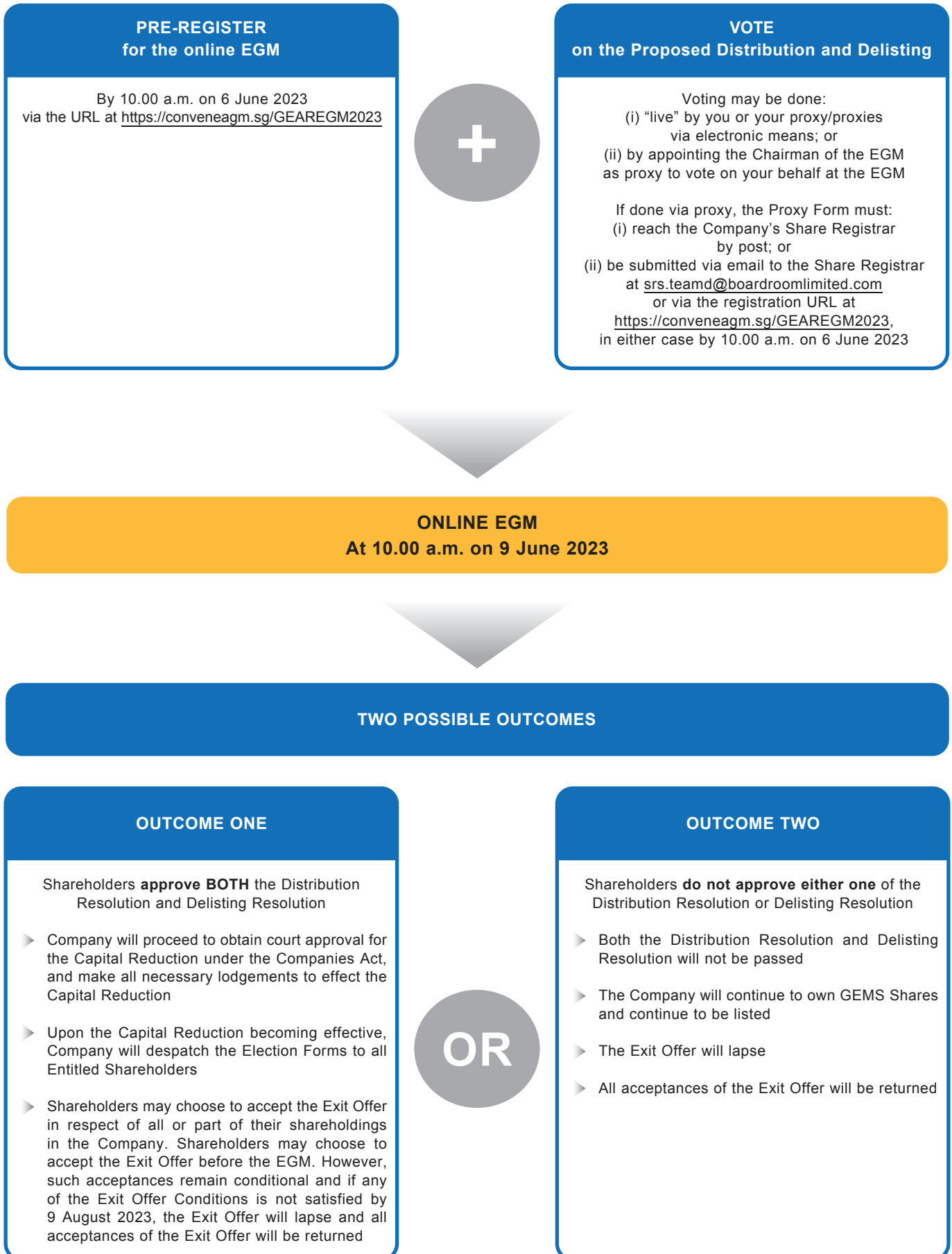
Shareholders are advised by the Non-Conflicted Directors to read and consider carefully the recommendations of the Non-Conflicted Directors and the advice of the IFA contained in the IFA Letter as reproduced in Appendix I to the Circular in its entirety. The Non-Conflicted Directors would also like to draw the attention of Shareholders to Section 18 of the Circular titled “Implications of Compulsory Acquisition and Delisting for Shareholders”.

**Note:**

- (1) The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Revised Last Trading Day was indicated to be S\$0.964 in the Update Announcement. The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Latest Practicable Date is **S\$0.997**, based on: (a) the closing price of IDR6,500 per GEMS Share and the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date as extracted from Bloomberg L.P., rounded to three (3) decimal places; and (b) the Revised Exit Offer Price of S\$0.181.

# 8

## WHAT DO I NEED TO DO FROM NOW TO EGM?





## OUTCOME ONE - WHAT SHOULD I DO IF BOTH RESOLUTIONS ARE APPROVED?

Entitled Shareholder can **CHOOSE ONE** option:

REVISED ALL CASH CONSIDERATION	REVISED GEMS SHARES CONSIDERATION AND CASH	REVISED GEMS CASH CONSIDERATION ONLY	GEMS SHARES CONSIDERATION ONLY
<p><b>DO NOTHING</b> to receive the Revised GEMS Cash Consideration</p> <p style="text-align: center;">+</p> <p><b>ACCEPT</b> the Exit Offer and receive the Revised Exit Offer Price</p>	<p><b>ELECT</b> to receive the GEMS Shares Consideration</p> <p style="text-align: center;">+</p> <p><b>ACCEPT</b> the Exit Offer and receive the Revised Exit Offer Price</p>	<p><b>DO NOTHING</b> to receive the Revised GEMS Cash Consideration</p> <p style="text-align: center;">+</p> <p><b>DO NOTHING TO REJECT</b> the Exit Offer and the Revised Exit Offer Price</p>	<p><b>ELECT</b> to receive the GEMS Shares Consideration</p> <p style="text-align: center;">+</p> <p><b>DO NOTHING TO REJECT</b> the Exit Offer and the Revised Exit Offer Price</p>
For more information, please refer to the section(s) below titled:			
<p>“Instructions to accept the Exit Offer” for further instructions on how to ACCEPT the Exit Offer and receive the Revised Exit Offer Price</p>	<ul style="list-style-type: none"> <li>▶ “Election Process Flowchart – Distribution in Specie (DIS)”;</li> <li>▶ “How to fill in the Election Form”; and</li> <li>▶ “Instructions to accept the Exit Offer”</li> </ul> <p>for further instructions on how to elect to receive the GEMS Shares Consideration and ACCEPT the Exit Offer and receive the Revised Exit Offer Price</p>	NIL	<ul style="list-style-type: none"> <li>▶ “Election Process Flowchart – Distribution in Specie (DIS)”;</li> <li>▶ “How to fill in the Election Form”</li> </ul> <p>for further instructions on how to elect to receive the GEMS Shares Consideration</p>

## IMPORTANT NOTICE TO SHAREHOLDERS ELECTING TO RECEIVE GEMS SHARES

### LOGISTICS REQUIRED

Shareholders who wish to receive the scrippless GEMS Shares should ensure that they will have an IDX securities account or a brokerage / custodian account capable of holding IDX-listed securities (if they do not already have such an account). Such Entitled Shareholders should consult their relevant brokers/custodians regarding the timing, cost and procedures of having the GEMS Shares deposited into the brokerage/custodian account/KSEI Securities Account and any odd-lot trading (if applicable) of their GEMS Shares on the IDX through their brokerage/custodian account.

### INFORMATION REQUIRED

**ALTHOUGH THE ELECTION FORMS WILL ONLY BE DESPATCHED AFTER THE CAPITAL REDUCTION HAS BECOME EFFECTIVE IN OR AROUND EARLY JULY 2023 (INDICATIVE TIMING AND MAY BE SUBJECT TO CHANGE), ENTITLED SHAREHOLDERS SHOULD START APPROACHING THEIR RELEVANT BROKERS/CUSTODIANS AFTER THE EGM IS HELD TO SEEK ADVICE AND OBTAIN THE FOLLOWING REQUIRED INFORMATION, IN ORDER TO ENSURE THAT THE ELECTION FORMS (TO BE DESPATCHED ONLY AFTER THE CAPITAL REDUCTION BECOMES EFFECTIVE) CAN BE VALIDLY COMPLETED AND SUBMITTED BACK TO THE COMPANY BEFORE THE EXPIRY DATE OF THE ELECTION PERIOD.**

For Entitled Shareholders who have a brokerage / custodian account with a brokerage/custodian outside of Indonesia: Such Entitled Shareholders should request for confirmation from such brokerage/custodian that it has custodial and nominee arrangements with, and is able to trade on the IDX through, an Indonesian nominee/counterpart. If the Entitled Shareholder's non-Indonesian brokerage/custodian has custodial and nominee arrangements with, and is able to trade on the IDX through, an Indonesian nominee/counterpart, such Entitled Shareholders should prepare and liaise with their relevant brokers/custodians to request for the following information, and fill up the Election Form with the relevant details as soon as possible, in order to ensure the proper transfer of the GEMS Shares:

- registered full name(s) on record in respect of the Non-Indonesian Brokerage/Custodian Account;
- Entitled Shareholder's Brokerage / Custodian Account Number with the Non-Indonesian Brokerage/Custodian;
- Non-Indonesian Brokerage's / Custodian's Account Number with the Indonesian nominee/counterpart;
- Identity Card or Passport Number(s) (for individual(s)) or Business Registration Number (for corporates);
- address, contact number and email address of the Entitled Shareholder;
- names of both the Non-Indonesian Brokerage/Custodian and the Indonesian nominee/counterpart; and
- names, contact numbers, postal and email addresses of the contact persons of both the Non-Indonesian Brokerage/Custodian and the Indonesian nominee/counterpart.

For Entitled Shareholders who have a brokerage / custodian account with an Indonesian Brokerage/Custodian: Such Entitled Shareholders should prepare and/or liaise with their relevant brokers/custodian to request for the following information, and fill up the Election Form with the relevant details as soon as possible, in order to ensure the proper transfer of the GEMS Shares:

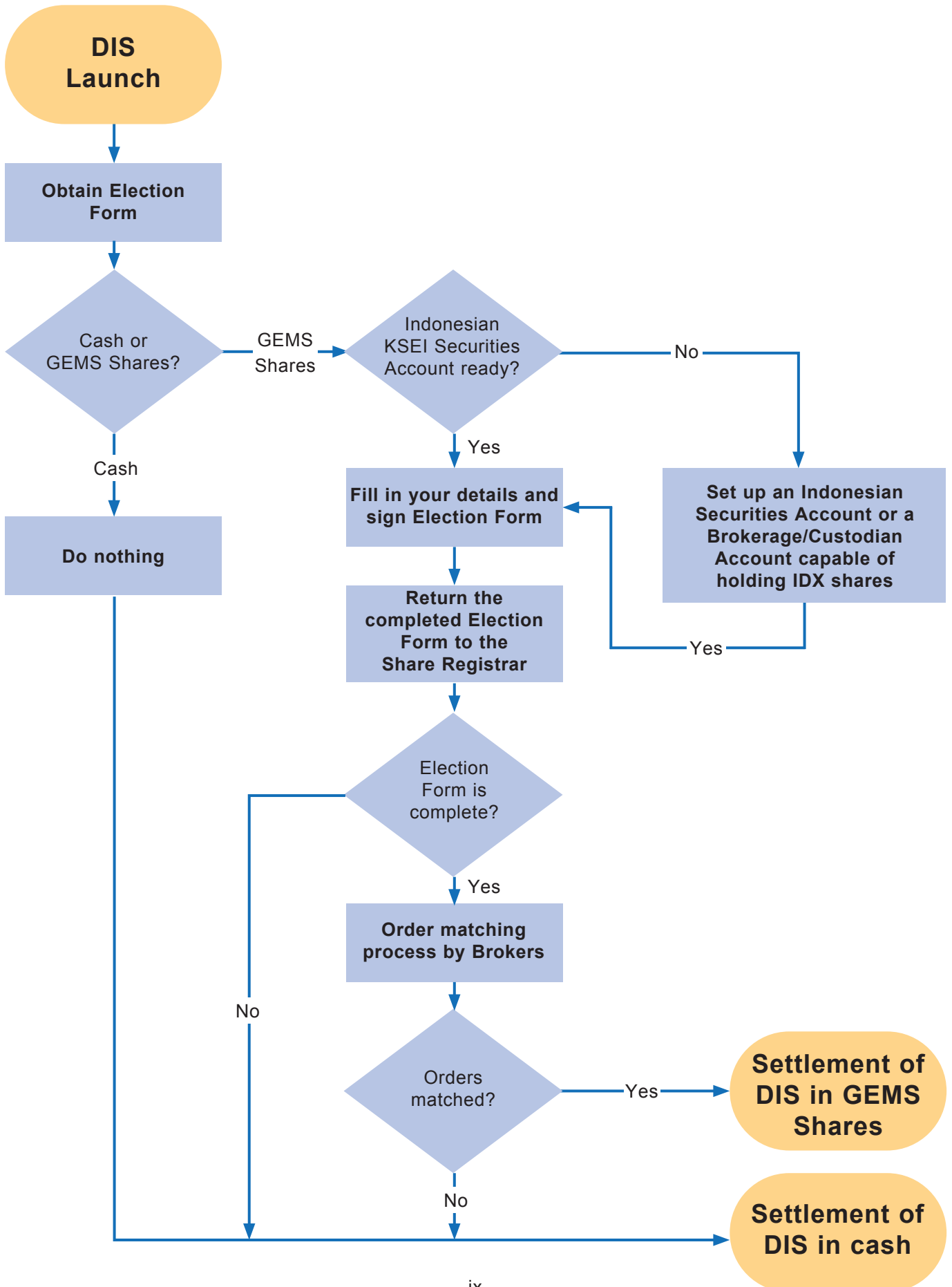
- registered full name(s) on record in respect of the KSEI Securities Account;
- KSEI Securities Account Number;
- Single Investor Identification (SID) number;
- Identity Card or Passport Number(s) (for individual(s)) or Business Registration Number (for corporates);
- address, contact number and email address of the Entitled Shareholder;
- name of the Brokerage Firm/Custodian in respect of the KSEI Securities Account; and
- name, contact number and email address of the contact person of the Brokerage Firm/Custodian in respect of the KSEI Securities Account.

**PLEASE REFER TO SECTION 10.1 OF THE CIRCULAR FOR FURTHER DETAILS ON THE ADMINISTRATIVE PROCEDURES RELATING TO THE PROPOSED DISTRIBUTION.**

There are charges and fees associated with holding scrippless GEMS Shares which will need to be borne by the Entitled Shareholder. **PLEASE REFER TO SECTIONS 10.12 AND 10.13 OF THE CIRCULAR FOR FURTHER DETAILS ON A DESCRIPTION OF THESE CHARGES AND FEES.**

# Election Process Flowchart

## Distribution in Specie (DIS)



# HOW TO FILL IN THE ELECTION FORM

All capitalised terms used below shall bear the same meanings as ascribed to them in the Circular

## STEP 1 Locate the Election Form

Locate the Election Form which will be despatched to all Entitled Shareholders.

## STEP 2 Elect to receive entitlements in the form of GEMS Shares

- If you wish to receive **all (and not part of)** your entitlement in the form of GEMS Shares, proceed to Step 3.
- If you wish to receive **all (and not part of)** your entitlement in the form of cash, no action is required.

## STEP 3 Complete and sign the Election Form<sup>(1)</sup>

**Only applicable if you wish to receive all (and not part of) your entitlement in the form of GEMS Shares**

- Under Section 1, please insert an "X" in the box to indicate that you wish to elect to receive the GEMS Shares Consideration.

### SECTION 1 – DECLARATION TO BE PROVIDED BY ENTITLED SHAREHOLDERS WHO WILL RECEIVE GEMS SHARES IN SCRIPLESS FORM

PLEASE COMPLETE THIS SECTION BEFORE PROCEEDING TO SECTION 2

By inserting an "X" in the box below, I/we represent and warrant to the Company as follows:

- I/we am/are a Shareholder(s) whose registered addresses as at the Record Date, as recorded in the Depository Register maintained by the Central Depository (Pte) Limited ("CDP") for the service of notices and documents, is in Singapore;
- I/we have informed my/our broker/custodian, whose details are given in Section 2 below, of my/our GEMS Shares entitlement, and irrevocably authorise and instruct them to take all necessary steps and actions to execute and complete the transfer of my/our GEMS Shares entitlement on the IDX;
- I/we confirm that we have not elected to receive a combination of both the Revised Cash Alternative Price and the GEMS Shares for the Shares that I/we hold as at 5.00 p.m. on the Record Date;
- I/we confirm that if the trade order of the GEMS Shares fails to be executed for whatsoever reason on the IDX Trade Date mentioned above, subject to the sole discretion of the Company, I/we consent to the new IDX Trade Date to be the date that falls on "T+3" market days; and if the trade order of the GEMS Shares fails to be executed for whatsoever reason on "T+3" market days, subject to the sole discretion of the Company, I/we consent to the new IDX Trade Date to be the date that falls on "T+5" market days; and
- I/we acknowledge that the Administrative Information stated above is purely to enable the Company's appointed brokerage services provider and my/our corresponding brokerage services provider/custodian to process the transfer of the GEMS Shares to me/us, and at no time is the Administrative Information treated as, or deemed to be treated as indicating the pricing of the GEMS Shares at any time or the actual transfer date of the GEMS Shares to me/us, nor shall the IDX Trade Date/Settlement Date be treated as, or deemed to be treated as the Effective Date.

**A** Please indicate an "X" within the box provided if you wish to receive all (and not part of your entitlement) in the form of GEMS Shares.

- Under Section 2, please fill in the applicable information.
  - (1) If you have an Indonesian KSEI Securities Account, please fill in Section 2A. If you do not have an Indonesian KSEI Securities Account and wish to set up an Indonesian KSEI Securities Account, you may contact one of the IDX Members/Brokerage Firms as listed on <https://www.idx.co.id/en/members-and-participants/exchange-members-profiles>. You are advised to consult your appointed Brokerage Firm to assist you to fill in Section 2A.
  - (2) If you do not have and do not wish to set up an Indonesian KSEI Securities Account, but you have a Brokerage/Custodian Account that is capable of holding IDX-listed securities, please fill in Section 2B. If you do not already have the aforesaid Brokerage/Custodian Account, you may contact a Brokerage firm and set up a Brokerage Account with a Brokerage Firm that is capable of holding IDX listed securities. You are advised to consult your appointed Brokerage Firm to assist you to fill in Section 2B, including but not limited to the details of its Indonesian nominee/counterpart.
- Under Section 3, please sign off on the bottom left-hand corner of the Election Form.

### Note:

- (1) Further instructions for completing the Election Form are set out in the Election Form.

**SECTION 2 – INFORMATION TO BE PROVIDED BY ENTITLED SHAREHOLDERS**

IMPORTANT: YOU MUST COMPLETE THIS SECTION IF YOU WISH TO RECEIVE GEMS SHARES IN SCRIPLESS FORM. \* INDICATES A REQUIRED FIELD.

SECTION 2A – IF YOU HAVE AN INDONESIAN SECURITIES ACCOUNT, PLEASE FILL UP SECTION 2A, OTHERWISE PROCEED TO SECTION 2B:

a	My/Our registered full name(s) on record in my/our KSEI Securities Account: *	
b	My/Our Indonesian KSEI Securities Account No: *	
c	My/Our Indonesian Single Investor Identification (SID) No: *	
d	My/Our Identity Card or Passport Number(s) (for individual(s)) or Our Business Registration Number (for corporates):	
e	My/Our address:	
f	My/Our contact number: *	
g	My/Our email address: *	
h	Name of the Brokerage Firm/ Custodian holding my/our KSEI Securities Account: *	
i	Address of the Brokerage Firm/ Custodian holding my/our KSEI Securities Account:	
j	Name of the contact person of the Brokerage Firm/ Custodian: *	
k	Contact number of the contact person of the Brokerage Firm/ Custodian: *	
l	Email address of the contact person of the Brokerage Firm/ Custodian: *	

**B** You may fill in the details of your Indonesian Securities Account in Section 2A **OR** the details of your appointed broker's Brokerage Account or Custodian Account that is capable of holding IDX-listed securities in Section 2B. Please **DO NOT** fill in both Section 2A and Section 2B.

SECTION 2B – IF YOU DO NOT HAVE AN INDONESIAN SECURITIES ACCOUNT, BUT YOU HAVE A BROKERAGE/ CUSTODIAN ACCOUNT THAT IS CAPABLE OF HOLDING IDX-LISTED SECURITIES, PLEASE COMPLETE THIS SECTION BELOW:

BROKERAGE FIRM/ CUSTODIAN (CAPABLE OF HOLDING IDX-LISTED SECURITIES)		
a	My/Our registered full name(s) on record in my/our Brokerage/ Custodian Account: *	
b	My/Our Brokerage/ Custodian Account No: *	
c	My/Our Identity Card or Passport Number(s) (for individual(s)) or Our Business Registration Number (for corporates):	<b>B</b>
d	My/Our address:	
e	My/Our contact number: *	
f	My/Our email address: *	
g	Name of the Brokerage Firm/ Custodian holding my/our brokerage/ custodian account: *	
h	Address of the Brokerage Firm/ Custodian holding our brokerage/ custodian account:	
i	Name of the contact person of the Brokerage Firm/ Custodian: *	
j	Contact number of the contact person of the Brokerage Firm/ Custodian: *	
k	Email address of the contact person of the Brokerage Firm/ Custodian: *	
INDONESIAN NOMINEE/ COUNTERPART OF ABOVENAMED BROKERAGE FIRM/ CUSTODIAN (IF APPLICABLE)		
l	Abovenamed Brokerage Firm/ Custodian's registered full name(s) on record with the Indonesian nominee/ counterpart: *	
m	Abovenamed Brokerage Firm/ Custodian's Account Number with the Indonesian nominee/counterpart: *	
n	Name of the Indonesian Nominee/ Counterpart: *	
o	Address of the Indonesian Nominee/ Counterpart:	
p	Name of the contact person of the Indonesian Nominee/ Counterpart: *	
q	Contact number of the contact person of the Indonesian Nominee/ Counterpart: *	
r	Email address of the contact person of the Indonesian Nominee/ Counterpart: *	

BY SIGNING BELOW, I/WE CONFIRM THE ACCURACY OF THE INFORMATION GIVEN IN THIS ELECTION FORM, AND I/WE AGREE TO RECEIVE THE GEMS SHARES IN RESPECT OF ALL (AND NOT PART OF) MY/OUR SHARES AS AT 5.00 P.M. ON THE RECORD DATE.

I/We agree to be bound by the terms and conditions referred to herein and those set out in the Circular.

**C** Indicate the date on the bottom right-hand corner and sign off on the bottom left-hand corner.

Signature(s) of Depositor/Joint Depositors<sup>1/2</sup>

Date

<sup>1</sup> For Election Forms that are incomplete, unsigned or late or rejected, you will receive the Revised Cash Alternative Price in respect of all the Shares you hold as at 5.00 p.m. on the Record Date.

<sup>2</sup> For corporations, please sign per your signing mandate and where appropriate, affix your Common Seal, in accordance with your constitution or relevant constitutive documents.

**STEP 4**

**Return the completed Election Form**

Return the completed Election Form so that it arrives at Boardroom Corporate & Advisory Services Pte. Ltd. **NOT LATER THAN the date and time as stated in the Election Form.**

# INSTRUCTIONS TO ACCEPT THE EXIT OFFER

All capitalised terms used below shall bear the same meanings as ascribed to them in the Exit Offer Letter and the Circular

## STEP 1 Locate the FAA<sup>(1)</sup> and/or FAT<sup>(2)</sup>

Locate the FAA (for scripless Shares) and/or FAT (for scrip Shares), or obtain:

- The FAA from The Central Depository (Pte) Limited,
- The FAT from Boardroom Corporate & Advisory Services Pte. Ltd., or
- Electronic copies of the FAA and/or FAT from the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

If you are a CPF/SRS Investor, please contact your respective CPF Agent Bank and/or SRS Operator

Notes:

- (1) Look for the printed copy of the FAA sent to you and proceed to Step 2 below
- (2) Look for the printed copy of the FAT sent to you and refer to the procedures for acceptance of the Exit Offer set out in the FAT and Appendix 1 to the Exit Offer Letter

## STEP 2 Fill in your details and sign the FAA<sup>(3)</sup>

- Check or fill in your personal particulars, Securities Account Number and the number of Offer Shares held by you
- Under Section C, select one of the two available options:  "All the Offer Shares indicated in Section A" OR  "The number of Offer Shares as indicated In the box below" and fill in the number of Offer Shares in the "Free Balance" of your CDP Securities Account that you wish to tender in the acceptance of the Exit Offer

### **C** Declaration by Shareholder

I/we wish to accept the Exit Offer for the number of Offer Shares as indicated below.

Choose one option

All the Offer Shares indicated in Section A,

**OR**

the number of Offer Shares as indicated in the box below

By signing below, I/we agree to the terms and conditions of the Exit Offer as set out in the Exit Offer Letter and in this FAA, including the section "Authorisation" on page 2 of this FAA.

Choose one option  
for acceptance of  
the Exit Offer



For individual and joint alternate signatory account holders: Scan QR Code and access event via Corporate Actions Form Submission on [investors.sgx.com](http://investors.sgx.com).

- Please fill in the applicable date and proceed to sign off on the bottom of Section C of the FAA

Sign here

\_\_\_\_\_  
Signature(s) of Depositor(s)/Joint Depositors

Date here

\_\_\_\_\_  
Date

Note:

- (3) Further instructions for completing the FAA are set out in the FAA and Appendix 1 to the Exit Offer Letter.

## STEP 3 Return the completed FAA

Return the completed FAA in the pre-addressed envelope which is enclosed with the FAA so as to arrive **NOT LATER THAN** 5.30 p.m. (Singapore time) on 15 August 2023 (or such later date(s) as may be announced from time to time by or on behalf of the Offeror).

## SUBMIT FAA ELECTRONICALLY

Alternatively, if you wish to accept the Exit Offer using the electronic form of the FAA, you may do so via SGX-ST's Investor Portal at [investors.sgx.com](https://investors.sgx.com) (for individual and joint alternative signatory account holders only).

- On the main screen of the Investor Portal, look for “Corporate Actions Form Submission” and click on the Security Name: “Golden Energy and Resources Limited”.
- Log in using Singpass (for Singaporeans/PRs/Singapore Work Pass Holders) or CDP Internet User ID (for Foreigners/Corporates/Trustees).
- Check that it is the Form of Acceptance and Authorisation for Offer Shares for “Golden Energy and Resources Limited”, then click *Proceed*.



Corporate Actions Form Submission  
Golden Energy and Resources Limited

1 Event 2 Verification 3 Details 4 Declaration & Payment

Form of Acceptance and Authorisation for Offer Shares

- Fill in the number of Offer Shares in respect of which you wish to accept the Exit Offer, then click *Next*.



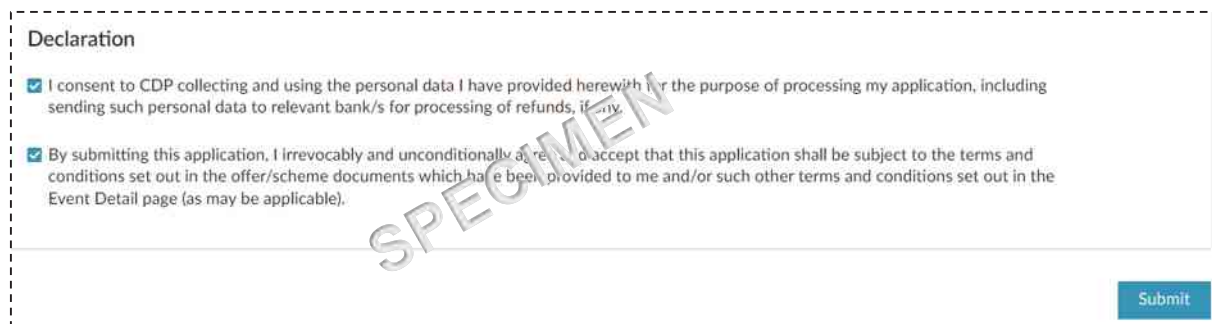
Election Option(s)

I wish to accept the Offer for the number of Offer Shares as indicated below:

Input numbers only. Omit commas, dashes or decimals

Next

- Check the boxes to agree to the declarations, then click *Submit*.



Declaration

I consent to CDP collecting and using the personal data I have provided herewith for the purpose of processing my application, including sending such personal data to relevant bank/s for processing of refunds, if any.

By submitting this application, I irrevocably and unconditionally agree to accept that this application shall be subject to the terms and conditions set out in the offer/scheme documents which have been provided to me and/or such other terms and conditions set out in the Event Detail page (as may be applicable).

Submit

## IMPORTANT NOTICE

- Completing and submitting the FAA and/or FAT **does not constitute voting at the EGM** with respect to the Distribution Resolution and the Delisting Resolution.
- To vote at the EGM in respect of the Distribution Resolution and the Delisting Resolution, you **must complete and submit** the Proxy Form enclosed with the Circular **or attend the EGM**. Further instructions for voting at the EGM are set out in the Circular.

## ILLUSTRATION OF COMPUTATION OF VARIOUS TYPES OF CONSIDERATION

(A) No. of Shares held	(B) No. of GEMS Shares entitlement <sup>(1)</sup>	(C) Revised GEMS Cash Consideration or GEMS Shares Consideration (as the case may be)	(D) Revised Exit Offer Price	(E) Total Illustrative Value
<b>Revised All Cash Consideration</b>				
100 Shares	139 GEMS Shares	Revised GEMS Cash Consideration: S\$79.03 <sup>(2)</sup>	S\$18.10	S\$97.13
10,000 Shares	13,936 GEMS Shares	Revised GEMS Cash Consideration: S\$7,923.66 <sup>(2)</sup>	S\$1,810.00	S\$9,733.66
<b>Revised GEMS Shares Consideration and Cash</b>				
100 Shares	139 GEMS Shares	GEMS Shares Consideration of 139 GEMS Shares (expressed in monetary value): S\$78.12 <sup>(3)</sup>	S\$18.10	S\$96.22
10,000 Shares	13,936 GEMS Shares	GEMS Shares Consideration of 13,936 GEMS Shares (expressed in monetary value): S\$7,832.23 <sup>(3)</sup>	S\$1,810.00	S\$9,642.23
<b>Revised GEMS Cash Consideration Only</b>				
100 Shares	139 GEMS Shares	Revised GEMS Cash Consideration: S\$79.03 <sup>(2)</sup>	Not applicable	S\$79.03
10,000 Shares	13,936 GEMS Shares	Revised GEMS Cash Consideration: S\$7,923.66 <sup>(2)</sup>	Not applicable	S\$7,923.66
<b>GEMS Shares Consideration Only</b>				
100 Shares	139 GEMS Shares	GEMS Shares Consideration of 139 GEMS Shares (expressed in monetary value): S\$78.12 <sup>(3)</sup>	Not applicable	S\$78.12
10,000 Shares	13,936 GEMS Shares	GEMS Shares Consideration of 13,936 GEMS Shares (expressed in monetary value): S\$7,832.23 <sup>(3)</sup>	Not applicable	S\$7,832.23

**Notes:**

- (1) Column (B) No. of GEMS Shares entitlement is computed by: (i) multiplying the no. of Shares in column (A) by the Distribution Ratio of 1.3936, and (ii) disregarding fractional entitlements (if any).
- (2) Column (C) Revised GEMS Cash Consideration is computed by: (i) multiplying the no. of GEMS Shares in Column (B) by the Revised Cash Alternative Price of IDR6,500 per GEMS Share, and then (ii) dividing by the Agreed Exchange Rate of S\$1.00:IDR11,432.09, and rounded to the nearest whole cent.
- (3) Column (C) GEMS Shares Consideration is computed by: (i) multiplying the no. of GEMS Shares in Column (B) by the closing price of IDR6,425 per GEMS Share as at the Revised Last Trading Day, and then (ii) dividing by the Agreed Exchange Rate of S\$1.00:IDR11,432.09, and rounded to the nearest whole cent.
- (4) Column (E) is computed by aggregating columns (C) and (D).

**PLEASE ALSO REFER TO SECTION 16 OF THE CIRCULAR FOR FURTHER DETAILS ON THE ABOVE COMPUTATION OF THE ILLUSTRATIVE VALUES AND THE ASSUMPTIONS RELIED UPON**



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## DEFINITIONS

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In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

<b>“ABM”</b>	:	Has the meaning ascribed to it in paragraph 2.1 of Appendix III to this Circular
<b>“ABM Acquisition”</b>	:	Has the meaning ascribed to it in paragraph 2.1 of Appendix III to this Circular
<b>“Acceptance Forms”</b>	:	The FAA and the FAT collectively or any one of them, as the case may be
<b>“ACRA”</b>	:	The Accounting and Corporate Regulatory Authority of Singapore
<b>“Agreed Exchange Rate”</b>	:	Has the meaning given in Section 1.4(i)(a) of this Circular
<b>“Appraiser”</b>	:	Has the meaning ascribed to it in Section 21.1 of this Circular
<b>“ASX”</b>	:	Australian Securities Exchange
<b>“BHP”</b>	:	BHP Minerals Pty Ltd
<b>“Board”</b>	:	The board of Directors of the Company for the time being
<b>“Business Day”</b>	:	A day (other than Saturday, Sunday or a public holiday) on which banks are open for business in Singapore
<b>“Capital Reduction”</b>	:	The proposed capital reduction exercise to be carried out by the Company pursuant to Sections 78A, 78G and 78I of the Companies Act
<b>“Cash Entitled Shareholder”</b>	:	<ul style="list-style-type: none"><li>(a) Entitled Shareholders who do not exercise the GEMS Shares Election;</li><li>(b) Entitled Shareholders who do not validly exercise the GEMS Shares Election;</li><li>(c) Entitled Shareholders in respect of whom the Order Matching Process necessary for the distribution and transfer of the GEMS Shares to such Entitled Shareholders fails for whatsoever reason and the transfer is unsuccessful; and</li><li>(d) Entitled Shareholders, sub-account holders for the relevant Depository Agent and/or CPF/SRS Investors who are deemed to not have exercised the GEMS Shares Election under Section 10.1(iv)(b) of this Circular</li></ul>

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## DEFINITIONS

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<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“CDP OSAD T&amp;Cs”</b>	:	CDP Operation of Securities Account with the Depository Terms and Conditions
<b>“Circular”</b>	:	This circular to Shareholders issued by the Company for the purpose of convening the EGM to obtain Shareholders’ approval for the Proposed Distribution and Delisting
<b>“Closing Date”</b>	:	The Estimated Closing Date of 15 August 2023, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Exit Offer which shall be at least 14 days after the date on which all the Exit Offer Conditions are fulfilled
<b>“Code”</b>	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
<b>“Companies Act”</b>	:	The Companies Act 1967 of Singapore (2020 Rev Ed), as amended, modified or supplemented from time to time
<b>“Company”</b>	:	Golden Energy and Resources Limited
<b>“Company Securities”</b>	:	(a) Shares; (b) securities which carry voting rights in the Company; and (c) convertible securities, warrants, options or derivatives in respect of any Shares or securities which carry voting rights in the Company
<b>“Conditions Update Announcement”</b>	:	The joint announcement made by the Offeror and the Company on 2 May 2023 providing updates on the satisfaction of certain Distribution Conditions and Exit Offer Conditions
<b>“Constitution”</b>	:	The constitution of the Company, as amended, modified or supplemented from time to time
<b>“Control”</b>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating practice of the Company
<b>“Controlling Shareholder”</b>	:	In respect of the Company, a person (including a corporation) who:  (a) holds, directly or indirectly, 15% or more of the total voting rights of the Company; or  (b) in fact exercises Control over the Company
<b>“CPF Agent Banks”</b>	:	Approved agent banks for CPF Investors

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## DEFINITIONS

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<b>“CPF Investors”</b>	:	Investors who have purchased Shares using their respective Central Provident Fund contributions and whose Shares are held on their behalf by CPF Agent Banks
<b>“CPF/SRS Investors”</b>	:	CPF Investors and SRS Investors
<b>“Delisting”</b>	:	The proposed voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual
<b>“Delisting Resolution”</b>	:	The resolution to be passed by a majority of at least 75% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) held by Shareholders (other than the Offeror Concert Group who shall abstain from voting) present and voting, on a poll, either in person or by proxy at the EGM
<b>“Directly-Held Shares”</b>	:	Shares held by an Entitled Shareholder as a Depositor or in scrip form registered in his name
<b>“Directors”</b>	:	The directors of the Company as at the Latest Practicable Date
<b>“Dissenting Shareholders”</b>	:	Has the meaning ascribed to it in Section 18.2 of this Circular
<b>“Distribution Completion”</b>	:	Completion of the Proposed Distribution
<b>“Distribution Conditions”</b>	:	The consents required and conditions to the implementation and completion of the Proposed Distribution, as set out in Section 7.9 of this Circular
<b>“Distribution Effective Date”</b>	:	Has the meaning ascribed to it in Section 7.10 of this Circular
<b>“Distribution Ratio”</b>	:	Has the meaning ascribed to it in Section 7.2 of this Circular
<b>“Distribution Resolution”</b>	:	The special resolution to be passed by a majority of not less than three-fourths of the Shareholders (other than the Offeror Concert Group who shall abstain from voting) present and voting, on a poll, either in person or by proxy at the EGM
<b>“Dividend In Specie”</b>	:	Has the meaning ascribed to it in Section 1.1(i) of this Circular
<b>“DSS”</b>	:	PT Dian Swastatika Sentosa Tbk

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## DEFINITIONS

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<b>“DSS Disclosure of Information”</b>	:	Has the meaning ascribed to it in Section 21.1 of this Circular
<b>“DSS Group”</b>	:	DSS and its subsidiaries
<b>“DSS Independent Shareholders’ Approval”</b>	:	Has the meaning ascribed to it in Section 7.9(i) of this Circular
<b>“DSS Irrevocable Undertaking”</b>	:	The irrevocable undertaking provided by DSS to the Company and the Offeror on 9 November 2022, as more particularly described in Sections 7.6 and 12.3 of this Circular
<b>“DSS Shares”</b>	:	Issued and paid-up shares in the capital of DSS
<b>“EGM”</b>	:	The extraordinary general meeting to be convened by the Company to seek the approval of the independent Shareholders for the Proposed Distribution and Delisting, notice of which is set out in this Circular
<b>“Election Form”</b>	:	An election form (of details of the relevant IDX securities account or brokerage/custodian account capable of holding IDX-listed shares) to be despatched by the Company to all Entitled Shareholders (other than Excluded Overseas Shareholders) following the Record Date, which an Entitled Shareholder shall complete and return if he wishes to exercise the GEMS Shares Election and receive the GEMS Shares Consideration pursuant to the Proposed Distribution
<b>“Election Period”</b>	:	The period commencing from a date to be determined by the Company (which is expected to be a date on or after the date of despatch of the Election Forms) and ending on a date to be determined by the Company, such date being the last date and time by which the duly completed Election Forms must be received by the Share Registrar. Please refer to the section titled “Indicative Timetable” of this Circular for further details
<b>“Entitled Shareholders”</b>	:	Shareholders as at the Record Date for the Proposed Distribution
<b>“EPS”</b>	:	Earnings per Share
<b>“ESG”</b>	:	Environmental, social and governance
<b>“Estimated Closing Date”</b>	:	15 August 2023, being the expected Closing Date of the Exit Offer

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## DEFINITIONS

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<b>“Excluded Overseas Shareholders”</b>	:	Has the meaning ascribed to it in Section 10.5(ii) of this Circular
<b>“Exit Offer”</b>	:	The conditional exit offer in cash made by SAC Capital, for and on behalf of the Offeror, to acquire the Offer Shares on the terms and subject to the conditions set out in the Exit Offer Letter and the Acceptance Forms, as such offer may be amended, extended or revised from time to time by or on behalf of the Offeror
<b>“Exit Offer Announcement”</b>	:	The joint announcement made by the Offeror and the Company on the Original Announcement Date in connection with the Proposed Transactions
<b>“Exit Offer Conditions”</b>	:	The conditions to the Exit Offer as described in paragraph 2.5 of the Exit Offer Letter
<b>“Exit Offer Letter”</b>	:	The letter dated 18 May 2023 issued by SAC Capital, for and on behalf of the Offeror, to Shareholders in relation to the Exit Offer, which is electronically disseminated to Shareholders concurrently with this Circular, including the Acceptance Forms and any supplemental document(s) which may be issued by or on behalf of the Offeror, to amend, revise, supplement or update the said document(s) from time to time
<b>“FAA”</b>	:	Form of Acceptance and Authorisation for Offer Shares in respect of the Exit Offer which forms part of the Exit Offer Letter and which is issued to Shareholders whose Offer Shares are deposited with CDP
<b>“FAT”</b>	:	Form of Acceptance and Transfer for Offer Shares in respect of the Exit Offer which forms part of the Exit Offer Letter and which is issued to Shareholders whose Offer Shares are not deposited with CDP
<b>“Foreign Address Shareholders”</b>	:	Has the meaning ascribed to it in Section 10.5(i) of this Circular
<b>“FY”</b>	:	Financial year ended or ending 31 December (as the case may be)
<b>“Gearing Ratio”</b>	:	(a) (loans and borrowings <i>plus</i> trade and other payables <i>minus</i> advances received <i>minus</i> cash and cash equivalents); <i>divided by</i>  (b) (loans and borrowings <i>plus</i> trade and other payables <i>minus</i> advances received <i>minus</i> cash and cash equivalents <i>plus</i> equity attributable to owners of the Company)

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## DEFINITIONS

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<b>“GEMS”</b>	:	PT Golden Energy Mines Tbk
<b>“GEMS Group”</b>	:	GEMS and its subsidiaries
<b>“GEMS Shares”</b>	:	Issued and paid-up shares in the capital of GEMS
<b>“GEMS Shares Consideration”</b>	:	Has the meaning ascribed to it in Section 7.2 of this Circular
<b>“GEMS Shares Election”</b>	:	Has the meaning ascribed to it in Section 7.2 of this Circular
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“IDX”</b>	:	Indonesia Stock Exchange
<b>“IFA”</b>	:	W Capital Markets Pte. Ltd., the independent financial adviser to the Non-Conflicted Directors in respect of the Proposed Distribution and the Exit Offer
<b>“IFA Letter”</b>	:	The letter from the IFA dated 18 May 2023 as set out in Appendix I to this Circular
<b>“Illustrative Consideration”</b>	:	Has the meaning ascribed to it in Section 16.2 of this Circular
<b>“Independent Qualified Person”</b>	:	Salva Mining Pty Limited, the independent qualified person engaged by the Company to prepare the Independent Qualified Person’s Reports
<b>“Independent Qualified Person’s Reports”</b>	:	The independent qualified person’s reports in respect of GEMS prepared by the Independent Qualified Person in accordance with the Listing Manual and each with an effective date of 31 December 2022, as set out in Appendix VI to this Circular
<b>“Indirectly-Held Shares”</b>	:	Shares held by an Entitled Shareholder in its capacity as:  (a) a Depository Agent on behalf of sub-account holder(s);  (b) a CPF Agent Bank on behalf of CPF Investor(s); and/or  (c) a SRS Operator on behalf of SRS Investor(s)



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## DEFINITIONS

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<b>“Investor”</b>	:	Investors (including sub-account holders and CPF/SRS Investors) who hold Shares through a Depository Agent or finance company (including CPF Agent Banks or SRS Operators)
<b>“KSEI”</b>	:	PT Kustodian Sentral Efek Indonesia, the Indonesia Central Securities Depository
<b>“Last Undisturbed Trading Day”</b>	:	7 October 2022, being the last full trading day immediately before the Company released the announcement in respect of discussions of a possible acquisition of the Company on 10 October 2022
<b>“Latest Practicable Date”</b>	:	8 May 2023, being the latest practicable date prior to the electronic dissemination of this Circular
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
<b>“Long-Stop Date”</b>	:	9 August 2023, or such other later date as the Offeror and the Company may determine in consultation with the SIC
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“NAV”</b>	:	Net asset value
<b>“Non-Conflicted Directors”</b>	:	The Directors who are considered independent for the purposes of making the recommendation to Shareholders in respect of the Proposed Transactions, namely:  (a) Mr. Dwi Prasetyo Suseno;  (b) Mr. Mark Zhou You Chuan;  (c) Mr. Mochtar Suhadi;  (d) Mr. Lim Yu Neng Paul;  (e) Mr. Lew Syn Pau;  (f) Mr. Irwandy Arif; and  (g) Ms. Noormaya Muchlis
<b>“Notice of EGM”</b>	:	The notice of EGM which is set out in this Circular
<b>“Notification Letter”</b>	:	The hardcopy notification containing instructions on how to access the electronic copies of this Circular and the Exit Offer Letter

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## DEFINITIONS

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<b>“NTA”</b>	:	Net tangible assets
<b>“Offer Shares”</b>	:	All the Shares (excluding treasury shares) as at the date of the Exit Offer
<b>“Offeror”</b>	:	Duchess Avenue Pte. Ltd., a private limited company incorporated in Singapore
<b>“Offeror Concert Group”</b>	:	The Offeror and parties acting in concert with it (including DSS)
<b>“Offeror Securities”</b>	:	(a) ordinary shares in the capital of the Offeror;  (b) securities which carry voting rights in the Offeror; and  (c) convertible securities, warrants, options or derivatives in respect of the ordinary shares in the capital of the Offeror or securities which carry voting rights in the Offeror
<b>“OJK”</b>	:	Otoritas Jasa Keuangan, the financial services authority in Indonesia
<b>“Order Matching Process”</b>	:	Has the meaning ascribed to it in Section 10.3(i)(a) of this Circular
<b>“Original All Cash Consideration”</b>	:	Has the meaning ascribed to it in Section 16.1 of this Circular
<b>“Original Announcement”</b>	:	The announcement made by the Company on the Original Announcement Date in which the Company announced its intention to undertake the Proposed Distribution and Delisting
<b>“Original Announcement Date”</b>	:	9 November 2022, being the date of the Original Announcement and the Exit Offer Announcement
<b>“Original Cash Alternative Price”</b>	:	The original cash consideration which Entitled Shareholders may elect to receive pursuant to the Proposed Distribution, being IDR5,500 per GEMS Share
<b>“Original Exit Offer Price”</b>	:	The original offer consideration for the Offer Shares pursuant to the Exit Offer, being S\$0.160 in cash for each Offer Share
<b>“Original GEMS Shares Consideration and Cash”</b>	:	Has the meaning ascribed to it in Section 16.2 of this Circular

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## DEFINITIONS

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<b>“Original Last Trading Day”</b>	:	8 November 2022, being the last trading day prior to the Original Announcement Date
<b>“Overseas Shareholders”</b>	:	Shareholders whose registered addresses as recorded in the Register of Members or in the Depository Register maintained by CDP (as the case may be) for the service of notices and documents, are outside Singapore
<b>“Proposed Distribution”</b>	:	Has the meaning ascribed to it in Section 1.1 of this Circular
<b>“Proposed Transactions”</b>	:	Collectively, the Proposed Distribution, Delisting and Exit Offer
<b>“Ravenswood”</b>	:	Ravenswood Gold Group Pty Ltd
<b>“Record Date”</b>	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company), on which Shareholders must be registered with the Company or CDP or the Securities Accounts of Shareholders must be credited with Shares, as the case may be, in order to participate in the Proposed Distribution
<b>“Register of Members”</b>	:	The register of members of the Company
<b>“Registration Deadline”</b>	:	Has the meaning ascribed to it in Section 24.2(ii) of this Circular
<b>“Registration Link”</b>	:	Has the meaning ascribed to it in Section 24.2(ii) of this Circular
<b>“Relevant Intermediaries”</b>	:	Has the meaning ascribed to it in Section 24.2(ii) of this Circular
<b>“Revised All Cash Consideration”</b>	:	Has the meaning ascribed to it in Section 1.4(i) of this Circular, being S\$0.973
<b>“Revised Cash Alternative Price”</b>	:	Has the meaning ascribed to it in Section 1.4(i)(a) of this Circular, being IDR6,500 per GEMS Share
<b>“Revised Exit Offer Price”</b>	:	Has the meaning ascribed to it in Section 1.4(i)(c) of this Circular, being S\$0.181 per Offer Share
<b>“Revised GEMS Cash Consideration”</b>	:	Has the meaning ascribed to it in Section 1.4(i)(b)(B) of this Circular, being S\$0.792

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## DEFINITIONS

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<b>“Revised GEMS Shares Consideration and Cash”</b>	:	Has the meaning ascribed to it in Section 1.4(ii) of this Circular, with an illustrative value of S\$0.964 (computed based on the closing price per GEMS Share and the Agreed Exchange Rate as at the Revised Last Trading Day)
<b>“Revised Last Trading Day”</b>	:	17 March 2023, being the last trading day prior to the date of the Update Announcement
<b>“SAC Capital”</b>	:	SAC Capital Private Limited, the financial adviser to the Offeror in connection with the Exit Offer
<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent)
<b>“SFA”</b>	:	The Securities and Futures Act 2001 of Singapore (2020 Rev Ed), as amended, modified or supplemented from time to time
<b>“SGXNET”</b>	:	The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Share Registrar”</b>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<b>“Shareholders”</b>	:	Registered holders of the Shares in the Register of Members, except where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with the Shares
<b>“Shares”</b>	:	Issued and paid-up ordinary shares in the capital of the Company
<b>“SIC”</b>	:	The Securities Industry Council of Singapore
<b>“Sinarmas Sekuritas”</b>	:	PT Sinarmas Sekuritas, an Indonesian brokerage services provider located in Indonesia
<b>“SRS Investors”</b>	:	Investors who have purchased Shares using their respective Supplementary Retirement Scheme contributions and whose Shares are held on their behalf by SRS Operators
<b>“SRS Operators”</b>	:	Approved agent banks for SRS Investors

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## DEFINITIONS

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“ <b>Standby Buyers</b> ”	:	Has the meaning ascribed to it in Section 7.3 of this Circular
“ <b>Stanmore</b> ”	:	Stanmore Resources Limited (formerly known as Stanmore Coal Limited)
“ <b>Stanmore Group</b> ”	:	Stanmore and its subsidiaries
“ <b>Transaction Price</b> ”	:	Has the meaning ascribed to it in Section 10.3(i)(a) of this Circular
“ <b>Update Announcement</b> ”	:	The joint announcement made by the Offeror and the Company on 18 March 2023 providing updates to the Proposed Transactions
“ <b>VWAP</b> ”	:	Volume-weighted average price

### Currencies, Units of Measurement and Others

“ <b>A\$</b> ”	:	The lawful currency for the time being of the Commonwealth of Australia
“ <b>IDR</b> ”	:	The lawful currency for the time being of the Republic of Indonesia
“ <b>S\$</b> ”, “ <b>SGD</b> ” and “ <b>SG Cent</b> ”	:	The lawful currency for the time being of the Republic of Singapore
“ <b>US\$</b> ” or “ <b>US Cent</b> ”	:	The lawful currency for the time being of the United States of America
“ <b>%</b> ” or “ <b>per cent</b> ”	:	Per centum or percentage

Unless the context otherwise requires:

- (i) the term “**acting in concert**” shall have the meaning ascribed to it in the Code;
- (ii) any reference to the making of an announcement or the giving of notice by the Offeror shall include the release of an announcement by SAC Capital or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone, facsimile, through SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST;
- (iii) the terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA and the terms “**subsidiary**”, “**related company**” and “**substantial shareholder**” shall have the meanings ascribed to them in Sections 5, 6 and 81 of the Companies Act respectively;
- (iv) the terms “**associate**” and “**associated company**” shall have the meanings ascribed to them in the Section entitled “Definitions and Interpretation” of the Listing Manual;

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## DEFINITIONS

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- (v) words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. Unless the context otherwise requires, any references to persons shall include individuals, corporate bodies (wherever incorporated), unincorporated associations and partnerships;
- (vi) any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or the Listing Manual and not otherwise defined in this Circular shall, where applicable, have the same meaning assigned to it under the Companies Act, the SFA or the Listing Manual, as the case may be, unless the context otherwise requires;
- (vii) any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time;
- (viii) any reference in this Circular to shares being allotted to a person includes an allotment to CDP for the account of that person;
- (ix) any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated; and
- (x) any discrepancies between the figures listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

In this Circular, any reference to the total number of Shares is a reference to 2,638,100,380 Shares in issue as at the Latest Practicable Date. Unless otherwise stated, all references to a percentage shareholding in the capital of the Company are based on 2,638,100,380 Shares as at the Latest Practicable Date. As at the Latest Practicable Date, the Company did not hold any Shares in treasury.

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## CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

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All statements other than statements of historical fact included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “aim”, “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “potential”, “strategy”, “forecast”, “possible”, “probable” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” or “might”. These statements reflect the current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future results, performance, events or achievements and involve known and unknown risks and uncertainties.

Accordingly, actual future results, performance, events or achievements may differ materially from those described in such forward-looking statements. Given the risks and uncertainties involved, Shareholders and investors should not place undue reliance on such forward-looking statements and information. Neither the Company nor the Offeror undertakes any obligation to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements, subject to compliance with any applicable laws and regulations, the Code, the Listing Manual and/or any regulatory or supervisory body or agency.

## INDICATIVE TIMETABLE

The following are the indicative dates and times for the Proposed Distribution, Delisting and Exit Offer:

Description	Timing
Issue of this Circular, Notice of EGM, Proxy Forms and the Exit Offer Letter, and despatch of the Notification Letter and Acceptance Forms	18 May 2023
Last date and time for lodgement of Proxy Forms for the EGM	6 June 2023 at 10:00 a.m.
Date and time of the EGM (by way of electronic means, with real time electronic voting and real time engagement)	9 June 2023 at 10:00 a.m.
Expected Distribution Effective Date (which is the date on which the Capital Reduction is expected to become effective)	Early July 2023
Expected Record Date for the Proposed Distribution to determine entitlements	Early July 2023
Expected commencement date and expiry date of the Election Period	Mid-July 2023 – End July 2023
Expected date of Distribution Completion, being the date where the following occurs	
(a) transfer of all GEMS Shares to the relevant Entitled Shareholder	(a) Mid-August 2023
(b) cash payment through CDP and the Share Registrar for Cash Entitled Shareholders and Excluded Overseas Shareholders respectively	(b) End August 2023
Expected Closing Date and time	5.30 p.m. on the Estimated Closing Date of 15 August 2023, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for lodgement of acceptances of the Exit Offer which shall be at least 14 days after the date on which all the Exit Offer Conditions are fulfilled <sup>(1)</sup>
Expected date(s) for the payment of the Revised Exit Offer Price, in respect of valid acceptances of the Exit Offer	<p>(a) In respect of acceptances of the Exit Offer which are complete and valid in all respects and are received on or before the date on which the Exit Offer becomes or is declared to be unconditional in all respects in accordance with its terms, within seven (7) Business Days of that date; or</p> <p>(b) in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received after the date on which the Exit Offer becomes or is declared to be unconditional in all respects in accordance with its terms, but on or before the Closing Date, within seven (7) Business Days of the date of such receipt</p>



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## INDICATIVE TIMETABLE

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Description	Timing
Expected date of the suspension of trading of the Shares by the SGX-ST	: Early September 2023 or such other date(s) as may be announced from time to time by or on behalf of the Company
Expected date for the Delisting	: Up to eleven (11) weeks after the Closing Date, or such other date(s) as may be announced from time to time by or on behalf of the Company

**Note:**

- (1) In the event the Exit Offer is extended, any announcement made for and on behalf of the Offeror will state the next Closing Date and provide Shareholders at least 14 days' notice before the Exit Offer is closed.

An announcement will be made by or on behalf of the Offeror when all the Exit Offer Conditions are fulfilled. Shareholders should note that, save for the last date and time for lodgement of proxy forms for the EGM, and the date and time of the EGM, the above timetable is indicative only and may be subject to change. For events listed above which are described as "expected", please refer to future announcement(s) by or on behalf of the Company and/or the Offeror via SGXNET for the exact dates and times of such events.

**IF SHAREHOLDERS TRADE IN SHARES AND CEASE TO BE A SHAREHOLDER AS AT THE RECORD DATE, THEY WILL NOT BE ENTITLED TO PARTICIPATE IN THE PROPOSED DISTRIBUTION.**

**SHAREHOLDERS ARE TO NOTE THAT THE EXIT OFFER IS SUBJECT TO THE SATISFACTION OF THE EXIT OFFER CONDITIONS. SHAREHOLDERS SHOULD ALSO NOTE THAT THE DISTRIBUTION RESOLUTION AND THE DELISTING RESOLUTION ARE INTER-CONDITIONAL ON EACH OTHER. THIS MEANS THAT IF ANY OF THE DISTRIBUTION RESOLUTION OR THE DELISTING RESOLUTION IS NOT APPROVED BY SHAREHOLDERS AT THE EGM, NONE OF THESE RESOLUTIONS WILL BE CARRIED OUT.**

**PURSUANT TO RULE 1307 OF THE LISTING MANUAL, THE DELISTING RESOLUTION IS CONSIDERED PASSED IF IT IS APPROVED BY A MAJORITY OF AT LEAST 75% OF THE TOTAL NUMBER OF SHARES (EXCLUDING TREASURY SHARES AND SUBSIDIARY HOLDINGS) HELD BY THE SHAREHOLDERS PRESENT AND VOTING, ON A POLL, EITHER IN PERSON OR BY PROXY AT THE EGM, AND THE OFFEROR CONCERT GROUP MUST ABSTAIN FROM VOTING ON THE DELISTING RESOLUTION. IF THIS CONDITION IS NOT SATISFIED AT THE EGM, BOTH THE PROPOSED DISTRIBUTION AND DELISTING WILL NOT PROCEED, AND THE COMPANY WILL REMAIN LISTED ON THE SGX-ST AND THE EXIT OFFER WILL LAPSE.**

**IF BOTH THE DISTRIBUTION RESOLUTION AND THE DELISTING RESOLUTION ARE APPROVED AT THE EGM, ALL OF THE OTHER DISTRIBUTION CONDITIONS AND EXIT OFFER CONDITIONS ARE SATISFIED, AND APPROVAL OF THE SGX-ST FOR THE DELISTING HAS BEEN OBTAINED, THE COMPANY WILL BE DELISTED, REGARDLESS OF THE ACCEPTANCE LEVEL OF THE EXIT OFFER. FOLLOWING THE DELISTING, SHAREHOLDERS WHO DO NOT ACCEPT THE EXIT OFFER WILL CONTINUE TO HOLD SHARES IN THE COMPANY, WHICH WILL THEN BE AN UNLISTED COMPANY.**

**THE OFFEROR INTENDS TO MAKE THE COMPANY ITS WHOLLY-OWNED SUBSIDIARY. ACCORDINGLY, WHEN ENTITLED, THE OFFEROR INTENDS TO EXERCISE ITS RIGHT OF COMPULSORY ACQUISITION UNDER SECTION 215(1) OF THE COMPANIES ACT.**

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## **INDICATIVE TIMETABLE**

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**DISSENTING SHAREHOLDERS HAVE THE RIGHT UNDER AND SUBJECT TO SECTION 215(3) OF THE COMPANIES ACT, TO REQUIRE THE OFFEROR TO ACQUIRE THEIR SHARES AT THE REVISED EXIT OFFER PRICE IN THE EVENT THAT THE OFFEROR, ITS RELATED CORPORATIONS OR THEIR RESPECTIVE NOMINEES ACQUIRE, PURSUANT TO THE EXIT OFFER, SUCH NUMBER OF SHARES WHICH, TOGETHER WITH THE SHARES HELD BY THE OFFEROR, ITS RELATED CORPORATIONS OR THEIR RESPECTIVE NOMINEES, COMPRISE 90% OR MORE OF THE TOTAL NUMBER OF ISSUED SHARES (EXCLUDING SHARES HELD IN TREASURY). IN THE EVENT THAT THE DELISTING IS APPROVED BY SHAREHOLDERS AT THE EGM BUT NEITHER THE OFFEROR NOR THE DISSENTING SHAREHOLDERS ARE ENTITLED TO EXERCISE THEIR RIGHTS UNDER SECTIONS 215(1) AND 215(3) OF THE COMPANIES ACT, RESPECTIVELY, THE COMPANY WILL BE DELISTED, AND THE DISSENTING SHAREHOLDERS WILL BE LEFT HOLDING SHARES IN AN UNLISTED COMPANY.**

**PLEASE REFER TO SECTION 18 OF THIS CIRCULAR ENTITLED “IMPLICATIONS OF COMPULSORY ACQUISITION AND DELISTING FOR SHAREHOLDERS” FOR THE IMPLICATIONS OF THE COMPULSORY ACQUISITION AND DELISTING FOR SHAREHOLDERS.**

**APPROVING THE DELISTING RESOLUTION AT THE EGM DOES NOT AUTOMATICALLY MEAN THAT YOU HAVE ACCEPTED THE EXIT OFFER. PLEASE REFER TO SECTION 25 OF THIS CIRCULAR ENTITLED “ACTION TO BE TAKEN BY SHAREHOLDERS IN RESPECT OF THE EXIT OFFER” AND APPENDIX 1 TO THE EXIT OFFER LETTER ENTITLED “PROCEDURES FOR ACCEPTANCE AND SETTLEMENT OF THE EXIT OFFER” FOR FURTHER DETAILS ON THE ACTIONS TO TAKE IF YOU WISH TO ACCEPT THE EXIT OFFER.**

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## LETTER TO SHAREHOLDERS

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### GOLDEN ENERGY AND RESOURCES LIMITED

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

#### Directors

Mr. Fuganto Widjaja (Executive Chairman)  
Mr. Dwi Prasetyo Suseno (Executive Director and  
Group Chief Executive Officer)  
Mr. Mark Zhou You Chuan (Executive Director and  
Chief Investment Officer)  
Mr. Mochtar Suhadi (Executive Director)  
Mr. Lim Yu Neng Paul (Lead Independent Director)  
Mr. Lew Syn Pau (Independent Non-Executive Director)  
Mr. Irwandy Arif (Independent Non-Executive Director)  
Ms. Noormaya Muchlis (Independent Non-Executive Director)

#### Registered Office

20 Cecil Street  
#05-05 PLUS  
Singapore 049705

18 May 2023

To: The Shareholders of Golden Energy and Resources Limited

Dear Sir/Madam

**(A) PROPOSED DISTRIBUTION *IN SPECIE* OF SHARES IN PT GOLDEN ENERGY MINES TBK TO SHAREHOLDERS OF GOLDEN ENERGY AND RESOURCES LIMITED BY WAY OF (I) A DIVIDEND *IN SPECIE* (SUBJECT TO THE CAPITAL REDUCTION BECOMING EFFECTIVE) AND (II) CAPITAL REDUCTION; AND**

**(B) PROPOSED VOLUNTARY DELISTING OF GOLDEN ENERGY AND RESOURCES LIMITED**

#### 1. INTRODUCTION

1.1 **Proposed Distribution.** On the Original Announcement Date, the Company announced that, subject to the satisfaction of the Distribution Conditions, the Company proposes to undertake a distribution *in specie* of all of its GEMS Shares<sup>1</sup> to Entitled Shareholders through a combination of:

- (i) (subject to the Capital Reduction becoming effective) a dividend *in specie* (“**Dividend In Specie**”); and
- (ii) a distribution *in specie* by way of the Capital Reduction pursuant to Sections 78A, 78G and 78I of the Companies Act,

on a pro-rata basis (the “**Proposed Distribution**”).

**Shareholders are advised to exercise caution when trading and/or dealing in Shares, as Shareholders would not be entitled to receive the GEMS Shares Consideration or the Revised GEMS Cash Consideration in respect of any Shares acquired after the Record Date. Shareholders who are in any doubt in respect of this Circular or as to the action they should take should consult their stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.**

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<sup>1</sup> On Distribution Completion, the Company may hold (i) up to 50% of the GEMS Shares otherwise distributable to Cash Entitled Shareholders and Excluded Overseas Shareholders (see Sections 7.3 and 7.5 below for more details); and (ii) aggregated resulting fractional entitlements of GEMS Shares arising from the Proposed Distribution which are not (and will not be) distributed to Entitled Shareholders.

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## LETTER TO SHAREHOLDERS

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1.2 **Conditions to the Proposed Distribution.** The Proposed Distribution is subject to various conditions, including, but not limited to, the approval of independent Shareholders for the Proposed Distribution, as set out in Section 7.9 below.

1.3 **Delisting and Exit Offer.** The Company also announced on the Original Announcement Date that in connection with the Proposed Distribution, the Company proposes to seek the voluntary delisting of its Shares from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

In conjunction with the Delisting, the Company and the board of directors of the Offeror jointly announced on the Original Announcement Date that SAC Capital, for and on behalf of the Offeror, will make the Exit Offer to acquire all the Shares (excluding treasury shares, if any) held by Shareholders (including the Shares held by DSS, which are the subject of the DSS Irrevocable Undertaking). As described in Section 1.4 below, the Offeror and the Company jointly announced in the Update Announcement on 18 March 2023 the revision of the offer consideration for the Offer Shares to the Revised Exit Offer Price of **S\$0.181** per Offer Share. The Offeror will only be bound to acquire such Offer Shares and pay the Revised Exit Offer Price for these Offer Shares if all the Exit Offer Conditions are satisfied by the Long-Stop Date.

The Offeror is wholly-owned by Star Success Pte Ltd, an investment holding company incorporated in the British Virgin Islands, whose sole shareholder is Ms. Lanny Tranku, the spouse of Mr. Indra Widjaja. Mr. Indra Widjaja is an indirect shareholder of PT Sinar Mas Tunggal, which is in turn a substantial shareholder of DSS. Mr. Indra Widjaja is also the father of Mr. Fuganto Widjaja, who is a Director<sup>2</sup>. Please refer to Section 14 below for further information on the Offeror.

1.4 **Update Announcement and Revised Terms.** In the Update Announcement, the Company and the Offeror jointly announced, *inter alia*, that:

(i) Revised All Cash Consideration. The Original All Cash Consideration is increased to **S\$0.973** ("**Revised All Cash Consideration**") on account of the following revisions to the terms of the Proposed Transactions:

(a) the Original Cash Alternative Price is increased to **IDR6,500** per GEMS Share ("**Revised Cash Alternative Price**") from IDR5,500, with the Revised Cash Alternative Price being paid in Singapore dollars based on a fixed exchange rate of S\$1.00:IDR11,432.09<sup>3</sup> ("**Agreed Exchange Rate**");

(b) following from the above, pursuant to the Proposed Distribution, Entitled Shareholders can elect to receive, for each Share held as at the Record Date, either:

(A) 1.3936 GEMS Shares<sup>4</sup> (i.e. the GEMS Shares Consideration); or

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<sup>2</sup> Please refer to Section 20 below for further details of interests of the Directors in the Company and in the Proposed Distribution.

<sup>3</sup> Based on the closing SGD: IDR exchange rate on the Revised Last Trading Day, as extracted from Bloomberg L.P..

<sup>4</sup> For the avoidance of doubt, there is no change to the Distribution Ratio of 1.3936 GEMS Shares for each Share as announced on the Original Announcement Date.

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## LETTER TO SHAREHOLDERS

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- (B) a cash consideration of **S\$0.792** (“**Revised GEMS Cash Consideration**”) based on (i) the Distribution Ratio of 1.3936 GEMS Share per Share, (ii) the Revised Cash Alternative Price, and (iii) the Agreed Exchange Rate;<sup>5</sup> and
- (c) the Original Exit Offer Price is increased to **S\$0.181** per Offer Share (“**Revised Exit Offer Price**”) in cash.
- (ii) Revised GEMS Shares Consideration and Cash. Based on the foregoing and as further described in Section 16.2 below, the illustrative value of the aggregate of the GEMS Shares Consideration and the Revised Exit Offer Price (collectively, the “**Revised GEMS Shares Consideration and Cash**”) as at the Revised Last Trading Day to be received for each Share held by an Entitled Shareholder who (A) elects to receive the GEMS Shares Consideration pursuant to the Proposed Distribution, and (B) accepts the Exit Offer, is **S\$0.964**<sup>6</sup>.

Please refer to Section 4.3(iv) below on the various types of consideration an Entitled Shareholder may receive pursuant to the Proposed Distribution and Exit Offer, the options available in receiving them and the fixed or illustrative amount of each option.

The Proposed Transactions do not contravene any laws and regulations governing the Company and the Constitution.

- 1.5 **Copies of Announcements.** Copies of the Original Announcement, the Exit Offer Announcement and the Update Announcement are available on SGXNET.
- 1.6 **Conditions to the Delisting and Exit Offer.** The Delisting is subject to the approval of the Shareholders as set out in Section 11.1(i) below. In addition, the Exit Offer is conditional on the satisfaction of the Exit Offer Conditions, as further described in Section 12.2 below.
- 1.7 **Purpose of this Circular and EGM.** The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Transactions, and to seek Shareholders’ approval at the EGM. The Notice of EGM is set out in this Circular. The Offeror Concert Group will abstain from voting on both the Distribution Resolution and the Delisting Resolution at the EGM.

**SHAREHOLDERS SHOULD ALSO NOTE THAT THE DISTRIBUTION RESOLUTION AND THE DELISTING RESOLUTION ARE INTER-CONDITIONAL ON EACH OTHER. THIS MEANS THAT IF ANY OF THE DISTRIBUTION RESOLUTION OR THE DELISTING RESOLUTION IS NOT APPROVED BY SHAREHOLDERS AT THE EGM, NONE OF THESE RESOLUTIONS WILL BE CARRIED OUT.**

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<sup>5</sup> S\$0.792 has been derived from (a) the Revised Cash Alternative Price of IDR6,500 multiplied by the Distribution Ratio of 1.3936, then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places.

<sup>6</sup> The illustrative value of the Revised GEMS Shares Consideration and Cash was indicated to be S\$0.964 in the Update Announcement based on: (a) the closing price of IDR6,425 per GEMS Share as at the Revised Last Trading Day multiplied by the Distribution Ratio of 1.3936, then divided by the Agreed Exchange Rate; and (b) the Revised Exit Offer Price of S\$0.181. The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Latest Practicable Date is S\$0.997 based on: (a) the closing price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936, then divided by the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date (as extracted from Bloomberg L.P.), rounded to three (3) decimal places; and (b) the Revised Exit Offer Price of S\$0.181.

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## LETTER TO SHAREHOLDERS

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- 1.8 **Exit Offer Letter.** The Exit Offer Letter and the Acceptance Forms set out, among others, the terms and conditions of the Exit Offer and the procedures for acceptance of the Exit Offer. Hardcopy Acceptance Forms will be despatched to Shareholders concurrently with the Notification Letter. The principal terms and conditions of the Exit Offer are set out in paragraph 2 of the Exit Offer Letter, and the procedures for acceptance of the Exit Offer are set out in Appendix 1 to the Exit Offer Letter.

**Shareholders should read this Circular, the Exit Offer Letter and the IFA Letter set out in Appendix I to this Circular carefully and consider the opinion and advice of the IFA provided pursuant to Rule 1309(2) of the Listing Manual, and the recommendation of the Non-Conflicted Directors in respect of the Proposed Distribution and Exit Offer as a single transaction, before deciding whether to accept or reject the Exit Offer.**

**Shareholders should also note that as the Distribution Resolution and the Delisting Resolution are inter-conditional, Entitled Shareholders who accept the Exit Offer would be entitled to receive either the Revised GEMS Shares Consideration and Cash or the Revised All Cash Consideration, both of which will be treated as the exit offer for the purpose of Rule 1309 of the Listing Manual.**

**If you are in any doubt in respect of this Circular or as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.**

- 1.9 **Electronic copies.** Electronic copies of the Exit Offer Letter and this Circular are available on SGXNET at <http://www.sgx.com> and the Company's website at <http://investor.gear.com.sg/circulars.html>.
- 1.10 **Legal Adviser.** Latham & Watkins LLP has been appointed as the legal adviser to the Company as to Singapore law in relation to the Proposed Transactions.

## 2. INFORMATION ON THE GROUP

- 2.1 **Overview of the Group.** 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 (a) metallurgical coal, sourced from our coal mining concession areas and tenements of the Stanmore Group in Australia, (b) energy coal, sourced from coal mining concession areas and tenements of the GEMS Group in Indonesia and through coal trading, and (c) 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.

Please refer to Appendix II to this Circular for further details of the Company and the Group, including information relating to its history, principal activities, share capital, financial information and disclosures of interests.

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## LETTER TO SHAREHOLDERS

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### 3. INFORMATION ON THE GEMS GROUP

- 3.1 **Overview of the GEMS Group.** GEMS and its subsidiaries are a leading coal producer. 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.

Please refer to Appendix III to this Circular for further details of the GEMS Group, including information relating to its principal activities, recent acquisitions and disposals of shares in the capital of GEMS and financial information.

- 3.2 **GEMS as a Significant Subsidiary.** GEMS is a significant subsidiary of the Group (with the Company holding an approximately 62.50% interest in GEMS as at the Latest Practicable Date), and was the only substantial contributor to the Group's financial performance prior to the Company's increased shareholding in Stanmore in FY2020. Revenue attributable to the GEMS Group amounted to US\$2,920.0 million, US\$1,586.0 million and US\$1,061.4 million for FY2022, FY2021 and FY2020 respectively, which accounted for 52.0%, 84.6% and 91.3% of the Group's total revenue for the respective years. In addition, the GEMS Group accounted for 54.3%, 140.9% and 278.1% of the Group's net profits in FY2022, FY2021 and FY2020.

### 4. RATIONALE FOR THE PROPOSED DISTRIBUTION AND DELISTING

#### 4.1 Background.

- (i) The coal industry (especially the energy coal sector) is facing increasing ESG pressures. Financial institutions continue to phase out energy coal financing and pledge to "go green" and have adopted policies to exit financing for thermal coal mines and businesses, as they respond to global pressures for financial institutions to reduce their exposure to fossil fuels and transition towards sustainable investments.
- (ii) The Company seeks to balance the competing pressures of a world rapidly transitioning towards renewables and clean energy that is increasingly limiting the Group's financing sources, with returning value to Shareholders. In the current climate of investors and financial institutions exiting or limiting their exposure to the coal industry, the Company believes that the Proposed Transactions should be tabled to Shareholders for consideration, as the Proposed Transactions provide Shareholders with liquidity options to unlock value and realise their investment in the Company and/or the GEMS Group, or remain vested with the GEMS Group and/or the Company (excluding the GEMS Group).

#### 4.2 Proposed Distribution seeks to address continued ESG pressures on the Group.

As part of the Company's broader strategy to reduce its exposure to energy coal, the Company proposes to segregate its existing energy coal business currently conducted through GEMS. Through the Proposed Distribution, GEMS will effectively be segregated from the Group, leaving the Group principally engaged in the metallurgical coal business in Australia (conducted through the Stanmore Group) and other non-coal businesses in gold mining, forestry and renewable energy. Such segregation will allow the Group to reposition itself away from the energy coal sector, allowing the Group (following the Distribution Completion) to expand on its financing options which would otherwise have been relatively limited if it were to be continuously exposed to the energy coal business.

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## LETTER TO SHAREHOLDERS

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### 4.3 The Proposed Transactions provide flexibility for Entitled Shareholders.

- (i) The Proposed Transactions provide flexibility for Entitled Shareholders to either:
  - (a) receive full upfront liquidity by fully exiting their investment in the Company; or
  - (b) receive partial upfront liquidity (in the form of the GEMS Shares Consideration or Revised GEMS Cash Consideration) and (by rejecting the Exit Offer) continue to be a stakeholder in the Group (excluding the GEMS Group).
- (ii) The Proposed Transactions maximise optionality for Entitled Shareholders by allowing each Entitled Shareholder to elect between receiving either:
  - (a) the Revised All Cash Consideration, which allows each Entitled Shareholder electing for this option to realise the value of his investment in the Company with price certainty, mitigating any price volatility and foreign exchange risks associated with receiving the GEMS Shares under the Proposed Distribution and without incurring brokerage and other trading costs, thus providing full flexibility on how to use or redeploy the proceeds; or
  - (b) the Revised GEMS Shares Consideration and Cash, which allows each Entitled Shareholder electing for this option to receive a combination of the GEMS Shares under the Proposed Distribution and the Revised Exit Offer Price in cash. Such Entitled Shareholder would then be given the opportunity to directly participate in the ownership of GEMS and in GEMS' performance.

As GEMS is a security listed and quoted on the IDX, Shareholders can choose to dispose of GEMS Shares in the open market of the IDX, subject to their investment considerations. For the last three (3) financial years (FY2020 to FY2022), GEMS has declared dividends with a dividend payout ratio<sup>7</sup> range of approximately 62% to 133% for the aforesaid period.

The Revised GEMS Shares Consideration and Cash, and the Revised All Cash Consideration, are only available to Entitled Shareholders who accept the Exit Offer. For the avoidance of doubt, Entitled Shareholders who reject the Exit Offer may still receive the Revised GEMS Cash Consideration or the GEMS Shares Consideration pursuant to the Proposed Distribution, as described in Section 4.3(iv) below.

- (iii) Alternatively, Entitled Shareholders can also choose to receive partial upfront liquidity for their investment in the Company by:
  - (a) approving the Proposed Distribution and Delisting, which will result in such Shareholders receiving the GEMS Shares Consideration or Revised GEMS Cash Consideration; and
  - (b) not accepting the Exit Offer, which will result in such Shareholders remaining vested in and continuing to be a shareholder of the Group (excluding the GEMS Group) through the Company which will become an unlisted entity.

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<sup>7</sup> "Dividend payout ratio" means total dividends declared for the financial year divided by the profits after tax and minority interest for that financial year.



## LETTER TO SHAREHOLDERS

- (iv) Following from the above, an Entitled Shareholder who wishes to receive full or partial upfront liquidity for its investment in the Company can **choose any one** of the following options:

<b>Revised All Cash Consideration</b>	<b>Revised GEMS Shares Consideration and Cash</b>	<b>Revised GEMS Cash Consideration Only</b>	<b>GEMS Shares Consideration Only</b>
Receive the Revised GEMS Cash Consideration <sup>(1)</sup>  <i>and</i>  <u>ACCEPT</u> the Exit Offer and receive the Revised Exit Offer Price	Elect to receive the GEMS Shares Consideration <sup>(2)</sup>  <i>and</i>  <u>ACCEPT</u> the Exit Offer and receive the Revised Exit Offer Price	Receive the Revised GEMS Cash Consideration <sup>(1)</sup>  <i>and</i>  <u>REJECT</u> the Exit Offer and the Revised Exit Offer Price	Elect to receive the GEMS Shares Consideration <sup>(2)</sup>  <i>and</i>  <u>REJECT</u> the Exit Offer and the Revised Exit Offer Price
<b>Value receivable by Entitled Shareholder on a per Share basis<sup>(3)</sup></b>			
<b>S\$0.973<sup>(4)</sup></b>	<b>S\$0.964<sup>(5)</sup></b>	<b>S\$0.792<sup>(6),(8)</sup></b>	<b>S\$0.783<sup>(7),(8)</sup></b>

**Notes:**

- (1) As disclosed in Section 7.3 below, in respect of the Proposed Distribution, Entitled Shareholders are provided with an option to receive their **full (and not part)** pro-rata entitlements to GEMS Shares pursuant to the Proposed Distribution in cash instead.
- (2) An Entitled Shareholder who elects to receive the GEMS Shares Consideration will receive scripless GEMS Shares. There are charges and fees associated with receiving scripless GEMS Shares pursuant to the Proposed Distribution which will need to be borne by the Entitled Shareholder. **PLEASE REFER TO SECTIONS 10.12 AND 10.13 BELOW FOR FURTHER DETAILS ON A DESCRIPTION OF THESE CHARGES AND FEES.** Shareholders should also note that GEMS Shares are traded in board lots of 100 shares on the IDX. Entitled Shareholders may receive odd lots of GEMS Shares (being lots other than board lots of 100 shares) pursuant to the Proposed Distribution. Entitled Shareholders who hold odd lots of less than 100 GEMS Shares may experience difficulty and/or have to bear disproportionate transaction costs in disposing of odd lots of their GEMS Shares.
- (3) **THE RESPECTIVE VALUES OF CONSIDERATION PRESENTED ON A PER SHARE BASIS ABOVE ARE FOR ILLUSTRATIVE PURPOSES ONLY.** The illustrative amounts above and the actual amounts received by Entitled Shareholders may differ due to rounding and disregarding of fractional entitlements (where applicable), depending on the actual number of Shares held by such Entitled Shareholder as at the Record Date.
- (4) The fixed value of the Revised All Cash Consideration comprises: (i) the Revised GEMS Cash Consideration component based on (a) the Revised Cash Alternative Price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936; then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places; and (ii) the Revised Exit Offer Price of S\$0.181.
- (5) The illustrative value comprises: (i) the GEMS Shares Consideration component (expressed in monetary value) based on (a) the illustrative value of the GEMS Shares Consideration of approximately IDR8,953.88 (based on the closing price of IDR6,425 per GEMS Share as at the Revised Last Trading Day multiplied by the Distribution Ratio of 1.3936); then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places; and (ii) the Revised Exit Offer Price of S\$0.181.
- The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Latest Practicable Date is **S\$0.997**, based on: (a) the closing price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936, then divided by the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date, as extracted from Bloomberg L.P., rounded to three (3) decimal places; and (b) the Revised Exit Offer Price of S\$0.181.
- (6) The fixed value of the Revised GEMS Cash Consideration is based on (a) the Revised Cash Alternative Price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936; then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places.

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## LETTER TO SHAREHOLDERS

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- (7) The GEMS Shares Consideration (expressed in monetary value) is based on (a) the illustrative value of the GEMS Shares Consideration of approximately IDR8,953.88 (based on the closing price of IDR6,425 per GEMS Share as at the Revised Last Trading Day multiplied by the Distribution Ratio of 1.3936); then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places.

The illustrative value of the GEMS Shares Consideration as at the Latest Practicable Date is **S\$0.816**, based on the closing price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936, then divided by the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date, as extracted from Bloomberg L.P., rounded to three (3) decimal places.

- (8) **SHAREHOLDERS WHO DO NOT ACCEPT THE EXIT OFFER WILL CONTINUE TO HOLD SHARES IN THE COMPANY, WHICH WILL THEN BE AN UNLISTED COMPANY. PLEASE REFER TO SECTION 18 BELOW FOR THE IMPLICATIONS OF THE COMPULSORY ACQUISITION AND DELISTING FOR SHAREHOLDERS.**

Please refer to Section 10.1 below which sets out instructions for Entitled Shareholders on the actions to be taken (if any) in order to receive their entitlements to the Proposed Distribution, depending on the manner in which they hold Shares and whether they wish to receive GEMS Shares or cash. Entitled Shareholders should also refer to Appendix 1 to the Exit Offer Letter on the actions to be taken if they wish to accept the Exit Offer in respect of their Offer Shares.

All of the options above provide Entitled Shareholders with the opportunity to fully or partially realise their investments in the Company depending on their investment needs. Shareholders should note that, when entitled, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act. Upon the exercise of such right, the Offeror will be entitled to compulsorily acquire all the Shares of Shareholders who have not accepted the Exit Offer, at a price equal to the Revised Exit Offer Price. Shareholders should refer to Section 18 of this Circular, entitled “Implications of Compulsory Acquisition and Delisting for Shareholders” for the implications of the compulsory acquisition and delisting for Shareholders.

- (v) On the other hand, Shareholders can also choose to reject the Proposed Distribution and Delisting (together with the Exit Offer) in its entirety.

Shareholders should note that the Offeror Concert Group will be abstaining from voting on both the Distribution Resolution and the Delisting Resolution at the EGM.

- (vi) The Company believes that the Proposed Distribution and Delisting (together with the Exit Offer) is the single most flexible liquidity opportunity available to Shareholders in respect of their Shares since the Company resumed trading in December 2016 (after completion of the reverse takeover exercise in April 2015) and since the Company’s last dividend declared and paid in respect of financial year 2019. See Section 4.6 below on the Company’s approach to dividends.

#### 4.4 **The Revised All Cash Consideration is Fair and Reasonable and is at a Premium to Historical Closing Prices of the Shares**

- (i) As the Proposed Distribution and Delisting (together with the Exit Offer) are inter-conditional, Entitled Shareholders who accept the Exit Offer are entitled to receive either (a) the Revised All Cash Consideration, or (b) the Revised GEMS Shares Consideration and Cash, both of which will be treated as the exit offer for the purpose of Rule 1309 of the Listing Manual.

## LETTER TO SHAREHOLDERS

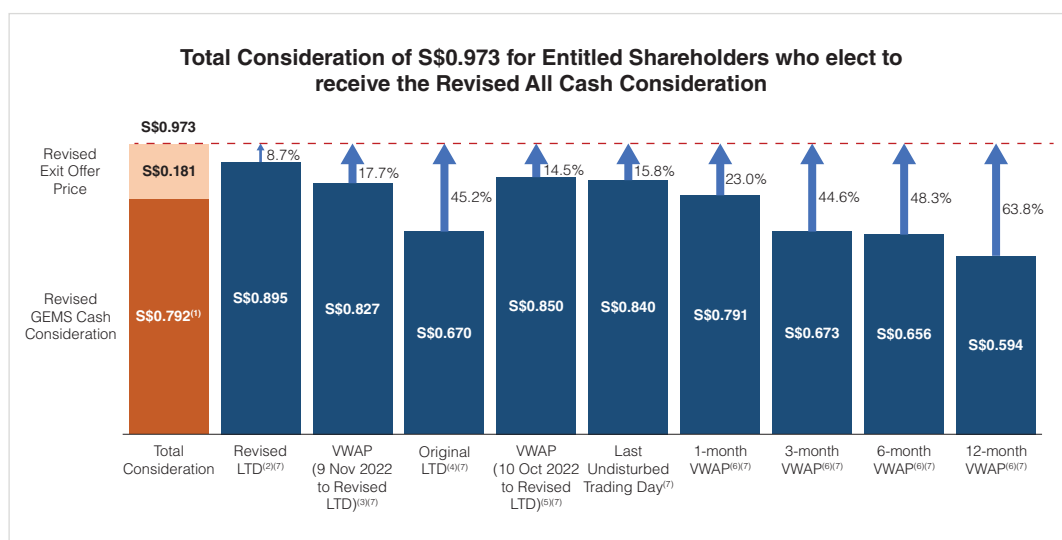
(ii) The IFA has opined that each of the following:

- (a) the Revised Cash Alternative Price;
- (b) the Revised All Cash Consideration; and
- (c) the Revised GEMS Shares Consideration and Cash,

are fair and reasonable. Please refer to Section 21 below for the IFA's advice in relation to the Proposed Distribution and Exit Offer.

(iii) In view of the foregoing, Shareholders are encouraged to view and evaluate each of the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash in its entirety (as opposed to focusing only on the Exit Offer Price on a standalone basis). Please see Section 10 of the IFA Letter, and take note that **the IFA's opinion in relation to the Proposed Distribution and the Exit Offer should be considered in the context of the entirety of the IFA Letter and this Circular.**

(iv) The Revised All Cash Consideration also represents a premium to the historical closing prices of the Shares since the Company resumed trading in December 2016 (after completion of the reverse takeover exercise in April 2015).



**Note:** Please refer to the notes to the table in paragraph 6.1(a) of the Exit Offer Letter, which is reproduced in Section 15 of this Circular.

As set out in the chart above, the Revised All Cash Consideration represents a premium of approximately 23.0%, 44.6%, 48.3% and 63.8% over the VWAP per Share for the one (1)-month period, three (3)-month period, six (6)-month period and 12-month period respectively up to and including the Last Undisturbed Trading Day.

The Revised All Cash Consideration also represents a premium of approximately 8.7% over the closing price of the Share on the Revised Last Trading Day. In addition, the Revised All Cash Consideration is higher than the highest closing price of the Shares of S\$0.925 since the reverse-takeover in 2015 up to and including the Revised Last Trading Day.

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## LETTER TO SHAREHOLDERS

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### 4.5 **Lack of any Competing Offer as Financing Options for any Potential Buyer is limited.**

- (i) As mentioned above, many financial institutions have set targets for reducing their exposure to fossil fuels in order to align with global efforts to mitigate climate change. In addition, the risks associated with lending for investments into the coal industry have become heightened due to the uncertainty around future regulations and demand for fossil fuels. Such policies and risks associated with the coal industry in turn limit the availability of financing for investments or acquisitions of companies engaged in the coal industry.
- (ii) Given such limitations, the Company believes that the likelihood of any potential bidder being able to finance an offer for the Company for at least the Revised All Cash Consideration is remote. In addition to the reasons above, any potential bidder will also need to contend with the intentions of DSS (which holds approximately 77.49% of the total number of issued Shares as at the Latest Practicable Date) and who has given an irrevocable undertaking to accept the Exit Offer. Should the Proposed Transactions proceed, the Offeror will become a significant shareholder of the Company.
- (iii) The Long-Stop Date for satisfying the Distribution Conditions and the Exit Offer Conditions is 9 August 2023. Any change to the structure of the Proposed Transactions will require an extensive and careful evaluation of any regulatory and financial implications to the Company and the Shareholders, which the Company believes will not be easy to implement within the remaining time required to satisfy such conditions.
- (iv) In this regard, the Proposed Transactions (which offer the Revised All Cash Consideration and Revised GEMS Shares Consideration and Cash) remain the single most flexible liquidity option available to independent Shareholders in respect of their investment in the Company as at the Latest Practicable Date. Through discussions with the Offeror and given the limited financing options available to the Company, DSS and the Offeror, the Company and the Offeror jointly announced the improved consideration for the Proposed Transactions on 18 March 2023, which represents a 15% increase from the Original All Cash Consideration for the Proposed Transactions.
- (v) In light of the foregoing, the Company believes that tabling the Proposed Distribution and Delisting (with the Exit Offer) expeditiously to independent Shareholders for their consideration is the best path forward given that this provides a tangible opportunity for independent Shareholders to realise their investment.
- (vi) The Company highlights that independent Shareholders ultimately have the discretion to vote against the Distribution Resolution and the Delisting Resolution if they do not support the Proposed Transactions.

### 4.6 **No Fixed Dividend Policy, and Ability to Declare Dividends is subject to Limitations on the Company and its Subsidiaries.**

- (i) Other than in respect of financial year 2019 and prior years, the Company has not declared a dividend so as to conserve and retain cash to meet its debt and other commitments. In addition, on 18 February 2022, the Company announced in its full year results ended 31 December 2021 that no dividend had been declared for the year in order to conserve and retain cash to meet the Company's commitment under the entitlement offer to fund Stanmore's acquisition of Stanmore SMC Pty Ltd (formerly known as BHP Mitsui Coal Pty Ltd) from BHP.

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## LETTER TO SHAREHOLDERS

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The Company has not adopted a fixed dividend policy as its ability to declare and pay dividends are subject to various considerations, such as:

- (a) the Company and its subsidiaries' debt and other commitments (as discussed below);
  - (b) the Group's financial performance and financial position;
  - (c) the Group's working capital needs to sustain its existing level of operations and plans for organic or inorganic growth; and
  - (d) the Group's ability to continue to have access to financing, the challenges of which are discussed above.
- (ii) The Company is an investment holding company and its investments in its operating subsidiaries constitute all of its assets. The Company's subsidiaries conduct all of its operations and own substantially all of its assets. As a result, the Company must mainly rely on dividends from its subsidiaries to allow the Company to service its debt and working capital obligations and to make any dividend payments.
- (iii) The ability of the Company's subsidiaries to pay dividends will depend on their respective results of operations and may be restricted by, among other things, the availability of funds, the terms of various credit arrangements entered into by such subsidiaries, as well as statutory and other legal restrictions. In turn, the Company's ability to pay dividends is also limited by the covenants on restricted payments under its US\$346,308,000 8.5% Senior Secured Notes due 2027, which generally restrict the Company from paying out more than 50% of the Company's consolidated net income (after minority interest).

### 4.7 Greater Management Control and Flexibility in Streamlined Structure.

- (i) The Company, being listed on the SGX-ST, is owned by DSS, a company listed on the IDX. At the same time, the Company's two key subsidiaries, GEMS and Stanmore, are listed on the IDX and the ASX respectively. Consequently, all corporate actions (including acquisitions, disposals and fund-raising activities) and reporting undertaken by the Company have to be conducted with the requirements of the SGX-ST, the IDX and the ASX in mind.
- (ii) The Company believes that, as a privatised entity with the Offeror (being a private company) as its majority shareholder, the Company's management will have more control and flexibility to execute, among other things, its diversification strategies (which it began in 2017) in a fast changing environment. On the backdrop of a challenging commodity price environment being cyclical in nature, such management flexibility is important as it allows the Company to optimise the use of its resources and implement initiatives in a timely manner.
- (iii) Moreover, in maintaining its listed status, the Company incurs compliance and associated costs. The Delisting would allow the Company to dispense with expenses relating to the maintenance of a listed status and focus its resources on its business operations.

# LETTER TO SHAREHOLDERS

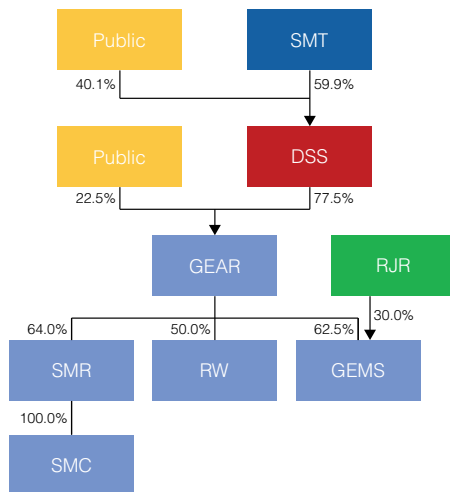
## 5. THE GROUP AFTER THE PROPOSED DISTRIBUTION

5.1 **Overview of the Group after the Proposed Distribution.** Following completion of the Proposed Distribution, the Group will cease to be involved in the energy coal business. The Group's operations will thereafter cover (i) exploration, development, mining, processing and marketing of metallurgical coal sourced from its coal mining concession areas and tenements of the Stanmore Group in Australia, and (ii) non-coal businesses, which spans across gold mining, forestry and renewables.

Please refer to Appendix IV to this Circular for an overview of the Group after the Proposed Distribution is effected, including its remaining principal activities and business segments.

5.2 **Group Structure Chart.** The simplified corporate structure of the Group before and after the Proposed Distribution is set out below.

### Before the Proposed Distribution

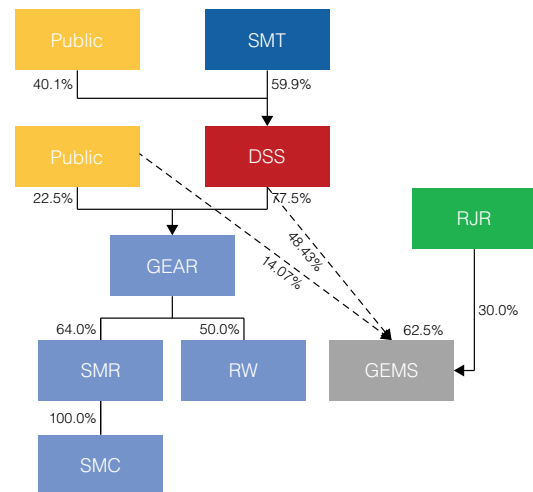


**Legend:**

- DSS:** PT Dian Swastatika Sentosa Tbk
- GEAR:** Golden Energy and Resources Limited
- GEMS:** PT Golden Energy Mines Tbk
- RJR:** PT Radhika Jananta Raya, a wholly-owned subsidiary of IDX-listed PT ABM Investama Tbk
- RW:** Ravenswood Gold Group Pty Ltd
- SMC:** Stanmore SMC Pty Ltd
- SMR:** Stanmore Resources Limited
- SMT:** PT Sinar Mas Tunggal\*

\* Mr. Indra Widjaja, who is an indirect shareholder of SMT, is the spouse of Ms. Lanny Tranku. Ms. Lanny Tranku is the sole director of, and ultimate beneficial owner of, the Offeror.

### On Distribution Completion, and prior to the settlement of acceptances under the Exit Offer<sup>(1)</sup>



**Note:**

- (1) Assumes that all Entitled Shareholders (including Excluded Overseas Shareholders) exercise the GEMS Shares Election, and fractional entitlements of GEMS Shares arising from the Proposed Distribution are not (and will not be) distributed to Shareholders. Please see Section 7.11 for the shareholding illustration of GEMS if, among other things, all Entitled Shareholders (other than DSS) do not exercise the GEMS Shares Election.

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## LETTER TO SHAREHOLDERS

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### 6. INFORMATION ON DSS

- 6.1 **Controlling Shareholder.** As at the Latest Practicable Date, DSS holds approximately 77.49% of the total issued share capital of the Company and is a Controlling Shareholder.
- 6.2 **Overview of DSS.** DSS is a public company established under the laws of the Republic of Indonesia and listed on the IDX, and is principally engaged in the businesses of (i) power and steam generation, (ii) coal and gold mining, and coal trading, (iii) technology and (iv) fertiliser and chemical trading. Through its four major lines of businesses, DSS and its subsidiaries produce goods and services such as electricity, coal, gold, pay television, internet services, pesticide, fertilisers and chemicals.

Please refer to Appendix V to this Circular for further details of DSS, including information relating to its capital structure and its financial information.

### 7. PROPOSED DISTRIBUTION

- 7.1 **Distribution through Dividend In Specie and Capital Reduction.** Subject to the satisfaction of the Distribution Conditions, the Company intends to effect the Proposed Distribution through:

- (i) subject to the Capital Reduction becoming effective, a dividend *in specie*, by appropriating retained earnings of the Company in such amounts as the Directors may decide in their sole discretion; and
- (ii) a distribution *in specie* by way of the Capital Reduction pursuant to Sections 78A, 78G and 78I of the Companies Act. The Capital Reduction will be effected by reducing up to US\$1,100.0 million of the issued and paid-up share capital of the Company, by taking into account the fair value of the GEMS Shares as at the Distribution Effective Date, distributed pursuant to the Capital Reduction.

The GEMS Shares will be distributed free of encumbrances and together with all rights attaching thereto on and from the Distribution Effective Date. For the avoidance of doubt, there will be no change in the total number of issued Shares pursuant to, or as a result of, the Proposed Distribution.

Based on the audited consolidated financial statements of the Company as at 31 December 2022, the Company recorded share capital and retained earnings of approximately US\$1,315.3 million and US\$403.6 million, respectively.

The final appropriated amount from the reduction of the issued and paid-up share capital of the Company and the retained earnings of the Company will be based on the fair value of the relevant GEMS Shares as at the date of distribution. The resultant fair value gain/loss<sup>8</sup> is a non-cash, non-recurring accounting gain/loss, and does not impact the cash position of the Company or the Group. Such fair value gain/loss amount will be recorded in the profit or loss of the Company's financial statements.

For illustrative purposes only, assuming that (i) all Entitled Shareholders exercise the GEMS Shares Election and accordingly all Entitled Shareholders receive GEMS Shares

<sup>8</sup> Fair value gain/loss amount is calculated based on the excess/deficit of fair value of the asset (being the Company's investment in GEMS) to be distributed, as compared to the carrying amount of the Company's investment in GEMS as recorded in the Company's financial statements.

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## LETTER TO SHAREHOLDERS

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pursuant to the Proposed Distribution; (ii) the Distribution Effective Date is 31 December 2022; and (iii) the fair value of each GEMS Share is equivalent to the Revised Cash Alternative Price of IDR6,500 (or approximately S\$0.5686 based on the Agreed Exchange Rate) (equivalent to approximately US\$0.42447<sup>9</sup>), the appropriated amount for the Proposed Distribution by way of dividend *in specie* and capital reduction, will be as follows:

As at 31 December 2022

Fair value of each GEMS Share	US\$0.42447
Total number of GEMS Shares held by the Company	3,676,460,615
Total appropriated amount for the Proposed Distribution <sup>(1)</sup>	US\$1,560.5 million
Less: Cost of investment in GEMS	(US\$1,147.1 million)
Fair value gain on distribution of GEMS Shares	US\$413.4 million
Add: Retained earnings of the Company	US\$403.6 million
Proposed Distribution <sup>(1)</sup> by way of dividend <i>in specie</i> from retained earnings	US\$817.0 million
Proposed Distribution <sup>(1)</sup> by way of capital reduction	US\$743.5 million <sup>(2)</sup>

**Notes:**

- (1) The Proposed Distribution is measured at fair value per GEMS Share and accounted for in accordance with SFRS(I) INT 17 Distributions of Non-cash Assets to Owners. Any gains/losses from the Proposed Distribution will be recognised in the Company's financial statements. The actual appropriated amount of the Proposed Distribution (being the fair value of GEMS Shares for the GEMS Shares Election, and the Revised Cash Alternative Price) will be assessed and determined on the date of distribution.
- (2) Being the difference of the total appropriated amount for the Proposed Distribution (i.e. US\$1,560.5 million) less the total amount to be appropriated for the Proposed Distribution by way of dividend *in specie* from retained earnings (i.e. US\$817.0 million).

7.2 **GEMS Shares Election and Distribution Ratio.** Under the Proposed Distribution, Entitled Shareholders will be entitled to elect to receive **1.3936 GEMS Shares ("GEMS Shares Consideration") for each Share held as at the Record Date ("Distribution Ratio"**, and such election, the "**GEMS Shares Election**"), fractional entitlements (where applicable) to be disregarded.

For illustrative purposes:

- (i) DSS: In respect of DSS which holds 2,044,145,469 Shares (representing approximately 77.49% of the total issued share capital of the Company) as at the Latest Practicable Date, DSS would be entitled to receive 2,848,721,125 GEMS Shares (representing approximately 48.43%<sup>10</sup> of the total number of issued GEMS Shares) pursuant to the Proposed Distribution.
- (ii) Entitled Shareholders holding 71 or less Shares: Based on the Distribution Ratio, Entitled Shareholders who hold 71 or less Shares will receive odd lots of less than 100 GEMS Shares. Please refer to Section 10.8 below on the difficulties of trading in odd lots of less than 100 GEMS Shares.

<sup>9</sup> Based on the exchange rate of S\$1.3395:US\$1.00 as at 31 December 2022.

<sup>10</sup> Please refer to Section 7.11 of this Circular for an illustration of the shareholding in GEMS following Distribution Completion.



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Shareholders should note that:

- (a) **the distributed GEMS Shares will not be immediately tradable on the IDX until an Entitled Shareholder has opened an IDX securities account or brokerage/custodian account capable of holding IDX-listed securities;**
- (b) the Distribution Ratio was determined based on the total number of issued Shares and the total number of GEMS Shares owned by the Company as at the Latest Practicable Date. In the event that new Shares and/or new GEMS Shares are issued on or after the Latest Practicable Date and prior to the Record Date, a pro-rata adjustment will be made to the Distribution Ratio. The Company does not expect any new Shares or new GEMS Shares to be issued on or before the Record Date;
- (c) Investors who hold Shares through Depository Agents or who are CPF/SRS Investors will receive their entitlements to the GEMS Shares through the respective Depository Agent, CPF Agent Bank and/or SRS Operator, and the Distribution Ratio will be applied to the aggregate number of Shares held by such Depository Agent, CPF Agent Bank and/or SRS Operator as at the Record Date (see Section 10.1(iv) below for more details), with fractional entitlements to be dealt with at the sole discretion of the Depository Agents, CPF Agent Banks and/or SRS Operators. CPF/SRS Investors should note that they may be unable to receive GEMS Shares due to, among other things, the current applicable rules under the CPF Investment Scheme and/or the procedures of the relevant CPF Agent Bank or SRS Operator (as the case may be) (see Section 10.6 for more details); and
- (d) Entitled Shareholders who elect to receive GEMS Shares may be subjected to price uncertainty in respect of the GEMS Shares, given the illiquidity and the possibility of future price volatility or movement of the GEMS Shares between the Latest Practicable Date and the date of actual receipt of the GEMS Shares by the Entitled Shareholders.

7.3 **Revised Cash Alternative Price and Revised GEMS Cash Consideration.** To provide flexibility for Entitled Shareholders who do not wish to receive GEMS Shares, DSS and the Company (collectively, the “**Standby Buyers**”) will provide Entitled Shareholders with an option to receive their **full (and not part)** pro-rata entitlements to GEMS Shares pursuant to the Proposed Distribution in cash instead, **at the Revised GEMS Cash Consideration of S\$0.792 for each Share held as at the Record Date**<sup>11</sup>.

The following Shareholders will be entitled to receive the Revised GEMS Cash Consideration:

- (i) Cash Entitled Shareholders, being:
  - (a) Entitled Shareholders who do not exercise the GEMS Shares Election;
  - (b) Entitled Shareholders who do not validly exercise the GEMS Shares Election;
  - (c) Entitled Shareholders in respect of whom the Order Matching Process necessary for the distribution and transfer of the GEMS Shares to such Entitled Shareholders fails for whatsoever reason and the transfer is unsuccessful; and

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<sup>11</sup> S\$0.792 has been derived from IDR6,500 multiplied by the Distribution Ratio of 1.3936, then divided by the Agreed Exchange Rate, rounded to three (3) decimal places.

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- (d) Entitled Shareholders, sub-account holders for the relevant Depository Agent and/or CPF/SRS Investors who are deemed to not have exercised the GEMS Shares Election under Section 10.1(iv)(b) below.

Entitled Shareholders or Investors who hold Shares through Depository Agents who wish to receive GEMS Shares must comply with the instructions set out in Sections 10.1(ii), 10.1(iii) and/or 10.1(iv) below (as the case may be); and

- (ii) Excluded Overseas Shareholders (see Sections 10.1(i)(b) and 10.5 below for more details).

**An Entitled Shareholder who wishes to receive the Revised GEMS Cash Consideration need not and should not complete and return the Election Form.**

Additionally, in order to avoid any violation of applicable securities laws outside of Singapore, Excluded Overseas Shareholders will be deemed to not have exercised the GEMS Shares Election and will receive their full entitlements to the Proposed Distribution in cash.

The Company has appointed the IFA to opine on, among others, whether each of the Revised Cash Alternative Price, the Revised All Cash Consideration, and the Revised GEMS Shares Consideration and Cash is fair and reasonable. Shareholders should refer to Section 21 below for further details.

- 7.4 **Illustration.** For illustrative purposes only, if the Proposed Distribution and Delisting are approved at the EGM, an Entitled Shareholder who holds 10,000 Shares and tenders all 10,000 Offer Shares for acceptance under the Exit Offer will receive either:

- (i) **under the Revised All Cash Consideration:** S\$9,733.66, comprising S\$7,923.66<sup>12</sup> under the Proposed Distribution and S\$1,810 under the Exit Offer; or
- (ii) **under the Revised GEMS Shares Consideration and Cash:** 13,936 GEMS Shares under the Proposed Distribution and S\$1,810 under the Exit Offer.

- 7.5 **Source of Funds for Revised Cash Alternative Price.** In the event that none of the Entitled Shareholders (other than DSS) exercise the GEMS Shares Election, the total cash amount payable by the Standby Buyers to the Cash Entitled Shareholders and Excluded Overseas Shareholders will be approximately S\$470.6 million<sup>13</sup>. The Company and DSS have agreed that:

- (i) if 7% or more of the total issued shares in the capital of GEMS are available to be allocated to both DSS and the Company, such GEMS Shares to be acquired will be allocated among DSS and the Company in the following proportion and order of priority:
- (a) first, DSS will purchase up to 50% of the GEMS Shares otherwise distributable to the Cash Entitled Shareholders and Excluded Overseas Shareholders; and
- (b) thereafter, the Company will purchase the remaining 50% of the GEMS Shares otherwise distributable to the Cash Entitled Shareholders and Excluded Overseas Shareholders; and

<sup>12</sup> In this scenario, based on (a) the 13,936 GEMS Shares multiplied by the Revised Cash Alternative Price of IDR6,500; then divided by (b) the Agreed Exchange Rate, rounded to the nearest whole cent.

<sup>13</sup> Computed based on (i) S\$0.5686 per GEMS Share (being the Revised Cash Alternative Price of IDR6,500 at the Agreed Exchange Rate); and (ii) an aggregate of 827,731,095 GEMS Shares attributable to Entitled Shareholders (excluding DSS).

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- (ii) if less than 7% of the total issued shares in the capital of GEMS are available to be allocated to both DSS and the Company:
    - (a) DSS will only purchase such number of GEMS Shares that will allow DSS to own approximately 51% of the total issued shares in the capital of GEMS (i.e. DSS will acquire approximately the first 2.57%<sup>14</sup> of the total issued shares in the capital of GEMS); and
    - (b) the Company will acquire the remaining GEMS Shares.
- 7.6 **GEMS Shares Election by DSS.** DSS has provided the DSS Irrevocable Undertaking to the Company, undertaking that DSS will exercise the GEMS Shares Election and receive its full pro-rata entitlements pursuant to the Proposed Distribution in GEMS Shares.
- 7.7 **Fractional Entitlements and Rounding Down.**
- (i) GEMS Shares Consideration. In determining the aggregate number of GEMS Shares distributable to Entitled Shareholders who have validly exercised the GEMS Shares Election, fractional entitlements (where applicable) will be disregarded.
  - (ii) Revised GEMS Cash Consideration. The aggregate amount of cash in Singapore dollars that is payable by the Standby Buyers to the Cash Entitled Shareholders and Excluded Overseas Shareholders will be rounded to the nearest whole cent.
- 7.8 **No payment required from Entitled Shareholders.** For the avoidance of doubt and save as disclosed in Sections 10.12 and 10.13 below, in connection with the Proposed Distribution, no cash payment and no other form of consideration will be required from the Entitled Shareholders to:
- (i) receive the GEMS Shares into their relevant IDX securities account or a brokerage/custodian account capable of holding IDX-listed securities. However, if any Entitled Shareholder does not already have such an account set up to receive the GEMS Shares, such Entitled Shareholders may be required to pay charges imposed by their relevant securities or brokerage/custodian account service provider to establish and operate an account (see Sections 10.12 and 10.13 below for more details on taxation and costs); or
  - (ii) receive the Revised GEMS Cash Consideration.
- 7.9 **Distribution Conditions.** Distribution Completion is subject to the following approvals and conditions:
- (i) the approval by independent shareholders of DSS of the Proposed Distribution, DSS' acquisition of the GEMS Shares at the Revised Cash Alternative Price as a Standby Buyer and DSS' sale of all of its Shares to the Offeror being obtained, with the ultimate controlling shareholders of DSS and their affiliates being required to abstain from voting ("**DSS Independent Shareholders' Approval**");

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<sup>14</sup> As at the Latest Practicable Date, DSS would be entitled to receive 2,848,721,125 GEMS Shares (representing approximately 48.43% of the total number of issued GEMS Shares) pursuant to the Proposed Distribution. In order to own approximately 51% of the total issued shares in the capital of GEMS, DSS will acquire the difference between 51% and 48.43%, i.e. the first 2.57% of the total issued shares in the capital of GEMS.

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- (ii) the approval of Shareholders, by way of a special resolution, for the Proposed Distribution being obtained at the EGM, with the Offeror Concert Group abstaining from voting on the Distribution Resolution;
- (iii) (a) court approval being obtained for the Capital Reduction under Section 78G of the Companies Act; (b) lodgement of the Capital Reduction information by the Company with ACRA pursuant to Section 78G(1)(b) of the Companies Act; and (c) the Registrar of Companies having recorded the Capital Reduction information as prescribed under Section 78G(1)(c) of the Companies Act;
- (iv) such other approvals, authorisations, consents and confirmations from the regulatory authorities as may be required or advisable and the same remaining in force, including without limitation:
  - (a) such approvals from the SGX-ST and other third parties being obtained for or in connection with the Proposed Distribution, and if such approvals are given subject to any conditions, such conditions being acceptable to the Company; and
  - (b) no objection having been received from OJK and IDX in respect of the Proposed Distribution and for the sale by DSS of all of its Shares to the Offeror; and
- (v) the Company complying with the other requirements under the Companies Act in respect of the Capital Reduction.

**As stated in the Conditions Update Announcement, the DSS Independent Shareholders' Approval (as described in Section 7.9(i)) has been obtained, and no objection has been received from the OJK and IDX in respect of the Proposed Distribution and the sale by DSS of all its Shares to the Offeror (as described in Section 7.9(iv)(b)). Save for the foregoing, none of the other Distribution Conditions have been satisfied as at the Latest Practicable Date. The Company will publicly announce on SGXNET if and when all other Distribution Conditions have been satisfied. Shareholders should note that if any of the Distribution Conditions are not satisfied, the Proposed Distribution will not occur.**

**7.10 Effective Date of Capital Reduction.** The Capital Reduction will take effect on the date on which the Registrar of Companies records the Capital Reduction information, as prescribed under Section 78G(1)(c) of the Companies Act (such date, the "**Distribution Effective Date**").

For the avoidance of doubt, the GEMS Shares are only expected to be transferred in mid-August 2023, and the Revised GEMS Cash Consideration is only expected to be paid in end August 2023 (see further details in Sections 10.10 and 10.11 below respectively), in each case to Entitled Shareholders pursuant to the Proposed Distribution.

**7.11 Illustration of Shareholding in GEMS following Distribution Completion.** The following table sets out an illustration of the shareholding of GEMS assuming that:

- (i) the Proposed Distribution has occurred on the Latest Practicable Date;
- (ii) none of the Entitled Shareholders hold any GEMS Shares prior to the Proposed Distribution;

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- (iii) DSS exercises the GEMS Shares Election pursuant to the DSS Irrevocable Undertaking; and
- (iv) in each of the following scenarios:
- (a) Scenario 1: all Entitled Shareholders (including Excluded Overseas Shareholders) exercise the GEMS Shares Election;
- (b) Scenario 2: none of the Entitled Shareholders (including Excluded Overseas Shareholders) exercise the GEMS Shares Election; and
- (c) Scenario 3: certain Entitled Shareholders (including Excluded Overseas Shareholders) exercise the GEMS Shares Election such that only 6.9%<sup>15</sup> of the total issued shares in the capital of GEMS are available to be allocated to both DSS and the Company (and DSS consequently purchases only 2.57%<sup>16</sup> of the GEMS Shares otherwise distributable to Cash Entitled Shareholders and Excluded Shareholders, and the Company thereafter purchases the remaining 4.33% of the GEMS Shares otherwise distributable to Cash Entitled Shareholders and Excluded Shareholders).

Shareholder of GEMS as at the Latest Practicable Date	Before the Proposed Distribution		After the Proposed Distribution <sup>(1)</sup>					
	Number of GEMS Shares	%( <sup>2</sup> )	Scenario 1		Scenario 2		Scenario 3	
			Number of GEMS Shares	%( <sup>2</sup> )	Number of GEMS Shares	%( <sup>2</sup> )	Number of GEMS Shares	%( <sup>2</sup> )
Company	3,676,460,615	62.50	8,395 <sup>(3)</sup>	n.m.	413,873,943	7.04	254,714,279	4.33
DSS	–	–	2,848,721,125	48.43	3,262,586,672	55.46	3,000,000,030	51.00
PT Radhika Jananta Raya	1,764,705,900	30.00	1,764,705,900	30.00	1,764,705,900	30.00	1,764,705,900	30.00
Other existing public shareholders of GEMS	441,186,485	7.50	441,186,485	7.50	441,186,485	7.50	441,186,485	7.50
Entitled Shareholders <sup>(4)</sup>	–	–	827,731,095	14.07	–	–	421,746,306	7.17
<b>Total</b>	<b>5,882,353,000</b>	<b>100.00</b>	<b>5,882,353,000</b>	<b>100.00</b>	<b>5,882,353,000</b>	<b>100.00</b>	<b>5,882,353,000</b>	<b>100.00</b>

n.m. means not meaningful.

**Notes:**

- (1) Based on the Distribution Ratio of 1.3936 GEMS Shares for each Share held as at the Latest Practicable Date (fractional entitlements (where applicable) to be disregarded), and on the list of shareholders of the Company as at the Latest Practicable Date.
- (2) Based on the total number of GEMS Shares of 5,882,353,000 as at the Latest Practicable Date.
- (3) These GEMS Shares represent the Company's ownership of approximately 0.0001% of the total issued GEMS Shares, being the aggregated resulting fractional entitlements of GEMS Shares arising from the Proposed Distribution which are not (and will not be) distributed to Entitled Shareholders.
- (4) Excluding DSS.

<sup>15</sup> This number was selected for illustrative purposes only, to demonstrate a scenario where less than 7% of the total issued shares in the capital of GEMS are available to be allocated to the Standby Buyers.

<sup>16</sup> As explained in Section 7.5(ii) above, if less than 7% of the total issued shares in the capital of GEMS are available to be allocated to the Standby Buyers, DSS will only purchase such number of GEMS Shares that will allow it to own approximately 51% of the total issued shares in the capital of GEMS. As at the Latest Practicable Date, DSS would be entitled to receive 2,848,721,125 GEMS Shares (representing approximately 48.43% of the total number of issued GEMS Shares) pursuant to the Proposed Distribution. In order to own approximately 51% of the total issued shares in the capital of GEMS, DSS will acquire the difference between 51% and 48.43%, i.e. the first 2.57% of the total issued shares in the capital of GEMS.

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### 8. FINANCIAL EFFECTS OF THE PROPOSED DISTRIBUTION

#### 8.1 Financial Effects of the Proposed Distribution in respect of FY2022.

- (i) Assumptions. The proforma financial effects of the Proposed Distribution on the Company's share capital as at 31 December 2022, as well as on the Group's EPS, NAV, NTA and Gearing Ratio, based on the latest audited consolidated financial statements of the Group for FY2022 are set out below.

The proforma financial effects of the Proposed Distribution are for illustrative purposes only and do not necessarily reflect the actual future results and financial position of the Group following Distribution Completion. These financial effects do not take into account any other corporate actions announced and undertaken by the Group on or after 31 December 2022 and any fees and expenses to be incurred in relation to the Proposed Distribution.

For the purpose of illustrating the financial effects of the Proposed Distribution, the financial effects of the Proposed Distribution are computed based on, among other things, the following assumptions:

- (a) the financial effects on the Group's EPS are computed assuming that the Proposed Distribution was completed on 1 January 2022, being the beginning of FY2022;
- (b) the financial effects on the Company's share capital and the Group's NAV, NTA and Gearing Ratio are computed assuming that the Proposed Distribution was completed on 31 December 2022, being the end of FY2022;
- (c) the Proposed Distribution is measured at fair value per GEMS Share which is equivalent to the Revised Cash Alternative Price of IDR6,500 or S\$0.5686 (based on the Agreed Exchange Rate) (equivalent to approximately US\$0.42447 based on the exchange rate of S\$1.3395 : US\$1.00 as at 31 December 2022), and accounted for in accordance with SFRS(I) INT 17 Distributions of Non-cash Assets to Owners on the date of distribution;
- (d) all Entitled Shareholders (including Excluded Overseas Shareholders) exercise the GEMS Shares Election and accordingly such Entitled Shareholders receive GEMS Shares pursuant to the Proposed Distribution, and all remaining GEMS Shares held by the Company (comprising the aggregated fractional entitlements) will be held by the Company and recorded as "investment held for sale" at Fair Value Through Profit or Loss, in its balance sheet; and
- (e) the appropriated amount pursuant to the Proposed Distribution will be by way of:  
(I) the dividend *in specie* of the Company of US\$817.0 million through retained earnings; and (II) a capital reduction of US\$743.5 million.
- (ii) Effect on Share Capital

<b>As at 31 December 2022</b>	<b>Before the Proposed Distribution</b>	<b>After the Proposed Distribution</b>
Issued and paid-up share capital (US\$'000)	1,315,340	571,802
Number of issued Shares ('000)	2,638,100	2,638,100

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(iii) Effect on EPS

	<b>Before the Proposed Distribution</b>	<b>After the Proposed Distribution</b>
Profit for FY2022 attributable to owners of the Company (US\$'000)	711,575	321,755
Weighted average number of Shares ('000)	2,587,347	2,587,347
EPS attributable to owners of the Company (US Cents)	27.50	12.44

(iv) Effect on NAV

<b>As at 31 December 2022</b>	<b>Before the Proposed Distribution</b>	<b>After the Proposed Distribution</b>
NAV <sup>(1)</sup> (US\$'000)	1,266,958	931,073
Number of issued Shares ('000)	2,638,100	2,638,100
NAV <sup>(1)</sup> per Share (US Cents)	48.03	35.29

**Note:**

(1) Relates to the amount attributable to owners of the Company.

(v) Effect on NTA

<b>As at 31 December 2022</b>	<b>Before the Proposed Distribution</b>	<b>After the Proposed Distribution</b>
NTA (US\$'000)	886,613	510,489
Number of issued Shares ('000)	2,638,100	2,638,100
NTA per Share (US Cents)	33.61	19.35

(vi) Effect on Gearing Ratio

<b>As at 31 December 2022</b>	<b>Before the Proposed Distribution</b>	<b>After the Proposed Distribution</b>
Gearing Ratio (%)	49.4	55.2

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8.2 **Accounting Treatment of GEMS following Distribution Completion.** The GEMS Group will be de-consolidated from the Group once the Company loses control over GEMS following the Distribution Completion. In accordance with SFRS(I) 10 Consolidated Financial Statements B97-B99, the Company will:

- (a) de-recognise:
  - (i) the assets (including any goodwill) and liabilities of the GEMS Group at its carrying amounts at the date when control is lost; and
  - (ii) the carrying amount of any non-controlling interests in the GEMS Group at the date when control is lost (including any components of other comprehensive income attributable to them);
- (b) recognise investment retained in the GEMS Group at its fair value at the date when control is lost; and
- (c) recognise any resulting difference as a gain or loss in profit or loss attributable to the Company.

In the event that none of the Entitled Shareholders (save for DSS) exercise the GEMS Shares Election, the Company's eventual holding of GEMS Shares will represent a maximum of approximately 7% of the total issued shares in the capital of GEMS pursuant to the Company being a Standby Buyer. In such event, the Company will account for its interest in GEMS Shares as "investment held for sale" at fair value through profit or loss, in its balance sheet.

## 9. PROPOSED DISTRIBUTION AS A MAJOR TRANSACTION

9.1 **Relative Figures.** Based on the audited consolidated financial statements of the Group for FY2022, the relative figures in relation to the Proposed Distribution computed using the applicable bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Relative figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	28.2% <sup>(1)</sup>
(b)	The net profits attributable to the assets disposed of, compared with the Group's net profits	56.0% <sup>(2)</sup>
(c)	The aggregate value of the consideration received, compared with the Group's market capitalisation	Not applicable <sup>(3)</sup>
(d)	The number of equity securities issued by the Company as consideration for an acquisition as compared with the number of equity securities previously in issue	Not applicable <sup>(4)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	72.2% <sup>(5)</sup>



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**Notes:**

- (1) Computed based on (i) the net asset value of the assets to be “disposed of” (being GEMS Shares held by the Company to be distributed to Entitled Shareholders (including Excluded Overseas Shareholders) which amounted to approximately US\$558.2 million (based on the audited consolidated financial statements of GEMS for FY2022); and (ii) the net asset value of the Group which amounted to approximately US\$1,980.8 million, as at 31 December 2022.
- (2) Computed based on (i) the net profit before tax attributable to the assets to be “disposed of” (being GEMS Shares held by the Company to be distributed to Entitled Shareholders, including Excluded Overseas Shareholders) pursuant to the Proposed Distribution which amounted to US\$898.7 million (based on the audited consolidated financial statements of GEMS for FY2022); and (ii) the net profit before tax recorded by the Group which amounted to approximately US\$1,605.5 million for FY2022.
- (3) No consideration will be received by the Company for the Proposed Distribution.
- (4) Rule 1006(d) of the Listing Manual is not applicable to a disposal of assets.
- (5) Computed based on (i) the aggregate volume of proved and probable reserves of GEMS “to be disposed of” which amounted to approximately 993.2 million tonnes; and (ii) the aggregate volume of proved and probable reserves of the Group which amounted to approximately 1,375.2 million tonnes, as at 31 December 2022.

As each of the relative figures computed on the bases set out in Rules 1006(a), 1006(b) and 1006(e) of the Listing Manual exceeds 20%, the Proposed Distribution would constitute a major transaction as defined in Chapter 10 of the Listing Manual and is therefore subject to the approval of Shareholders at the EGM pursuant to Rule 1014 of the Listing Manual.

9.2 **Independent Qualified Person’s Reports in respect of GEMS.** The Company has commissioned Salva Mining Pty Limited, who is an independent qualified person, to prepare the Independent Qualified Person’s Reports in accordance with Rule 1014(2) of the Listing Manual.

A summary of the Independent Qualified Person’s Reports has been extracted and reproduced below. Shareholders should read the following extract in conjunction with, and in the context of, the Independent Qualified Person’s Reports in its entirety as set out in Appendix VI to this Circular. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings as defined in the Independent Qualified Person’s Reports.

Project Name	Coal Reserves <sup>(2)</sup>			Coal Resources <sup>(1)(2)</sup>			
	Proved	Probable	Total	Measured	Indicated	Inferred	Total
	(in million tonnes)						
BIB	561.6	102.9	664.5	901	374	543	1,818
KIM	39.9	12.4	52.3	105	55	92	252
BSL	137.7	50.9	188.6	217	150	88	455
WRL	33.8	53.4	87.2	55	100	161	316
TKS	0.2	0.4	0.6	27	29	26	82
<b>Total</b>	<b>773.2</b>	<b>220.0</b>	<b>993.2</b>	<b>1,305</b>	<b>708</b>	<b>910</b>	<b>2,923</b>

**Notes:**

- (1) Coal resources are inclusive of coal reserves.
- (2) Total may not sum up due to rounding.

As at the Latest Practicable Date, there has been no material changes since the effective date of the Independent Qualified Person’s Reports.

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### 10. ADMINISTRATIVE PROCEDURES RELATING TO THE PROPOSED DISTRIBUTION

#### 10.1 Shareholders' Options to receive GEMS Shares or Cash under the Proposed Distribution

The Company will put in place arrangements for Entitled Shareholders to be provided with the following options to receive GEMS Shares or cash in lieu thereof:

- (i) For (a) Entitled Shareholders who do not wish to receive GEMS Shares and (b) Excluded Overseas Shareholders

(a) ***Entitled Shareholders who do not wish to receive GEMS Shares***

As provided in Section 7.3 above, the Standby Buyers will provide Entitled Shareholders with an option to receive their **full (and not part)** pro-rata entitlement to GEMS Shares pursuant to the Proposed Distribution in cash instead.

(b) ***Excluded Overseas Shareholders***

In order to avoid any violation of applicable securities laws outside of Singapore, Excluded Overseas Shareholders will be deemed to not have exercised the GEMS Shares Election and will receive their full entitlements to the Proposed Distribution in cash. Please also refer to Section 10.5 below for further information.

The Standby Buyers will make arrangements to purchase the GEMS Shares from the Cash Entitled Shareholders and Excluded Overseas Shareholders. The transfer of the GEMS Shares to the Standby Buyers is expected to complete on or around the expected date of the Distribution Completion.

Following such transfer of GEMS Shares, the Revised GEMS Cash Consideration will be paid through CDP and the Share Registrar to the relevant Cash Entitled Shareholders and Excluded Overseas Shareholders in Singapore dollars. In the case of Cash Entitled Shareholders who are CPF/SRS Investors or sub-account holders for the relevant Depository Agent, payment of the Revised GEMS Cash Consideration will be made through the respective CPF Agent Bank, SRS Operator or Depository Agent.

- (ii) For Entitled Shareholders who have a brokerage/custodian account with a brokerage/custodian outside of Indonesia

For Entitled Shareholders with a brokerage/custodian account with a non-Indonesian brokerage/custodian, such Entitled Shareholders should request for confirmation from such brokerage/custodian that it has custodial and nominee arrangements with, and is able to trade on the IDX through, an Indonesian nominee/counterpart.

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If the Entitled Shareholder's non-Indonesian brokerage/custodian has custodial and nominee arrangements with, and is able to trade on the IDX through, an Indonesian nominee/counterpart, such Entitled Shareholders should prepare and liaise with their relevant brokers/custodians to request for the following information, and fill up the Election Form with the relevant details as soon as possible, in order to ensure the proper transfer of the GEMS Shares:

- (a) registered full name(s) on record in respect of the Non-Indonesian Brokerage/Custodian Account;
- (b) Entitled Shareholder's Brokerage/Custodian Account Number with the Non-Indonesian Brokerage/Custodian;
- (c) Non-Indonesian Brokerage's/Custodian's Account Number with the Indonesian nominee/counterpart;
- (d) Identity Card or Passport Number(s) (for individual(s)) or Business Registration Number (for corporates);
- (e) address, contact number and email address of the Entitled Shareholder;
- (f) names of both the Non-Indonesian Brokerage/Custodian and the Indonesian nominee/counterpart; and
- (g) names, contact numbers, postal and email addresses of the contact persons of both the Non-Indonesian Brokerage/Custodian and the Indonesian nominee/counterpart.

Such Entitled Shareholders should consult their relevant brokers/custodians regarding the timing, cost and procedures of having the GEMS Shares deposited into the brokerage/custodian account and any odd-lot trading (if applicable) of their GEMS Shares on the IDX through their brokerage/custodian account.

- (iii) For Entitled Shareholders who have a brokerage/custodian account with an Indonesian Brokerage/Custodian

For Entitled Shareholders who have a KSEI Securities Account with a brokerage/custodian in Indonesia, such Entitled Shareholders should prepare and/or liaise with their relevant brokers/custodian to request for the following information, and fill up the Election Form with the relevant details as soon as possible, in order to ensure the proper transfer of the GEMS Shares:

- (a) registered full name(s) on record in respect of the KSEI Securities Account;
- (b) KSEI Securities Account Number;
- (c) Single Investor Identification (SID) number;
- (d) Identity Card or Passport Number(s) (for individual(s)) or Business Registration Number (for corporates);
- (e) address, contact number and email address of the Entitled Shareholder;

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## LETTER TO SHAREHOLDERS

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- (f) name of the Brokerage Firm/Custodian in respect of the KSEI Securities Account; and
- (g) name, contact number and email address of the contact person of the Brokerage Firm/Custodian in respect of the KSEI Securities Account.

Such Entitled Shareholders should consult their relevant brokers/custodians regarding the timing, cost and procedures of having the GEMS Shares deposited into the KSEI Securities Account and any odd-lot trading (if applicable) of their GEMS Shares on the IDX through their brokerage/custodian account.

(iv) Investors whose Shares are held through a Depository Agent and CPF/SRS Investors

Investors who hold Shares through Depository Agents or who are CPF/SRS Investors will receive their entitlements to the GEMS Shares through the respective Depository Agent, CPF Agent Bank and/or SRS Operator. As such, **Election Forms will not be sent to such Investors but will only be sent to Depository Agents, CPF Agent Banks and/or SRS Operators. If such Investors wish to elect to receive GEMS Shares, they should direct their Depository Agents, CPF Agent Banks and/or SRS Operators (as the case may be) of their election.** Fractional entitlements will be dealt with at the sole discretion of the Depository Agents, CPF Agent Banks and/or SRS Operators.

- (a) Each Depository Agent, CPF Agent Bank and SRS Operator shall, in respect of each sub-account holder, CPF Investor and SRS Investor respectively, be entitled to:
  - (A) elect to receive GEMS Shares for all the Indirectly-Held Shares held on behalf of such sub-account holder or CPF/SRS Investor; or
  - (B) do nothing and receive the full entitlements to the Proposed Distribution in cash on behalf of such sub-account holder or CPF/SRS Investor,

but not a mixture of (A) and (B) in respect of each such sub-account holder or CPF/SRS Investor.

- (b) **If a person holds both Directly-Held Shares and Indirectly-Held Shares through securities sub-account(s) with Depository Agent(s), CPF Agent Bank(s) and/or SRS Operator(s) (as the case may be), he shall elect to either receive the GEMS Shares or do nothing and receive his full entitlements to the Proposed Distribution in cash (and not a combination of the two) in respect of all of his Directly-Held Shares, and shall direct his Depository Agent(s), CPF Agent Bank(s) and/or SRS Operator(s) (as the case may be) to elect to receive the same form of consideration in respect of all of his Indirectly-Held Shares.**

In the event that an Entitled Shareholder and/or an Investor:

- (A) fails to validly exercise, or fails to direct his Depository Agent(s), CPF Agent Bank(s) and/or SRS Operator(s) (as the case may be) to validly exercise on his behalf, the GEMS Shares Election within the Election Period, whether due to an absence or failure of a valid election;

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- (B) elects to receive the GEMS Shares in respect of some only and not all of his Shares;
- (C) holds both Directly-Held Shares and Indirectly-Held Shares and does not elect to receive and direct his Depository Agent(s), CPF Agent Bank(s) and/or SRS Operator(s) (as the case may be) to elect to receive the same form of consideration in respect of all his Directly-Held Shares and Indirectly-Held Shares, and the Company is notified of such occurrence; and/or
- (D) is an Excluded Overseas Shareholder;

such Entitled Shareholder and/or Investor shall be deemed to not have exercised the GEMS Shares Election and will receive his full entitlements to the Proposed Distribution in cash.

In addition, if the Share Registrar fails to receive from an Entitled Shareholder and/or relevant Depository Agent, CPF Agent Bank and/or SRS Operator an Election Form by the end of the Election Period, or receives an Election Form which does not comply with the instructions therein or which is not complete or is invalid in any other respect, that Entitled Shareholder shall be deemed to not have exercised the GEMS Shares Election and will receive his full entitlements to the Proposed Distribution in cash.

- (c) By completing and returning the Election Form, each Entitled Shareholder and/or relevant Depository Agent, CPF Agent Bank and/or SRS Operator (as the case may be) represents and warrants to the Company that:
  - (A) the relevant Entitled Shareholders or Investors have agreed to receive the entire (and not part of their) pro-rata entitlements to the Proposed Distribution in GEMS Shares, in respect of both their Directly-Held Shares and Indirectly-Held Shares; and
  - (B) such Entitled Shareholders or Investors are persons to whom the GEMS Shares may be lawfully distributed.

Investors who wish to custodise and trade in the GEMS Shares on the IDX after the Proposed Distribution may do so by liaising with their respective Depository Agents, CPF Agent Banks and/or SRS Operators (as the case may be) on the opening of a brokerage/custodian account with a brokerage/custodian outside of Indonesia that has custodial and nominee arrangements with, and is able to trade on the IDX through an Indonesian nominee or counterpart. Otherwise, the GEMS Shares will be transferred to and held in trust by the respective Depository Agents, CPF Agent Banks and/or SRS Operators.

CPF/SRS Investors should note that they may be unable to receive GEMS Shares due to, among other things, the current applicable rules under the CPF Investment Scheme and/or the procedures of the relevant CPF Agent Bank or SRS Operator (as the case may be) (see Section 10.6 for more details).

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- (v) No Share Certificates will be issued for GEMS Shares. The Company will not distribute the GEMS Shares in scrip form as:
- (a) there will be certain administrative costs and duties incurred on the transfer of GEMS Shares in scrip form (which costs do not apply to a transfer of scripless GEMS Shares), and it is not in the interests of the Company or Entitled Shareholders to bear such administrative costs and duties; and
  - (b) in order for any GEMS Shares to be traded on the IDX, it will need to be in scripless form.

In view of the above, Entitled Shareholders are not entitled to choose to receive their entitlements to the GEMS Shares in scrip form. Following completion of the Proposed Distribution, Entitled Shareholders who choose to hold their scripless GEMS Shares in scrip form may subsequently make separate arrangements with the share registrar of GEMS (being PT Sinartama Gunita) to do so at their own cost.

10.2 **Announcement of Record Date.** An announcement will be made by the Company on SGXNET to notify Shareholders of the Record Date in due course.

10.3 **Election Forms.** Following the Record Date, the Company will despatch an Election Form to all Entitled Shareholders (save as set out in Section 10.3(i)(b) below). There are three different variations of the Election Form, and the type of Election Form to be despatched to a particular Entitled Shareholder will depend on whether he is (i) holding Shares in scrip form, (ii) a Depository Agent, CPF Agent Bank or SRS Operator or (iii) a Depositor (not being a Depository Agent, CPF Agent Bank or SRS Operator).

- (i) Entitled Shareholders who wish to receive **GEMS Shares**

Entitled Shareholders who wish to receive GEMS Shares must: (I) set up an IDX securities account or a brokerage/custodian account capable of holding IDX-listed securities (if he has not already done so); and (II) read the Election Form carefully, and complete and submit the same to the Share Registrar in accordance with the instructions therein.

The **Election Form** must be received by the Share Registrar before the expiry of the Election Period.

Shareholders should also note the following:

- (a) Order Matching Process. The distribution of GEMS Shares will involve an order matching process (in order to successfully transfer the GEMS Shares to Entitled Shareholders), whereby the brokerages/custodians of both the transferor (in this case, the Company) and the transferee (in this case, an Entitled Shareholder who has validly exercised the GEMS Shares Election) need to liaise with each other to pair the incoming transfer order with the outgoing transfer order in order to make a trade (the "**Order Matching Process**"). Where the transferor's order details correspond with the transferee's order details with respect to shares description, quantity, transaction price, IDX trade date and date of settlement, the orders will be deemed to match, and a transfer transaction will be effected.

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To facilitate the Order Matching Process, certain information relating to price and trade and settlement dates will be pre-filled in the Election Form. For purposes of the Order Matching Process as described above, a transaction price of IDR6,500 (the “**Transaction Price**”) will be pre-filled in the Election Form. Shareholders should note that the pre-filled information is solely to facilitate the Order Matching Process and Distribution Completion process, which is carried out without any trading halt or suspension in the trading of GEMS Shares during the Order Matching Process and Distribution Completion process. Consequently, the market trading price of the GEMS Shares at any time and/or as at the date of actual transfer of the GEMS Shares to the Entitled Shareholder may differ from the information pre-filled in the Election Form.

In the event that the Order Matching Process fails for whatsoever reason and the transfer of the GEMS Shares to an Entitled Shareholder is unsuccessful, such Entitled Shareholder shall be deemed to be a Cash Entitled Shareholder and will receive the full entitlement to the Proposed Distribution in cash.

(b) **No Election Forms will be sent to:**

(A) Investors who hold Shares through Depository Agents and CPF/SRS Investors. **If such Investors wish to elect to receive GEMS Shares, they should immediately contact and make arrangements to direct their Depository Agents, CPF Agent Banks and/or SRS Operators (as the case may be) of their election** (see Section 10.1(iv) above for more details). CPF/SRS Investors should note that they may be unable to receive GEMS Shares due to, among other things, the current applicable rules under the CPF Investment Scheme and/or the procedures of the relevant CPF Agent Bank or SRS Operator (as the case may be) (see Section 10.6 for more details); and

(B) Excluded Overseas Shareholders (see Section 10.5 below for more details).

(ii) **Entitled Shareholders who wish to receive the Revised GEMS Cash Consideration**

**Entitled Shareholders who wish to receive their pro-rata entitlements to the Proposed Distribution in cash in lieu of GEMS Shares do not need to do anything in relation to the Election Form and must not submit the Election Form to the Share Registrar.**

(iii) **Where no valid Election Form is submitted by an Entitled Shareholder**

**Entitled Shareholders should note that if the Share Registrar does not receive a validly completed Election Form by the end of the Election Period, or receives an Election Form which does not comply with the instructions therein or which is not complete or is invalid in any other respect, that Entitled Shareholder will receive his full entitlements to the Proposed Distribution in cash.**

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### 10.4 Determining Entitlement

- (i) Entitled Shareholders being Depositors whose Shares are deposited with CDP. In the case of Entitled Shareholders being Depositors, entitlements to GEMS Shares will be determined on the basis of the number of Shares standing to the credit of their respective Securities Accounts as at the close of business on the Record Date. Shareholders being Depositors are required to take the necessary actions (including purchasing the Shares before the ex-date which will be shown on the announcement for the Record Date to be made by the Company in due course and making full settlement for such trades by the payment due date) to ensure that the Shares owned by them are credited to their Securities Accounts by the Record Date.
- (ii) Entitled Shareholders whose Shares are not deposited with CDP. In the case of Entitled Shareholders who are not Depositors, entitlements to GEMS Shares will be determined on the basis of their holdings of Shares appearing in the Register of Members as at the close of business on the Record Date. Persons who own Shares and who have not already done so, are requested to take the necessary actions (including making enquiries with the Share Registrar) to ensure that the Shares owned by them are registered in their names in the Register of Members by the Record Date.

### 10.5 Excluded Overseas Shareholders

- (i) The Proposed Distribution to Overseas Shareholders may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Overseas Shareholders are required to inform themselves of, and to observe, any such prohibition or restriction at their own expense and without liability to the Company.

For practical reasons and in order to avoid violating applicable securities laws outside Singapore, GEMS Shares will **not** be distributed to, and Election Forms will **not** be despatched to, Overseas Shareholders who have not at least three (3) Market Days prior to the Record Date, provided the Share Registrar, at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632, or CDP (as the case may be) with addresses in Singapore for the service of notices or documents in accordance with the foregoing ("**Foreign Address Shareholders**"). Such Overseas Shareholders will be deemed by the Company to not have exercised the GEMS Shares Election and will receive their full entitlements to the Proposed Distribution in cash.

- (ii) In addition, any Entitled Shareholder whose registered address (as recorded in the Register of Members or in the Depository Register maintained by CDP) is in Singapore or who has provided CDP or the Share Registrar, as the case may be, with an address in Singapore for the service of documents or notices, but whom is located or resident in any jurisdiction in which a distribution of GEMS Shares pursuant to the Proposed Distribution may not be lawfully made is required to notify the Company in writing of such fact no later than three (3) Market Days prior to the Record Date. Upon being notified of such fact, such notifying Shareholder (such shareholders, together with the Foreign Address Shareholders, the "**Excluded Overseas Shareholders**") will be deemed by the Company to not have exercised the GEMS Shares Election and will receive his full entitlements to the Proposed Distribution in cash.



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In the absence of any such notification, each Entitled Shareholder whose registered address (as recorded in the Register of Members or in the Depository Register maintained by CDP) is in Singapore as at the Record Date or who has provided CDP or the Share Registrar, as the case may be, with an address in Singapore for the service of documents or notices shall be deemed to represent and warrant to the Company that he is not located or resident in any jurisdiction in which a distribution of GEMS Shares pursuant to the Proposed Distribution may not be lawfully made.

**EXCLUDED OVERSEAS SHAREHOLDERS WHO ARE IN DOUBT ABOUT THEIR POSITIONS SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISERS IN THE RELEVANT JURISDICTIONS.**

### 10.6 CPF/SRS Investors

CPF/SRS Investors may be unable to receive GEMS Shares due to, among other things, the current applicable rules under the CPF Investment Scheme and/or the procedures of the relevant CPF Agent Bank or SRS Operator (as the case may be). CPF/SRS Investors who wish to receive GEMS Shares under the Proposed Distribution should contact their respective CPF Agent Banks or SRS Operators to make arrangements to facilitate the transfer of GEMS Shares by the Company to such CPF/SRS Investors. The Company will update Shareholders if it becomes aware of any definitive procedure for CPF/SRS Investors to validly exercise the GEMS Shares Election to receive the GEMS Shares.

10.7 **Fractional Entitlements.** In respect of resulting fractional entitlements of GEMS Shares arising from the Proposed Distribution which are not (and will not be) distributed to Entitled Shareholders, the Company shall have the right to aggregate and hold such GEMS Shares for such purposes as the Directors deem fit.

10.8 **Odd Lot Trading.** Shareholders should note that GEMS Shares are traded in board lots of 100 shares on the IDX. Entitled Shareholders may receive odd lots of GEMS Shares (being lots other than board lots of 100 shares) pursuant to the Proposed Distribution. Entitled Shareholders who receive odd lots of GEMS Shares are able to trade in the odd lots on the unit share market, which allows the trading of securities in single shares. **However, the market for the trading of such odd lots of GEMS Shares may be illiquid and there is no assurance that Entitled Shareholders can acquire such number of GEMS Shares to make up one board lot of 100 GEMS Shares or to dispose of their odd lots (whether in part or in whole) on the IDX. Further, Entitled Shareholders who hold odd lots of less than 100 GEMS Shares may experience difficulty and/or have to bear disproportionate transaction costs in disposing of odd lots of their GEMS Shares.**

10.9 **Announcement on Entitlements and aggregate Revised GEMS Cash Consideration payable by the Standby Buyer(s).** Subject to the Proposed Distribution becoming effective, the Company will announce on SGXNET:

- (i) the total cash amount to be paid by each of DSS and (if applicable) the Company as the Standby Buyers to Cash Entitled Shareholders and Excluded Overseas Shareholders; and
- (ii) an illustration of the shareholding of GEMS following Distribution Completion, in a format similar to that set out in Section 7.11 above.

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10.10 **Settlement Procedures for the GEMS Shares Consideration.** Subject to the Proposed Distribution becoming effective, if an Entitled Shareholder has submitted a validly completed Election Form which is received by the Share Registrar by the end of the Election Period, the Company will through its appointed brokerage services provider, Sinarmas Sekuritas, transfer the relevant GEMS Shares to such Entitled Shareholder's IDX securities account or brokerage/custodian account as specified in the relevant Election Form in mid-August 2023. For the avoidance of doubt, all such Entitled Shareholders will receive the relevant GEMS Shares on the same day.

10.11 **Settlement Procedures for the Revised GEMS Cash Consideration.** Subject to the Proposed Distribution becoming effective, settlement of the Revised GEMS Cash Consideration to the Cash Entitled Shareholders and Excluded Overseas Shareholders will take place in end August 2023, in accordance with the following procedure:

- (i) Cash Entitled Shareholders and Excluded Overseas Shareholders whose Shares are not deposited with CDP

A Singapore dollar crossed cheque drawn on a bank operating in Singapore for the Revised GEMS Cash Consideration will be sent by ordinary post to such Entitled Shareholders at the address as appearing in the Register of Members at the close of business on the Record Date, at the sole risk of such Cash Entitled Shareholder or Excluded Overseas Shareholder (as the case may be), or in the case of joint Cash Entitled Shareholders or Excluded Overseas Shareholders, to the first-named Cash Entitled Shareholder or Excluded Overseas Shareholder (as the case may be) by ordinary post to the address as appearing in the Register of Members at the close of business on the Record Date, at the sole risk of such Cash Entitled Shareholder or Excluded Overseas Shareholder (as the case may be).

- (ii) Cash Entitled Shareholders (who are not Investors) and Excluded Overseas Shareholders whose Shares are deposited with CDP

CDP shall:

- (a) in the case of a Cash Entitled Shareholder or Excluded Overseas Shareholder (being a Depositor) who has registered for CDP's direct crediting service, credit the Revised GEMS Cash Consideration payable to the designated bank account of such Cash Entitled Shareholder or Excluded Overseas Shareholder; and
- (b) in the case of a Cash Entitled Shareholder or Excluded Overseas Shareholder (being a Depositor) who has not registered for CDP's direct crediting service, credit the Revised GEMS Cash Consideration payable to his Cash Ledger (as defined in the CDP OSAD T&Cs) and such Revised GEMS Cash Consideration shall be subject to the same terms and conditions as Cash Distributions (as defined in the CDP OSAD T&Cs) under the CDP OSAD T&Cs,

or make payment of the Revised GEMS Cash Consideration in any other manner as any Cash Entitled Shareholder or Excluded Overseas Shareholder may have agreed with CDP for the payment of any cash distributions.

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(iii) Cash Entitled Shareholders who are Investors

In the case of Cash Entitled Shareholders who are CPF/SRS Investors or sub-account holders for the relevant Depository Agent, payment of the Revised GEMS Cash Consideration will be made through the respective CPF Agent Bank, SRS Operator or Depository Agent.

**10.12 Taxation and Costs. Shareholders should note that the statements below are not to be regarded as advice on the tax position of any Shareholder in Singapore or any other jurisdiction, or any tax implications arising from the Proposed Distribution. Nonetheless Shareholder should note that the Company will NOT be responsible for any taxation or tax implications incurred by any Shareholder arising as a result of the Proposed Distribution and/or payment of the Revised GEMS Cash Consideration. Shareholders who are in doubt as to their respective tax positions in Singapore or any other jurisdiction, or any tax implications from the Proposed Distribution or the holding or subsequent dealings of GEMS Shares should consult their own professional advisers.**

(i) Singapore Income Tax. Singapore does not impose tax on capital gains. Whether gains are of a capital (non-taxable) or revenue/income (taxable) nature is based on the facts and circumstances surrounding each case.

(a) Gains from the transfer of GEMS Shares pursuant to the Proposed Distribution in respect of the Capital Reduction should generally be considered as a return of capital to the Entitled Shareholders and not taxable in the hands of the Entitled Shareholders, unless the Proposed Distribution in respect of the Capital Reduction constitutes taxable revenue gains or profits.

(b) In addition, as the Company is tax resident in Singapore, dividends declared and paid by the Company (whether paid in the form of cash or by way of distribution *in specie* of the Company's assets) are exempt from Singapore income tax in the hands of the Shareholders. Accordingly, as the Proposed Distribution in respect of the Dividend In Specie, is a payment of a dividend *in specie* by the Company, the amount of dividends declared and paid by the Company in the Proposed Distribution in respect of the Dividend In Specie will be exempted from Singapore income tax when received by Shareholders.

(ii) Costs and Duties arising from the Proposed Distribution. Save as disclosed in Section 10.13 below, the Company will bear all costs and duties payable in respect of the transfer of GEMS Shares by the Company to the Entitled Shareholders pursuant to the Proposed Distribution (including final tax, levy, brokerages fees and value-added tax thereon payable by the Company as a transferor of the GEMS Shares).

**If an Entitled Shareholder does not already have an IDX securities account or a brokerage/custodian account capable of holding IDX-listed securities, such Entitled Shareholders may be required to pay charges imposed by their relevant securities or brokerage/custodian account service provider to establish and operate an account (see Section 10.13(i) below for more details).**

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### 10.13 Fees and Charges for Opening of Accounts, Receiving GEMS Shares pursuant to the Proposed Distribution and Subsequent Dealings

- (i) Opening and Operating of Account. All charges and fees, including but not limited to (a) fees for the opening of an IDX securities account and/or custodian/brokerage account, (b) brokerage fees and any other fees (including but not limited to government levies and value added tax) for receiving the GEMS Shares and (c) any other operating charges or fees, imposed by the Entitled Shareholder's agent, finance company, bank, broker, etc. and such other fees charged to the Entitled Shareholder for maintaining his IDX securities account and/or custodian/brokerage account **will be borne by the Entitled Shareholder.**

**Entitled Shareholders are advised to do all things necessary to receive the GEMS Shares, including but not limited to ensuring they have sufficient funds in their securities account to cover the abovementioned charges and fees.**

The Company has consulted its appointed brokerage services provider, Sinarmas Sekuritas, who has informed the Company that it does not generally impose charges for the opening of brokerage accounts in Indonesia. Entitled Shareholders should however consult with their own appointed brokerages/custodians on whether charges are imposed for the opening of brokerage/custodian accounts.

- (ii) Fees and Charges for receiving GEMS Shares pursuant to the Proposed Distribution. Generally and solely for illustrative purposes only, in respect of a transfer of IDX-listed shares in scripless form:
- (a) a transferor would pay approximately 0.354% of the transaction value of shares sold (comprising a final tax of 0.10%, levy of 0.0433%, brokerage fees of 0.19% and value-added tax of 11.0% of the brokerage fees); and
- (b) a transferee would pay approximately 0.254% of the transaction value of the shares purchased (comprising a levy of 0.0433%, brokerage fees of 0.19% and value-added tax of 11.0% of the brokerage fees).

**Entitled Shareholders who receive GEMS Shares pursuant to the Proposed Distribution will be required to bear the fees and charges as transferee as illustrated in Section 10.13(ii)(b) above.** For the avoidance of doubt, the Company will bear all fees and charges as transferor as illustrated in Section 10.13(ii)(a) above.

- (iii) Subsequently Dealings. All charges and fees, taxes, levies, brokerage and handling charges, imposed by the Entitled Shareholders' agent, finance company, bank, brokerage/custodian etc. in respect of any subsequent dealings in the GEMS Shares will also be borne by the relevant transferor and/or transferee, as applicable. Please refer to Section 10.13(ii) above for an illustration of the fees and charges involved in a transfer of IDX-listed shares in scripless form.

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Entitled Shareholders should note that the charges and fees quoted in this Section 10.13 is a general illustration only, that the actual charges and fees may vary from time to time, and in particular, brokerage and custodian fees are negotiable. In addition, Entitled Shareholders who wish to appoint other agents, finance companies, banks, brokerages/custodians, etc. should note that their fees and charges may differ from the above illustration depending on the agent, finance company, bank, brokerage/custodian, etc. chosen by an Entitled Shareholder (and hence vary from the general illustration of fees and charges disclosed above), as well as whether the brokerage/custodian is located in Singapore or Indonesia.

### 11. THE DELISTING

#### 11.1 Rules 1307 and 1309 of the Listing Manual

- (i) Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application by the Company to delist from the Official List of the SGX-ST if:
  - (a) the Company convenes a general meeting to obtain Shareholders' approval for the Delisting; and
  - (b) the Delisting Resolution has been approved by a majority of at least 75% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM. The Offeror Concert Group must abstain from voting on the Delisting Resolution.
  
- (ii) In addition, under Rule 1309 of the Listing Manual, if the Company is seeking to delist from the SGX-ST:
  - (a) an exit offer must be made to the Company's shareholders and holders of any other classes of listed securities to be delisted. The exit offer must:
    - (A) be fair and reasonable; and
    - (B) include a cash alternative as the default alternative; and
  - (b) the Company must appoint an independent financial adviser to advise on the exit offer and the independent financial adviser must opine that the exit offer is fair and reasonable.

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## LETTER TO SHAREHOLDERS

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### 12. THE EXIT OFFER

- 12.1 **Terms of the Exit Offer.** The information relating to the terms of the Exit Offer has been extracted from paragraph 2 of the Exit Offer Letter and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

#### **2. TERMS OF THE EXIT OFFER**

*SAC Capital, for and on behalf of the Offeror, hereby makes the Exit Offer to acquire all the Offer Shares, on the terms and subject to the conditions set out in this Exit Offer Letter (including the Acceptance Forms), and on the following bases:*

##### **2.1 Offer Shares**

*The Exit Offer is extended to all issued and paid-up Shares (excluding treasury shares) (such Shares, "**Offer Shares**"). For the avoidance of doubt, the Offer Shares also include the DSS Shares which are the subject of the DSS Irrevocable Undertaking.*

##### **2.2 Exit Offer Price**

*As set out in **Paragraph 1.2(a)(iii)** of the Letter to Shareholders in this Exit Offer Letter, the consideration for the Exit Offer payable by the Offeror will be the Revised Exit Offer Price, being **\$S0.181** per Offer Share in cash.*

*The Revised Exit Offer Price shall be applicable to any number of the Offer Shares that are tendered in acceptance of the Exit Offer.*

- 12.2 **Conditions and Details of the Exit Offer.** The information relating to the conditions and details of the Exit Offer has been extracted from paragraph 2.3 of the Exit Offer Letter and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

##### **2.3 No Encumbrances**

*The Offer Shares will be acquired:*

- (a) fully paid;*
- (b) free from all claims, charges, equities, mortgages, liens, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever ("**Encumbrances**"); and*
- (c) together with all rights, benefits and entitlements attached thereto as at the Original Announcement Date, and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions declared, paid or made thereon by the Company in respect of the Offer Shares (if any) on or after the Original Announcement Date (collectively, "**Other Distributions**"), **PROVIDED THAT** the Offeror has confirmed that no adjustment to the Revised Exit Offer Price will be made for the Proposed Distribution, which shall accrue to Entitled Shareholders.*

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## LETTER TO SHAREHOLDERS

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If any Other Distributions (other than the Proposed Distribution) is declared, paid or made by the Company on or after the Original Announcement Date, the Offeror reserves the right to reduce the Revised Exit Offer Price by the amount of such Other Distributions.

**FOR THE AVOIDANCE OF DOUBT, THE REVISED EXIT OFFER PRICE WILL NOT BE REDUCED OR OTHERWISE ADJUSTED FOR THE PROPOSED DISTRIBUTION.**

### 2.4 Adjustment for Other Distributions

In the event of any such Other Distributions (other than the Proposed Distribution), the Revised Exit Offer Price payable to a Shareholder who validly accepts or has validly accepted the Exit Offer shall be reduced by an amount which is equal to the amount of such Other Distributions, depending on when the settlement date ("**Exit Offer Settlement Date**") in respect of the Offer Shares tendered in acceptance of the Exit Offer falls, as follows:

(a) Scenario 1:

if the Exit Offer Settlement Date falls **on or before** the record date for the determination of entitlements to the Other Distribution, the Offeror will pay the relevant accepting Shareholders the unadjusted Revised Exit Offer Price for each Offer Share, as the Offeror will receive the Other Distributions in respect of such Offer Shares from the Company; or

(b) Scenario 2:

if the Exit Offer Settlement Date falls **after** the record date for the determination of entitlements to the Other Distribution, the Revised Exit Offer Price payable for such Offer Shares tendered in acceptance shall be reduced by an amount which is equal to the Other Distributions in respect of such Offer Shares, as the Offeror will not receive such Other Distributions in respect of such Offer Shares from the Company.

For illustration purposes only, if the Company were to declare a dividend of S\$0.01 per Share ("**Simulated Dividend**"):

(i) for Scenario 1, assuming that a Shareholder tenders its Offer Shares in acceptance of the Exit Offer, and the Exit Offer Settlement Date in respect of such Offer Shares falls **on or before** the record date for determination of entitlements to the Simulated Dividend, such Shareholder will not receive the Simulated Dividend in respect of such Offer Shares from the Company. There will be no adjustment to the Revised Exit Offer Price in respect of the Offer Shares tendered by such Shareholder, as the Offeror will receive the Simulated Dividend in respect of such Offer Shares from the Company; and

(ii) for Scenario 2, assuming that a Shareholder tenders its Offer Shares in acceptance of the Exit Offer, and the Exit Offer Settlement Date in respect of such Offer Shares falls **after** the record date for determination of entitlements to the Simulated Dividend, such Shareholder will receive the Simulated Dividend in respect of such Offer Shares from the Company. The Revised Exit Offer Price would be reduced by S\$0.01 per Share to become S\$0.171 in respect of the Offer Shares tendered by such Shareholder, as the Offeror will not receive the Simulated Dividend in respect of such Offer Shares from the Company.

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## LETTER TO SHAREHOLDERS

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### 2.5 **Conditions**

#### (a) Exit Offer Conditions

The Exit Offer is conditional on (collectively, “**Exit Offer Conditions**”):

- (i) the Capital Reduction, which is necessary for the Proposed Distribution to take place, coming into effect, which entails: (A) the Company having obtained approval of the independent shareholders of the Company by way of special resolution for the Capital Reduction at the EGM; (B) court approval being obtained for the Capital Reduction under Section 78G of the Companies Act; (C) lodgement of the Capital Reduction information by the Company with ACRA pursuant to Section 78G(1)(b) of the Companies Act; and (D) the Registrar of Companies having recorded the Capital Reduction information as prescribed under Section 78G(1)(c) of the Companies Act;
- (ii) subject to the rules and regulations of the IDX and OJK, independent shareholders of DSS approving the Proposed Distribution and the sale by DSS of all its Shares (“**DSS Independent Shareholders’ Approval**”);
- (iii) no objection having been received from IDX and OJK, in respect of the Proposed Distribution and the sale by DSS of all its Shares;
- (iv) independent Shareholders’ approval for the delisting of the Company; and
- (v) no order, injunction, judgement or decree issued or steps taken by any governmental or regulatory authority or court, or other legal restraints or prohibition, preventing the consummation of the Exit Offer.

The SIC has confirmed that it has no objection to the Exit Offer Conditions, subject to the IFA opining on whether the terms of the Proposed Distribution and Exit Offer, when taken together as a single transaction, are fair and reasonable. Please refer to the letter from the IFA in respect of the Revised Cash Alternative Price, the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash set out in Appendix I to the Circular, which sets out the opinion and advice of the IFA in relation to the Proposed Distribution and Exit Offer (when taken together as a single transaction).

As stated in the Conditions Update Announcement, the DSS Independent Shareholders’ Approval was duly obtained at an extraordinary general meeting of DSS held on 2 May 2023, and no objection has been received from the IDX and OJK in respect of the Proposed Distribution and the sale by DSS of all its Shares to the Offeror. Accordingly, the Exit Offer Conditions set out in **Paragraphs 2.5(a)(ii)** and **2.5(a)(iii)** of the Letter to Shareholders in this Exit Offer Letter above have been satisfied. Save for the foregoing, none of the other Exit Offer Conditions have been satisfied as at the Latest Practicable Date.

As at the Original Announcement Date, the Offeror Concert Group holds Shares representing more than 50% of the total number of issued Shares. Accordingly, the Exit Offer will not be conditional upon a minimum number of acceptances being received by the Offeror.



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## LETTER TO SHAREHOLDERS

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(b) Long-Stop Date

*In the event the Exit Offer Conditions are not satisfied on or before 9 August 2023 (or such other later date as the Offeror and the Company may determine in consultation with the SIC) (“Long-Stop Date”), the Exit Offer shall lapse.*

**Shareholders are to note that if any of the Exit Offer Conditions are not satisfied by the Long-Stop Date, the Exit Offer will lapse and all acceptances of the Exit Offer will be returned.**

### 2.6 Acceptances

*Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of the Offer Shares. Shareholders may choose to accept the Exit Offer in respect of their Offer Shares before the EGM. However, such acceptances remain conditional and if any of the Exit Offer Conditions are not satisfied by the Long-Stop Date, the Exit Offer will lapse.*

*The Exit Offer will remain open for acceptance by Shareholders for a period of at least 14 days after the fulfilment of all the Exit Offer Conditions. The Offeror will only be bound to acquire these Offer Shares and pay the Revised Exit Offer Price for these Offer Shares if all the Exit Offer Conditions are satisfied by the Long-Stop Date.*

*Shareholders who have submitted an Acceptance Form in respect of their holdings of the Offer Shares, and who wish to tender additional Offer Shares in acceptance of the Exit Offer thereafter, may obtain and submit another Acceptance Form in respect of such additional Offer Shares and the procedures in **Appendix 1** to this Exit Offer Letter shall apply mutatis mutandis to such further acceptances.*

### 2.7 Warranty

*Acceptance of the Exit Offer by a Shareholder will be deemed to constitute an unconditional and irrevocable warranty by that Shareholder that each Offer Share in respect of which the Exit Offer is accepted is sold by him/her/it as, or on behalf of, the beneficial owner(s) thereof, is:*

- (a) *fully paid;*
- (b) *free from all Encumbrances; and*
- (c) *together with all rights, benefits, entitlements and advantages attached thereto as at the Original Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Other Distributions (if any) (other than the Proposed Distribution) declared, paid or made by the Company on or after the Original Announcement Date.*

*For the avoidance of doubt, Other Distributions relate only to any other dividends, rights and other distributions declared, paid or made by the Company in respect of the Offer Shares on or after the Original Announcement Date (if any), and does not include the Proposed Distribution.*

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## LETTER TO SHAREHOLDERS

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### 2.8 **Choices in relation to the Exit Offer**

A Shareholder can, in relation to all or part of his/her/its Offer Shares, either:

- (a) accept the Exit Offer in respect of such Offer Shares in full or in part, in accordance with such procedures set out in **Appendix 1** to this Exit Offer Letter and in the relevant Acceptance Form; or
- (b) take no action and let the Exit Offer lapse in respect of his/her/its Offer Shares.

Subject to the Exit Offer Conditions being satisfied, Shareholders should note that the Company will be delisted from the Official List of the SGX-ST after the close of the Exit Offer, irrespective of the level of acceptances of the Exit Offer. In such event, Shareholders who do not accept the Exit Offer will be left holding Shares in an unlisted company.

**Shareholders should also note that voting in favour of the Delisting Resolution does not constitute an acceptance of the Exit Offer and Shareholders who wish to accept the Exit Offer must tender their acceptances in accordance with the procedures set out in Appendix 1 to this Exit Offer Letter and in the relevant Acceptance Form.**

### 2.9 **Duration**

The Exit Offer is open for acceptance by Shareholders from the date of the despatch of the Circular and this Exit Offer Letter and will remain open for a period of at least 14 days after the fulfilment of all the Exit Offer Conditions.

The Exit Offer is expected to close at 5:30 p.m. (Singapore time) on the Estimated Closing Date of 15 August 2023, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of the Exit Offer which shall be at least 14 days after the date on which all the Exit Offer Conditions are fulfilled ("**Closing Date**").

An announcement will be made by or on behalf of the Offeror when all the Exit Offer Conditions are fulfilled. In the event the Exit Offer is extended, any announcement made for and on behalf of the Offeror will state the next Closing Date and provide Shareholders at least 14 days' notice before the Exit Offer is closed.

If any of the Exit Offer Conditions are not satisfied by the Long-Stop Date, the Exit Offer will lapse and all acceptances of the Exit Offer will be returned.

### 2.10 **No Options**

As at the Latest Practicable Date, based on the latest information available to the Offeror, there are no outstanding options to subscribe for new Shares granted under any employee share scheme of the Company.

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## LETTER TO SHAREHOLDERS

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- 12.3 **DSS Irrevocable Undertaking.** The information relating to the DSS Irrevocable Undertaking provided to the Offeror in respect of the Exit Offer has been extracted from paragraph 3 of the Exit Offer Letter and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

### **3. IRREVOCABLE UNDERTAKING OF DSS**

#### **3.1 DSS Irrevocable Undertaking**

*On the Original Announcement Date, DSS had provided an irrevocable undertaking to the Offeror ("**DSS Irrevocable Undertaking**") to accept the Exit Offer in respect of all the Shares held by DSS, comprising 2,044,145,469 Shares representing approximately 77.49% of the total number of issued Shares as at the Latest Practicable Date ("**DSS Shares**"), **PROVIDED THAT** it shall have obtained the DSS Independent Shareholders' Approval to do so.*

*As stated in the Conditions Update Announcement, the DSS Independent Shareholders' Approval was duly obtained at an extraordinary general meeting of DSS held on 2 May 2023.*

#### **3.2 Lapse of the DSS Irrevocable Undertaking**

*The DSS Irrevocable Undertaking will lapse if: (a) any of the Exit Offer Conditions are not satisfied on or before the Long-Stop Date; or (b) the Exit Offer lapses or is withdrawn for any reason other than a breach of DSS' obligations under the DSS Irrevocable Undertaking.*

#### **3.3 No Other Undertakings**

*Save for the DSS Irrevocable Undertaking, the Offeror Concert Group has not received any undertakings from any other party to accept or reject the Exit Offer as at the Latest Practicable Date.*

- 12.4 **Procedures for Acceptance and Settlement.** Please refer to Appendix 1 to the Exit Offer Letter for the procedures relating to acceptance and settlement of the Exit Offer.

### **13. RULINGS BY THE SIC**

The rulings of the SIC in response to the application made on behalf of the Offeror to obtain certain rulings from the SIC in relation to the Exit Offer, has been extracted from paragraph 10 of the Exit Offer Letter and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

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## LETTER TO SHAREHOLDERS

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### 10. RULINGS BY THE SIC

*The Offeror had obtained, inter alia, the following rulings from the SIC in relation to the Exit Offer:*

(a) *the Exit Offer is exempted from compliance with the following provisions of the Code:*

(i) *Rule 20.1 to keep offer open for 14 days after it is revised;*

(ii) *Rule 22 on offer timetable;*

(iii) *Rule 28 on acceptances; and*

(iv) *Rule 29 on the right of acceptors to withdraw their acceptances,*

*subject to the following conditions:*

(A) *Shareholders' approval for the Delisting Resolution being obtained within eight (8) months from the Original Announcement Date (i.e. 9 July 2023);*

(B) *the Exit Offer remaining open for at least 14 days after the fulfilment of the Exit Offer Conditions; and*

(C) *disclosure in the Circular of:*

(1) *the pro forma consolidated net tangible assets per Share of the Company, its subsidiaries and associated companies based on the latest published accounts prior to the date of the Circular, assuming the Proposed Distribution had completed ("**Pro Forma Consolidated Group NTA per Share**")*; and

(2) *particulars of all known material changes as of the Latest Practicable Date which may affect the Pro Forma Consolidated Group NTA per Share or a statement that there are no such known material changes; and*

(b) *Mr. Fuganto Widjaja ("**Conflicted Director**") is exempted from the requirement to make recommendations to the Shareholders in respect of the Exit Offer, as the Conflicted Director, being the son of Mr. Indra Widjaja (being a director of Star Success), faces irreconcilable conflicts of interest in doing so. Nevertheless, the Conflicted Director must still assume responsibility for the accuracy of the facts stated or opinions expressed in documents or advertisements issued by, or on behalf of, the Company in connection with the Exit Offer.*

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## LETTER TO SHAREHOLDERS

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### 14. INFORMATION ON THE OFFEROR

The information relating to the Offeror has been extracted from paragraph 4 of the Exit Offer Letter and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

#### **4. INFORMATION ON THE OFFEROR**

##### **4.1 The Offeror**

*The Offeror is an investment holding company incorporated in Singapore on 31 August 2022 for the purpose of undertaking the Exit Offer and is a wholly-owned subsidiary of Star Success. The Offeror has not carried on any business since its incorporation, except in relation to matters pertaining to the Exit Offer. As at the Latest Practicable Date:*

- (a) the Offeror has an issued and paid-up share capital of US\$2 comprising two (2) ordinary shares, of which 100% is held by Star Success; and*
- (b) the sole director of the Offeror is Ms. Lanny Tranku (“Offeror Director”), being the spouse of Mr. Indra Widjaja.*

##### **4.2 Star Success**

*Star Success is an investment holding company incorporated in the British Virgin Islands, of which 100% is held by Ms. Lanny Tranku, being the spouse of Mr. Indra Widjaja. As at the Latest Practicable Date, the directors of Star Success are Ms. Lanny Tranku and Mr. Indra Widjaja (collectively, “Star Success Directors”).*

##### **4.3 DSS**

*Mr. Indra Widjaja, a director of Star Success, is deemed interested in the DSS Shares by virtue of his individual shareholding of not less than 20% of the voting shares of the ultimate holding company of DSS.*

##### **4.4 Additional Information**

*Additional information on the Offeror and Star Success can be found in **Appendix 2** to this Exit Offer Letter.*

Please refer to Appendix 2 to the Exit Offer Letter for additional information on the Offeror and Star Success.

## LETTER TO SHAREHOLDERS

### 15. RATIONALE FOR THE EXIT OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

The full text of the rationale for the Exit Offer and the Offeror's intentions for the Company as set out in the Exit Offer Letter have been extracted from paragraphs 6 and 8 of the Exit Offer Letter respectively and are reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated. Shareholders are advised to read the extract below carefully.

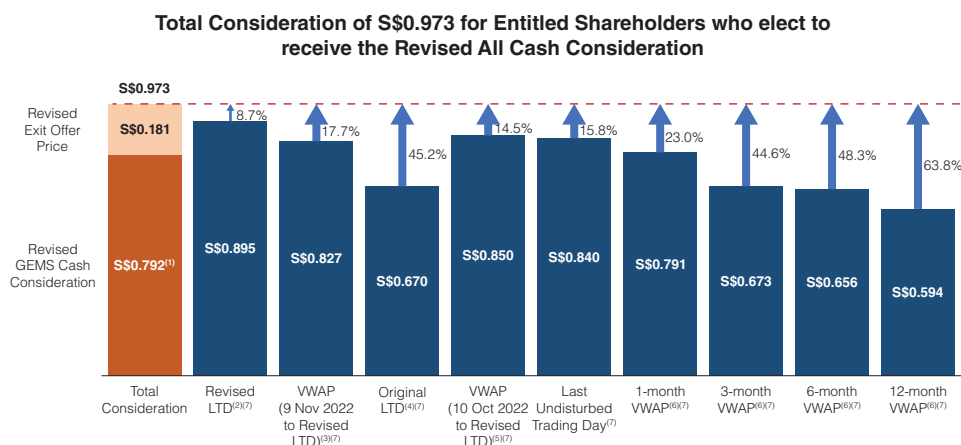
#### 6. RATIONALE FOR THE EXIT OFFER

*The Offeror is undertaking the Exit Offer in conjunction with the Proposed Distribution and Delisting. The details of the rationale for the Proposed Distribution and Delisting by the Company are set out in Section 4 of the Letter to Shareholders in the Circular, and Shareholders are advised to read the information carefully and in its entirety.*

##### 6.1 The Proposed Transactions are a compelling opportunity for Entitled Shareholders to realise their investment in the Shares at a premium to historical traded prices of the Shares

*Under the Revised All Cash Consideration or the Revised GEMS Shares Consideration and Cash scenario, Entitled Shareholders will be able to unlock value and realise their investments in the Shares at the following implied premia over the historical transacted prices of the Shares on the SGX-ST:*

##### (a) Entitled Shareholders who elect to receive the Revised All Cash Consideration



**Notes:**

- (1) Fixed value based on (a) the Revised Cash Alternative Price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936; then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places.

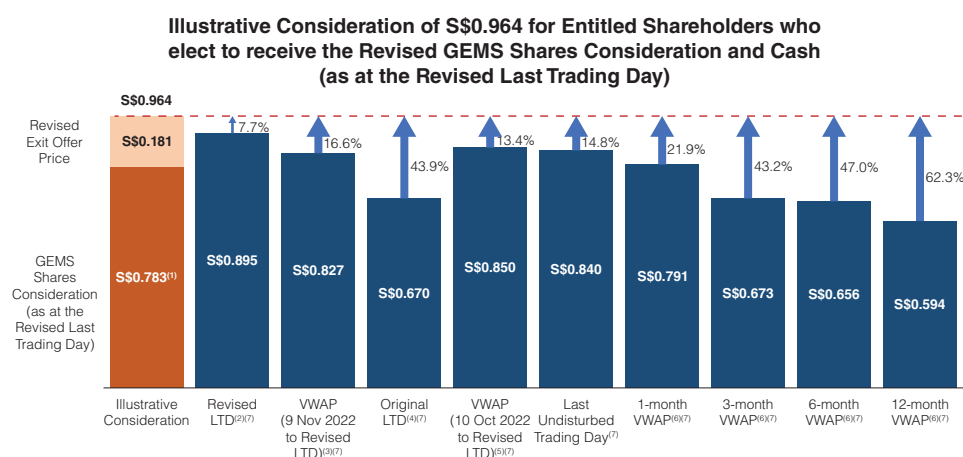
## LETTER TO SHAREHOLDERS

- (2) Refers to Revised Last Trading Day.
- (3) Refers to VWAP for the period between 9 November 2022 (being the Original Announcement Date) and the Revised Last Trading Day (both dates inclusive).
- (4) Refers to Original Last Trading Day.
- (5) Refers to VWAP for the period between 10 October 2022 (being the Holding Announcement Date) and the Revised Last Trading Day (both dates inclusive).
- (6) Refers to the respective VWAP periods up to and including the Last Undisturbed Trading Day.
- (7) The historical traded prices and the corresponding premia are computed based on data extracted from Bloomberg L.P..

As set out in the chart above, the Revised All Cash Consideration represents a premium of approximately 15.8% over the closing price of S\$0.840 on the Last Undisturbed Trading Day and a premium of approximately 23.0%, 44.6%, 48.3% and 63.8% over the VWAP for the one (1)-month period, three (3)-month period, six (6)-month period and 12-month period respectively up to and including the Last Undisturbed Trading Day.

The Revised All Cash Consideration also represents:

- (i) a premium of approximately 45.2% over the closing price per Share of S\$0.670 on the Original Last Trading Day;
  - (ii) a premium of approximately 14.5% over the VWAP for the period between 10 October 2022 (being the Holding Announcement Date) and the Revised Last Trading Day (both dates inclusive);
  - (iii) a premium of approximately 17.7% over the VWAP for the period between 9 November 2022 (being the Original Announcement Date) and the Revised Last Trading Day (both dates inclusive); and
  - (iv) a premium of approximately 8.7% over the closing price per Share of S\$0.895 on the Revised Last Trading Day.
- (b) Entitled Shareholders who elect to receive the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day)



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## LETTER TO SHAREHOLDERS

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**Notes:**

- (1) *Illustrative value based on (a) the illustrative value of the GEMS Shares Consideration of approximately IDR8,953.88 (based on the closing price of IDR6,425 per GEMS Share as at the Revised Last Trading Day multiplied by the Distribution Ratio of 1.3936); then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places. Entitled Shareholders should note that there are risks involved with investing in the GEMS Shares. Entitled Shareholders who are in doubt about their positions should consult their own professional advisers in the relevant jurisdictions.*
- (2) *Refers to Revised Last Trading Day.*
- (3) *Refers to VWAP for the period between 9 November 2022 (being the Original Announcement Date) and the Revised Last Trading Day (both dates inclusive).*
- (4) *Refers to Original Last Trading Day.*
- (5) *Refers to VWAP for the period between 10 October 2022 (being the Holding Announcement Date) and the Revised Last Trading Day (both dates inclusive).*
- (6) *Refers to the respective VWAP periods up to and including the Last Undisturbed Trading Day.*
- (7) *The historical traded prices and the corresponding premia are computed based on data extracted from Bloomberg L.P..*

*As set out in the chart above, the Illustrative Coordination under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) represents a premium of approximately 14.8% over the closing price of S\$0.840 on the Last Undisturbed Trading Day and a premium of approximately 21.9%, 43.2%, 47.0% and 62.3% over the VWAP for the one (1)-month period, three (3)-month period, six (6)-month period and 12-month period respectively up to and including the Last Undisturbed Trading Day.*

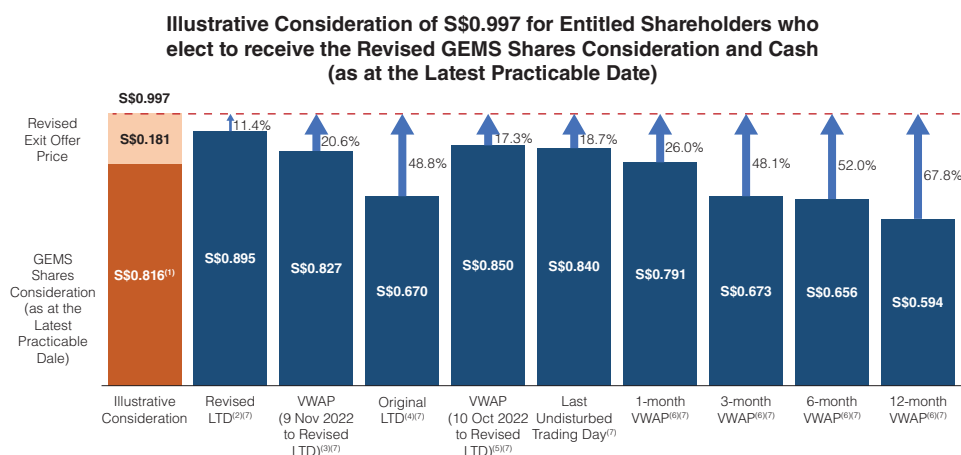
*The Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) also represents:*

- (i) *a premium of approximately 43.9% over the closing price per Share of S\$0.670 on the Original Last Trading Day;*
- (ii) *a premium of approximately 13.4% over the VWAP for the period between 10 October 2022 (being the Holding Announcement Date) and the Revised Last Trading Day (both dates inclusive);*
- (iii) *a premium of approximately 16.6% over the VWAP for the period between 9 November 2022 (being the Original Announcement Date) and the Revised Last Trading Day (both dates inclusive); and*
- (iv) *a premium of approximately 7.7% over the closing price per Share of S\$0.895 on the Revised Last Trading Day.*



## LETTER TO SHAREHOLDERS

(c) Entitled Shareholders who elect to receive the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date)



**Notes:**

- (1) Illustrative value based on (a) the illustrative value of the GEMS Shares Consideration of approximately IDR9,058.40 (based on the closing price of IDR6,500 per GEMS Share as at the Latest Practicable Date multiplied by the Distribution Ratio of 1.3936); then divided by (b) the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date (as extracted from Bloomberg L.P.), rounded to three (3) decimal places. Entitled Shareholders should note that there are risks involved with investing in the GEMS Shares. Entitled Shareholders who are in doubt about their positions should consult their own professional advisers in the relevant jurisdictions.
- (2) Refers to Revised Last Trading Day.
- (3) Refers to VWAP for the period between 9 November 2022 (being the Original Announcement Date) and the Revised Last Trading Day (both dates inclusive).
- (4) Refers to Original Last Trading Day.
- (5) Refers to VWAP for the period between 10 October 2022 (being the Holding Announcement Date) and the Revised Last Trading Day (both dates inclusive).
- (6) Refers to the respective VWAP periods up to and including the Last Undisturbed Trading Day.
- (7) The historical traded prices and the corresponding premia are computed based on data extracted from Bloomberg L.P..

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## LETTER TO SHAREHOLDERS

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*As set out in the chart above, the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) represents a premium of approximately 18.7% over the closing price of S\$0.840 on the Last Undisturbed Trading Day and a premium of approximately 26.0%, 48.1%, 52.0% and 67.8% over the VWAP for the one (1)-month period, three (3)-month period, six (6)-month period and 12-month period respectively up to and including the Last Undisturbed Trading Day.*

*The Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) also represents:*

- (i) a premium of approximately 48.8% over the closing price per Share of S\$0.670 on the Original Last Trading Day;*
- (ii) a premium of approximately 17.3% over the VWAP for the period between 10 October 2022 (being the Holding Announcement Date) and the Revised Last Trading Day (both dates inclusive);*
- (iii) a premium of approximately 20.6% over the VWAP for the period between 9 November 2022 (being the Original Announcement Date) and the Revised Last Trading Day (both dates inclusive); and*
- (iv) a premium of approximately 11.4% over the closing price per Share of S\$0.895 on the Revised Last Trading Day.*

### **6.2 The Proposed Transactions provide flexibility for Entitled Shareholders to suit their investment needs**

- (a) The Proposed Transactions provide flexibility for Entitled Shareholders to either:*
  - (i) receive full upfront liquidity by fully exiting their investment in the Company; or*
  - (ii) receive partial upfront liquidity (in the form of the GEMS Shares Consideration or Revised GEMS Cash Consideration) and (by rejecting the Exit Offer) continue to be a stakeholder in the Group (excluding GEMS and its subsidiaries).*
- (b) The Proposed Transactions maximise optionality for Entitled Shareholders by allowing each Entitled Shareholder to elect between receiving either:*
  - (i) the Revised All Cash Consideration, which allows each Entitled Shareholder electing for this option to realise the value of his/her/its investment in the Company with price certainty, mitigating any price volatility and foreign exchange risks associated with receiving the GEMS Shares under the Proposed Distribution and without incurring brokerage and other trading costs, thus providing full flexibility on how to use or redeploy the proceeds; or*

## LETTER TO SHAREHOLDERS

- (ii) *the Revised GEMS Shares Consideration and Cash, which allows each Entitled Shareholder electing for this option to receive a combination of the Revised Exit Offer Price in cash and the GEMS Shares under the Proposed Distribution. Such Entitled Shareholder would then be given the opportunity to directly participate in the ownership of GEMS and in GEMS' performance.*

*As GEMS is a security listed and quoted on the IDX, Shareholders can choose to dispose of GEMS Shares in the open market of the IDX, subject to their investment considerations. For the last three (3) financial years (FY2020 to FY2022), GEMS has declared dividends with a dividend payout ratio<sup>17</sup> range of approximately 62% to 133% for the aforesaid period.*

*The Revised GEMS Shares Consideration and Cash, and the Revised All Cash Consideration, are only available to Entitled Shareholders who accept the Exit Offer. For the avoidance of doubt, Entitled Shareholders who reject the Exit Offer may still receive the Revised GEMS Cash Consideration or the GEMS Shares Consideration pursuant to the Proposed Distribution, as described in **Paragraph 6.2(d)** of the Letter to Shareholders in this Exit Offer Letter below.*

- (c) *Alternatively, Entitled Shareholders can also choose to receive partial upfront liquidity for their investment in the Company by:*
- (i) *approving the Proposed Distribution and Delisting, which will result in such Shareholders receiving the GEMS Shares Consideration or Revised GEMS Cash Consideration; and*
  - (ii) *not accepting the Exit Offer, which will result in such Shareholders remaining vested in and continuing to be a stakeholder of the Group (excluding the GEMS Group) through the Company which will become an unlisted entity.*
- (d) *Following from the above, an Entitled Shareholder who wishes to receive full or partial upfront liquidity for its investment in the Company can **choose any one** of the following options:*

<b>Revised All Cash Consideration</b>	<b>Revised GEMS Shares Consideration and Cash</b>	<b>Revised GEMS Cash Consideration Only</b>	<b>GEMS Shares Consideration Only</b>
<i>Receive the Revised GEMS Cash Consideration<sup>(1)</sup></i>	<i>Elect to receive the GEMS Shares Consideration<sup>(2)</sup></i>	<i>Receive the Revised GEMS Cash Consideration<sup>(1)</sup></i>	<i>Elect to receive the GEMS Shares Consideration<sup>(2)</sup></i>
<i>and</i>	<i>and</i>	<i>and</i>	<i>and</i>
<i><u>ACCEPT</u> the Exit Offer and receive the Revised Exit Offer Price</i>	<i><u>ACCEPT</u> the Exit Offer and receive the Revised Exit Offer Price</i>	<i><u>REJECT</u> the Exit Offer and the Revised Exit Offer Price</i>	<i><u>REJECT</u> the Exit Offer and the Revised Exit Offer Price</i>
<b>Value receivable by Entitled Shareholder on a per Share basis<sup>(3)</sup></b>			
<b>\$S0.973<sup>(4)</sup></b>	<b>\$S0.964<sup>(5)</sup></b>	<b>\$S0.792<sup>(6),(8)</sup></b>	<b>\$S0.783<sup>(7),(8)</sup></b>

<sup>17</sup> "Dividend payout ratio" means total dividends declared for the financial year divided by the profits after tax and minority interest for that financial year.

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## LETTER TO SHAREHOLDERS

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**Notes:**

- (1) As disclosed in Section 7.3 of the Letter to Shareholders in the Circular, in respect of the Proposed Distribution, Entitled Shareholders are provided with an option to receive their **full (and not part)** pro-rata entitlements to GEMS Shares pursuant to the Proposed Distribution in cash instead.
- (2) An Entitled Shareholder who elects to receive the GEMS Shares Consideration will receive scripless GEMS Shares. There are charges and fees that are associated with receiving scripless GEMS Shares pursuant to the Proposed Distribution which will need to be borne by the Entitled Shareholder. **PLEASE REFER TO SECTIONS 10.12 AND 10.13 OF THE LETTER TO SHAREHOLDERS IN THE CIRCULAR FOR FURTHER DETAILS ON A DESCRIPTION OF THESE CHARGES AND FEES.** Shareholders should also note that GEMS Shares are traded in board lots of 100 shares on the IDX. Entitled Shareholders may receive odd lots of GEMS Shares (being lots other than board lots of 100 shares) pursuant to the Proposed Distribution. Entitled Shareholders who hold odd lots of less than 100 GEMS Shares may experience difficulty and/or have to bear disproportionate transaction costs in disposing of odd lots of their GEMS Shares.
- (3) **THE RESPECTIVE VALUES OF CONSIDERATION PRESENTED ON A PER SHARE BASIS ABOVE ARE FOR ILLUSTRATIVE PURPOSES ONLY.** The illustrative amounts above and the actual amounts received by Entitled Shareholders may differ due to rounding and disregarding of fractional entitlements (where applicable), depending on the actual number of Shares held by such Entitled Shareholder as at the Distribution Record Date.
- (4) The fixed value of the Revised All Cash Consideration comprises: (a) the Revised GEMS Cash Consideration component based on (i) the Revised Cash Alternative Price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936; then divided by (ii) the Agreed Exchange Rate, rounded to three (3) decimal places; and (b) the Revised Exit Offer Price of S\$0.181.
- (5) The illustrative value comprises: (a) the GEMS Shares Consideration component (expressed in monetary value) based on (i) the illustrative value of the GEMS Shares Consideration of approximately IDR8,953.88 (based on the closing price of IDR6,425 per GEMS Share as at the Revised Last Trading Day multiplied by the Distribution Ratio of 1.3936); then divided by (ii) the Agreed Exchange Rate, rounded to three (3) decimal places; and (b) the Revised Exit Offer Price of S\$0.181.  
  
*The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Latest Practicable Date is **S\$0.997**, based on: (a) the closing price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936, then divided by the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date (as extracted from Bloomberg L.P.), rounded to three (3) decimal places; and (b) the Revised Exit Offer Price of S\$0.181.*
- (6) The fixed value of the Revised GEMS Cash Consideration is based on (a) the Revised Cash Alternative Price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936; then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places.
- (7) The GEMS Shares Consideration (expressed in monetary value) is based on (a) the illustrative value of the GEMS Shares Consideration of approximately IDR8,953.88 (based on the closing price of IDR6,425 per GEMS Share as at the Revised Last Trading Day multiplied by the Distribution Ratio of 1.3936); then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places.  
  
*The illustrative value of the GEMS Shares Consideration as at the Latest Practicable Date is **S\$0.816**, based on the closing price of IDR6,500 per GEMS Share as at the Latest Practicable Date multiplied by the Distribution Ratio of 1.3936, then divided by the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date (as extracted from Bloomberg L.P.), rounded to three (3) decimal places.*
- (8) **SHAREHOLDERS WHO DO NOT ACCEPT THE EXIT OFFER WILL CONTINUE TO HOLD SHARES IN THE COMPANY, WHICH WILL THEN BE AN UNLISTED COMPANY. PLEASE REFER TO PARAGRAPH 9 OF THE LETTER TO SHAREHOLDERS IN THIS EXIT OFFER LETTER, AS WELL AS SECTION 18 OF THE LETTER TO SHAREHOLDERS IN THE CIRCULAR ENTITLED "IMPLICATIONS OF COMPULSORY ACQUISITION AND DELISTING FOR SHAREHOLDERS", FOR THE IMPLICATIONS OF THE COMPULSORY ACQUISITION AND DELISTING FOR SHAREHOLDERS.**

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## LETTER TO SHAREHOLDERS

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Please refer to Section 10.1 of the Letter to Shareholders in the Circular which sets out instructions for Entitled Shareholders on the actions to be taken (if any) in order to receive their entitlements to the Proposed Distribution, depending on the manner in which they hold Shares and whether they wish to receive GEMS Shares or cash. Entitled Shareholders should also refer to procedures set out in **Appendix 1** to the Exit Offer Letter on the actions to be taken if they wish to accept the Exit Offer in respect of their Offer Shares.

All of the options above provide Entitled Shareholders with the opportunity to fully or partially realise their investments in the Company depending on their investment needs. Shareholders should note that, when entitled, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act. Upon the exercise of such right, the Offeror will be entitled to compulsorily acquire all the Shares of Shareholders who have not accepted the Exit Offer, at a price equal to the Revised Exit Offer Price.

Shareholders should refer to **Paragraph 9** of the Letter to Shareholders in this Exit Offer Letter, as well as Section 18 of the Letter to Shareholders in the Circular entitled "Implications of Compulsory Acquisition and Delisting for Shareholders", for the implications of the compulsory acquisition and delisting for Shareholders.

### **6.3 Greater management control and flexibility**

- (a) As set out in Section 4.2 of the Letter to Shareholders in the Circular, the Proposed Distribution is part of the Company's broader strategy to reduce its exposure to energy coal. Ultimately, such segregation will allow the Group to reposition itself away from the energy coal sector, allowing the Group (following completion of the Proposed Distribution) to expand on its financing options which would otherwise have been relatively limited if it were to be continuously exposed to the energy coal business.
- (b) Furthermore, the Company, being listed on the SGX-ST, is owned by DSS, a company listed on the IDX. At the same time, the Company's two key subsidiaries, GEMS and Stanmore Resources Limited, are listed on the IDX and the ASX respectively. Consequently, all corporate actions (including acquisitions, disposals and fund-raising activities) and reporting undertaken by the Company have to be conducted with the requirements of the SGX-ST, the IDX and the ASX in mind.
- (c) It is in this context that the Offeror believes that the delisting of the Company will provide the Offeror with greater management control and flexibility to allow the Company to focus on the execution of its long-term strategic initiatives and operational changes, which differs from the demand of the public capital markets which generally remains more short-term in nature.

## **8. OFFEROR'S INTENTIONS FOR THE COMPANY**

- 8.1 Upon completion of the Proposed Transactions, the Offeror intends for the Company to continue to develop and grow the remaining businesses of the Group.
- 8.2 Save as disclosed above, the Offeror has no current intention to (a) introduce any major changes to the business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of any of the existing employees of the Group, other than in the ordinary course of business.
- 8.3 Nonetheless, the Offeror and the Company will continue to review, from time to time, the operations of the Group as well as the Company's strategic options. The Offeror retains and reserves the right and flexibility at any time and from time to time to further consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the best interests of the Offeror and/or the Company.

## LETTER TO SHAREHOLDERS

### 16. FINANCIAL ASPECTS OF THE PROPOSED DISTRIBUTION, DELISTING AND EXIT OFFER

The respective values of consideration presented on a per Share basis in this Section 16 are for illustrative purposes only. Any discrepancies between the illustrative amounts below and the actual amounts received by the Entitled Shareholders are due to rounding and disregarding of fractional entitlements (where applicable), depending on the actual number of Shares held by such Entitled Shareholder as at the Record Date.

- 16.1 **All Cash Consideration.** The Revised All Cash Consideration represents a 15% increase when compared to the illustrative value of the Original All Cash Consideration as set out in the Exit Offer Announcement.

For illustrative purposes only, the table below sets out a comparison between the illustrative value of the aggregate of the original GEMS Cash Consideration and the Original Exit Offer Price (collectively, “**Original All Cash Consideration**”), and the fixed value of the Revised All Cash Consideration to be received for each Share held by an Entitled Shareholder who elects to receive the all cash consideration pursuant to the Proposed Distribution and accepts the Exit Offer.

	Value per Share	
	<u>Original All Cash Consideration</u>	<u>Revised All Cash Consideration</u>
Breakdown of the All Cash Consideration	Based on:	Based on:
	(i) the original GEMS Cash Consideration; and (ii) the Original Exit Offer Price	(i) the Revised GEMS Cash Consideration; and (ii) the Revised Exit Offer Price
Entitled Shareholder’s pro-rata entitlement of 1.3936 GEMS Shares under the Proposed Distribution	S\$0.686 <sup>(1)</sup>	<b>S\$0.792<sup>(2)</sup></b>
Price per Offer Share payable by the Offeror under the Exit Offer	S\$0.160	<b>S\$0.181</b>
<b>Total Consideration</b>	S\$0.846	<b>S\$0.973<sup>(3)</sup></b>
Illustrative Cost Involved	No Cost	

**Notes:**

- (1) Illustrative value based on (a) the Original Cash Alternative Price of IDR5,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936; then divided by (b) the exchange rate of S\$1.00:IDR11,180 as at the Original Last Trading Day as extracted from Bloomberg L.P., rounded to three (3) decimal places.
- (2) Fixed value based on (a) the Revised Cash Alternative Price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936; then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places.
- (3) Please refer to Section 7.4(i) of this Circular for an illustration of the amount to be received by an Entitled Shareholder based on the number of Shares held.

## LETTER TO SHAREHOLDERS

### 16.2 Illustrative Value and Comparison of Revised GEMS Shares Consideration and Cash.

The illustrative value of the aggregate of the Revised GEMS Shares Consideration and Cash represents a 7.8% decrease, when compared to the illustrative value of the aggregate of the GEMS Shares Consideration and Original Exit Offer Price (collectively, the “**Original GEMS Shares Consideration and Cash**”) as set out in the Exit Offer Announcement. This decrease in the illustrative value is due to:

- (i) the closing price of the GEMS Shares on the Original Last Trading Day of IDR7,100 per GEMS Share decreasing to IDR6,425 per GEMS Share on the Revised Last Trading Day; and
- (ii) the strengthening of the SGD against the IDR between the period from the Original Last Trading Day (being S\$1.00:IDR11,180) and the Revised Last Trading Day (S\$1.00:IDR11,432.09).

For illustrative purposes only, the table below sets out the illustrative value of the consideration (the “**Illustrative Consideration**”) under, and a comparison between, (a) the Original GEMS Shares Consideration and Cash, (b) the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and (c) the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date), to be received for each Share held by an Entitled Shareholder who elects to receive the GEMS Shares Consideration pursuant to the Proposed Distribution and accepts the Exit Offer.

	Value per Share		
	<u>Original GEMS Shares Consideration and Cash</u>	<u>Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day)</u>	<u>Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date)</u>
<b>Breakdown of the GEMS Shares Consideration and Cash</b>	Based on:	Based on:	Based on:
	(i) the GEMS Shares Consideration (as at the Original Last Trading Day); and (ii) the <u>Original</u> Exit Offer Price	(i) the GEMS Shares Consideration (as at the Revised Last Trading Day); and (ii) the <u>Revised</u> Exit Offer Price	(i) the GEMS Shares Consideration (as at the Latest Practicable Date); and (ii) the <u>Revised</u> Exit Offer Price
Entitled Shareholder’s pro-rata entitlement of 1.3936 GEMS Shares under the Proposed Distribution	S\$0.885 <sup>(1)</sup>	<b>S\$0.783<sup>(2)</sup></b>	<b>S\$0.816<sup>(3)</sup></b>
Price per Offer Share payable by the Offeror under the Exit Offer	S\$0.160	<b>S\$0.181</b>	<b>S\$0.181</b>
<b>Illustrative Consideration<sup>(4)</sup></b>	S\$1.045	<b>S\$0.964*</b>	<b>S\$0.997*</b>
Illustrative Cost Involved	Refer to note (5) below		

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## LETTER TO SHAREHOLDERS

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- \* Shareholders should note that if the closing price of the GEMS Shares of IDR7,100 and the exchange rate of S\$1.00:IDR11,180 on the Original Last Trading Day were used for the purpose of a like-for-like comparison, the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash would be S\$1.066, representing a 2% increase to the Illustrative Consideration under the Original GEMS Shares Consideration and Cash.

**Notes:**

- (1) Illustrative value based on (a) the illustrative value of the GEMS Shares Consideration of approximately IDR9,894.56 (based on the closing price of IDR7,100 per GEMS Share as at the Original Last Trading Day multiplied by the Distribution Ratio of 1.3936); then divided by (b) the exchange rate of S\$1.00:IDR11,180 as at the Original Last Trading Date as extracted from Bloomberg L.P., rounded to three (3) decimal places.
- (2) Illustrative value based on (a) the illustrative value of the GEMS Shares Consideration of approximately IDR8,953.88 (based on the closing price of IDR6,425 per GEMS Share as at the Revised Last Trading Day multiplied by the Distribution Ratio of 1.3936); then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places.
- (3) Illustrative value based on (a) the illustrative value of the GEMS Shares Consideration of approximately IDR9,058.40 (based on the closing price of IDR6,500 per GEMS Share as at the Latest Practicable Date multiplied by the Distribution Ratio of 1.3936); then divided by (b) the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date as extracted from Bloomberg L.P., rounded to three (3) decimal places.
- (4) The Illustrative Consideration presented above, in the Exit Offer Announcement and in the Update Announcement are for illustrative purposes only. The illustrative amounts presented above and the actual value of the GEMS Shares Consideration and Cash received by Entitled Shareholders under the Proposed Distribution may differ depending on the trading price of the GEMS Shares on the IDX and the exchange rate of SGD:IDR.
- (5) All charges and fees, including but not limited to (a) fees for the opening of an IDX securities account and/or custodian/brokerage account, (b) brokerage fees and any other fees (including but not limited to government levies and value added tax) for receiving the GEMS Shares and (c) any other operating charges or fees, imposed by the Entitled Shareholder's agent, finance company, bank, broker, etc. and such other fees charged to the Entitled Shareholder for maintaining his IDX securities account and/or custodian/brokerage account **will be borne by the Entitled Shareholder**.

The indicative fees and charges for the transfer of GEMS Shares have been set out in Sections 10.12 and 10.13. In general, and for illustrative purposes, an Entitled Shareholder may incur fees and charges amounting to approximately 0.254% of the Transaction Price per GEMS Share received by the Entitled Shareholder (comprising a levy of 0.0433%, brokerage fees of 0.19% and value-added tax of 11.0% of the brokerage fees). To facilitate the Order Matching Process, certain information relating to price and trade and settlement dates, including the Transaction Price, will be pre-filled in the Election Form. Please refer to Section 10.3 for further details on the Order Matching Process.

Entitled Shareholders should note that the charges and fees quoted above and in Sections 10.12 and 10.13 are for general illustration only, and that the actual charges and fees may vary from time to time, and in particular, brokerage and custodian fees are negotiable. In addition, Entitled Shareholders who appoint agents, finance companies, banks, brokerages/custodians, etc. should note that their fees and charges may differ from the above illustrations depending on the agent, finance company, bank, brokerage/custodian, etc. chosen by an Entitled Shareholder (and hence vary from the general illustration of fees and charges disclosed above), as well as whether the brokerage/custodian is located in Singapore or Indonesia.

Save as disclosed above and in Sections 10.12 and 10.13 of this Circular, the Company will bear all costs and duties payable as a transferor (i.e. final tax, levy, brokerage fees and value-added tax thereon) in respect of the transfer of GEMS Shares by the Company to the Entitled Shareholders pursuant to the Proposed Distribution.



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### 16.3 Benchmarking of the Revised All Cash Consideration and Illustrative Consideration under the Revised GEMS Shares Consideration and Cash

The information on the benchmarking of the total consideration to be received by an Entitled Shareholder for each Share held by him pursuant to the Proposed Distribution, Delisting and Exit Offer is set out in paragraph 7 of the Exit Offer Letter, and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

#### 7. FINANCIAL BENCHMARKING

*For illustrative purposes only, the Revised All Cash Consideration scenario and the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash scenario represents the following implied premia over the historical transacted prices of the Shares on the SGX-ST:*

	<b>Benchmark Price (\$)</b> <sup>(1),(2)</sup>	<b>Revised All Cash Consideration</b>	<b>Premium over Benchmark Price (%)</b> <sup>(3),(4)</sup>	
			<b>Illustrative Consideration under Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day)</b>	<b>Illustrative Consideration under Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date)</b>
<b><i>Periods prior to the Original Announcement</i></b>				
(a) <i>Last traded price of the Shares on the SGX-ST on the Last Undisturbed Trading Day</i>	0.840	15.8	14.8	18.7
(b) <i>VWAP for the one (1)-month period up to and including the Last Undisturbed Trading Day</i>	0.791	23.0	21.9	26.0
(c) <i>VWAP for the three (3)-month period up to and including the Last Undisturbed Trading Day</i>	0.673	44.6	43.2	48.1

## LETTER TO SHAREHOLDERS

(d)	VWAP for the six (6)-month period up to and including the Last Undisturbed Trading Day	0.656	48.3	47.0	52.0
(e)	VWAP for the 12-month period up to and including the Last Undisturbed Trading Day	0.594	63.8	62.3	67.8
(f)	Last traded price of the Shares on the SGX-ST on the Original Last Trading Day	0.670	45.2	43.9	48.8

### **Periods after the Original Announcement to the Update Announcement**

(g)	VWAP for the period between 10 October 2022 (being the Holding Announcement Date) and the Revised Last Trading Day (both dates inclusive)	0.850	14.5	13.4	17.3
(h)	VWAP for the period between 9 November 2022 (being the Original Announcement Date) and the Revised Last Trading Day (both dates inclusive)	0.827	17.7	16.6	20.6
(i)	Last traded price of the Shares on the SGX-ST on the Revised Last Trading Day	0.895	8.7	7.7	11.4

#### **Notes:**

- (1) Based on data extracted from Bloomberg L.P..
- (2) Figures rounded to three (3) decimal places.
- (3) Percentage figures are rounded to one (1) decimal place.
- (4) Please refer to **Paragraph 1.3** of the Letter to Shareholders in this Exit Offer Letter for the assumptions used in arriving at the Revised All Cash Consideration scenario and the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day and the Latest Practicable Date) scenarios.

## LETTER TO SHAREHOLDERS

### 16.4 Market Quotations

The information on certain market quotations has been extracted from paragraph 3 of Appendix 5 to the Exit Offer Letter and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

### **3. MARKET QUOTATIONS**

#### **3.1 Closing Prices**

*The following table sets out the closing prices of the Shares on the SGX-ST (as reported by Bloomberg L.P.) on:*

- (a) the last Market Day of each month on which there was trading in the Shares on the SGX-ST for each of the six (6) calendar months preceding the Original Announcement Date;*
- (b) the Original Last Trading Day;*
- (c) the last Market Day of each month on which there were trading in the Shares on the SGX-ST for each calendar month after the Original Announcement Date and preceding the Latest Practicable Date;*
- (d) the Revised Last Trading Day; and*
- (e) the Latest Practicable Date.*

	<b>Closing Price (S\$)</b>
<b>8 May 2023 (the Latest Practicable Date)</b>	<b>0.960</b>
<i>28 April 2023</i>	<i>0.955</i>
<i>31 March 2023</i>	<i>0.990</i>
<b>17 March 2023 (the Revised Last Trading Day)</b>	<b>0.895</b>
<i>28 February 2023</i>	<i>0.860</i>
<i>31 January 2023</i>	<i>0.785</i>
<i>30 December 2022</i>	<i>0.785</i>
<i>30 November 2022</i>	<i>0.775</i>
<b>8 November 2022 (the Original Last Trading Day)</b>	<b>0.670</b>
<i>31 October 2022</i>	<i>0.870</i>
<b>7 October 2022 (the Last Undisturbed Trading Day)</b>	<b>0.840</b>
<i>30 September 2022</i>	<i>0.795</i>
<i>31 August 2022</i>	<i>0.670</i>
<i>29 July 2022</i>	<i>0.540</i>
<i>30 June 2022</i>	<i>0.450</i>
<i>31 May 2022</i>	<i>0.745</i>

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## LETTER TO SHAREHOLDERS

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### 3.2 **Highest and Lowest Closing Prices**

*The highest and lowest closing prices of the Shares on the SGX-ST (as reported by Bloomberg L.P.) during the period commencing six (6) calendar months prior to the Original Announcement Date and ending on the Latest Practicable Date, and their respective dates transacted are as follows:*

	<b>Closing Price (S\$)</b>	<b>Date(s) transacted</b>
<i>Highest closing price</i>	<i>1.030</i>	<i>10 April 2023</i>
<i>Lowest closing price</i>	<i>0.425</i>	<i>6 July 2022</i>

## 17. **CONFIRMATION OF FINANCIAL RESOURCES**

The information relating to the confirmation of financial resources available to the Offeror to satisfy in full all acceptances of the Exit Offer by the holders of the Offer Shares on the basis of the Revised Exit Offer Price has been extracted from paragraph 12 of the Exit Offer Letter and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

### 12. **CONFIRMATION OF FINANCIAL RESOURCES**

*SAC Capital, being the financial adviser to the Offeror in connection with the Exit Offer, confirms that sufficient financial resources are available to the Offeror to satisfy in full acceptances of the Exit Offer by the holders of the Offer Shares on the basis of the Revised Exit Offer Price.*

## 18. **IMPLICATIONS OF COMPULSORY ACQUISITION AND DELISTING FOR SHAREHOLDERS**

### 18.1 **Implications of Delisting for Shareholders**

Shareholders should note that if both the Distribution Resolution and the Delisting Resolution are approved at the EGM, all of the other Distribution Conditions and Exit Offer Conditions are satisfied, and approval of the SGX-ST for the Delisting has been obtained, the Company will be delisted, regardless of the acceptance level of the Exit Offer. Following the Delisting, Shareholders who do not accept the Exit Offer will continue to hold shares in the Company, which will then be an unlisted company.

Shareholders should note that shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies due to the lack of marketability. Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no arrangement for such Shareholders to exit. Even if such Shareholders were able to sell their Shares, they would likely receive a lower price as compared with the market prices of the shares of comparable listed companies, or as compared with the Revised Exit Offer Price. Further, any transfer or sale of Shares represented by share certificates will be subject to stamp duty.

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## LETTER TO SHAREHOLDERS

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Shareholders should also note that, under Rule 33.2 of the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with it may, within six (6) months of the close of the Exit Offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Exit Offer.

If the Company is delisted from the Official List of the SGX-ST, it will no longer be required to comply with the listing requirements of the SGX-ST. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and the Constitution, and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the Companies Act and the Constitution.

If the Company is delisted from the Official List of the SGX-ST, each Shareholder who holds Shares that are deposited with CDP and does not accept the Exit Offer will be entitled to one (1) share certificate representing his delisted Shares. The Share Registrar will arrange to forward the share certificates to such Shareholders who are not CPF/SRS Investors, by ordinary post and at the Shareholders' own risk, to their respective addresses as such addresses appear in the records of CDP for their physical safekeeping. The share certificates belonging to CPF/SRS Investors will be forwarded to their respective CPF Agent Banks or SRS Operators (as the case may be) for their safekeeping.

**Shareholders who are in doubt of their position should seek independent legal advice.**

### 18.2 Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Exit Offer (or otherwise acquires Shares during the period when the Exit Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Exit Offer and excluding any Shares held in treasury), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Exit Offer ("**Dissenting Shareholders**"), at a price equal to the Revised Exit Offer Price.

The Offeror intends to make the Company its wholly-owned subsidiary. Accordingly, when entitled, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Revised Exit Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Exit Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares (excluding Shares held in treasury). Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent financial and legal advice.

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## LETTER TO SHAREHOLDERS

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In the event that the Delisting is approved by Shareholders at the EGM but neither the Offeror nor the Dissenting Shareholders are entitled to exercise their rights under Sections 215(1) and 215(3) of the Companies Act, respectively, the Company will be delisted, and the Dissenting Shareholders will be left holding Shares in an unlisted company.

**Shareholders who are in doubt of their position under Sections 215(1) and 215(3) of the Companies Act are advised to seek their own independent financial and legal advice.**

### 19. NO COMPETING OFFER RECEIVED

As at the Latest Practicable Date, no competing offer has been received by the Company.

### 20. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the Company has an existing issued and paid-up share capital of 2,638,100,380 Shares.

#### 20.1 Interests of Directors in the Company

As at the Latest Practicable Date, the interests of the Directors in the capital of the Company as recorded in the Register of Directors' Shareholdings are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
<b>Directors</b>	–	–	–	–
Mr. Fuganto Widjaja <sup>(1)</sup>	–	–	–	–
Mr. Dwi Prasetyo Suseno	–	–	–	–
Mr. Mark Zhou You Chuan	–	–	–	–
Mr. Mochtar Suhadi	–	–	–	–
Mr. Lim Yu Neng Paul <sup>(2)</sup>	–	–	320,000	0.01
Mr. Lew Syn Pau	–	–	–	–
Mr. Irwandy Arif	–	–	–	–
Ms. Noormaya Muchlis	–	–	–	–

**Notes:**

(1) Mr. Fuganto Widjaja is the son of Mr. Indra Widjaja and the 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.

(2) The 320,000 Shares are held by Citibank Nominees Singapore Pte Ltd and DBS Nominees Pte Ltd on behalf of Mr. Lim Yu Neng Paul as bare trustees.

## LETTER TO SHAREHOLDERS

As at the Latest Practicable Date, the interests of the substantial shareholders of the Company in the capital of the Company as recorded in the Register of Substantial Shareholders are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	%*	No. of Shares	%
<b>Substantial Shareholders</b>				
DSS	2,044,145,469	77.49	–	–
PT Sinar Mas Tunggal <sup>(1)</sup>	–	–	2,044,145,469	77.49
PT Sinar Mas <sup>(1)</sup>	–	–	2,044,145,469	77.49
PT Sinar Mas Cakrawala <sup>(1)</sup>	–	–	2,044,145,469	77.49
PT Sinarindo Gerbangmas <sup>(1)</sup>	–	–	2,044,145,469	77.49
Franky Oesman Widjaja <sup>(2)</sup>	–	–	2,044,145,469	77.49
Muktar Widjaja <sup>(2)</sup>	–	–	2,044,145,469	77.49
Indra Widjaja <sup>(2)</sup>	–	–	2,044,145,469	77.49

**Notes:**

\* The percentage of shareholding above is computed based on the total number of issued voting shares of the Company of 2,638,100,380.

- (1) PT Sinar Mas Tunggal is deemed interested in the 2,044,145,469 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 the 2,044,145,469 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 the 2,044,145,469 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 the 2,044,145,469 Shares held by DSS by virtue of its shareholding of no less than 20% of the issued share capital of PT Sinar Mas Cakrawala.
- (2) Mr. Franky Oesman Widjaja, Mr. Muktar Widjaja and Mr. Indra Widjaja are deemed interested in the 2,044,145,469 Shares held by DSS by virtue of their individual shareholdings of no less than 20% of the voting shares in PT Sinarindo Gerbangmas, being the ultimate holding company of DSS.

### 20.2 Interests in the Proposed Distribution

- (i) Pursuant to the Proposed Distribution, Directors and substantial shareholders of the Company who have interests in Shares would be entitled to exercise the GEMS Shares Election.
- (ii) PT Sinar Mas Cakrawala, a deemed substantial shareholder of the Company, directly holds 103,912,100 GEMS Shares (representing approximately 1.77% of the total issued GEMS Shares) as at the Latest Practicable Date.
- (iii) Save as disclosed in this Section 20 (including Mr. Fuganto Widjaja's relationship with Mr. Indra Widjaja<sup>18</sup> and Ms. Lanny Tranku<sup>19</sup>), as at the Latest Practicable Date, none of the Directors nor substantial shareholders of the Company and their respective associates has any interest, direct or indirect (other than through their shareholdings in the Company) in the Proposed Transactions.

<sup>18</sup> See note (1) to the table in Section 20.1 of this Circular.

<sup>19</sup> See Section 1.3 of this Circular.

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## LETTER TO SHAREHOLDERS

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### 21. ADVICE OF THE IFA IN RELATION TO THE PROPOSED DISTRIBUTION AND EXIT OFFER

#### 21.1 Appointment of the IFA

The Company has appointed the IFA to opine on, and to advise the Non-Conflicted Directors on:

- (i) whether the Revised Cash Alternative Price of IDR6,500 per GEMS Share offered to Shareholders in connection with the Proposed Distribution, is fair and reasonable; and
- (ii) whether, pursuant to Rule 1309(2) of the Listing Manual:
  - (a) the Revised All Cash Consideration is fair and reasonable; and
  - (b) the Revised GEMS Shares Consideration and Cash is fair and reasonable.

A copy of the IFA Letter dated 18 May 2023 is set out in Appendix I to this Circular. Shareholders are advised to read and consider the IFA Letter in its entirety.

Shareholders should note that for the purposes of the IFA's assessment on the Proposed Transactions, the IFA has not made any independent appraisal of the assets and liabilities of the Group and have not been furnished with any such independent valuation or appraisal reports commissioned by the Company. However, as stated in the disclosure of information issued by DSS to its shareholders dated 23 March 2023 and updated on 26 April 2023 in connection with obtaining the DSS Independent Shareholders' Approval ("**DSS Disclosure of Information**"), DSS had, in compliance with the rules of the IDX and/or directions of the OJK, appointed an independent appraiser, Kusnanto & Partners Public Appraisal Firm (the "**Appraiser**") to conduct an assessment on the Proposed Transactions. The Appraiser performed a valuation to derive the respective market values of the Shares and the GEMS Shares, using the discounted cash flow method and based on market and economic conditions, general business and financial conditions, as well as applicable government regulations. The valuation was performed in compliance with the provisions of OJK Regulation No. 35/POJK.04/2020 concerning Valuation and Presentation of Business Valuation Report in Capital Markets dated 25 May 2020 and Indonesian Valuation Standards 2018.

The IFA has considered the information set out in the DSS Disclosure of Information in relation to the appraised values of the GEMS Shares and the Shares respectively, but have not independently verified or reviewed the DSS Disclosure of Information or any reports issued by the Appraiser.

A copy of the DSS Disclosure of Information can be found at [https://www.idx.co.id/StaticData/NewsAndAnnouncement/ANNOUNCEMENTSTOCK/From\\_EREP/202303/390448a2b7\\_0bae6fb785.pdf](https://www.idx.co.id/StaticData/NewsAndAnnouncement/ANNOUNCEMENTSTOCK/From_EREP/202303/390448a2b7_0bae6fb785.pdf); and [https://www.idx.co.id/StaticData/NewsAndAnnouncement/ANNOUNCEMENTSTOCK/From\\_EREP/202304/9777248cd1\\_b8aaae6400.pdf](https://www.idx.co.id/StaticData/NewsAndAnnouncement/ANNOUNCEMENTSTOCK/From_EREP/202304/9777248cd1_b8aaae6400.pdf)



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## LETTER TO SHAREHOLDERS

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### 21.2 IFA Advice in respect of the Revised Cash Alternative Price

After having regard to the considerations set out in the IFA Letter, and based on the information available to the IFA as at the Latest Practicable Date, the IFA has opined that ***“the Revised Cash Alternative Price of IDR6,500 per GEMS Share offered to Shareholders in connection with the Proposed Distribution is FAIR and REASONABLE”***.

The IFA also notes from the DSS Disclosure of Information that the Appraiser commissioned by DSS had ascribed a market value of the GEMS Shares as of 31 December 2022 at IDR6,621 per GEMS Share which is approximately 1.9% higher than the Revised Cash Alternative Price of IDR6,500.

Information relating to the IFA’s opinion in respect of the Revised Cash Alternative Price and the key factors taken into consideration by the IFA have been extracted and reproduced in italics below. Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in Appendix I to this Circular. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings as defined in the IFA Letter.

#### **10.1 *Assessment on the Proposed Distribution and Revised Cash Alternative Price***

*In the course of our evaluation on the fairness and reasonableness of the Revised Cash Alternative Price in connection with the Proposed Distribution, we have given due consideration to, inter alia, the following key factors which, in our opinion, have a significant bearing on our assessment:*

*10.1.1 Historical financial performance and position of GEMS Group;*

*10.1.2 Analysis of GEMS Group’s net asset value (“NAV”) per GEMS Share;*

*10.1.3 Historical share price performance and trading liquidity of the GEMS Shares;*

*10.1.4 Value of GEMS Shares pursuant to the GMR Transaction;*

*10.1.5 Valuation ratios of selected listed companies broadly comparable to GEMS Group;*

*10.1.6 Estimated range of values of GEMS Shares; and*

*10.1.7 Other relevant considerations in relation to the Proposed Distribution.*

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## LETTER TO SHAREHOLDERS

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### **11. OUR OPINION AND RECOMMENDATION TO THE NON-CONFLICTED DIRECTORS**

In arriving at our opinion in respect of the Proposed Transactions, we have taken into account a range of factors which we consider, based on available information as at the Latest Practicable Date, to be pertinent and have significant bearing on our assessment of the Revised Cash Alternative Price, as well as the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash, and the terms of the Proposed Distribution and the Exit Offer. It is therefore important that this IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

#### **11.1 In respect of the Revised Cash Alternative Price:**

**(a) In determining the fairness of the Revised Cash Alternative Price of IDR6,500 per GEMS Share offered to Shareholders in connection with the Proposed Distribution, we have considered, inter alia, the following pertinent factors pertaining to the value of the GEMS Shares:**

- (i) for the 12-month period leading up to the Revised Last Trading Day, the GEMS Shares have been relatively illiquid and thinly traded and therefore the historical share prices of GEMS may not necessarily serve as a meaningful reference point for comparison against the Revised Cash Alternative Price. This is also evidenced by the transacted GMR Price under the GMR Transaction, which was significantly lower than the then prevailing market price of the GEMS Shares. In this regard, the Revised Cash Alternative Price represents a premium of approximately 73.9% to the GMR Price;*
- (ii) the EV/TTM EBITDA of the GEMS Group (as implied by the Revised Cash Alternative Price) of 2.59 times is higher than the range of EV/TTM EBITDA ratios of the Selected GEMS Comparable Companies of between 0.54 times and 2.30 times, and above the mean and median EV/TTM EBITDA ratios of 1.42 times and 1.63 times respectively; and*
- (iii) the Revised Cash Alternative Price is above the range of the estimated valuation of the GEMS Shares of between IDR3,773 and IDR4,277 per GEMS Share, using the market approach and based on the mean and median EV/TTM EBITDA of the Selected GEMS Comparable Companies.*

*In view of the above considerations, we are of the opinion that the Revised Cash Alternative Price of IDR6,500 per GEMS Share offered to Shareholders in connection with the Proposed Distribution is **FAIR**.*

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## LETTER TO SHAREHOLDERS

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**(b) In determining the reasonableness of the Revised Cash Alternative Price, apart from the above assessment that the Revised Cash Alternative Price of IDR6,500 per GEMS Share offered to Shareholders in connection with the Proposed Distribution is FAIR, we have also considered, inter alia, the following pertinent factors:**

- (i) the P/NAV as implied by the Revised Cash Alternative Price based on the NAV per Share as at 31 December 2022 is 4.5 times;
- (ii) the TTM P/E (trailing twelve-month earnings) of the GEMS Group (as implied by the Revised Cash Alternative Price) of 3.82 times is within the range of the TTM P/E ratios of the Selected GEMS Comparable Companies of between 1.75 times and 4.26 times and above the mean and median TTM P/E ratios of the Selected GEMS Comparable Companies of 2.64 times and 2.37 times respectively;
- (iii) the EV/Reserves of the GEMS Group (as implied by the Revised Cash Alternative Price) of US\$2.43/tonne is within the range of EV/Reserves of the Selected GEMS Comparable Companies of between US\$0.59/tonne and US\$15.26/tonne, but below the mean and median EV/Reserves of US\$6.19/tonne and US\$5.38/tonne respectively; and
- (iv) the transacted GMR Price of IDR3,737 per GEMS Share between GMR and PT Radhika Jananta Raya for 30% of the issued share capital of GEMS, which was approximately 42.5% lower than the Revised Cash Alternative Price of IDR6,500.

Pursuant to the “Practice Statement on the opinion issued by an Independent Financial Adviser in relation to offers, whitewash waivers and disposal of assets under the Singapore Code on Take-overs and Mergers” issued by the SIC, the term “fair” relates to an opinion on the value of the offer price or consideration compared against the value of the securities subject to the offer. An offer would normally be considered “reasonable” if it is assessed to be “fair”.

Accordingly, the Revised Cash Alternative Price will be considered fair if it is equal to or greater than the value of the GEMS Shares. In considering whether the Revised Cash Alternative Price is “reasonable”, matters other than the value of the GEMS Shares should be considered as well.

**In view of the above considerations and based on information available to us as at the Latest Practicable Date, we are of the view that the Revised Cash Alternative Price of IDR6,500 per GEMS Share offered to Shareholders in connection with the Proposed Distribution is FAIR and REASONABLE.**

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## LETTER TO SHAREHOLDERS

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### 21.3 IFA Advice in respect of the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash

After having regard to the considerations set out in the IFA Letter, and based on the information available to the IFA as at the Latest Practicable Date, the IFA has opined that ***“(i) the Revised All Cash Consideration of S\$0.973 is FAIR AND REASONABLE; and (ii) the Revised GEMS Shares Consideration and Cash<sup>20</sup> of S\$0.964 is FAIR AND REASONABLE. Accordingly, we advise the Non-Conflicted Directors to recommend Shareholders to vote in favour of the Distribution Resolution and accept the Exit Offer, unless they are able to obtain a higher price on the open market, after taking into account the applicable transaction costs”***.

The IFA also notes from the DSS Disclosure of Information that the Appraiser commissioned by DSS had ascribed a market value of the Shares as of 31 December 2022, assuming the Proposed Distribution has been implemented, at S\$0.1731 per Share which is approximately 4.4% lower than the Revised Exit Offer Price of S\$0.181.

Information relating to the IFA’s advice in respect of the Proposed Distribution and Exit Offer and the key factors taken into consideration by the IFA have been extracted and reproduced in italics below. Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in Appendix I to this Circular. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings as defined in the IFA Letter.

#### ***10.2 Assessment on the Proposed Distribution and Exit Offer (taken together as a single transaction)***

*In the course of our evaluation on the fairness and reasonableness of the terms of the Proposed Distribution and the Exit Offer (when taken together as a single transaction), in addition to the factors set out in Section 10.1 above, we have also given due consideration to, inter alia, the following key factors which, in our opinion, have a significant bearing on our assessment:*

*10.2.1 Historical financial performance and position of the Group;*

*10.2.2 Historical share price performance and trading liquidity of the Shares;*

*10.2.3 Valuation ratios of selected listed companies broadly comparable to the Group;*

*10.2.4 Sum-of-the-parts valuation analysis;*

*10.2.5 Estimated range of values of the Shares;*

*10.2.6 Precedent Privatisation Transactions in Singapore; and*

*10.2.7 Other relevant considerations in relation to the Proposed Transactions.*

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<sup>20</sup> The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Revised Last Trading Day was indicated to be S\$0.964 in the Update Announcement. The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Latest Practicable Date is **S\$0.997**, based on: (a) the closing price of IDR6,500 per GEMS Share and the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date as extracted from Bloomberg L.P., rounded to three (3) decimal places; and (b) the Revised Exit Offer Price of S\$0.181.

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## LETTER TO SHAREHOLDERS

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**11. OUR OPINION AND RECOMMENDATION TO THE NON-CONFLICTED DIRECTORS**

*In arriving at our opinion in respect of the Proposed Transactions, we have taken into account a range of factors which we consider, based on available information as at the Latest Practicable Date, to be pertinent and have significant bearing on our assessment of the Revised Cash Alternative Price, as well as the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash, and the terms of the Proposed Distribution and the Exit Offer. It is therefore important that this IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.*

...

**11.2 In respect of the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash and the terms of the Proposed Distribution and Exit Offer:**

**(a) In determining the fairness of the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash and the terms of the Proposed Distribution and Exit Offer, we have considered, inter alia, the following pertinent factors pertaining to the value of the Shares:**

Factors for the Revised All Cash Consideration:

- (i) *the Revised All Cash Consideration of S\$0.973 represents a premium of approximately 63.8%, 48.3%, 44.6% and 23.0% to the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods up to and including the Last Undisturbed Trading Day respectively, and represents a premium of approximately 15.8% to the closing price of the Shares on the Last Undisturbed Trading Day;*
- (ii) *the Revised All Cash Consideration is at a premium of 17.7% to the VWAP of the Shares for the period from the Original Announcement Date up to and including the Revised Last Trading Day;*
- (iii) *the Revised All Cash Consideration is higher than the range of closing prices for the 12-month, 6-month, 3-month and 1-month period up to and including the Revised Last Trading Day;*
- (iv) *the Revised All Cash Consideration of S\$0.973 is higher than the highest closing price of the Shares since the reverse take-over in 2015 up to and including the Revised Last Trading Day, and represents an improvement of 15% over the Original All Cash Consideration;*

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## LETTER TO SHAREHOLDERS

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- (v) *the trading of the Shares are reasonably liquid and therefore the historical share prices of the Company may serve as a meaningful reference point of fair value as derived from market consensus for comparison against the Revised All Cash Consideration. Accordingly, we have ascribed higher reliance on historical trading prices of the Shares, together with the market approach of valuation (with reference to the trading multiples of the Selected GEAR Comparable Companies as discussed in Section 10.2.3 of this IFA Letter), as a gauge of the fair value of the Shares;*
- (vi) *the EV/TTM EBITDA of the Group (as implied by the Revised All Cash Consideration) of 1.48 times is within the range of EV/TTM EBITDA ratios of the Selected GEAR Comparable Companies of between 0.44 times and 1.71 times and above the mean and median EV/TTM EBITDA ratio of the Selected GEAR Comparable Companies;*
- (vii) *notwithstanding that the Revised All Cash Consideration is at a discount of between 6.5% to 11.9% to the estimated intrinsic values of the Shares on a sum-of-the parts basis as at the Latest Practicable Date, it should be noted that our SOTP assessment has not taken into account any conglomerate/holding company discount due to its subjective and arbitrary nature. In this regard, we note that it is not uncommon for SGX-listed companies to be trading with a Typical Conglomerate Discount Range of between 10% to 25% to their SOTP values estimated by research analysts. Accordingly, we do not regard the fact that the Revised All Cash Consideration being at a discount to the SOTP assessment is determinative to the fairness of the Revised All Cash Consideration because the aforesaid discount of the Revised All Cash Consideration to the SOTP valuation for the Shares of between 6.5% to 11.9% is below or towards the lower end of the Typical Conglomerate Discount Range. Given this, we have not relied on the SOTP assessment in determining the fair value of the Shares and instead, have relied on and used the methodology referred to in Section 10.2.5 of this IFA Letter in determining the estimated range of values of the Shares; and*
- (viii) *the Revised All Cash Consideration of S\$0.973 is above the range of the Lower Value and the Higher Value.*

Factors against the Revised All Cash Consideration:

- (i) *the Revised All Cash Consideration is at a slight discount of 1.3% to the VWAP of the Shares for the period from the Update Announcement Date up to and including the Latest Practicable Date.*

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## LETTER TO SHAREHOLDERS

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Factors for the Revised GEMS Shares Consideration and Cash:

- (i) *the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 represents a premium of approximately 62.3%, 47.0%, 43.2% and 21.9% to the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods up to and including the Last Undisturbed Trading Day respectively, and represents a premium of approximately 14.8% to the closing price of the Shares on the Last Undisturbed Trading Day;*
- (ii) *based on the latest closing price of the GEMS Shares as at the Latest Practicable Date of IDR6,500, the Illustrative Consideration of the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) would change to S\$0.997, which is at a premium of approximately 67.8%, 52.0%, 48.1% and 26.0% to the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods up to and including the Last Undisturbed Trading Day respectively, and at a premium of approximately 18.7% to the closing price per Share of S\$0.84 on the Last Undisturbed Trading Day;*
- (iii) *the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 is at a premium of 16.6% to the VWAP of the Shares for the period from the Original Announcement Date up to and including the Revised Last Trading Day;*
- (iv) *the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) of S\$0.997 are higher than the range of closing prices for the 12-month, 6-month, 3-month and 1-month period up to and including the Revised Last Trading Day;*
- (v) *the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) of S\$0.997 are higher than the highest closing price of the Shares since the reverse take-over in 2015 up to and including the Revised Last Trading Day;*
- (vi) *the trading of the Shares are reasonably liquid and therefore the historical share prices of the Company may serve as a meaningful reference point of fair value as derived from market consensus for comparison against the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash. Accordingly, we have ascribed higher reliance on historical trading prices of the Shares, together with the market approach of valuation (with reference to the trading multiples of the Selected GEAR Comparable Companies as discussed in Section 10.2.3 of this IFA Letter), as a gauge of the fair value of the Shares;*

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## LETTER TO SHAREHOLDERS

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- (vii) *the EV/TTM EBITDA of the Group (as implied by the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day)) of 1.46 times is within the range of EV/TTM EBITDA ratios of the Selected GEAR Comparable Companies of between 0.44 times and 1.71 times and above the mean and median EV/TTM EBITDA ratio of the Selected GEAR Comparable Companies;*
- (viii) *notwithstanding that the Illustrative Consideration of Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 is at a discount of between 7.4% to 12.7% to the estimated range of values of the Shares on a sum-of-the-parts basis, while the Illustrative Consideration of Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) of S\$0.997 is at a discount of between 4.2% to 9.7% to the estimated range of values of the Shares on a sum-of-the-parts basis, it should be noted that our SOTP assessment has not taken into account any conglomerate/holding company discount due to its subjective and arbitrary nature. In this regard, we note that it is not uncommon for SGX-listed companies to be trading with a Typical Conglomerate Discount Range of between 10% to 25% to their SOTP values estimated by research analysts. Accordingly, we do not regard the fact that the Revised GEMS Shares Consideration and Cash being at a discount to the SOTP assessment is determinative to the fairness of the Revised GEMS Shares Consideration and Cash because the aforesaid discount of the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) to the SOTP valuation for the Shares of between 7.4% to 12.7% is below or towards the lower end of the Typical Conglomerate Discount Range. Given this, we have not relied on the SOTP assessment in determining the fair value of the Shares and instead, have relied on and used the methodology referred to in Section 10.2.5 of this IFA Letter in determining the estimated range of values of the Shares; and*
- (ix) *the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 is within the range of the Lower Value and Higher Value, and same as the Higher Value, while the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) of S\$0.997 is above the Higher Value.*

*Factors against the Revised GEMS Shares Consideration and Cash:*

- (i) *the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 is at a slight discount of 2.2% to the VWAP of the Shares for the period from the Update Announcement Date up to the Latest Practicable Date; and*



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## LETTER TO SHAREHOLDERS

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- (ii) the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 is approximately 8% lower than the Illustrative Consideration under the Original GEMS Shares Consideration and Cash of S\$1.045 due to (i) change in the share price of the GEMS Shares from IDR7,100 as at the Original Last Trading Day to IDR6,425 as at the Revised Last Trading Day; and (ii) change in the exchange rate from S\$1.00:IDR11,180 as at the Original Last Trading Day to S\$1.00:IDR11,432.09 as at the Revised Last Trading Day.

In view of the above considerations and on balance, we are of the opinion that (i) the Revised All Cash Consideration of S\$0.973 is **FAIR**; (ii) the Revised GEMS Shares Consideration and Cash<sup>21</sup> of S\$0.964 is **FAIR**; and that (iii) given our opinion that the Revised Cash Alternative Price, the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash are **FAIR**, the terms of the Proposed Distribution and the Exit Offer, when taken together as a single transaction, are accordingly **FAIR and REASONABLE**.

- (b) In determining the reasonableness of the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash, apart from the above assessment that the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash are **FAIR**, we have also considered, inter alia, the following pertinent factors:

- (i) the TTM P/E (trailing twelve-month earnings) of the Group (as implied by the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date)) of 2.72 times, 2.66 times and 2.79 times respectively is within the range of the TTM P/E ratios of the Selected GEAR Comparable Companies of between 1.96 times and 3.50 times, and is above the mean and median of the TTM P/E ratios of the Selected GEAR Comparable Companies of 2.51 times and 2.35 times respectively;
- (ii) the EV/Reserves of the Group (as implied by the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date)) of US\$3.48/tonne, US\$3.43/tonne and US\$3.54/tonne respectively, is within the range of EV/Reserves of the Selected GEAR Comparable Companies of between US\$0.59/tonne and US\$6.40/tonne, and slightly above the mean and median EV/Reserves of the Selected GEAR Comparable Companies of US\$3.27/tonne and US\$3.32/tonne respectively; and

<sup>21</sup> The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Revised Last Trading Day was indicated to be S\$0.964 in the Update Announcement. The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Latest Practicable Date is **S\$0.997**, based on: (a) the closing price of IDR6,500 per GEMS Share and the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date as extracted from Bloomberg L.P., rounded to three (3) decimal places; and (b) the Revised Exit Offer Price of S\$0.181.

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## LETTER TO SHAREHOLDERS

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(iii) *in respect of the Precedent Privatisation Transactions:*

- *the premium of 15.8%, 14.8% and 18.7%, implied by the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) respectively, over the last transacted price of the Shares on the Last Undisturbed Trading Day is within the range of the premium for the Precedent Privatisation Transactions of between 1.3% and 169.5%, but is below the mean and median premia of 34.3% and 19.9% respectively;*
- *the premium of 23.0%, 21.9% and 26.0%, implied by the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) respectively, over the VWAP of the Shares for the 1-month period prior to the date of the Holding Announcement is within the range of the premium for the Precedent Privatisation Transactions of between 3.9% and 163.7%, is above the median premia of 21.0% but below the mean premia of 38.5%;*
- *the premium of 44.6%, 43.2% and 48.1%, implied by the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) respectively, over the VWAP of the Shares for the 3-month period prior to the date of the Holding Announcement is within the range of the premium for the Precedent Privatisation Transactions of between 5.1% and 162.8%, and is above the mean and median premia of 39.8% and 25.9% respectively;*
- *the premium of 48.3%, 47.0% and 52.0%, implied by the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) respectively, over the VWAP of the Shares for the 6-month period prior to the date of the Holding Announcement is within the range of the (discount)/premium for the Precedent Privatisation Transactions of between (14.5)% and 156.9%, and is above the mean and median premia of 39.0% and 25.7% respectively; and*

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- the premium of 63.8%, 62.3% and 67.8%, implied by the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) respectively, over the VWAP of the Share for the 12-month period prior to the date of the Holding Announcement is within the range of the (discount)/premium for the Precedent Privatisation Transactions of between (13.2)% and 142.6%, and is above the mean and median premium of 41.2% and 27.5% respectively;

**(c) In determining the reasonableness of the terms of the Proposed Distribution and the Exit Offer, taken together as a single transaction, we have also considered, inter alia, the following pertinent factors:**

- (i) the Proposed Distribution is on a pro-rata basis and Entitled Shareholders have the option to choose between the GEMS Shares (if they wish to remain vested in the GEMS Group or seek to realise a higher cash value on the open market) or receiving an equivalent value represented by the Revised Cash Alternative Price (which will be converted into Singapore dollars at the Agreed Exchange Rate);
- (ii) there is no certainty that the value of the distributed GEMS Shares can be realised in the open market at the prevailing market prices given the illiquidity and the possibility of future price volatility or movement of the GEMS Shares between the Latest Practicable Date and date of the actual receipt of the GEMS Shares by the Shareholders, whereas value of the Revised All Cash Consideration is certain; and
- (iii) the likelihood of a competing offer for the Shares is remote as the Offeror Concert Group collectively hold an aggregate of 2,044,145,469 Shares, representing approximately 77.49% of the total number of issued Shares as at the Original Announcement Date.

Pursuant to the "Practice Statement on the opinion issued by an Independent Financial Adviser in relation to offers, whitewash waivers and disposal of assets under the Singapore Code on Take-overs and Mergers" issued by the SIC, the term "fair" relates to an opinion on the value of the offer price or consideration compared against the value of the securities subject to the offer. An offer would normally be considered "reasonable" if it is assessed to be "fair".

Accordingly, for the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash to be considered fair, it must be equal to or greater than the value of the Shares. In considering whether the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash respectively are "reasonable", matters other than the value of the Shares should be considered as well.

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***Having regard to the foregoing considerations set out in this IFA Letter, and in particular that both the Revised All Cash Consideration, and the Revised GEMS Shares Consideration and Cash, fall within or are above our estimated range of values of the Shares of between the Lower Value of S\$0.748 and the Higher Value of S\$0.964 as set out in Section 10.2.5 of this IFA Letter, we are of the opinion that, on balance: (i) the Revised All Cash Consideration of S\$0.973 is FAIR AND REASONABLE; and (ii) the Revised GEMS Shares Consideration and Cash<sup>22</sup> of S\$0.964 is FAIR AND REASONABLE. Accordingly, we advise the Non-Conflicted Directors to recommend Shareholders to vote in favour of the Distribution Resolution and accept the Exit Offer, unless they are able to obtain a higher price on the open market, after taking into account the applicable transaction costs.***

*Our opinion is obtained pursuant to Rule 1309(2) of the Listing Manual, as well as to advise the Non-Conflicted Directors for the purpose of their consideration of the Proposed Transactions. The recommendation made by the Non-Conflicted Directors to the Entitled Shareholders in relation to the Proposed Transactions shall remain the responsibility of the Non-Conflicted Directors.*

*In rendering our opinion and providing our recommendation based on information available to us as at the Latest Practicable Date, we did not have regard to the specific objectives, financial situation, tax position, risk profile or unique needs and constraints of any individual Shareholder and we neither assume any responsibility for, nor hold ourselves as advisers to any person other than the Non-Conflicted Directors. As different Shareholders would have different investment profiles and objectives, we recommend that any Shareholder who may require specific advice in relation to his/her investment portfolio or objectives should consult his/her stock broker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately and not to rely upon our opinion as the sole basis for deciding whether or not to accept the Proposed Transactions.*

### 21.4 No Valuation on Mine Properties of the Group

- (i) In accordance with the Group's accounting policies (details as set out in Note 2.9 to the Consolidated Financial Statements of the Company for FY2022), the mining properties of the Group (including the GEMS Group) are recorded at cost, less accumulated depreciation, amortisation, depletion and/or impairment losses (where applicable). There were no past impairment on the Group's mine properties since the Company's reverse takeover transaction which was completed in 2015.
- (ii) The Non-Conflicted Directors, having considered the following, did not consider it necessary to commission an independent valuation of the mine properties of the GEMS Group for the purpose of the Proposed Transactions:
  - (a) as set out in the IFA Letter, the IFA has commented that valuation of mine properties tends to be very subjective due to the highly cyclical nature of the mining industry, and that valuation of mine properties may not necessarily be equivalent to the market value of the subject company. In the assessment of the

<sup>22</sup> The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Revised Last Trading Day was indicated to be S\$0.964 in the Update Announcement. The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Latest Practicable Date is **S\$0.997**, based on: (a) the closing price of IDR6,500 per GEMS Share and the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date as extracted from Bloomberg L.P., rounded to three (3) decimal places; and (b) the Revised Exit Offer Price of S\$0.181.

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value of GEMS Shares, the IFA has primarily relied on the market approach (as set out in Section 10.1.6 of the IFA Letter) to arrive at the estimated range of values of the GEMS Shares. The Non-Conflicted Directors concur with the aforementioned views of the IFA; and

- (b) the Proposed Distribution constitutes a major transaction as defined in Chapter 10 of the Listing Manual, and the listing rules do not require an independent valuation of the “disposed” asset (in this case, the GEMS Shares and/or the mining properties of the GEMS Group) to be commissioned as the relative figures in respect of the Proposed Distribution computed on the bases set out in Rule 1006 of the Listing Manual did not exceed 75%.
- (iii) The Non-Conflicted Directors, having considered the following, did not consider it necessary to commission an independent valuation of the mine properties of the Group for the purpose of the Proposed Transactions:
  - (a) as set out above, valuation of mine properties tends to be very subjective due to the highly cyclical nature of mining industry, and valuation of mine properties may not necessarily be equivalent to the market value of the subject company. In the assessment of the value of the Shares, the IFA has evaluated various factors and considered, among others, the historical market prices and liquidity of the Shares and earnings-based ratios such as P/E ratio and EV/EBITDA ratio. The market approach using ratios of publicly-traded guideline companies is a commonly used valuation methodology which provides an indicative value for the subject company. It calculates market pricing multiples for selected publicly-traded guideline companies and applies these multiples to the appropriate financial measures of the subject company, usually using earnings based multiples such as PE or EV/EBITDA; and
  - (b) in arriving at an estimated range of values of the Shares, the IFA has relied on, among others, the mean EV/TTM EBITDA multiples of the Selected GEAR Comparable Companies (as defined in the IFA Letter) as the primary measure of value for a business as a going concern as it takes a more holistic picture of the value of an enterprise by considering both the equity and debt components of the capital structure and excludes non-cash expenses. The IFA has also considered the sums-of-the-parts valuation of the Company. Further details are set out in Section 10.2.5 of the IFA Letter. The Non-Conflicted Directors concur with the aforementioned views of the IFA.

## 22. NON-CONFLICTED DIRECTORS' RECOMMENDATIONS

22.1 **Financial Assistance.** As the Proposed Distribution, Delisting and Exit Offer are inter-conditional on each other, the Company's payment of the Revised Cash Alternative Price for the GEMS Shares as a Standby Buyer in the context of the Proposed Distribution may amount to financial assistance to the Offeror to acquire Shares, under Section 76(1) of the Companies Act. Having regard to:

- (i) the solvency position of the Company after the Proposed Distribution;
- (ii) the Distribution Conditions which must be satisfied; and

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- (iii) the opinion of the IFA set out in the IFA Letter that the Revised Cash Alternative Price of IDR6,500 per GEMS Share offered to the Cash Entitled Shareholders and Excluded Overseas Shareholders is fair and reasonable,

the Directors are of the view that (a) the terms and conditions under which the assistance is to be given are fair and reasonable, and (b) the giving of the assistance by the Company does not materially prejudice the interests of the Company or Shareholders and/or the Company's ability to pay its creditors, and the Directors will accordingly be approving the Proposed Distribution and the Company as Standby Buyer under Section 76(9BA) of the Companies Act.

- 22.2 **Independence of Directors.** As Mr. Fuganto Widjaja, the Executive Chairman, is the son of Mr. Indra Widjaja (who is the spouse of Ms. Lanny Tranku, the sole director of, and sole ultimate shareholder of, the Offeror), he will abstain from making a recommendation on the Proposed Transactions.

As stated in paragraph 10(b) of the Exit Offer Letter as reproduced in Section 13 of this Circular, the SIC has ruled that Mr. Fuganto Widjaja is exempted from the requirement of making recommendations to Shareholders in respect of the Exit Offer. Nevertheless, Mr. Fuganto Widjaja must still assume responsibility for the accuracy of the facts stated and opinions expressed in documents or advertisements issued by, or on behalf of, the Company (including this Circular) in connection with the Exit Offer.

Save for Mr. Fuganto Widjaja, all the Directors are considered independent for the purposes of making a recommendation on the Proposed Transactions.

### 22.3 Recommendation of the Non-Conflicted Directors

- (i) Recommendation in respect of the Proposed Distribution. Having considered, among others, the rationale for the Proposed Distribution and Delisting set out in Section 4 above and the opinion and advice given by the IFA that the Revised Cash Alternative Price is fair and reasonable, the Non-Conflicted Directors are of the view that, notwithstanding that the EPS and NAV of the Group will decline, and the Gearing Ratio of the Group will increase, after the Proposed Distribution (as illustrated in Section 8 above), the Proposed Distribution is in the best interests of the Company.

Accordingly, the Non-Conflicted Directors recommend that the Shareholders **VOTE IN FAVOUR** of the Distribution Resolution.

- (ii) Recommendation in respect of the Proposed Distribution, Delisting and Exit Offer. The Non-Conflicted Directors have considered the following, among other things, in determining their recommendation:
- (a) the rationale for the Proposed Distribution and Delisting set out in Section 4 above and the rationale for the Exit Offer reproduced in Section 15 above;
- (b) the opinion and advice given by the IFA that, on balance: (I) the Revised All Cash Consideration of S\$0.973 is fair and reasonable; (II) the Revised GEMS Shares

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Consideration and Cash<sup>23</sup> of S\$0.964 is fair and reasonable; and (III) Shareholders should vote in favour of the Distribution Resolution and accept the Exit Offer, which the Non-Conflicted Directors concur with;

- (c) the Directors are of the view that the terms of the Proposed Distribution and the Exit Offer, when taken together as a single transaction, are fair and reasonable; and
- (d) following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no existing arrangement for such Shareholders to exit their investment in the Shares in such a circumstance.

In view of the foregoing, the Directors are of the view that the Proposed Distribution, Delisting and Exit Offer (when taken together as a single transaction) are in the best interests of the Group. Accordingly, the Non-Conflicted Directors recommend that Shareholders **VOTE IN FAVOUR** of the Delisting Resolution and **ACCEPT** the Exit Offer.

Shareholders are advised by the Non-Conflicted Directors to read and consider carefully the above recommendations of the Non-Conflicted Directors and the advice of the IFA contained in the IFA Letter as reproduced in Appendix I to this Circular in its entirety. The Non-Conflicted Directors would also like to draw the attention of Shareholders to Section 18 of this Circular entitled “Implications of Compulsory Acquisition and Delisting for Shareholders”.

In giving the above recommendations, the Non-Conflicted Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Non-Conflicted Directors recommend that any individual Shareholder who may require specific advice in relation to its specific investment portfolio should consult its bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser(s).

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<sup>23</sup> The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Revised Last Trading Day was indicated to be S\$0.964 in the Update Announcement. The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Latest Practicable Date is **S\$0.997**, based on: (a) the closing price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936, then divided by the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date as extracted from Bloomberg L.P., rounded to three (3) decimal places; and (b) the Revised Exit Offer Price of S\$0.181.

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### 23. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out in this Circular, will be held by way of electronic means on the date and time as specified in the Notice of EGM for the purpose of considering and, if thought fit, passing with or without modifications, the Distribution Resolution and the Delisting Resolution set out in the Notice of EGM.

The Offeror Concert Group will abstain from voting on both the Distribution Resolution and the Delisting Resolution at the EGM.

### 24. ACTIONS TO BE TAKEN BY SHAREHOLDERS IN RESPECT OF THE EGM

#### 24.1 Circular, Notice of EGM, Proxy Form and Notification Letter

This Circular, the Notice of EGM and Proxy Form has been sent to Shareholders by electronic means via publication on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at <http://investor.gear.com.sg/circulars.html>. Printed copies of these documents will **NOT** be sent to Shareholders. Only printed copies of the Notification Letter and the accompanying Acceptance Forms will be despatched to Shareholders.

#### 24.2 Alternative Arrangements for Participation at the EGM

Shareholders will **NOT** be able to attend the EGM in person. Alternative arrangements have been made for Shareholders to attend and participate in the EGM via electronic means, with real-time voting ("live" voting) and real-time electronic communications ("live" Q&A).

A Shareholder (whether individual or corporate) who has Shares entered against his name in the Register of Shareholders or the Depository Register as at the cut-off time of 10.00 a.m. on 6 June 2023 (being 72 hours prior to the time of the EGM, and the time at which the name of the Shareholder must appear in the Register of Shareholders or the Depository Register, in order for him to be considered to have Shares entered against his name in the said Registers), shall be entitled to attend (via electronic means), submit questions in advance or during the "live" audio-visual webcast of the EGM, and vote "live" at the EGM.

- (i) "Live" audio-visual webcast or "live" audio-only stream. Shareholders or their duly appointed proxies and Investors (including CPF/SRS Investors) will be able to observe the EGM proceedings through a "live" audio-visual webcast or listen to these proceedings through a "live" audio-only stream, via mobile phone, tablet, computer or any other electronic device.
- (ii) Online pre-registration required to attend the EGM

All Shareholders or their duly appointed proxies (other than the Chairman of the EGM) who wish to attend the EGM must pre-register at <https://conveneagm.sg/GEAREGM2023> (the "**Registration Link**") by 10.00 a.m. on 6 June 2023 (the "**Registration Deadline**") for verification purposes.

Following verification, authenticated Shareholders or their duly appointed proxies will receive an email confirmation by 10.00 a.m. on 8 June 2023 and will be able to access the "live" audio-visual webcast or "live" audio-only stream of the EGM proceedings.



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Shareholders or their duly appointed proxies must not forward the abovementioned email confirmation to persons who are not entitled to attend the EGM.

Investors who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act) or Depository Agents (together, “**Relevant Intermediaries**”) (other than CPF/SRS Investors) who wish to attend the EGM should approach their Relevant Intermediary as soon as possible in order for the Relevant Intermediary to make the necessary arrangements for pre-registration. CPF/SRS Investors who wish to attend the EGM should approach their respective CPF Agent Banks or SRS Operators at least seven (7) Market Days before the EGM.

Shareholders or their duly appointed proxy(ies) (where applicable) and Investors (including CPF/SRS Investors) who register by the Registration Deadline but do not receive an email confirmation by 10.00 a.m. on 8 June 2023, should email [support@conveneagm.com](mailto:support@conveneagm.com).

(iii) Submission of Questions

Shareholders and Investors (including CPF/SRS Investors) may submit questions relating to the Distribution Resolution and the Delisting Resolution in advance of the EGM by (a) email to [srs.teamd@boardroomlimited.com](mailto:srs.teamd@boardroomlimited.com); (b) by post to the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or (c) the Registration Link, by 10.00 a.m. on 26 May 2023.

When submitting questions in advance of the EGM by email or by post, Shareholders are to provide the following details:

- (a) full name of Shareholder or Investor;
- (b) registered address of Shareholder or Investor; and
- (c) the manner in which the Shareholder or Investor holds Shares (e.g., via CDP, a Depository Agent, a CPF Agent Bank, a SRS Operator or in scrip form).

The Company will endeavour to address all substantial and relevant questions received in advance of the EGM from Shareholders and Investors, by publication on SGXNET and the Company’s website by 1 June 2023, which is more than 72 hours prior to the closing date and time for the lodgement of Proxy Forms to facilitate Shareholders and Investors to make an informed decision on the resolutions to be tabled at the EGM.

Alternatively, Shareholders or their appointed proxy(ies) (where applicable) and Investors (including CPF/SRS Investors) who pre-register at the Registration Link may ask questions “live” (in real time) during the EGM via the “Ask a Question” function during the audio-visual webcast.

The Company will publish the minutes of the EGM on the Company’s website and on SGXNET within one (1) month from the date of the EGM, and the minutes will include the responses to substantial and relevant questions which are addressed during the EGM.

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(iv) Voting

- (a) Shareholders who wish to exercise their voting rights at the EGM may:
- (A) (where the Shareholder is an individual) attend and vote “live” via electronic means at the EGM;
  - (B) (where the Shareholder is an individual or a corporate) appoint proxy(ies) (other than the Chairman of the EGM) to attend and vote “live” via electronic means at the EGM on their behalf; or
  - (C) (where the Shareholder is an individual or a corporate) appoint the Chairman of the EGM as proxy to vote on their behalf.
- (b) CPF/SRS Investors and Investors holding Shares through Relevant Intermediaries may exercise their votes in the following manner:
- (A) vote “live” via electronic means at the EGM if they are appointed as proxies by their respective Relevant Intermediaries (including CPF Agent Banks and SRS Operators), and should contact their respective Relevant Intermediaries (including CPF Agent Banks and SRS Operators) if they have any queries regarding their appointment as proxies; or
  - (B) specify their voting instructions to their respective Relevant Intermediaries (including CPF Agent Banks and SRS Operators).

**Investors (including CPF/SRS Investors) should not make use of the Proxy Form.** CPF/SRS Investors who wish to vote at the EGM should approach their respective CPF Agent Banks or SRS Operators at least seven (7) Market Days before the EGM.

**It is important for Shareholders and proxies to have their own web-browser enabled devices ready for voting during the EGM. Examples of web-browser enabled devices include mobile smartphones, laptops, tablets or desktop computers with internet capabilities.**

For “live” voting at the EGM, Shareholders or their duly appointed proxy(ies) (if applicable) and Investors (including CPF/SRS Investors) are required to pre-register by the Registration Deadline to attend the EGM. Instructions on the “live” voting process will be covered during the EGM proceedings.

(v) Appointment of Proxies

Shareholders who wish to submit instruments appointing a proxy(ies) must download, print, complete and sign the Proxy Form in accordance with the instructions printed thereon, which have been uploaded together with the Notice of EGM and this Circular on SGXNET and the Company’s website.

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The Proxy Form may be submitted in the following manner:

- (a) if sent by post, to the office of the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
- (b) if submitted electronically, via email to the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at [srs.teamd@boardroomlimited.com](mailto:srs.teamd@boardroomlimited.com), or via the online process through the Registration Link,

in either case by 10.00 a.m. on 6 June 2023.

Shareholders are strongly encouraged to submit completed instruments appointing a proxy(ies) electronically via email or via the Registration Link.

Shareholders (whether individuals or corporate) must give specific instructions as to voting or abstention from voting in the Proxy Form, failing which the appointment will be treated as invalid.

(vi) Key Dates and Times

Key dates and times	Action to be taken by Shareholders and Investors
10.00 a.m. on 18 May 2023	Shareholders or their duly appointed proxies (where applicable) may begin to pre-register to attend the EGM at the Registration Link.
10.00 a.m. on 26 May 2023	Deadline for submission of questions by Shareholders and Investors (including CPF/SRS Investors) prior to the EGM. This is particularly so for Shareholders who are not attending the “live” EGM webcast and may be appointing proxy(ies) or the Chairman of the EGM as proxy so as to address any questions they may have prior to casting their votes.  For the avoidance of doubt, this deadline does not preclude Shareholders or their duly appointed proxies (where applicable) and Investors (including CPF/SRS Investors) who have pre-registered for “live” audio-visual webcast or “live” audio-only stream to ask text-based questions during the EGM.
10.00 a.m. on 29 May 2023	Deadline for CPF/SRS Investors who wish to (a) be appointed as proxies by their respective CPF Agent Banks and SRS Operators); or (b) instruct their respective CPF Agent Banks or SRS Operators to submit their votes.
1 June 2023	The Company to issue its responses to substantial and relevant questions received before the deadline of 26 May 2023.

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Key dates and times	Action to be taken by Shareholders and Investors
10.00 a.m. on 6 June 2023	<p>Deadline for Shareholders to:</p> <p>(a) pre-register for “live” audio-visual webcast or “live” audio-only stream of the EGM proceedings; and</p> <p>(b) submit instruments appointing a proxy(ies) by post or via email.</p> <p>Shareholders who wish to appoint proxy(ies) are encouraged to submit their Proxy Forms early and their proxy(ies) must pre-register for “live” audio-visual webcast or “live” audio-only stream of the EGM proceedings by this deadline.</p> <p>Shareholders are strongly encouraged to submit completed instruments appointing a proxy(ies) electronically via email or via the Registration Link.</p>
10.00 a.m. on 8 June 2023	<p>Authenticated Shareholders or their duly appointed proxies (where applicable) and Investors (including CPF/SRS Investors) who have pre-registered via the Registration Link will receive a confirmation email by 10.00 a.m. on 8 June 2023 via the email address provided on pre-registration. Shareholders or their duly appointed proxies (where applicable) and Investors (including CPF/SRS Investors) who do not receive the confirmation email by 10.00 a.m. on 8 June 2023, but have registered by the Registration Deadline, should email <a href="mailto:support@conveneagm.com">support@conveneagm.com</a>.</p>
Date and time of EGM: 10.00 a.m. on 9 June 2023	<p>Use the login credentials created during pre-registration to access the “live” audio-visual webcast or “live” audio-only stream of the EGM proceedings.</p>

### 24.3 Important Reminder

Shareholders should check the Company’s announcements on SGXNET or the Company’s website for the latest updates on the EGM.

## 25. ACTION TO BE TAKEN BY SHAREHOLDERS IN RESPECT OF THE EXIT OFFER

### 25.1 Exit Offer Letter and Acceptance Forms

The Notification Letter (containing instructions on how to access the electronic copies of this Circular and the Exit Offer Letter) and the relevant Acceptance Forms have been despatched on the same date as this Circular.

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A Shareholder who holds Offer Shares standing to the credit of the “Free Balance” of his/her/its Securities Account (not including a securities sub-account) maintained with CDP should receive a FAA together with the Notification Letter. A Shareholder who does not receive the FAA may request and obtain a copy of the FAA, upon production of satisfactory evidence that he/she/it is a Shareholder, from CDP by submitting a request to CDP via phone (+65 6535 7511) during their operating hours or email services ([asksgx@sgx.com](mailto:asksgx@sgx.com)).

A Shareholder who holds Offer Shares that are represented by share certificate(s) and are not deposited with CDP should receive a FAT together with the Notification Letter. A Shareholder who does not receive the FAT may request and obtain a copy of the FAT, upon production of satisfactory evidence that he/she/it is a Shareholder, from the Share Registrar at its office located at 1 Harbourfront Avenue, Keppel Bay Tower #14-07 Singapore 098632.

Electronic copies of this Circular, the Exit Offer Letter and the Acceptance Forms are also available on SGXNET at <http://www.sgx.com> and the Company’s website at <http://investor.gear.com.sg/circulars.html>.

The Exit Offer may only be accepted by the relevant Shareholder to whom the Exit Offer Letter is addressed.

Shareholders may choose to accept the Exit Offer in respect of their Offer Shares before fulfilment of the Exit Offer Conditions and/or Shareholders’ approval for the Distribution Resolution and the Delisting Resolution are obtained at the EGM. However, the Offeror will only be bound to acquire these Offer Shares and pay the Revised Exit Offer Price for these Offer Shares if the Exit Offer Conditions are satisfied by the Long-Stop Date.

**In addition, Shareholders should note that if any of the Distribution Resolution or the Delisting Resolution is not approved at the EGM, the Exit Offer Conditions will not be satisfied and the Exit Offer will lapse.**

### 25.2 Accepting the Exit Offer

Subject to the Exit Offer Conditions being satisfied, if you wish to accept the Exit Offer, you should complete, sign and return the relevant Acceptance Form(s) in accordance with the provisions and instructions in the Exit Offer Letter and the relevant Acceptance Form(s). Additional information on the procedures for acceptance and settlement of the Exit Offer is set out in Appendix 1 to the Exit Offer Letter.

### 25.3 Not Accepting the Exit Offer

If you decide not to accept the Exit Offer, you do not have to take any action. In the event that the Exit Offer Conditions are satisfied by the Long-Stop Date, you will continue to hold unlisted Shares in the Company as an unlisted company.

If you hold Shares that are deposited with CDP, a share certificate in respect of your Shares that are deposited with CDP will be sent, by ordinary post and at your own risk, to your address as it appears in the records of CDP, after the Company has been delisted from the Official List of the SGX-ST.

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### 26. OVERSEAS SHAREHOLDERS

This Circular does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Circular, in any jurisdiction in contravention of applicable law.

The Exit Offer will be made solely by the Exit Offer Letter and the relevant Acceptance Forms, which set out the full terms and conditions of the Exit Offer, including details on how the Exit Offer may be accepted. The availability of the Exit Offer to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdictions in which they are located.

Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable requirements in the relevant overseas jurisdictions. **If you are in doubt about your position, you should consult your professional adviser in the relevant jurisdiction. Please also refer to paragraph 13 of the Exit Offer Letter entitled “Overseas Shareholders” for the points to be noted by Overseas Shareholders in relation to the Exit Offer.**

### 27. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of this Circular) collectively and individually accept full responsibility for the accuracy of the information given in this Circular (other than in respect of (i) information relating to the Offeror Concert Group, the recommendations of the Non-Conflicted Directors and the IFA Letter, and (ii) other information directly extracted from the Exit Offer Letter to which all Directors jointly and severally take responsibility for the correctness and fairness of its reproduction or presentation) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source (including, without limitation, information in relation to the Offeror Concert Group and SAC Capital), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources, reflected or reproduced in this Circular in its proper form and context.

The recommendations of the Non-Conflicted Directors to Shareholders as set out in Section 22 of this Circular entitled “Non-Conflicted Directors’ Recommendations” are the responsibility of the Non-Conflicted Directors.

### 28. CONSENTS

- 28.1 The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the IFA Letter in Appendix I to this Circular, and the references to its name in the form and context in which it appears in this Circular.

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## LETTER TO SHAREHOLDERS

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28.2 The Independent Qualified Person has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the Independent Qualified Person's Reports in Appendix VI to this Circular, and the references to its name in the form and context in which it appears in this Circular.

28.3 The Share Registrar has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the references to its name in the form and context in which it appears in this Circular.

### 29. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company Secretary, at 105 Cecil Street, #12-02, The Octagon, Singapore 069534, during normal business hours for a period of three (3) months on and from the date of this Circular:

- (i) the Constitution;
- (ii) the annual reports of the Company for FY2020, FY2021 and FY2022;
- (iii) the Original Announcement;
- (iv) the Exit Offer Announcement;
- (v) the joint announcement made by the Offeror and the Company on 20 January 2023 relating to certain extensions of time sought from, and granted by, the SIC;
- (vi) the Update Announcement;
- (vii) the Conditions Update Announcement;
- (viii) the implementation agreement dated 9 November 2022 among the Company, the Offeror and DSS relating to the implementation of the Proposed Transactions, as supplemented on 18 March 2023;
- (ix) the Exit Offer Letter;
- (x) the DSS Irrevocable Undertaking;
- (xi) the IFA Letter as set out in Appendix I to this Circular;
- (xii) the Independent Qualified Person's Reports as set out in Appendix VI to this Circular;  
and
- (xiii) the letters of consent referred to in Section 28 above.

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## LETTER TO SHAREHOLDERS

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### 30. ADDITIONAL INFORMATION

Your attention is drawn to the Appendices which form part of this Circular.

Yours faithfully  
For and on behalf of  
the Board of Directors of  
**Golden Energy and Resources Limited**

Mr. Lim Yu Neng Paul  
Lead Independent Director

Mr. Lew Syn Pau  
Independent Non-Executive Director



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## APPENDIX I – IFA LETTER

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### W CAPITAL MARKETS PTE. LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 201813207E)  
65 Chulia Street  
#43-01 OCBC Centre  
Singapore 049513

18 May 2023

The Directors of Golden Energy and Resources Limited who are considered independent for the purposes of the Proposed Distribution, the Delisting and the Exit Offer (the “**Non-Conflicted Directors**”)

Mr Dwi Prasetyo Suseno	Executive Director and Group Chief Executive Officer
Mr Mark Zhou You Chuan	Executive Director and Chief Investment Officer
Mr Mochtar Suhadi	Executive Director
Mr Lim Yu Neng Paul	Lead Independent Director
Mr Lew Syn Pau	Independent Non-Executive Director
Mr Irwandy Arif	Independent Non-Executive Director
Ms Noormaya Muchlis	Independent Non-Executive Director

Dear Sirs,

- (A) **PROPOSED DISTRIBUTION *IN SPECIE* OF SHARES IN PT GOLDEN ENERGY MINES TBK TO SHAREHOLDERS OF GOLDEN ENERGY AND RESOURCES LIMITED BY WAY OF (I) A DIVIDEND *IN SPECIE* (SUBJECT TO THE CAPITAL REDUCTION BECOMING EFFECTIVE) AND (II) CAPITAL REDUCTION; AND**
- (B) **PROPOSED VOLUNTARY DELISTING OF GOLDEN ENERGY AND RESOURCES LIMITED**

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*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 18 May 2023 (“**Circular**”) issued by Golden Energy and Resources Limited (the “**Company**”, and together with its subsidiaries (the “**Group**”) shall have the same meanings herein.*

#### 1. INTRODUCTION

- 1.1 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 (“**Holding Announcement**”).

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## APPENDIX I – IFA LETTER

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1.2 On 9 November 2022 (the “**Original Announcement Date**”), the Board of Directors of the Company (the “**Board**” or “**Directors**”) announced, that subject to certain approvals and conditions to the Proposed Distribution being satisfied (the “**Distribution Conditions**”), the Company proposes to undertake a distribution *in specie* of all of its shares in the capital of PT Golden Energy Mines Tbk<sup>1</sup> (“**GEMS**”, and such shares, the “**GEMS Shares**”) to shareholders of the Company (the “Shareholders”) through a combination and concurrent implementation of:

(a) (subject to the Capital Reduction becoming effective) a dividend *in specie* (“**Dividend In Specie**”); and

(b) a capital reduction (the “**Capital Reduction**”),

on a pro-rata basis (the “**Proposed Distribution**”).

In connection with the Proposed Distribution, the Company proposes to seek the voluntary delisting of its Shares from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the listing manual of the SGX-ST (the “**Listing Manual**”) (the “**Delisting**”). Both the Proposed Distribution and Delisting are conditional upon, *inter alia*, the approval of Shareholders being obtained at an extraordinary general meeting of the Company (“**EGM**”) to be convened to seek Shareholders’ approval for the Distribution Resolution and the Delisting Resolution. Shareholders should also note that as the Distribution Resolution and the Delisting Resolution are inter-conditional, Entitled Shareholders who accept the Exit Offer would be entitled to receive either the Revised GEMS Shares Consideration and Cash or the Revised All Cash Consideration, both of which will be treated as the exit offer for the purpose of Rule 1309 of the Listing Manual.

1.3 In conjunction with the Delisting, the Company and the board of directors of Duchess Avenue Pte. Ltd. (the “**Offeror**”) have, in the Original Announcement and the Update Announcement, jointly announced that SAC Capital, for and on behalf of the Offeror, will make a proposed conditional exit offer (the “**Exit Offer**”, and together with the Proposed Distribution and the Delisting, the “**Proposed Transactions**”) to acquire all the Shares (excluding treasury shares, if any) held by Shareholders (including the Shares held by DSS, which are the subject of the DSS Irrevocable Undertaking) at a consideration of S\$0.181 payable in cash by the Offeror (the “**Revised Exit Offer Price**”). The Exit Offer is conditional on the satisfaction of certain conditions (the “**Exit Offer Conditions**”), as further described in Section 12.2 of the Circular. The Offeror will only be bound to acquire such Offer Shares and pay the Revised Exit Offer Price for these Offer Shares if all the Exit Offer Conditions are satisfied by the Long-Stop Date (as defined herein). The Offeror is wholly-owned by Star Success Pte Ltd, an investment holding company incorporated in the British Virgin Islands, whose sole shareholder is Ms. Lanny Tranku, the spouse of Mr. Indra Widjaja. Mr. Indra Widjaja is an indirect shareholder of PT Sinar Mas Tunggal, which is in turn a substantial shareholder of DSS. Mr. Indra Widjaja is also the father of Mr. Fuganto Widjaja, who is a Director<sup>2</sup>. Please refer to Section 14 of the Circular for further information on the Offeror.

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<sup>1</sup> On Distribution Completion, the Company may hold (i) up to 50% of the GEMS Shares otherwise distributable to Cash Entitled Shareholders and Excluded Overseas Shareholders (see Section 7.5 of the Circular for more details) and (ii) aggregated resulting fractional entitlements of GEMS Shares arising from the Proposed Distribution which are not (and will not be) distributed to Entitled Shareholders.

<sup>2</sup> Please refer to Section 20 of the Circular for further details of interests of the Directors in the Company and in the Proposed Distribution.

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## APPENDIX I – IFA LETTER

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- 1.4 On 18 March 2023, the Company and the Offeror jointly announced, *inter alia*, that:
- (i) Revised All Cash Consideration. The Original All Cash Consideration is increased to **S\$0.973** (“**Revised All Cash Consideration**”) on account of the following revisions to the terms of the Proposed Transactions:
    - (a) the Original Cash Alternative Price is increased to **IDR6,500** per GEMS Share (“**Revised Cash Alternative Price**”) from IDR5,500, with the Revised Cash Alternative Price being paid in Singapore dollars based on a fixed exchange rate of S\$1.00:IDR11,432.09<sup>3</sup> (“**Agreed Exchange Rate**”);
    - (b) following from the above, pursuant to the Proposed Distribution, Entitled Shareholders can elect to receive, for each Share held as at the Record Date, either:
      - (A) 1.3936 GEMS Shares<sup>4</sup> (i.e. the GEMS Shares Consideration); or
      - (B) a cash consideration of **S\$0.792** (“**Revised GEMS Cash Consideration**”) based on (i) the Distribution Ratio of 1.3936 GEMS Shares per Share, (ii) the Revised Cash Alternative Price, and (iii) the Agreed Exchange Rate<sup>5</sup>; and
    - (c) the Original Exit Offer Price is increased to **S\$0.181** per Offer Share (“**Revised Exit Offer Price**”) in cash.
  - (ii) Revised GEMS Shares Consideration and Cash. Based on the foregoing and as further described in Section 16.2 of the Circular, the illustrative value of the aggregate of the GEMS Shares Consideration and the Revised Exit Offer Price (collectively, the “**Revised GEMS Shares Consideration and Cash**”) as at the Revised Last Trading Day to be received for each Share held by an Entitled Shareholder who (A) elects to receive the GEMS Shares Consideration pursuant to the Proposed Distribution, and (B) accepts the Exit Offer, is **S\$0.964**<sup>6</sup>.  
  
(collectively, the “**Update Announcement**”).
- 1.5 W Capital Markets Pte. Ltd. has been appointed by the Company as the Independent Financial Adviser (“**IFA**”) pursuant to Rule 1309(2) of the Listing Manual, as well as to advise the Non-Conflicted Directors on whether the Revised Cash Alternative Price, the Revised GEMS Shares Consideration and Cash as well as the Revised All Cash Consideration respectively, is fair and reasonable and whether the terms of the Proposed Distribution and the Exit Offer, when taken together as a single transaction, are fair and reasonable.

<sup>3</sup> Based on the closing SGD:IDR exchange rate on the Revised Last Trading Day, as extracted from Bloomberg L.P..

<sup>4</sup> For the avoidance of doubt, there is no change to the Distribution Ratio of 1.3936 GEMS Shares for each Share as announced on the Original Announcement Date.

<sup>5</sup> S\$0.792 has been derived from (a) the Revised Cash Alternative Price of IDR6,500 multiplied by the Distribution Ratio of 1.3936, then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places.

<sup>6</sup> The illustrative value of the Revised GEMS Shares Consideration and Cash was indicated to be S\$0.964 in the Update Announcement based on: (a) the closing price of IDR6,425 per GEMS Share as at the Revised Last Trading Day multiplied by the Distribution Ratio of 1.3936, then divided by the Agreed Exchange Rate; and (b) the Revised Exit Offer Price of S\$0.181. The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Latest Practicable Date is S\$0.997 based on: (a) the closing price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936, then divided by the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date (as extracted from Bloomberg L.P.), rounded to three (3) decimal places; and (b) the Revised Exit Offer Price of S\$0.181.

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## APPENDIX I – IFA LETTER

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This letter (“**IFA Letter**”) sets out, *inter alia*, our views and assessment on the financial terms of the Proposed Transactions and our opinion thereon, and forms part of the Circular to be despatched to Shareholders in relation to the Proposed Transactions.

### 2. TERMS OF REFERENCE

We have been appointed as the IFA in compliance with Rule 1309(2) of the Listing Manual as well as to advise the Non-Conflicted Directors in relation to the Proposed Transactions. We have confined our evaluation to the financial terms of the Proposed Transactions and our terms of reference do not require us to evaluate or comment on the rationale for, the long-term merits and/or risks of the Proposed Transactions, general market trends of its businesses or the future prospects of the Group. Such evaluations or comments, if any, remain the responsibility of the Directors of the Company although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.

We have not been instructed or authorised to solicit, and we have not solicited, any indication of interest from any third party with respect to any other proposals for transactions similar to or in lieu of the Proposed Transactions. In this regard, we are not addressing the relative merits of the Proposed Transactions as compared to any alternative transaction previously considered by the Company or which otherwise may have been available to the Company currently or in the future.

In the course of our evaluation, we have held discussions with the management of the Company (“**Management**”) and have examined and relied to a considerable extent on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and/or the professional advisers of the Company, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. We have relied on the assurance of the Directors (including any who may have delegated detailed supervision of the preparation of the Circular) who collectively and individually accept full responsibility for the accuracy of the information given in the Circular (other than in respect of information relating to the Offeror Concert Group, the recommendations of the Non-Conflicted Directors and the IFA Letter, and other information directly extracted from the Exit Offer Letter to which all Directors jointly and severally take responsibility for the correctness and fairness of its reproduction or presentation) and had confirmed that they have made all reasonable enquiries to ensure that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Distribution, the Delisting, the Exit Offer and the Group and that they are not aware of any facts the omission of which would make any statement in the Circular misleading. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information.

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## APPENDIX I – IFA LETTER

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For the purposes of our assessment on the Proposed Transactions, we have not made any independent appraisal of the assets and liabilities of the Group and have not been furnished with any such independent valuation or appraisal reports commissioned by the Company. However, we note that one of the Exit Offer Conditions require independent shareholders of DSS to approve the Proposed Distribution and the sale by DSS of all its Shares in the Company (“**DSS Independent Shareholders’ Approval**”), and it is stated in the disclosure of information issued by DSS to its shareholders dated 23 March 2023 (and updated on 26 April 2023) in connection with obtaining the DSS Independent Shareholders’ Approval (“**DSS Disclosure of Information**”) that DSS had, in compliance with the rules of the Indonesian Stock Exchange (“**IDX**”) and/or directions of Otoritas Jasa Keuangan, the financial services authority in Indonesia (“**OJK**”), appointed an independent appraiser (the “**Appraiser**”) to conduct an assessment on the Proposed Transactions. We have considered the information set out in the DSS Disclosure of Information in relation to the appraised values of the GEMS Shares and the Shares respectively, but we have not independently verified or reviewed the DSS Disclosure of Information or any reports issued by the Appraiser, and accordingly cannot and do not make any representation or warranty, express or implied, in respect thereof, and do not accept any responsibility for the accuracy, completeness or adequacy of any assumptions, opinions, information or representations made and/or contained therein. As such, we have relied on the disclosures and representations made by the Company on the values of the assets and liabilities and profitability of the Group.

Our views as set out in this IFA Letter are based upon the prevailing market, economic, industry and other conditions (if applicable) as well as information and representations provided to us by the Company and its representatives, as at the Latest Practicable Date (or “**LPD**”). Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcement relevant to their consideration of the Proposed Transactions, which may be released or published by or on behalf of the Company or the Offeror after the Latest Practicable Date.

Our opinion is limited to the fairness and reasonableness, from a financial point of view of the Proposed Transactions. We have not received or relied on any financial projections or forecasts in respect of the Company, the Group, or any part or division of any of the foregoing and our terms of reference do not require us to comment or express an opinion on the financial impact or potential impact on current or future financial performance or prospects or earnings potential of the Company and/or the Group arising from the Exit Offer or otherwise (including without limitation any implications or uncertainties arising from the COVID-19 pandemic).

In rendering our opinion, we have not had regard to any general or specific investment objectives, financial situation, tax position, risk profile, tax status or positions or particular needs and constraints or other particular circumstances of any Shareholder. As each Shareholder would have different investment objectives and profiles, the Non-Conflicted Directors may wish to advise any Shareholder who may require specific advice in relation to his specific investment portfolio to consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other appropriate professional advisers. Accordingly, our opinion and advice should not be the sole basis for any Shareholder in deciding whether or not to accept the Exit Offer.

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## APPENDIX I – IFA LETTER

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The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement, and do not provide any advice (financial or otherwise), in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and expressed no views, whether expressed or implied, on the contents of the Circular (other than this IFA Letter).

**Our opinion in relation to the Proposed Transactions should be considered in the context of the entirety of this IFA Letter and the Circular.**

### 3. PROPOSED DISTRIBUTION

#### 3.1 Salient terms of the Proposed Distribution

The following paragraphs have been extracted from Section 7 of the Circular and are set out in italics below for ease of reference. All terms and expressions used in the extract below shall have the same meanings as those defined in the Circular, unless otherwise stated. Shareholders are advised to read the entire Circular carefully including the following salient sections, as extracted below.

*“7.1 **Distribution through Dividend In Specie and Capital Reduction.** Subject to the satisfaction of the Distribution Conditions, the Company intends to effect the Proposed Distribution through:*

- (i) subject to the Capital Reduction becoming effective, a dividend in specie, by appropriating retained earnings of the Company in such amounts as the Directors may decide in their sole discretion; and*
- (ii) a distribution in specie by way of the Capital Reduction pursuant to Sections 78A, 78G and 78I of the Companies Act. The Capital Reduction will be effected by reducing up to US\$1,100.0 million of the issued and paid-up capital of the Company, by taking into account the fair value of the GEMS Shares as at the Distribution Effective Date, distributed pursuant to the Capital Reduction.*

*The GEMS Shares will be distributed free of encumbrances and together with all rights attaching thereto on and from the Distribution Effective Date. For the avoidance of doubt, there will be no change in the total number of issued Shares pursuant to, or as a result of, the Proposed Distribution.*

*Based on the audited consolidated financial statements of the Company as at 31 December 2022, the Company recorded share capital and retained earnings of approximately US\$1,315.3 million and US\$403.6 million, respectively.*

*The final appropriated amount from the reduction of the issued and paid-up share capital of the Company and the retained earnings of the Company will be based on the fair value of the relevant GEMS Shares as at the date of distribution. The resultant fair value gain/loss<sup>8</sup> is a non-cash, non-recurring accounting gain/loss, and does not impact the cash position of the Company or the Group. Such fair value gain/loss amount will be recorded in the profit or loss of the Company's financial statements.*

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<sup>8</sup> Fair value gain/loss amount is calculated based on the excess/deficit of fair value of the asset (being the Company's investment in GEMS) to be distributed, as compared to the carrying amount of the Company's investment in GEMS as recorded in the Company's financial statements.

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## APPENDIX I – IFA LETTER

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For illustrative purposes only, assuming that (i) all Entitled Shareholders exercise the GEMS Shares Election and accordingly all Entitled Shareholders receive GEMS Shares pursuant to the Proposed Distribution; (ii) the Distribution Effective Date is 31 December 2022; and (iii) the fair value of each GEMS Share is equivalent to the Revised Cash Alternative Price of IDR6,500 (or approximately S\$0.5686 based on the Agreed Exchange Rate) (equivalent to approximately US\$0.42447<sup>9</sup>), the appropriated amount for the Proposed Distribution by way of dividend in specie and capital reduction, will be as follows:

As at 31 December 2022

Fair value of each GEMS Share	US\$0.42447
Total number of GEMS Shares held by the Company	3,676,460,615
Total appropriated amount for the Proposed Distribution <sup>(1)</sup>	US\$1,560.5 million
Less: Cost of investments in GEMS	(US\$1,147.1 million)
Fair value gain on distribution of GEMS Shares	US\$413.4 million
Add: Retained earnings of the Company	US\$403.6 million
Proposed Distribution <sup>(1)</sup> by way of dividend in specie from retained earnings	US\$817.0 million
Proposed Distribution <sup>(1)</sup> by way of capital reduction	US\$743.5 million <sup>(2)</sup>

**Notes:**

- (1) The Proposed Distribution is measured at fair value per GEMS Share and accounted for in accordance with SFRS(I) INT 17 Distributions of Non-cash Assets to Owners. Any gains/losses from the Proposed Distribution will be recognised in the Company's financial statements. The actual appropriated amount of the Proposed Distribution (being the fair value of GEMS Shares for the GEMS Shares Election, and the Revised Cash Alternative Price) will be assessed and determined on the date of distribution.
- (2) Being the difference of the total appropriated amount for the Proposed Distribution (i.e. US\$1,560.5 million) less the total amount to be appropriated for the Proposed Distribution by way of dividend in specie from retained earnings (i.e. US\$817.0 million).

7.2 **GEMS Shares Election and Distribution Ratio.** Under the Proposed Distribution, Entitled Shareholders will be entitled to elect to receive **1.3936 GEMS Shares (“GEMS Shares Consideration”)** for each Share held as at the Record Date (“**Distribution Ratio**”, and such election the “**GEMS Shares Election**”), fractional entitlements (where applicable) to be disregarded.

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<sup>9</sup> Based on the exchange rate of S\$1.3395 : US\$1.00 as at 31 December 2022.

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## APPENDIX I – IFA LETTER

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For illustration purposes:

- (i) *DSS: In respect of DSS which holds 2,044,145,469 Shares (representing approximately 77.49% of the total issued share capital of the Company) as at the Latest Practicable Date, DSS would be entitled to receive 2,848,721,125 GEMS Shares (representing approximately 48.43%<sup>10</sup> of the total number of issued GEMS Shares) pursuant to the Proposed Distribution.*
- (ii) *Entitled Shareholders holding 71 or less Shares: Based on the Distribution Ratio, Entitled Shareholders who hold 71 or less Shares will receive odd lots of less than 100 GEMS Shares. Please refer to Section 10.8 below on the difficulties of trading in odd lots of less than 100 GEMS Shares.*

Shareholders should note that:

- (a) ***the distributed GEMS Shares will not be immediately tradable on the IDX until an Entitled Shareholder has opened an IDX securities account or brokerage/custodian account capable of holding IDX-listed securities;***
- (b) *the Distribution Ratio was determined based on the total number of issued Shares and the total number of GEMS Shares owned by the Company as at the Latest Practicable Date. In the event that new Shares and/or new GEMS Shares are issued on or after the Latest Practicable Date and prior to the Record Date, a pro-rata adjustment will be made to the Distribution Ratio. The Company does not expect any new Shares or new GEMS Shares to be issued on or before the Record Date;*
- (c) *Investors who hold Shares through Depository Agents or who are CPF/SRS Investors will receive their entitlements to the GEMS Shares through the respective Depository Agent, CPF Agent Bank and/or SRS Operator, and the Distribution Ratio will be applied to the aggregate number of Shares held by such Depository Agent, CPF Agent Bank and/or SRS Operator as at the Record Date (see Section 10.1(iv) below for more details), with fractional entitlements to be dealt with at the sole discretion of the Depository Agents, CPF Agent Banks and/or SRS Operators. CPF/SRS Investors should note that they may be unable to receive GEMS Shares due to, among other things, the current applicable rules under the CPF Investment Scheme and/or the procedures of the relevant CPF Agent Bank or SRS Operator (as the case may be) (see Section 10.6 for more details); and*
- (d) *Entitled Shareholders who elect to receive GEMS Shares may be subjected to price uncertainty in respect of the GEMS Shares, given the illiquidity and the possibility of future price volatility or movement of the GEMS Shares between the Latest Practicable Date and the date of actual receipt of the GEMS Shares by the Entitled Shareholders.*

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<sup>10</sup> Please refer to Section 7.11 of the Circular for an illustration of the shareholding in GEMS following Distribution Completion.



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## APPENDIX I – IFA LETTER

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- 7.3 **Revised Cash Alternative Price and Revised GEMS Cash Consideration.** To provide flexibility for Entitled Shareholders who do not wish to receive GEMS Shares, DSS and the Company (collectively, the “**Standby Buyers**”) will provide Entitled Shareholders with an option to receive their **full (and not part)** pro-rata entitlements to GEMS Shares pursuant to the Proposed Distribution in cash instead, **at the Revised GEMS Cash Consideration of S\$0.792 for each Share held as at the Record Date**<sup>11</sup>.

The following Shareholders will be entitled to receive the Revised GEMS Cash Consideration:

- (i) Cash Entitled Shareholders, being:
  - (a) Entitled Shareholders who do not exercise the GEMS Shares Election;
  - (b) Entitled Shareholders who do not validly exercise the GEMS Shares Election;
  - (c) Entitled Shareholders in respect of whom the Order Matching Process necessary for the distribution and transfer of the GEMS Shares to such Entitled Shareholders fails for whatsoever reason and the transfer is unsuccessful; and
  - (d) Entitled Shareholders, sub-account holders for the relevant Depository Agent and/or CPF/SRS Investors who are deemed to not have exercised the GEMS Shares Election under Section 10.1(iv)(b) below.

Entitled Shareholders or Investors who hold Shares through Depository Agents who wish to receive GEMS Shares must comply with the instructions set out in Sections 10.1(ii), 10.1(iii) and/or 10.1(iv) below (as the case may be); and

- (ii) Excluded Overseas Shareholders (see Sections 10.1(i)(b) and 10.5 below for more details).

**An Entitled Shareholder who wishes to receive the Revised GEMS Cash Consideration need not and should not complete and return the Election Form.** Additionally, in order to avoid any violation of applicable securities laws outside of Singapore, Excluded Overseas Shareholders will be deemed to not have exercised the GEMS Shares Election and will receive their full entitlements to the Proposed Distribution in cash.

The Company has appointed the IFA to opine on, among others, whether each of the Revised Cash Alternative Price, the Revised All Cash Consideration, and the Revised GEMS Shares Consideration and Cash is fair and reasonable. Shareholders should refer to Section 21 below for further details.

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<sup>11</sup> S\$0.792 has been derived from IDR6,500 multiplied by the Distribution Ratio of 1.3936, then divided by the Agreed Exchange Rate, rounded to three (3) decimal places.

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## APPENDIX I – IFA LETTER

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7.4 **Illustration.** For illustrative purposes only, if the Proposed Distribution and Delisting are approved at the EGM, an Entitled Shareholder who holds 10,000 Shares and tenders all 10,000 Shares for acceptance under the Exit Offer will receive either:

- (i) **under the Revised All Cash Consideration:** S\$9,733.66, comprising S\$7,923.66<sup>12</sup> under the Proposed Distribution and S\$1,810 under the Exit Offer; or
- (ii) **under the Revised GEMS Shares Consideration and Cash:** 13,936 GEMS Shares under the Proposed Distribution and S\$1,810 under the Exit Offer.

7.5 **Source of Funds for Revised Cash Alternative Price.** In the event that none of the Entitled Shareholders (other than DSS) exercise the GEMS Shares Election, the total cash amount payable by the Standby Buyers to the Cash Entitled Shareholders and Excluded Overseas Shareholders will be approximately S\$470.6 million<sup>13</sup>. The Company and DSS have agreed that:

- (i) If 7% or more of the total issued shares in the capital of GEMS are available to be allocated to both DSS and the Company, such GEMS Shares to be acquired will be allocated among DSS and the Company in the following proportion and order of priority:
  - (a) first, DSS will purchase up to 50% of the GEMS Shares otherwise distributable to the Cash Entitled Shareholders and Excluded Overseas Shareholders; and
  - (b) thereafter, the Company will purchase the remaining 50% of the GEMS Shares otherwise distributable to the Cash Entitled Shareholders and Excluded Overseas Shareholders; and
- (ii) if less than 7% of the total issued shares in the capital of GEMS are available to be allocated to both DSS and the Company:
  - (a) DSS will only purchase such number of GEMS Shares that will allow DSS to own approximately 51% of the total issued shares in the capital of GEMS (i.e. DSS will acquire approximately the first 2.57%<sup>14</sup> of the total issued shares in the capital of GEMS); and
  - (b) the Company will acquire the remaining GEMS Shares.

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<sup>12</sup> In this scenario, based on (a) the 13,936 GEMS Shares multiplied by the Revised Cash Alternative Price of IDR6,500; then divided by (b) the Agreed Exchange Rate, rounded to the nearest whole cent.

<sup>13</sup> Computed based on (i) S\$0.5686 per GEMS Share (being the Revised Cash Alternative Price of IDR6,500 at the Agreed Exchange Rate); and (ii) an aggregate of 827,731,095 GEMS Shares attributable to Entitled Shareholders (excluding DSS).

<sup>14</sup> As at the Latest Practicable Date, DSS would be entitled to receive 2,848,721,125 GEMS Shares (representing approximately 48.43% of the total number of issued GEMS Shares) pursuant to the Proposed Distribution. In order to own approximately 51% of the total issued shares in the capital of GEMS, DSS will acquire the difference between 51% and 48.43%, i.e. the first 2.57% of the total issued shares in the capital of GEMS.

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7.6 **GEMS Shares Election by DSS.** *DSS has provided the DSS Irrevocable Undertaking to the Company, undertaking that DSS will exercise the GEMS Shares Election and receive its full pro-rata entitlements pursuant to the Proposed Distribution in GEMS Shares.*

7.7 **Fractional Entitlements and Rounding Down**

(i) *GEMS Shares Consideration.* *In determining the aggregate number of GEMS Shares distributable to Entitled Shareholders who have validly exercised the GEMS Shares Election, fractional entitlements (where applicable) will be disregarded.*

(ii) *Revised GEMS Cash Consideration.* *The aggregate amount of cash in Singapore dollars that is payable by the Standby Buyers to the Cash Entitled Shareholders and Excluded Overseas Shareholders will be rounded to the nearest whole cent.*

7.8 **No payment required from Entitled Shareholders.** *For the avoidance of doubt and save as disclosed in Sections 10.12 and 10.13 below, in connection with the Proposed Distribution, no cash payment and no other form of consideration will be required from the Entitled Shareholders to:*

(i) *receive the GEMS Shares into their relevant IDX securities account or a brokerage/custodian account capable of holding IDX-listed securities. However, if any Entitled Shareholder does not already have such an account set up to receive the GEMS Shares, such Entitled Shareholders may be required to pay charges imposed by their relevant securities or brokerage/custodian account service provider to establish and operate an account (see Sections 10.12 and 10.13 below for more details on taxation and costs); or*

(ii) *receive the Revised GEMS Cash Consideration.*

7.9 **Distribution Conditions.** *Distribution Completion is subject to the following approvals and conditions:*

(i) *the approval by independent shareholders of DSS of the Proposed Distribution, DSS' acquisition of the GEMS Shares at the Revised Cash Alternative Price as a Standby Buyer and DSS' sale of all of its Shares to the Offeror being obtained, with the ultimate controlling shareholders of DSS and their affiliates being required to abstain from voting ("**DSS Independent Shareholders' Approval**");*

(ii) *the approval of Shareholders, by way of a special resolution, for the Proposed Distribution being obtained at the EGM, with the Offeror Concert Group abstaining from voting on the Distribution Resolution;*

(iii) (a) *court approval being obtained for the Capital Reduction under Section 78G of the Companies Act; (b) lodgement of the Capital Reduction information by the Company with ACRA pursuant to Section 78G(1)(b) of the Companies Act; and (c) the Registrar of Companies having recorded the Capital Reduction information as prescribed under Section 78G(1)(c) of the Companies Act;*

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- (iv) *such other approvals, authorisations, consents and confirmations from the regulatory authorities as may be required or advisable and the same remaining in force, including without limitation:*
  - (a) *such approvals from the SGX-ST and other third parties being obtained for or in connection with the Proposed Distribution, and if such approvals are given subject to any conditions, such conditions being acceptable to the Company; and*
  - (b) *no objection having been received from OJK and IDX in respect of the Proposed Distribution and for the sale by DSS of all of its Shares to the Offeror; and*
- (v) *the Company complying with the other requirements under the Companies Act in respect of the Capital Reduction.*

***As stated in the Conditions Update Announcement, the DSS Independent Shareholders' Approval (as described in Section 7.9(i)) has been obtained, and no objection has been received from the OJK and IDX in respect of the Proposed Distribution and the sale by DSS of all its Shares to the Offeror (as described in Section 7.9(iv)(b)). Save for the foregoing, none of the other Distribution Conditions have been satisfied as at the Latest Practicable Date. The Company will publicly announce on SGXNET if and when all other Distribution Conditions have been satisfied. Shareholders should note that if any of the Distribution Conditions are not satisfied, the Proposed Distribution will not occur.***

**7.10 Effective Date of Capital Reduction.** *The Capital Reduction will take effect on the date on which the Registrar of Companies records the Capital Reduction information, as prescribed under Section 78G(1)(c) of the Companies Act (such date, the "Distribution Effective Date").*

*For the avoidance of doubt, the GEMS Shares are only expected to be transferred in mid-August 2023, and the Revised GEMS Cash Consideration is only expected to be paid, in end August 2023 (see further details in Sections 10.10 and 10.11 below respectively), in each case to Entitled Shareholders pursuant to the Proposed Distribution.*

**7.11 Illustration of Shareholding in GEMS following Distribution Completion.** *The following table sets out an illustration of the shareholding of GEMS assuming that:*

- (i) *the Proposed Distribution has occurred on the Latest Practicable Date;*
- (ii) *none of the Entitled Shareholders hold any GEMS Shares prior to the Proposed Distribution;*
- (iii) *DSS exercises the GEMS Shares Election pursuant to the DSS Irrevocable Undertaking; and*
- (iv) *in each of the the following scenarios:*
  - (a) *Scenario 1: all Entitled Shareholders (including Excluded Overseas Shareholders) exercise the GEMS Shares Election;*

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- (b) Scenario 2: none of the Entitled Shareholders (including Excluded Overseas Shareholders) exercise the GEMS Shares Election; and
- (c) Scenario 3: certain Entitled Shareholders (including Excluded Overseas Shareholders) exercise the GEMS Shares Election such that only 6.9%<sup>15</sup> of the total issued shares in the capital of GEMS are available to be allocated to both DSS and the Company (and DSS consequently purchases only 2.57%<sup>16</sup> of the GEMS Shares otherwise distributable to Cash Entitled Shareholders and Excluded Shareholders, and the Company thereafter purchases the remaining 4.33% of the GEMS Shares otherwise distributable to Cash Entitled Shareholders and Excluded Shareholders).

Shareholder of GEMS as at the Latest Practicable Date	Before the Proposed Distribution		After the Proposed Distribution <sup>(1)</sup>					
	Number of GEMS Shares	%(2)	Scenario 1		Scenario 2		Scenario 3	
			Number of GEMS Shares	%(2)	Number of GEMS Shares	%(2)	Number of GEMS Shares	%(2)
Company	3,676,460,615	62.50	8,395 <sup>(3)</sup>	n.m.	413,873,943	7.04	254,714,279	4.33
DSS	–	–	2,848,721,125	48.43	3,262,586,672	55.46	3,000,000,030	51.00
PT Radhika Jananta Raya	1,764,705,900	30.00	1,764,705,900	30.00	1,764,705,900	30.00	1,764,705,900	30.00
Other existing public Shareholders of GEMS	441,186,485	7.50	441,186,485	7.50	441,186,485	7.50	441,186,485	7.50
Entitled Shareholders <sup>(4)</sup>	–	–	827,731,095	14.07	–	–	421,746,306	7.17
<b>Total</b>	<b>5,882,353,000</b>	<b>100.00</b>	<b>5,882,353,000</b>	<b>100.00</b>	<b>5,882,353,000</b>	<b>100.00</b>	<b>5,882,353,000</b>	<b>100.00</b>

n.m. means not meaningful

**Notes:**

- (1) Based on the Distribution Ratio of 1.3936 GEMS Shares for each Share held as at the Latest Practicable Date (fractional entitlements (where applicable) to be disregarded), and on the list of shareholders of the Company as at the Latest Practicable Date.
- (2) Based on the total number of GEMS Shares of 5,882,353,000 as at the Latest Practicable Date.
- (3) These GEMS Shares represent the Company's ownership of approximately 0.0001% of the total issued GEMS Shares, being the aggregated resulting fractional entitlements of GEMS Shares arising from the Proposed Distribution which are not (and will not be) distributed to Entitled Shareholders.
- (4) Excluding DSS."

<sup>15</sup> This number was selected for illustrative purposes only, to demonstrate a scenario where less than 7% of the total issued shares in the capital of GEMS are available to be allocated to the Standby Buyers.

<sup>16</sup> As explained in Section 7.5(ii) above, if less than 7% of the total issued shares in the capital of GEMS are available to be allocated to the Standby Buyers, DSS will only purchase such number of GEMS Shares that will allow it to own approximately 51% of the total issued shares in the capital of GEMS. As at the Latest Practicable Date, DSS would be entitled to receive 2,848,721,125 GEMS Shares (representing approximately 48.43% of the total number of issued GEMS Shares) pursuant to the Proposed Distribution. In order to own approximately 51% of the total issued shares in the capital of GEMS, DSS will acquire the difference between 51% and 48.43%, i.e. the first 2.57% of the total issued shares in the capital of GEMS.

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### 4. INFORMATION ON GEMS

The following paragraphs have been extracted from Section 3 of the Circular and are set out in italics. All terms and expressions used in the extract below shall have the same meanings as those defined in the Circular, unless otherwise stated. Shareholders are advised to read the entire Circular including the following sections, as extracted below, carefully. Further information on GEMS and its subsidiaries (“**GEMS Group**”) can be found in Appendix III to the Circular and at GEMS’ corporate website at: <https://www.goldenenergymines.com/> and at the website of the IDX at: <https://www.idx.co.id/en/listed-companies/company-profiles/GEMS>.

*“3.1 **Overview of the GEMS Group.** GEMS and its subsidiaries are a leading coal producer. 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.*

*Please refer to Appendix III to this Circular for further details of the GEMS Group, including information relating to its principal activities, recent acquisitions and disposals of shares in the capital of GEMS and financial information.*

*3.2 **GEMS as a Significant Subsidiary.** GEMS is a significant subsidiary of the Group (with the Company holding an approximately 62.50% interest in GEMS as at the Latest Practicable Date), and was the only substantial contributor to the Group’s financial performance prior to the Company’s increased shareholding in Stanmore in FY2020. Revenue attributable to the GEMS Group amounted to US\$2,920.0 million, US\$1,586.0 million and US\$1,061.4 million for FY2022, FY2021 and FY2020 respectively, which accounted for 52.0%, 84.6% and 91.3% of the Group’s total revenue for the respective years. In addition, the GEMS Group accounted for 54.3%, 140.9% and 278.1% of the Group’s net profits in FY2022, FY2021 and FY2020.”*

### 5. THE DELISTING AND EXIT OFFER

- 5.1 Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application by the Company to delist from the Official List of the SGX-ST if: (i) the Company convenes the EGM to obtain Shareholders’ approval for the Delisting; and (ii) the Delisting Resolution has been approved by a majority in number of at least 75% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM. The Offeror Concert Group must abstain from voting on the Delisting Resolution.
- 5.2 In addition, under Rule 1309 of the Listing Manual, if the Company is seeking to delist from the SGX-ST: (A) an exit offer must be made to the Company’s shareholders and holders of any other classes of listed securities to be delisted and the exit offer must (i) be fair and reasonable; and (ii) include a cash alternative as the default alternative; and (B) the Company must appoint an independent financial adviser to advise on the exit offer and the independent financial adviser must opine that the exit offer is fair and reasonable.

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### 5.3 Salient terms of the Exit Offer

The following paragraphs have been extracted from paragraph 2 of the Exit Offer Letter and are set out in italics. All terms and expressions used in the extract below shall have the same meanings as those defined in the Exit Offer Letter, unless otherwise stated. Shareholders are advised to read the entire Circular and the Exit Offer Letter including the following salient sections, as extracted below carefully.

#### **“2. TERMS OF THE EXIT OFFER**

*SAC Capital, for and on behalf of the Offeror, hereby makes the Exit Offer to acquire all the Offer Shares, on the terms and subject to the conditions set out in this Exit Offer Letter (including the Acceptance Forms), and on the following bases:*

##### **2.1 Offer Shares**

*The Exit Offer is extended to all issued and paid-up Shares (excluding treasury shares) (such Shares, “Offer Shares”). For the avoidance of doubt, the Offer Shares also include the DSS Shares which are the subject of the DSS Irrevocable Undertaking.*

##### **2.2 Exit Offer Price**

*As set out in **Paragraph 1.2(a)(iii)** of the Letter to Shareholders in this Exit Offer Letter, the consideration for the Exit Offer payable by the Offeror will be the Revised Exit Offer Price, being **S\$0.181** per Offer Share in cash.*

*The Revised Exit Offer Price shall be applicable to any number of the Offer Shares that are tendered in acceptance of the Exit Offer.*

##### **2.3 No Encumbrances**

*The Offer Shares will be acquired:*

- (a) fully paid;*
- (b) free from all claims, charges, equities, mortgages, liens, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever (“Encumbrances”); and*
- (c) together with all rights, benefits and entitlements attached thereto as at the Original Announcement Date, and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions declared, paid or made thereon by the Company in respect of the Offer Shares (if any) on or after the Original Announcement Date (collectively, “Other Distributions”), **PROVIDED THAT** the Offeror has confirmed that no adjustment to the Revised Exit Offer Price will be made for the Proposed Distribution, which shall accrue to Entitled Shareholders.*

*If any Other Distributions (other than the Proposed Distribution) is declared, paid or made by the Company on or after the Original Announcement Date, the Offeror reserves the right to reduce the Revised Exit Offer Price by the amount of such Other Distributions.*

**FOR THE AVOIDANCE OF DOUBT, THE REVISED EXIT OFFER PRICE WILL NOT BE REDUCED OR OTHERWISE ADJUSTED FOR THE PROPOSED DISTRIBUTION.**

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### 2.4 Adjustment for Other Distributions

In the event of any such Other Distributions (other than the Proposed Distribution), the Revised Exit Offer Price payable to a Shareholder who validly accepts or has validly accepted the Exit Offer shall be reduced by an amount which is equal to the amount of such Other Distributions, depending on when the settlement date (“**Exit Offer Settlement Date**”) in respect of the Offer Shares tendered in acceptance of the Exit Offer falls, as follows:

(a) Scenario 1:

if the Exit Offer Settlement Date falls **on or before** the record date for the determination of entitlements to the Other Distribution, the Offeror will pay the relevant accepting Shareholders the unadjusted Revised Exit Offer Price for each Offer Share, as the Offeror will receive the Other Distributions in respect of such Offer Shares from the Company; or

(b) Scenario 2:

if the Exit Offer Settlement Date falls **after** the record date for the determination of entitlements to the Other Distribution, the Revised Exit Offer Price payable for such Offer Shares tendered in acceptance shall be reduced by an amount which is equal to the Other Distributions in respect of such Offer Shares, as the Offeror will not receive such Other Distributions in respect of such Offer Shares from the Company.

For illustration purposes only, if the Company were to declare a dividend of S\$0.01 per Share (“**Simulated Dividend**”):

- (i) for Scenario 1, assuming that a Shareholder tenders its Offer Shares in acceptance of the Exit Offer, and the Exit Offer Settlement Date in respect of such Offer Shares falls **on or before** the record date for determination of entitlements to the Simulated Dividend, such Shareholder will not receive the Simulated Dividend in respect of such Offer Shares from the Company. There will be no adjustment to the Revised Exit Offer Price in respect of the Offer Shares tendered by such Shareholder, as the Offeror will receive the Simulated Dividend in respect of such Offer Shares from the Company; and
- (ii) for Scenario 2, assuming that a Shareholder tenders its Offer Shares in acceptance of the Exit Offer, and the Exit Offer Settlement Date in respect of such Offer Shares falls **after** the record date for determination of entitlements to the Simulated Dividend, such Shareholder will receive the Simulated Dividend in respect of such Offer Shares from the Company. The Revised Exit Offer Price would be reduced by S\$0.01 per Share to become S\$0.171 in respect of the Offer Shares tendered by such Shareholder, as the Offeror will not receive the Simulated Dividend in respect of such Offer Shares from the Company.



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### 2.5 Conditions

#### (a) Exit Offer Conditions

The Exit Offer is conditional on (collectively, “**Exit Offer Conditions**”):

- (i) the Capital Reduction, which is necessary for the Proposed Distribution to take place, coming into effect, which entails: (A) the Company having obtained approval of the independent shareholders of the Company by way of special resolution for the Capital Reduction at the EGM; (B) court approval being obtained for the Capital Reduction under Section 78G of the Companies Act; (C) lodgement of the Capital Reduction information by the Company with ACRA pursuant to Section 78G(1)(b) of the Companies Act; and (D) the Registrar of Companies having recorded the Capital Reduction information as prescribed under Section 78G(1)(c) of the Companies Act;
- (ii) subject to the rules and regulations of the IDX and OJK, independent shareholders of DSS approving the Proposed Distribution and the sale by DSS of all its Shares (“**DSS Independent Shareholders’ Approval**”);
- (iii) no objection having been received from IDX and OJK, in respect of the Proposed Distribution and the sale by DSS of all its Shares;
- (iv) independent Shareholders’ approval for the delisting of the Company; and
- (v) no order, injunction, judgement or decree issued or steps taken by any governmental or regulatory authority or court, or other legal restraints or prohibition, preventing the consummation of the Exit Offer.

The SIC has confirmed that it has no objection to the Exit Offer Conditions, subject to the IFA opining on whether the terms of the Proposed Distribution and Exit Offer, when taken together as a single transaction, are fair and reasonable. Please refer to the letter from the IFA in respect of the Revised Cash Alternative Price, the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash set out in Appendix I to the Circular, which sets out the opinion and advice of the IFA in relation to the Proposed Distribution and Exit Offer (when taken together as a single transaction).

As stated in the Conditions Update Announcement, the DSS Independent Shareholders’ Approval was duly obtained at an extraordinary general meeting of DSS held on 2 May 2023, and no objection has been received from the IDX and OJK in respect of the Proposed Distribution and the sale by DSS of all its Shares to the Offeror. Accordingly, the Exit Offer Conditions set out in **Paragraphs 2.5(a)(ii)** and **2.5(a)(iii)** of the Letter to Shareholders in this Exit Offer Letter above have been satisfied. Save for the foregoing, none of the other Exit Offer Conditions have been satisfied as at the Latest Practicable Date.

As at the Original Announcement Date, the Offeror Concert Group holds Shares representing more than 50% of the total number of issued Shares. Accordingly, the Exit Offer will not be conditional upon a minimum number of acceptances being received by the Offeror.

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(b) Long-Stop Date

*In the event the Exit Offer Conditions are not satisfied on or before 9 August 2023 (or such other later date as the Offeror and the Company may determine in consultation with the SIC) (“Long-Stop Date”), the Exit Offer shall lapse.*

**Shareholders are to note that if any of the Exit Offer Conditions are not satisfied by the Long-Stop Date, the Exit Offer will lapse and all acceptances of the Exit Offer will be returned.**

### 2.6 Acceptances

*Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of the Offer Shares. Shareholders may choose to accept the Exit Offer in respect of their Offer Shares before the EGM. However, such acceptances remain conditional and if any of the Exit Offer Conditions are not satisfied by the Long-Stop Date, the Exit Offer will lapse.*

*The Exit Offer will remain open for acceptance by Shareholders for a period of at least 14 days after the fulfilment of all the Exit Offer Conditions. The Offeror will only be bound to acquire these Offer Shares and pay the Revised Exit Offer Price for these Offer Shares if all the Exit Offer Conditions are satisfied by the Long-Stop Date.*

*Shareholders who have submitted an Acceptance Form in respect of their holdings of the Offer Shares, and who wish to tender additional Offer Shares in acceptance of the Exit Offer thereafter, may obtain and submit another Acceptance Form in respect of such additional Offer Shares and the procedures in **Appendix 1** to this Exit Offer Letter shall apply mutatis mutandis to such further acceptances.*

### 2.7 Warranty

*Acceptance of the Exit Offer by a Shareholder will be deemed to constitute an unconditional and irrevocable warranty by that Shareholder that each Offer Share in respect of which the Exit Offer is accepted is sold by him/her/it as, or on behalf of, the beneficial owner(s) thereof, is:*

- (a) *fully paid;*
- (b) *free from all Encumbrances; and*
- (c) *together with all rights, benefits, entitlements and advantages attached thereto as at the Original Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Other Distributions (if any) (other than the Proposed Distribution) declared, paid or made by the Company on or after the Original Announcement Date.*

*For the avoidance of doubt, Other Distributions relate only to any other dividends, rights and other distributions declared, paid or made by the Company in respect of the Offer Shares on or after the Original Announcement Date (if any), and does not include the Proposed Distribution.*

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### 2.8 Choices in relation to the Exit Offer

A Shareholder can, in relation to all or part of his/her/its Offer Shares, either:

- (a) accept the Exit Offer in respect of such Offer Shares in full or in part, in accordance with such procedures set out in **Appendix 1** to this Exit Offer Letter and in the relevant Acceptance Form; or
- (b) take no action and let the Exit Offer lapse in respect of his/her/its Offer Shares.

Subject to the Exit Offer Conditions being satisfied, Shareholders should note that the Company will be delisted from the Official List of the SGX-ST after the close of the Exit Offer, irrespective of the level of acceptances of the Exit Offer. In such event, Shareholders who do not accept the Exit Offer will be left holding Shares in an unlisted company.

**Shareholders should also note that voting in favour of the Delisting Resolution does not constitute an acceptance of the Exit Offer and Shareholders who wish to accept the Exit Offer must tender their acceptances in accordance with the procedures set out in Appendix 1 to this Exit Offer Letter and in the relevant Acceptance Form.**

### 2.9 Duration

The Exit Offer is open for acceptance by Shareholders from the date of the despatch of the Circular and this Exit Offer Letter and will remain open for a period of at least 14 days after the fulfilment of all the Exit Offer Conditions.

The Exit Offer is expected to close at 5:30 p.m. (Singapore time) on the Estimated Closing Date of 15 August 2023, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of the Exit Offer which shall be at least 14 days after the date on which all the Exit Offer Conditions are fulfilled ("**Closing Date**").

An announcement will be made by or on behalf of the Offeror when all the Exit Offer Conditions are fulfilled. In the event the Exit Offer is extended, any announcement made for and on behalf of the Offeror will state the next Closing Date and provide Shareholders at least 14 days' notice before the Exit Offer is closed.

If any of the Exit Offer Conditions are not satisfied by the Long-Stop Date, the Exit Offer will lapse and all acceptances of the Exit Offer will be returned.

### 2.10 No Options

As at the Latest Practicable Date, based on the latest information available to the Offeror, there are no outstanding options to subscribe for new Shares granted under any employee share scheme of the Company.

### 2.11 Procedures for Acceptances and Settlement

The procedures for acceptance of the Exit Offer are set out in **Appendix 1** to this Exit Offer Letter and the accompanying FAA and/or FAT (as the case may be)."

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### 5.4 Entitled Shareholders' Entitlement under the Proposed Distribution and the Exit Offer

For illustrative purposes only, the total consideration to be received by an Entitled Shareholder for each Share held by the respective Entitled Shareholder pursuant to the implementation of the Proposed Transactions (“**Illustrative Consideration**”) and the value of such Illustrative Consideration, including a comparison of what the respective Entitled Shareholder would have received prior to the price revisions announced in the Update Announcement, which have been extracted from Section 1.3 of the Exit Offer Letter and Section 16 of the Circular is set out below.

- (i) **Illustrative Value and Comparison of Revised All Cash Consideration.** The Revised All Cash Consideration represents a 15% increase when compared to the illustrative value of the Original All Cash Consideration as set out in the Exit Offer Announcement.

For illustrative purposes only, the table below sets out a comparison between the illustrative value of the aggregate of original GEMS Cash Consideration and the Original Exit Offer Price (collectively, “**Original All Cash Consideration**”) and the fixed value of the Revised All Cash Consideration to be received for each Share held by an Entitled Shareholder who elects to receive the all cash consideration pursuant to the Proposed Distribution and accepts the Exit Offer.

Breakdown of the All Cash Consideration	Value per Share	
	Original All Cash Consideration Based on:	Revised All Cash Consideration Based on:
	(i) the original GEMS Cash Consideration; and (ii) the Original Exit Offer Price	(i) the Revised GEMS Cash Consideration; and (ii) the Revised Exit Offer Price
Entitled Shareholder's pro-rata entitlement of 1.3936 GEMS Shares under the Proposed Distribution	S\$0.686 <sup>(1)</sup>	<b>S\$0.792<sup>(2)</sup></b>
Price per Offer Share payable by the Offeror under the Exit Offer	S\$0.160	<b>S\$0.181</b>
<b>Total Consideration</b>	S\$0.846	<b>S\$0.973<sup>(3)</sup></b>
Illustrative Cost Involved	No Cost	

**Notes:**

- (1) Illustrative value based on (a) the Original Cash Alternative Price of IDR5,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936; then divided by (b) the exchange rate of S\$1.00:IDR11,180 as at the Original Last Trading Day as extracted from Bloomberg L.P., rounded to three (3) decimal places.
- (2) Fixed value based on (a) the Revised Cash Alternative Price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936; then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places.
- (3) Please refer to Section 7.4(i) of the Circular for an illustration of the amount to be received by an Entitled Shareholder based on the number of Shares held.

- (ii) **Illustrative Value and Comparison of Revised GEMS Shares Consideration and Cash.** The illustrative value of the aggregate of the Revised GEMS Shares Consideration and Cash represents a 7.8% decrease, when compared to the illustrative value of the aggregate of the GEMS Shares Consideration and Original Exit Offer Price (collectively, the “**Original GEMS Shares Consideration and Cash**”) as set out in the Exit Offer Announcement. This decrease in the illustrative value is due to:

- (i) the closing price of the GEMS Shares on the Original Last Trading Day of IDR7,100 per GEMS Share decreasing to IDR6,425 per GEMS Share on the Revised Last Trading Day; and

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- (ii) the strengthening of the SGD against the IDR between the period from the Original Last Trading Day (being S\$1.00:IDR11,180) and the Revised Last Trading Day (S\$1.00: IDR11,432.09).

For illustrative purposes only, the table below sets out the illustrative value of the consideration (the “**Illustrative Consideration**”) under, and a comparison between, (a) the Original GEMS Shares Consideration and Cash, (b) the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and (c) the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date), to be received for each Share held by an Entitled Shareholder who elects to receive the GEMS Shares Consideration pursuant to the Proposed Distribution and accepts the Exit Offer.

	Value per Share		
	<u>Original GEMS Shares Consideration and Cash</u>	<u>Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day)</u>	<u>Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date)</u>
<b>Breakdown of the GEMS Shares Consideration and Cash</b>	<p>Based on:</p> <p>(i) the GEMS Shares Consideration (as at the Original Last Trading Day); and</p> <p>(ii) the <u>Original Exit Offer Price</u></p>	<p>Based on:</p> <p>(i) the GEMS Shares Consideration (as at the Revised Last Trading Day); and</p> <p>(ii) the <u>Revised Exit Offer Price</u></p>	<p>Based on:</p> <p>(i) the GEMS Shares Consideration (as at the Latest Practicable Date); and</p> <p>(ii) the <u>Revised Exit Offer Price</u></p>
Entitled Shareholder’s pro-rata entitlement of 1.3936 GEMS Shares under the Proposed Distribution	S\$0.885 <sup>(1)</sup>	<b>S\$0.783<sup>(2)</sup></b>	<b>S\$0.816<sup>(3)</sup></b>
Price per Offer Share payable by the Offeror under the Exit Offer	S\$0.160	<b>S\$0.181</b>	<b>S\$0.181</b>
<b>Illustrative Consideration<sup>(4)</sup></b>	S\$1.045	<b>S\$0.964*</b>	<b>S\$0.997*</b>
Illustrative Cost Involved	Refer to note (5) below		

\* Shareholders should note that if the closing price of the GEMS Shares of IDR7,100 and the exchange rate of S\$1.00:IDR11,180 on the Original Last Trading Day were used for the purpose of a like-for-like comparison, the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash would be S\$1.066, representing a 2% increase to the Illustrative Consideration under the Original GEMS Shares Consideration and Cash.

**Notes:**

- (1) Illustrative value based on (a) the illustrative value of the GEMS Shares Consideration of approximately IDR9,894.56 (based on the closing price of IDR7,100 per GEMS Share as at the Original Last Trading Day multiplied by the Distribution Ratio of 1.3936); then divided by (b) the exchange rate of S\$1.00:IDR11,180 as at the Original Last Trading Day as extracted from Bloomberg L.P., rounded to three (3) decimal places.
- (2) Illustrative value based on (a) the illustrative value of the GEMS Shares Consideration of approximately IDR8,953.88 (based on the closing price of IDR6,425 per GEMS Share as at the Revised Last Trading Day multiplied by the Distribution Ratio of 1.3936); then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places.
- (3) Illustrative value based on (a) the illustrative value of the GEMS Shares Consideration of approximately IDR9,058.40 (based on the closing price of IDR6,500 per GEMS Share as at the Latest Practicable Date multiplied by the Distribution Ratio of 1.3936); then divided by (b) the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date as extracted from Bloomberg L.P., rounded to three (3) decimal places.

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- (4) The Illustrative Consideration presented above, in the Exit Offer Announcement and in the Update Announcement are for illustrative purposes only. The illustrative amounts presented above and the actual value of the GEMS Shares Consideration and Cash received by Entitled Shareholders under the Proposed Distribution may differ depending on the trading price of the GEMS Shares on the IDX and the exchange rate of SGD:IDR.
- (5) All charges and fees, including but not limited to (a) fees for the opening of an IDX securities account and/or custodian/brokerage account, (b) brokerage fees and any other fees (including but not limited to government levies and value added tax) for receiving the GEMS Shares and (c) any other operating charges or fees, imposed by the Entitled Shareholder's agent, finance company, bank, broker, etc. and such other fees charged to the Entitled Shareholder for maintaining his IDX securities account and/or custodian/brokerage account **will be borne by the Entitled Shareholder.**

The indicative fees and charges for the transfer of GEMS Shares have been set out in Sections 10.12 and 10.13. In general, and for illustrative purposes, an Entitled Shareholder may incur fees and charges amounting to approximately 0.254% of the Transaction Price per GEMS Share received by the Entitled Shareholder (comprising a levy of 0.0433%, brokerage fees of 0.19% and value-added tax of 11.0% of the brokerage fees). To facilitate the Order Matching Process, certain information relating to price and trade and settlement dates, including the Transaction Price, will be pre-filled in the Election Form. Please refer to Section 10.3 for further details on the Order Matching Process.

Entitled Shareholders should note that the charges and fees quoted above and in Sections 10.12 and 10.13 are for general illustration only, and that the actual charges and fees may vary from time to time, and in particular, brokerage and custodian fees are negotiable. In addition, Entitled Shareholders who appoint agents, finance companies, banks, brokerages/custodians, etc. should note that their fees and charges may differ from the above illustrations depending on the agent, finance company, bank, brokerage/custodian, etc. chosen by an Entitled Shareholder (and hence vary from the general illustration of fees and charges disclosed above), as well as whether the brokerage/custodian is located in Singapore or Indonesia.

Save as disclosed above and in Sections 10.12 and 10.13 of the Circular, the Company will bear all costs and duties payable as a transferor (i.e. final tax, levy, brokerage fees and value-added tax thereon) in respect of the transfer of GEMS Shares by the Company to the Entitled Shareholders pursuant to the Proposed Distribution.

**SHAREHOLDERS WHO DO NOT ACCEPT THE EXIT OFFER WILL NOT RECEIVE THE REVISED EXIT OFFER PRICE, AND WILL CONTINUE TO HOLD SHARES IN THE COMPANY, WHICH WILL CEASE TO BE LISTED ON THE OFFICIAL LIST OF THE SGX-ST IN THE EVENT, *INTER ALIA*, THE DISTRIBUTION RESOLUTION AND THE DELISTING RESOLUTION ARE CARRIED AT THE EGM.**

### 6. INFORMATION ON THE COMPANY

The Company is a company incorporated in Singapore on 2 December 1995. The principal activities of the Company are investment holding and the provision of management services. The Group is an energy and resources group, and is principally engaged in the exploration, mining and marketing of (a) metallurgical coal in Australia through its subsidiary, Stanmore Resources Limited ("**Stanmore**"); and (b) energy coal in Indonesia through its subsidiary, GEMS. The Group also has non-coal businesses in gold mining, forestry and renewable energy.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of approximately S\$2,069,187,858.49 comprising 2,638,100,380 issued Shares and the Company does not hold any Shares in treasury and there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities which carry voting rights in the Company.

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### 7. IRREVOCABLE UNDERTAKING OF DSS

DSS, a controlling shareholder of the Company, has provided an irrevocable undertaking to accept the Exit Offer in respect of all the Shares held by DSS (“**DSS Irrevocable Undertaking**”), provided that it shall have obtained the DSS Independent Shareholders’ Approval to do so. As set out in Section 3 of the Exit Offer Letter, DSS holds 2,044,145,469 Shares, representing approximately 77.49% of the total number of issued Shares as at the Latest Practicable Date.

As stated in the Conditions Update Announcement, the DSS Independent Shareholders’ Approval was duly obtained at an extraordinary general meeting of DSS held on 2 May 2023.

Shareholders should note that the DSS Irrevocable Undertaking will lapse if: (a) any of the Exit Offer Conditions are not satisfied on or before the Long-Stop Date; or (b) the Exit Offer lapses or is withdrawn for any reason other than a breach of DSS’ obligations under the DSS Irrevocable Undertaking.

Save for the DSS Irrevocable Undertaking, the Offeror Concert Group has not received any irrevocable undertakings from any other party to accept or reject the Exit Offer as at the Latest Practicable Date.

### 8. RATIONALE FOR THE PROPOSED TRANSACTIONS AND THE OFFEROR’S INTENTIONS FOR THE COMPANY

The full text of the rationale for the Proposed Distribution, the Delisting and the Exit Offer, and the Offeror’s intentions for the Company are set out in Section 4 of the Circular and Sections 6 and 8 of the Exit Offer Letter. Shareholders are advised to read the entire Circular and the Exit Offer Letter including the following sections, as extracted below carefully.

The rationale for the Proposed Distribution and Delisting is reproduced in italics below for your reference.

#### **“4.1 Background.**

- (i) *The coal industry (especially the energy coal sector) is facing increasing ESG pressures. Financial institutions continue to phase out energy coal financing and pledge to “go green” and have adopted policies to exit financing for thermal coal mines and businesses, as they respond to global pressures for financial institutions to reduce their exposure to fossil fuels and transition towards sustainable investments.*
- (ii) *The Company seeks to balance the competing pressures of a world rapidly transitioning towards renewables and clean energy that is increasingly limiting the Group’s financing sources, with returning value to Shareholders. In the current climate of investors and financial institutions exiting or limiting their exposure to the coal industry, the Company believes that the Proposed Transactions should be tabled to Shareholders for consideration, as the Proposed Transactions provide Shareholders with liquidity options to unlock value and realise their investment in the Company and/or the GEMS Group, or remain vested with the GEMS Group and/or the Company (excluding the GEMS Group).*

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### 4.2 **Proposed Distribution seeks to address continued ESG pressures on the Group.**

*As part of the Company's broader strategy to reduce its exposure to energy coal, the Company proposes to segregate its existing energy coal business currently conducted through GEMS. Through the Proposed Distribution, GEMS will effectively be segregated from the Group, leaving the Group principally engaged in the metallurgical coal business in Australia (conducted through the Stanmore Group) and other non-coal businesses in gold mining, forestry and renewable energy. Such segregation will allow the Group to reposition itself away from the energy coal sector, allowing the Group (following the Distribution Completion) to expand on its financing options which would otherwise have been relatively limited if it were to be continuously exposed to the energy coal business.*

### 4.3 **The Proposed Transactions provide flexibility for Entitled Shareholders.**

*(i) The Proposed Transactions provide flexibility for Entitled Shareholders to either:*

*(a) receive full upfront liquidity by fully exiting their investment in the Company; or*

*(b) receive partial upfront liquidity (in the form of the GEMS Shares Consideration or Revised GEMS Cash Consideration) and (by rejecting the Exit Offer) continue to be a stakeholder in the Group (excluding the GEMS Group).*

*(ii) The Proposed Transactions maximise optionality for Entitled Shareholders by allowing each Entitled Shareholder to elect between receiving either:*

*(a) the Revised All Cash Consideration, which allows each Entitled Shareholder electing for this option to realise the value of his investment in the Company with price certainty, mitigating any price volatility and foreign exchange risks associated with receiving the GEMS Shares under the Proposed Distribution and without incurring brokerage and other trading costs, thus providing full flexibility on how to use or redeploy the proceeds; or*

*(b) the Revised GEMS Shares Consideration and Cash, which allows each Entitled Shareholder electing for this option to receive a combination of the GEMS Shares under the Proposed Distribution and the Revised Exit Offer Price in cash. Such Entitled Shareholder would then be given the opportunity to directly participate in the ownership of GEMS and in GEMS' performance.*

*As GEMS is a security listed and quoted on the IDX, Shareholders can choose to dispose of GEMS Shares in the open market of IDX, subject to their investment considerations. For the last three (3) financial years (FY2020 to FY2022), GEMS has declared dividends with a dividend payout ratio<sup>7</sup> range of approximately 62% to 133% for the aforesaid period.*

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<sup>7</sup> "Dividend payout ratio" means total dividends declared for the financial year divided by the profits after tax and minority interest for that financial year.



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The Revised GEMS Shares Consideration and Cash, and the Revised All Cash Consideration, are only available to Entitled Shareholders who accept the Exit Offer. For the avoidance of doubt, Entitled Shareholders who reject the Exit Offer may still receive the Revised GEMS Cash Consideration or the GEMS Shares Consideration pursuant to the Proposed Distribution, as described in Section 4.3(iv) below.

- (iii) Alternatively, Entitled Shareholders can also choose to receive partial upfront liquidity for their investment in the Company by:
- (a) approving the Proposed Distribution and Delisting, which will result in such Shareholders receiving the GEMS Shares Consideration or Revised GEMS Cash Consideration; and
  - (b) not accepting the Exit Offer, which will result in such Shareholders remaining vested in and continuing to be a shareholder of the Group (excluding the GEMS Group) through the Company which will become an unlisted entity.
- (iv) Following from the above, an Entitled Shareholder who wishes to receive full or partial upfront liquidity for its investment in the Company can **choose any one** of the following options:

<b>Revised All Cash Consideration</b>	<b>Revised GEMS Shares Consideration and Cash</b>	<b>Revised GEMS Cash Consideration Only</b>	<b>GEMS Shares Consideration Only</b>
Receive the Revised GEMS Cash Consideration <sup>(1)</sup>	Elect to receive the GEMS Shares Consideration <sup>(2)</sup>	Receive the Revised GEMS Cash Consideration <sup>(1)</sup>	Elect to receive the GEMS Shares Consideration <sup>(2)</sup>
and	and	and	and
<u>ACCEPT</u> the Exit Offer and receive the Revised Exit Offer Price	<u>ACCEPT</u> the Exit Offer and receive the Revised Exit Offer Price	<u>REJECT</u> the Exit Offer and the Revised Exit Offer Price	<u>REJECT</u> the Exit Offer and the Revised Exit Offer Price
<b>Value receivable by Entitled Shareholder on a per Share basis<sup>(3)</sup></b>			
<b>S\$0.973<sup>(4)</sup></b>	<b>S\$0.964<sup>(5)</sup></b>	<b>S\$0.792<sup>(6),(8)</sup></b>	<b>S\$0.783<sup>(7),(8)</sup></b>

**Notes:**

- (1) As disclosed in Section 7.3 below, in respect of the Proposed Distribution, Entitled Shareholders are provided with an option to receive their **full (and not part)** pro-rata entitlements to GEMS Shares pursuant to the Proposed Distribution in cash instead.
- (2) An Entitled Shareholder who elects to receive the GEMS Shares Consideration will receive scripless GEMS Shares. There are charges and fees associated with receiving scripless GEMS Shares pursuant to the Proposed Distribution which will need to be borne by the Entitled Shareholder. **PLEASE REFER TO SECTIONS 10.12 AND 10.13 BELOW FOR FURTHER DETAILS ON A DESCRIPTION OF THESE CHARGES AND FEES.** Shareholders should also note that GEMS Shares are traded in board lots of 100 shares on the IDX. Entitled Shareholders may receive odd lots of GEMS Shares (being lots other than board lots of 100 shares) pursuant to the Proposed Distribution. Entitled Shareholders who hold odd lots of less than 100 GEMS Shares may experience difficulty and/or have to bear disproportionate transaction costs in disposing of odd lots of their GEMS Shares.

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- (3) **THE RESPECTIVE VALUES OF CONSIDERATION PRESENTED ON A PER SHARE BASIS ABOVE ARE FOR ILLUSTRATIVE PURPOSES ONLY.** *The illustrative amounts above and the actual amounts received by Entitled Shareholders may differ due to rounding and disregarding of fractional entitlements (where applicable), depending on the actual number of Shares held by such Entitled Shareholder as at the Record Date.*
- (4) *The fixed value of the Revised All Cash Consideration comprises: (i) the Revised GEMS Cash Consideration component based on (a) the Revised Cash Alternative Price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936; then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places; and (ii) the Revised Exit Offer Price of S\$0.181.*
- (5) *The illustrative value comprises: (i) the GEMS Shares Consideration component (expressed in monetary value) based on (a) the illustrative value of the GEMS Shares Consideration of approximately IDR8,953.88 (based on the closing price of IDR6,425 per GEMS Share as at the Revised Last Trading Day multiplied by the Distribution Ratio of 1.3936); then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places; and (ii) the Revised Exit Offer Price of S\$0.181.*

*The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Latest Practicable Date is **S\$0.997**, based on: (a) the closing price of IDR6,500 per GEMS Share and the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date as extracted from Bloomberg L.P., rounded to three (3) decimal places; and (b) the Revised Exit Offer Price of S\$0.181.*

- (6) *The fixed value of the Revised GEMS Cash Consideration is based on (a) the Revised Cash Alternative Price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936; then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places.*
- (7) *The GEMS Shares Consideration (expressed in monetary value) is based on (a) the illustrative value of the GEMS Shares Consideration of approximately IDR8,953.88 (based on the closing price of IDR6,425 per GEMS Share as at the Revised Last Trading Day multiplied by the Distribution Ratio of 1.3936); then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places.*

*The illustrative value of the GEMS Shares Consideration as at the Latest Practicable Date is **S\$0.816**, based on the closing price of IDR6,500 per GEMS Share and the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date, as extracted from Bloomberg L.P., rounded to three (3) decimal places.*

- (8) **SHAREHOLDERS WHO DO NOT ACCEPT THE EXIT OFFER WILL CONTINUE TO HOLD SHARES IN THE COMPANY, WHICH WILL THEN BE AN UNLISTED COMPANY. PLEASE REFER TO SECTION 18 BELOW FOR THE IMPLICATIONS OF THE COMPULSORY ACQUISITION AND DELISTING FOR SHAREHOLDERS.**

*Please refer to Section 10.1 below which sets out instructions for Entitled Shareholders on the actions to be taken (if any) in order to receive their entitlements to the Proposed Distribution, depending on the manner in which they hold Shares and whether they wish to receive GEMS Shares or cash. Entitled Shareholders should also refer to Appendix 1 to the Exit Offer Letter on the actions to be taken if they wish to accept the Exit Offer in respect of their Offer Shares.*

*All of the options above provide Entitled Shareholders with the opportunity to fully or partially realise their investments in the Company depending on their investment needs. Shareholders should note that, when entitled, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act. Upon the exercise of such right, the Offeror will be entitled to compulsorily acquire all the Shares of Shareholders who have not accepted the Exit Offer, at a price equal to the Revised Exit Offer Price. Shareholders should refer to Section 18 of this Circular, entitled “Implications of Compulsory Acquisition and Delisting for Shareholders” for the implications of the delisting and compulsory acquisition for Shareholders.*

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- (v) *On the other hand, Shareholders can also choose to reject the Proposed Distribution and Delisting (together with the Exit Offer) in its entirety.*

*Shareholders should note that the Offeror Concert Group will be abstaining from voting on both the Distribution Resolution and the Delisting Resolution at the EGM.*

- (vi) *The Company believes that the Proposed Distribution and Delisting (together with the Exit Offer) is the single most flexible liquidity opportunity available to Shareholders in respect of their Shares since the Company resumed trading in December 2016 (after completion of the reverse takeover exercise in April 2015) and since the Company's last dividend declared and paid in respect of financial year 2019. See Section 4.6 below on the Company's approach to dividends.*

#### **4.4 The Revised All Cash Consideration is Fair and Reasonable and is at a Premium to Historical Closing Prices of the Shares.**

- (i) *As the Proposed Distribution and Delisting (together with the Exit Offer) are inter-conditional, Entitled Shareholders who accept the Exit Offer are entitled to receive either (a) the Revised All Cash Consideration, or (b) the Revised GEMS Shares Consideration and Cash, both of which will be treated as the exit offer for the purpose of Rule 1309 of the Listing Manual.*

- (ii) *The IFA has opined that each of the following:*

*(a) the Revised Cash Alternative Price;*

*(b) the Revised All Cash Consideration; and*

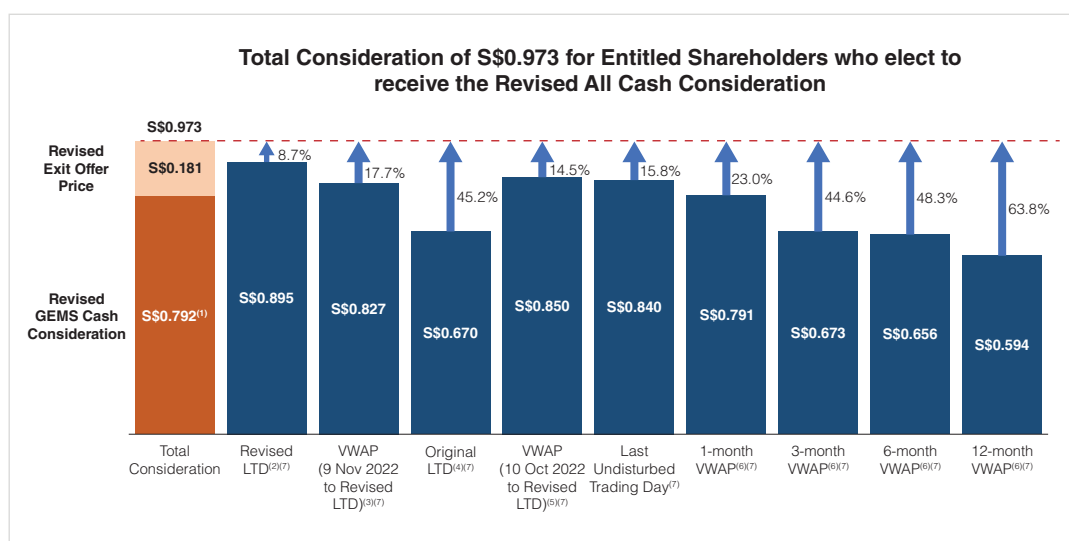
*(c) the Revised GEMS Shares Consideration and Cash,*

*are fair and reasonable. Please refer to Section 21 below for the IFA's advice in relation to the Proposed Distribution and Exit Offer.*

- (iii) *In view of the foregoing, Shareholders are encouraged to view and evaluate each of the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash in its entirety (as opposed to focusing only on the Exit Offer Price on a standalone basis). Please see Section 10 of the IFA Letter, and take note that **the IFA's opinion in relation to the Proposed Distribution and the Exit Offer should be considered in the context of the entirety of the IFA Letter and this Circular.***

- (iv) *The Revised All Cash Consideration also represents a premium to the historical closing prices of the Shares since the Company resumed trading in December 2016 (after completion of the reverse takeover exercise in April 2015).*

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**Note:** Please refer to the notes to the table in paragraph 6.1(a) of the Exit Offer Letter, which is reproduced in Section 15 of this Circular.

As set out in the chart above, the Revised All Cash Consideration represents a premium of approximately 23.0%, 44.6%, 48.3% and 63.8% over the VWAP per Share for the one (1)-month period, three (3)-month period, six (6)-month period and 12-month period respectively up to and including the Last Undisturbed Trading Day.

The Revised All Cash Consideration also represents a premium of approximately 8.7% over the closing price of the Share on the Revised Last Trading Day. In addition, the Revised All Cash Consideration is higher than the highest closing price of the Shares of S\$0.925 since the reverse-takeover in 2015 up to and including the Revised Last Trading Day.

#### 4.5 Lack of any Competing Offer as Financing Options for any Potential Buyer is limited.

- (i) As mentioned above, many financial institutions have set targets for reducing their exposure to fossil fuels in order to align with global efforts to mitigate climate change. In addition, the risks associated with lending for investments into the coal industry have become heightened due to the uncertainty around future regulations and demand for fossil fuels. Such policies and risks associated with the coal industry in turn limit the availability of financing for investments or acquisitions of companies engaged in the coal industry.
- (ii) Given such limitations, the Company believes that the likelihood of any potential bidder being able to finance an offer for the Company for at least the Revised All Cash Consideration is remote. In addition to the reasons above, any potential bidder will also need to contend with the intentions of DSS (which holds approximately 77.49% of the total number of issued Shares as at the Latest Practicable Date) and who has given an irrevocable undertaking to accept the Exit Offer. Should the Proposed Transactions proceed, the Offeror will become a significant shareholder of the Company.
- (iii) The Long-Stop Date for satisfying the Distribution Conditions and the Exit Offer Conditions is 9 August 2023. Any change to the structure of the Proposed Transactions will require an extensive and careful evaluation of any regulatory and

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*financial implications to the Company and the Shareholders, which the Company believes will not be easy to implement within the remaining time required to satisfy such conditions.*

- (iv) In this regard, the Proposed Transactions (which offer the Revised All Cash Consideration and Revised GEMS Shares Consideration and Cash) remain the single most flexible liquidity option available to independent Shareholders in respect of their investment in the Company as at the Latest Practicable Date. Through discussions with the Offeror and given the limited financing options available to the Company, DSS and the Offeror, the Company and the Offeror jointly announced the improved consideration for the Proposed Transactions on 18 March 2023, which represents a 15% increase from the Original All Cash Consideration for the Proposed Transactions.*
- (v) In light of the foregoing, the Company believes that tabling the Proposed Distribution and Delisting (with the Exit Offer) expeditiously to independent Shareholders for their consideration is the best path forward given that this provides a tangible opportunity for independent Shareholders to realise their investment.*
- (vi) The Company highlights that independent Shareholders ultimately have the discretion to vote against the Distribution Resolution and the Delisting Resolution if they do not support the Proposed Transactions.*

#### **4.6 No Fixed Dividend Policy, and Ability to Declare Dividends is subject to Limitations on the Company and its Subsidiaries.**

- (i) Other than in respect of financial year 2019 and prior years, the Company has not declared a dividend so as to conserve and retain cash to meet its debt and other commitments. In addition, on 18 February 2022, the Company announced in its full year results ended 31 December 2021 that no dividend had been declared for the year to conserve and retain cash to meet the Company's commitment under the entitlement offer to fund Stanmore's acquisition of Stanmore SMC Pty Ltd (formerly known as BHP Mitsui Coal Pty Ltd) from BHP.*

*The Company has not adopted a fixed dividend policy as its ability to declare and pay dividends are subject to various considerations, such as:*

- (a) the Company and its subsidiaries' debt and other commitments (as discussed below);*
  - (b) the Group's financial performance and financial position;*
  - (c) the Group's working capital needs to sustain its existing level of operations and plans for organic or inorganic growth; and*
  - (d) the Group's ability to continue to have access to financing, the challenges of which are discussed above.*
- (ii) The Company is an investment holding company and its investments in its operating subsidiaries constitute all of its assets. The Company's subsidiaries conduct all of its operations and own substantially all of its assets. As a result, the*

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*Company must mainly rely on dividends from its subsidiaries to allow the Company to service its debt and working capital obligations and to make any dividend payments.*

- (iii) *The ability of the Company's subsidiaries to pay dividends will depend on their respective results of operations and may be restricted by, among other things, the availability of funds, the terms of various credit arrangements entered into by such subsidiaries, as well as statutory and other legal restrictions. In turn, the Company's ability to pay dividends is also limited by the covenants on restricted payments under its US\$346,308,000 8.5% Senior Secured Notes due 2027, which generally restrict the Company from paying out more than 50% of the Company's consolidated net income (after minority interest).*

### **4.7 Greater Management Control and Flexibility in Streamlined Structure.**

- (i) *The Company, being listed on the SGX-ST, is owned by DSS, a company listed on the IDX. At the same time, the Company's two key subsidiaries, GEMS and Stanmore, are listed on the IDX and the ASX respectively. Consequently, all corporate actions (including acquisitions, disposals and fund-raising activities) and reporting undertaken by the Company have to be conducted with the requirements of the SGX-ST, the IDX and the ASX in mind.*
- (ii) *The Company believes that, as a privatised entity with the Offeror (being a private company) as its majority shareholder, the Company's management will have more control and flexibility to execute, among other things, its diversification strategies (which it began in 2017) in a fast changing environment. On the backdrop of a challenging commodity price environment being cyclical in nature, such management flexibility is important as it allows the Company to optimise the use of its resources and implement initiatives in a timely manner.*
- (iii) *Moreover, in maintaining its listed status, the Company incurs compliance and associated costs. The Delisting would allow the Company to dispense with expenses relating to the maintenance of a listed status and focus its resources on its business operations."*

The rationale for the Exit Offer as set out in the Exit Offer Letter is reproduced in italics below for your reference.

### **"6. RATIONALE FOR THE EXIT OFFER**

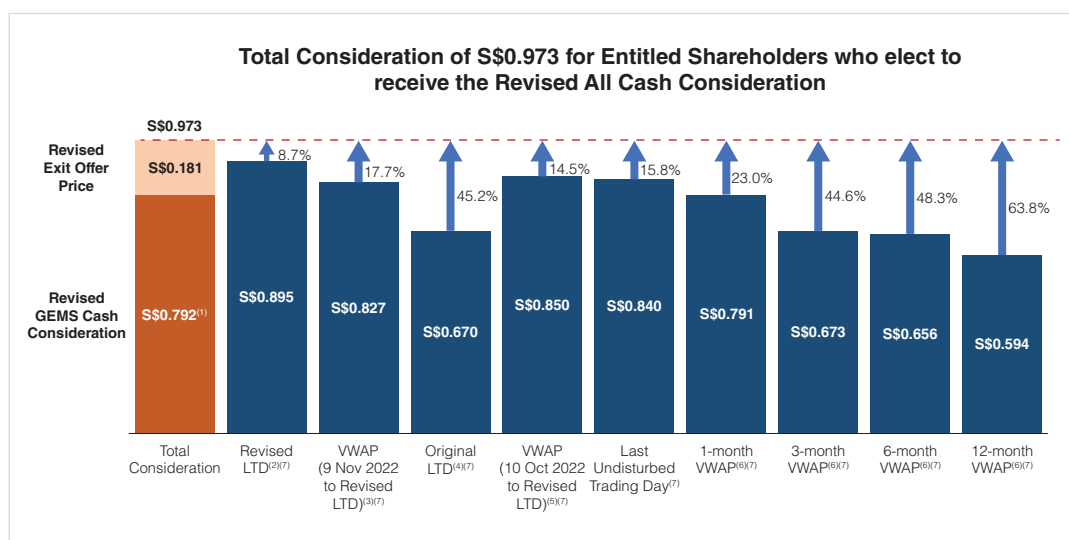
*The Offeror is undertaking the Exit Offer in conjunction with the Proposed Distribution and Delisting. The details of the rationale for the Proposed Distribution and Delisting by the Company are set out in Section 4 of the Letter to Shareholders in the Circular, and Shareholders are advised to read the information carefully and in its entirety.*

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### 6.1 *The Proposed Transactions are a compelling opportunity for Entitled Shareholders to realise their investment in the Shares at a premium to historical traded prices of the Shares*

*Under the Revised All Cash Consideration or the Revised GEMS Shares Consideration and Cash scenario, Entitled Shareholders will be able to unlock value and realise their investments in the Shares at the following implied premia over the historical transacted prices of the Shares on the SGX-ST:*

#### (a) Entitled Shareholders who elect to receive the Revised All Cash Consideration



#### **Notes:**

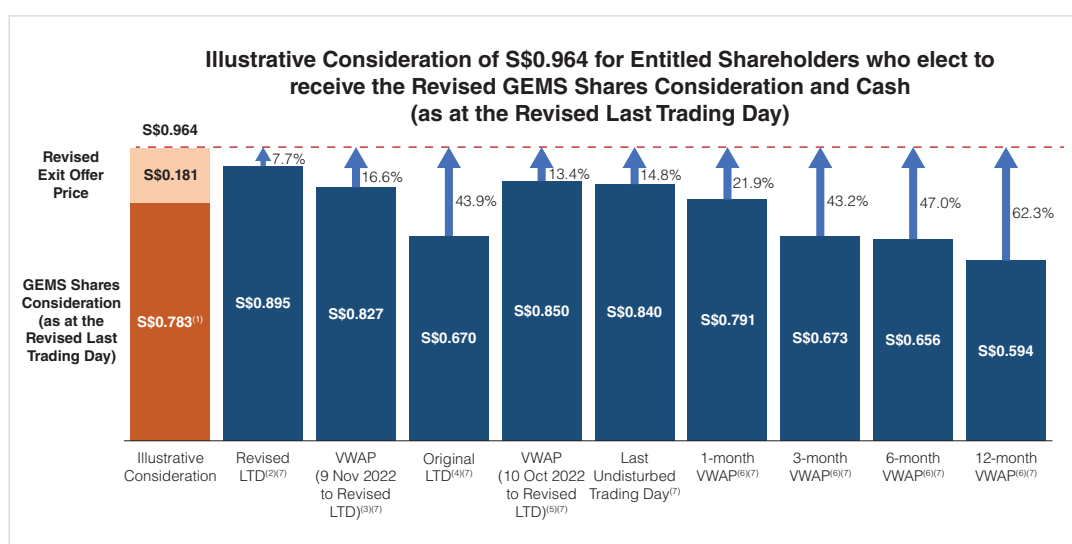
- (1) Fixed value based on (a) the Revised Cash Alternative Price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936; then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places.
- (2) Refers to Revised Last Trading Day.
- (3) Refers to VWAP for the period between 9 November 2022 (being the Original Announcement Date) and the Revised Last Trading Day (both dates inclusive).
- (4) Refers to Original Last Trading Day.
- (5) Refers to VWAP for the period between 10 October 2022 (being the Holding Announcement Date) and the Revised Last Trading Day (both dates inclusive).
- (6) Refers to the respective VWAP periods up to and including the Last Undisturbed Trading Day.
- (7) The historical traded prices and the corresponding premia are computed based on data extracted from Bloomberg L.P..

*As set out in the chart above, the Revised All Cash Consideration represents a premium of approximately 15.8% over the closing price of S\$0.840 on the Last Undisturbed Trading Day and a premium of approximately 23.0%, 44.6%, 48.3% and 63.8% over the VWAP for the one (1)-month period, three (3)-month period, six (6)-month period and 12-month period respectively up to and including the Last Undisturbed Trading Day.*

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The Revised All Cash Consideration also represents:

- (i) a premium of approximately 45.2% over the closing price per Share of S\$0.670 on the Original Last Trading Day;
  - (ii) a premium of approximately 14.5% over the VWAP for the period between 10 October 2022 (being the Holding Announcement Date) and the Revised Last Trading Day (both dates inclusive);
  - (iii) a premium of approximately 17.7% over the VWAP for the period between 9 November 2022 (being the Original Announcement Date) and the Revised Last Trading Day (both dates inclusive); and
  - (iv) a premium of approximately 8.7% over the closing price per Share of S\$0.895 on the Revised Last Trading Day.
- (b) Entitled Shareholders who elect to receive the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day)



**Notes:**

- (1) Illustrative value based on (a) the illustrative value of the GEMS Shares Consideration of approximately IDR8,953.88 (based on the closing price of IDR6,425 per GEMS Share as at the Revised Last Trading Day multiplied by the Distribution Ratio of 1.3936); then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places. Entitled Shareholders should note that there are risks involved with investing in the GEMS Shares. Entitled Shareholders who are in doubt about their positions should consult their own professional advisers in the relevant jurisdictions.
- (2) Refers to Revised Last Trading Day.
- (3) Refers to VWAP for the period between 9 November 2022 (being the Original Announcement Date) and the Revised Last Trading Day (both dates inclusive).
- (4) Refers to Original Last Trading Day.
- (5) Refers to VWAP for the period between 10 October 2022 (being the Holding Announcement Date) and the Revised Last Trading Day (both dates inclusive).
- (6) Refers to the respective VWAP periods up to and including the Last Undisturbed Trading Day.
- (7) The historical traded prices and the corresponding premia are computed based on data extracted from Bloomberg L.P..

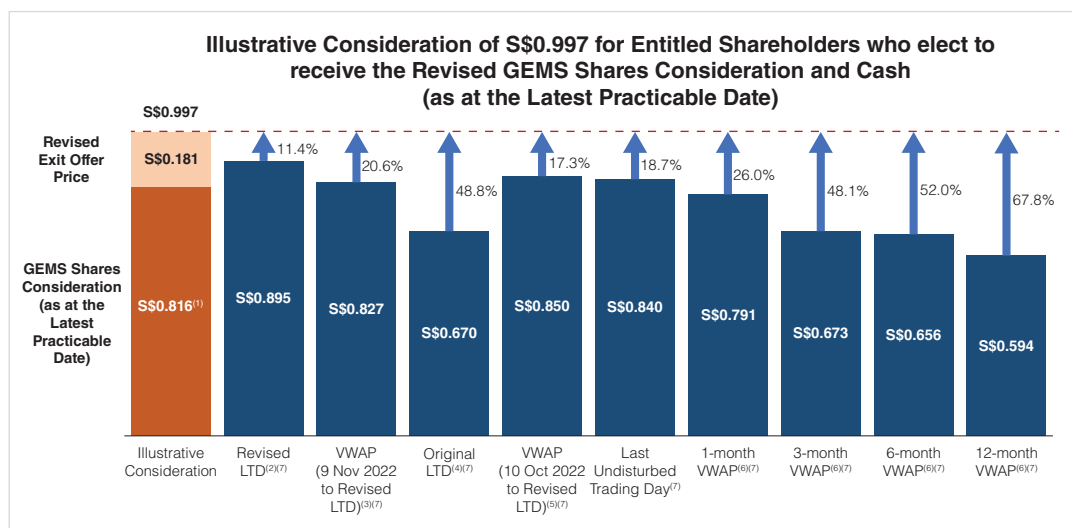


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As set out in the chart above, the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) represents a premium of approximately 14.8% over the closing price of S\$0.840 on the Last Undisturbed Trading Day and a premium of approximately 21.9%, 43.2%, 47.0% and 62.3% over the VWAP for the one (1)-month period, three (3)-month period, six (6)-month period and 12-month period respectively up to and including the Last Undisturbed Trading Day.

The Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) also represents:

- (i) a premium of approximately 43.9% over the closing price per Share of S\$0.670 on the Original Last Trading Day;
  - (ii) a premium of approximately 13.4% over the VWAP for the period between 10 October 2022 (being the Holding Announcement Date) and the Revised Last Trading Day (both dates inclusive);
  - (iii) a premium of approximately 16.6% over the VWAP for the period between 9 November 2022 (being the Original Announcement Date) and the Revised Last Trading Day (both dates inclusive); and
  - (iv) a premium of approximately 7.7% over the closing price per Share of S\$0.895 on the Revised Last Trading Day.
- (c) Entitled Shareholders who elect to receive the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date)



**Notes:**

- (1) Illustrative value based on (a) the illustrative value of the GEMS Shares Consideration of approximately IDR9,058.40 (based on the closing price of IDR6,500 per GEMS Share as at the Latest Practicable Date multiplied by the Distribution Ratio of 1.3936); then divided by (b) the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date (as extracted from Bloomberg L.P.), rounded to three (3) decimal places. Entitled Shareholders should note that there are risks involved with investing in the GEMS Shares. Entitled Shareholders who are in doubt about their positions should consult their own professional advisers in the relevant jurisdictions.
- (2) Refers to Revised Last Trading Day.

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- (3) Refers to VWAP for the period between 9 November 2022 (being the Original Announcement Date) and the Revised Last Trading Day (both dates inclusive).
- (4) Refers to Original Last Trading Day.
- (5) Refers to VWAP for the period between 10 October 2022 (being the Holding Announcement Date) and the Revised Last Trading Day (both dates inclusive).
- (6) Refers to the respective VWAP periods up to and including the Last Undisturbed Trading Day.
- (7) The historical traded prices and the corresponding premia are computed based on data extracted from Bloomberg L.P..

As set out in the chart above, the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) represents a premium of approximately 18.7% over the closing price of S\$0.840 on the Last Undisturbed Trading Day and a premium of approximately 26.0%, 48.1%, 52.0% and 67.8% over the VWAP for the one (1)-month period, three (3)-month period, six (6)-month period and 12-month period respectively up to and including the Last Undisturbed Trading Day.

The Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) also represents:

- (i) a premium of approximately 48.8% over the closing price per Share of S\$0.670 on the Original Last Trading Day;
- (ii) a premium of approximately 17.3% over the VWAP for the period between 10 October 2022 (being the Holding Announcement Date) and the Revised Last Trading Day (both dates inclusive);
- (iii) a premium of approximately 20.6% over the VWAP for the period between 9 November 2022 (being the Original Announcement Date) and the Revised Last Trading Day (both dates inclusive); and
- (iv) a premium of approximately 11.4% over the closing price per Share of S\$0.895 on the Revised Last Trading Day.

### **6.2 The Proposed Transactions provide flexibility for Entitled Shareholders to suit their investment needs**

- (a) The Proposed Transactions provide flexibility for Entitled Shareholders to either:
  - (i) receive full upfront liquidity by fully exiting their investment in the Company; or
  - (ii) receive partial upfront liquidity (in the form of the GEMS Shares Consideration or Revised GEMS Cash Consideration) and (by rejecting the Exit Offer) continue to be a stakeholder in the Group (excluding GEMS and its subsidiaries).

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- (b) *The Proposed Transactions maximises optionality for Entitled Shareholders by allowing each Entitled Shareholder to elect between receiving either:*
- (i) *the Revised All Cash Consideration, which allows each Entitled Shareholder electing this option to realise the value of his/her/its investments in the Company with price certainty, mitigating any price volatility and foreign exchange risks associated with receiving the GEMS Shares under the Proposed Distribution and without incurring brokerage and other trading costs, thus providing full flexibility on how to use or redeploy the proceeds; or*
  - (ii) *the Revised GEMS Shares Consideration and Cash, which allows each Entitled Shareholder electing this option to receive a combination of the Revised Exit Offer Price in cash and the GEMS Shares under the Proposed Distribution. Such Entitled Shareholder would then be given the opportunity to directly participate in the ownership of GEMS and in GEMS' performance.*

*As GEMS is a security listed and quoted on the IDX, Shareholders can choose to dispose of GEMS Shares in the open market of IDX, subject to their investment considerations. For the last three (3) financial years (FY2020 to FY2022), GEMS has declared dividends with a dividend payout ratio<sup>6</sup> range of approximately 62% to 133% for the aforesaid period.*

*The Revised GEMS Shares Consideration and Cash, and the Revised All Cash Consideration, are only available to Entitled Shareholders who accept the Exit Offer. For the avoidance of doubt, Entitled Shareholders who reject the Exit Offer may still receive the Revised GEMS Cash Consideration or the GEMS Shares Consideration pursuant to the Proposed Distribution, as described in **Paragraph 6.2(d)** of the Letter to Shareholders in this Exit Offer Letter below.*

- (c) *Alternatively, Entitled Shareholders can also choose to receive partial upfront liquidity for their investment in the Company by:*
- (i) *approving the Proposed Distribution and Delisting, which will result in such Shareholders receiving the GEMS Shares Consideration or Revised GEMS Cash Consideration; and*
  - (ii) *not accepting the Exit Offer, which will result in such Shareholders remaining vested in and continuing to be a stakeholder of the Group (excluding the GEMS Group) through the Company which will become an unlisted entity.*

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<sup>6</sup> "Dividend payout ratio" means total dividends declared for the financial year divided by the profits after tax and minority interest for that financial year.

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- (d) Following from the above, an Entitled Shareholder who wishes to receive full or partial upfront liquidity for its investment in the Company can **choose any one** of the following options:

<b>Revised All Cash Consideration</b>	<b>Revised GEMS Shares Consideration and Cash</b>	<b>Revised GEMS Cash Consideration Only</b>	<b>GEMS Shares Consideration Only</b>
Receive the Revised GEMS Cash Consideration <sup>(1)</sup>	Elect to receive the GEMS Shares Consideration <sup>(2)</sup>	Receive the Revised GEMS Cash Consideration <sup>(1)</sup>	Elect to receive the GEMS Shares Consideration <sup>(2)</sup>
and	and	and	and
<u>ACCEPT</u> the Exit Offer and receive the Revised Exit Offer Price	<u>ACCEPT</u> the Exit Offer and receive the Revised Exit Offer Price	<u>REJECT</u> the Exit Offer and the Revised Exit Offer Price	<u>REJECT</u> the Exit Offer and the Revised Exit Offer Price
<b>Value receivable by Entitled Shareholder on a per Share basis<sup>(3)</sup></b>			
<b>S\$0.973<sup>(4)</sup></b>	<b>S\$0.964<sup>(5)</sup></b>	<b>S\$0.792<sup>(6),(8)</sup></b>	<b>S\$0.783<sup>(7),(8)</sup></b>

**Notes:**

- (1) As disclosed in Section 7.3 of the Letter to Shareholders in the Circular, in respect of the Proposed Distribution, Entitled Shareholders are provided with an option to receive their **full (and not part)** pro-rata entitlements to GEMS Shares pursuant to the Proposed Distribution in cash instead.
- (2) An Entitled Shareholder who elects to receive the GEMS Shares Consideration will receive scripless GEMS Shares. There are charges and fees that are associated with receiving scripless GEMS Shares pursuant to the Proposed Distribution which will need to be borne by the Entitled Shareholder. **PLEASE REFER TO SECTIONS 10.12 AND 10.13 OF THE LETTER TO SHAREHOLDERS IN THE CIRCULAR FOR FURTHER DETAILS ON A DESCRIPTION OF THESE CHARGES AND FEES.** Shareholders should also note that GEMS Shares are traded in board lots of 100 shares on the IDX. Entitled Shareholders may receive odd lots of GEMS Shares (being lots other than board lots of 100 shares) pursuant to the Proposed Distribution. Entitled Shareholders who hold odd lots of less than 100 GEMS Shares may experience difficulty and/or have to bear disproportionate transaction cost in disposing of odd lots of their GEMS Shares.
- (3) **THE RESPECTIVE VALUES OF CONSIDERATION PRESENTED ON A PER SHARE BASIS ABOVE ARE FOR ILLUSTRATIVE PURPOSES ONLY.** The illustrative amounts above and the actual amounts received by Entitled Shareholders may differ due to rounding and disregarding of fractional entitlements (where applicable), depending on the actual number of Shares held by such Entitled Shareholder as at the Distribution Record Date.
- (4) The fixed value of the Revised All Cash Consideration comprise: (a) the Revised GEMS Cash Consideration component based on (i) the Revised Cash Alternative Price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936; then divided by (ii) the Agreed Exchange Rate, rounded to three (3) decimal places; and (b) the Revised Exit Offer Price of S\$0.181.
- (5) The illustrative value comprises: (a) the GEMS Shares Consideration component (expressed in monetary value) based on (i) the illustrative value of the GEMS Shares Consideration of approximately IDR8,953.88 (based on the closing price of IDR6,425 per GEMS Share as at the Revised Last Trading Day multiplied by the Distribution Ratio of 1.3936); then divided by (ii) the Agreed Exchange Rate, rounded to three (3) decimal places; and (b) the Revised Exit Offer Price of S\$0.181.

The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Latest Practicable Date is **S\$0.997**, based on: (a) the closing price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936, then divided by the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date (as extracted from Bloomberg L.P.), rounded to three (3) decimal places; and (b) the Revised Exit Offer Price of S\$0.181.

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- (6) The fixed value of the Revised GEMS Cash Consideration is based on (a) the Revised Cash Alternative Price of IDR6,500 per GEMS Share multiplied by the Distribution Ratio of 1.3936; then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places.
- (7) The GEMS Shares Consideration (expressed in monetary value) is based on (a) the illustrative value of the GEMS Shares Consideration of approximately IDR8,953.88 (based on the closing price of IDR6,425 per GEMS Share as at the Revised Last Trading Day multiplied by the Distribution Ratio of 1.3936); then divided by (b) the Agreed Exchange Rate, rounded to three (3) decimal places.

The illustrative value of the GEMS Shares Consideration as at the Latest Practicable Date is **S\$0.816**, based on the closing price of IDR6,500 per GEMS Share as at the Latest Practicable Date multiplied by the Distribution Ratio of 1.3936 and the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date (as extracted from Bloomberg L.P.), rounded to three (3) decimal places.

- (8) **SHAREHOLDERS WHO DO NOT ACCEPT THE EXIT OFFER WILL CONTINUE TO HOLD SHARES IN THE COMPANY, WHICH WILL THEN BE AN UNLISTED COMPANY. PLEASE REFER TO PARAGRAPH 9 OF THE LETTER TO SHAREHOLDERS IN THIS EXIT OFFER LETTER, AS WELL AS SECTION 18 OF THE LETTER TO SHAREHOLDERS IN THE CIRCULAR ENTITLED “IMPLICATIONS OF COMPULSORY ACQUISITION AND DELISTING FOR SHAREHOLDERS”, FOR THE IMPLICATIONS OF THE COMPULSORY ACQUISITION AND DELISTING FOR SHAREHOLDERS.**

Please refer to Section 10.1 of the Letter to Shareholders in the Circular which sets out instructions for Entitled Shareholders on the actions to be taken (if any) in order to receive their entitlements to the Proposed Distribution, depending on the manner in which they hold Shares and whether they wish to receive GEMS Shares or cash. Entitled Shareholders should also refer to procedures set out in **Appendix 1** to the Exit Offer Letter on the actions to be taken if they wish to accept the Exit Offer in respect of their Offer Shares.

All of the options above provide Entitled Shareholders with the opportunity to fully or partially realise their investments in the Company depending on their investment needs. Shareholders should note that, when entitled, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act. Upon the exercise of such right, the Offeror will be entitled to compulsorily acquire all the Shares of Shareholders who have not accepted the Exit Offer, at a price equal to the Revised Exit Offer Price.

Shareholders should refer to **Paragraph 9** of the Letter to Shareholders in this Exit Offer Letter, as well as Section 18 of the Letter to Shareholders in the Circular entitled “Implications of Compulsory Acquisition and Delisting for Shareholders”, for the implications of the compulsory acquisition and delisting for Shareholders.

### 6.3 Greater management control and flexibility

- (a) As set out in Section 4.2 of the Letter to Shareholders in the Circular, the Proposed Distribution is part of the Company’s broader strategy to reduce its exposure to energy coal. Ultimately, such segregation will allow the Group to reposition itself away from the energy coal sector, allowing the Group (following completion of the Proposed Distribution) to expand on its financing options which would otherwise have been relatively limited if it were to be continuously exposed to the energy coal business.
- (b) Furthermore, the Company, being listed on the SGX-ST, is owned by DSS, a company listed on the IDX. At the same time, the Company’s two key subsidiaries, GEMS and Stanmore Resources Limited, are listed on the IDX and the ASX respectively. Consequently, all corporate actions (including acquisitions, disposals and fund-raising activities) and reporting undertaken by the Company have to be conducted with the requirements of the SGX-ST, the IDX and the ASX in mind.

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- (c) *It is in this context that the Offeror believes that the delisting of the Company will provide the Offeror with greater management control and flexibility to allow the Company to focus on the execution of its long-term strategic initiatives and operational changes, which differs from the demand of the public capital markets which generally remains more short-term in nature.*

The Offeror's intentions for the Company as set out in the Exit Offer Letter is reproduced in italics below for your reference.

### **“8. OFFEROR’S INTENTIONS FOR THE COMPANY**

8.1 *Upon completion of the Proposed Transactions, the Offeror intends for the Company to continue to develop and grow the remaining businesses of the Group.*

8.2 *Save as disclosed above, the Offeror has no current intention to (a) introduce any major changes to the business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of any of the existing employees of the Group, other than in the ordinary course of business.*

8.3 *Nonetheless, the Offeror and the Company will continue to review, from time to time, the operations of the Group as well as the Company’s strategic options. The Offeror retains and reserves the right and flexibility at any time and from time to time to further consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the best interests of the Offeror and/or the Company.”*

### **9. COMPULSORY ACQUISITION**

The full text relating to the Offeror's intention to exercise the right of compulsory acquisition when entitled are set out in Section 9 of the Exit Offer Letter and Section 18.2 of the Circular. Shareholders are advised to read the entire Exit Offer Letter and the Circular including the relevant sections, as extracted below, carefully.

As extracted from Section 18.2 of the Circular:

#### **“18.2 Compulsory Acquisition**

*Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Exit Offer (or otherwise acquires Shares during the period when the Exit Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Exit Offer and excluding any Shares held in treasury), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Exit Offer (“**Dissenting Shareholders**”), at a price equal to the Revised Exit Offer Price.*

*The Offeror intends to make the Company its wholly-owned subsidiary. Accordingly, when entitled, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act.*

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*Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Revised Exit Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Exit Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares (excluding Shares held in treasury). Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent financial and legal advice.*

*In the event that the Delisting is approved by Shareholders at the EGM but neither the Offeror nor the Dissenting Shareholders are entitled to exercise their rights under Sections 215(1) and 215(3) of the Companies Act, respectively, the Company will be delisted, and the Dissenting Shareholders will be left holding Shares in an unlisted company.*

***Shareholders who are in doubt of their position under Sections 215(1) and 215(3) of the Companies Act are advised to seek their own independent financial and legal advice.”***

### **10. ASSESSMENT OF THE PROPOSED TRANSACTIONS**

#### **10.1 Assessment on the Proposed Distribution and Revised Cash Alternative Price**

In the course of our evaluation on the fairness and reasonableness of the Revised Cash Alternative Price in connection with the Proposed Distribution, we have given due consideration to, *inter alia*, the following key factors which, in our opinion, have a significant bearing on our assessment:

- 10.1.1 Historical financial performance and position of GEMS Group;
- 10.1.2 Analysis of GEMS Group’s net asset value (“NAV”) per GEMS Share;
- 10.1.3 Historical share price performance and trading liquidity of the GEMS Shares;
- 10.1.4 Value of GEMS Shares pursuant to the GMR Transaction;
- 10.1.5 Valuation ratios of selected listed companies broadly comparable to GEMS Group;
- 10.1.6 Estimated range of values of GEMS Shares; and
- 10.1.7 Other relevant considerations in relation to the Proposed Distribution.

#### **10.1.1 Historical financial performance and position of GEMS Group**

A summary of the consolidated statement of profit or loss of GEMS Group for financial years ended 31 December 2020 (“FY2020”), 31 December 2021 (“FY2021”), and 31 December 2022 (“FY2022”), the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of cash flows for FY2020, FY2021 and FY2022 are set out below. The following summary financial information should be read in conjunction with GEMS’s annual reports for FY2020, FY2021 and FY2022, including the notes and commentaries thereto. The audited financial statements of the GEMS Group for each of FY2020, FY2021 and FY2022 contained unqualified audit opinion from the auditors.

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### Consolidated statement of profit or loss

(US\$'000)	FY2020 Audited	FY2021 Audited	FY2022 Audited
Revenue	1,061,410	1,585,954	2,919,964
Cost of sales	(682,311)	(829,193)	(1,605,491)
<b>Gross profit</b>	<b>379,100</b>	<b>756,761</b>	<b>1,314,473</b>
Selling expenses	(187,131)	(195,965)	(287,481)
General and administrative expenses	(62,069)	(87,721)	(109,410)
Exploration expenses	(242)	(1,849)	(768)
<b>Operating profit</b>	<b>129,658</b>	<b>471,225</b>	<b>916,814</b>
Finance income	6,280	3,305	2,397
Finance costs	(9,047)	(7,512)	(8,283)
Other financial charges	(5,276)	(6,192)	(5,621)
Bank administration charges	(953)	(1,357)	(542)
Loss on foreign exchange, net	(825)	(709)	(6,749)
Other income, net	7,296	2,081	677
<b>Profit before tax</b>	<b>127,133</b>	<b>460,841</b>	<b>898,693</b>
Tax expense	(31,276)	(106,816)	(202,785)
<b>Profit for the year</b>	<b>95,857</b>	<b>354,024</b>	<b>695,908</b>

Source: GEMS's annual reports for FY2020, FY2021 and FY2022

**Note:**

(1) The figures in the table above may not add up due to rounding.

### Review of operating results

#### FY2020 vs FY2021

In FY2021, the GEMS Group recorded an increase in revenue of approximately US\$524.6 million or 49.4%, from approximately US\$1,061.4 million in FY2020 to approximately US\$1,586.0 million in FY2021. The increase was mainly due to the increase in the average selling price of coal from US\$31.26 per metric tonne ("MT") in FY2020 to US\$53.77 per MT in FY2021. The revenue from coal mining segment increased by approximately US\$505.1 million or 48.8%, from approximately US\$1,034.5 million in FY2020 to approximately US\$1,539.6 million in FY2021, mainly due to the aforementioned increase in average selling price of coal in FY2021. In line with the increase in revenue from coal mining segment, the revenue from coal trading also increased by approximately US\$19.4 million or 72.1%, from approximately US\$26.9 million in FY2020 to approximately US\$46.4 million in FY2021. This was also mainly due to the increase in average selling price of coal.



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Cost of sales increased by approximately US\$146.9 million or 21.5%, from approximately US\$682.3 million in FY2020 to approximately US\$829.2 million in FY2021. This was mainly due to increase in production costs as a result of increase in mining costs of approximately US\$62.5 million, royalty of approximately US\$68.5 million, mining overhead costs of approximately US\$15.8 million and land exploitation costs of approximately US\$2.6 million.

As a result of the above, gross profit increased by approximately US\$377.7 million or 99.6%, from approximately US\$379.1 million in FY2020 to approximately US\$756.8 million in FY2021. Overall, the gross profit margin increased from 35.7% in FY2020 to 47.7% in FY2021. Gross profit margin from coal mining improved to US\$26.00 per tonne for FY2021, from US\$11.35 per tonne for FY2020. Gross profit margin from coal trading improved to US\$11.64 per tonne for FY2021 from US\$1.35 per tonne for FY2020.

Selling expenses increased by approximately US\$8.8 million or 4.72%, from approximately US\$187.1 million in FY2020 to approximately US\$196.0 million in FY2021. This was mainly due to an increase in freight costs of approximately US\$20.0 million, partially offset by a decrease in stockpile services fees of approximately US\$5.6 million and freight insurance costs of approximately US\$5.4 million.

General and administrative expenses increased by approximately US\$25.7 million or 41.3%, from approximately US\$62.1 million in FY2020 to approximately US\$87.7 million in FY2021. This was mainly due to increase in salaries and benefits of approximately US\$18.4 million, corporate social responsibility expenses of approximately US\$4.4 million and professional fees of approximately US\$2.7 million.

Finance income and finance costs amounted to approximately US\$3.3 million and approximately US\$7.5 million respectively for FY2021, representing approximately 0.9% and 2.1% of net profit after tax for FY2021 respectively. Other expenses comprising other financial charges, bank administrative charges and loss on foreign exchange amounted to approximately US\$8.3 million, representing 2.3% of net profit after tax. Other income of approximately US\$2.1 million for FY2021 was immaterial representing approximately 0.6% of net profit after tax for FY2021.

Tax expense increased by approximately US\$75.5 million, from approximately US\$31.3 million in FY2020 to approximately US\$106.8 million in FY2021.

As a result of the above, GEMS Group recorded an increase in profit after tax of approximately US\$258.1 million from approximately US\$95.9 million for FY2020 to approximately US\$354.0 million for FY2021.

### FY2021 vs FY2022

In FY2022, the GEMS Group recorded an increase in revenue of approximately US\$1,334.0 million or 84.1% from approximately US\$1,586.0 million in FY2021 to approximately US\$2,920.0 million in FY2022. The increase was mainly due to the increase in sales from coal mining segment and coal trading segment. The revenue from coal mining segment increased by approximately US\$1,308.7 million or 85.0%, from approximately US\$1,539.6 million in FY2021 to approximately US\$2,848.3 million in FY2022 mainly due to the increase in average selling price of coal in FY2022 of US\$75.13 per MT in FY2022 as compared to US\$53.77 per MT in FY2021. Revenue from coal trading segment also increased by approximately US\$25.3 million or 54.6%, from approximately US\$46.3 million in FY2021 to approximately US\$71.7 million in FY2022, which was mainly due to the increase in average selling price of coal.

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In line with the increased in revenue, the cost of sales has also increased by approximately US\$776.3 million or 93.6%, from approximately US\$829.2 million in FY2021 to approximately US\$1,605.5 million in FY2022. This was mainly due to increase in production costs by approximately US\$747.3 million. The increase in production costs is a result of increases in: (i) mining services by approximately US\$281.4 million; (ii) royalty by approximately US\$349.8 million; (iii) mining overhead costs by approximately US\$53.8 million; (iv) coal hauling costs by approximately US\$45.5 million; and (v) land exploitation costs by approximately US\$12.6 million.

As a result of the above, gross profit increased by approximately US\$557.7 million or 73.7%, from approximately US\$756.8 million in FY2021 to approximately US\$1,314.5 million in FY2022. Overall, the gross profit margin decreased from 47.7% in FY2021 to 45.0% in FY2022. Gross profit margin from coal mining improved to US\$34.42 per tonne for FY2022, from US\$26.00 per tonne for FY2021. Gross profit margin from coal trading reduced to US\$3.42 per tonne for FY2022 from US\$11.64 per tonne for FY2021.

Selling expenses increased by approximately US\$91.5 million or 46.7%, from approximately US\$196.0 million in FY2021 to approximately US\$287.5 million in FY2022. This was mainly due to an increase in freight costs by approximately US\$63.5 million, stockpile services fee by approximately US\$9.0 million and freight insurance costs by approximately US\$18.4 million.

General and administrative expenses increased by approximately US\$21.7 million or 24.7%, from approximately US\$87.7 million in FY2021 to approximately US\$109.4 million in FY2022. This was mainly due to increase in insurance expenses by approximately US\$11.2 million, tax expenses by approximately US\$6.6 million, salaries and benefits by approximately US\$3.5 million, licenses and permits expenses by approximately US\$2.8 million and partially offset by decrease in professional fees expenses of approximately US\$1.9 million and corporate social responsibility expenses of approximately US\$1.7 million.

Finance income and finance costs amounted to approximately US\$2.4 million and approximately US\$8.3 million respectively for FY2022, representing approximately 0.3% and 1.2% of net profit after tax for FY2022 respectively. Other expenses comprising other financial charges, bank administrative charges and loss on foreign exchange amounted to approximately US\$12.9 million, representing approximately 1.9% of net profit after tax. Other income of approximately US\$0.7 million for FY2022 represented approximately 0.1% of net profit after tax for FY2022.

Tax expense increased by approximately US\$96.0 million, from approximately US\$106.8 million in FY2021 to approximately US\$202.8 million in FY2022.

As a result of the above, GEMS Group recorded an increase in profit after tax of approximately US\$341.9 million, from approximately US\$354.0 million for FY2021 to approximately US\$695.9 million for FY2022.

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### Consolidated Statement of Financial Position

(US\$'000)	As at 31 December 2022 Audited
<b>Current assets</b>	
Cash and cash equivalents	329,600
Trade receivables	193,424
Other receivables	153
Inventories	42,688
Prepaid taxes	46,097
Advances and prepaid expenses	112,358
	<b>724,320</b>
<b>Non-current assets</b>	
Other receivables	725
Property and equipment	78,969
Right-of-use assets	3,241
Exploration and evaluation assets	464
Mine properties	229,417
Goodwill	24,391
Deferred tax assets	7,639
Restricted funds	12,279
Intangible asset	42
Other non-current assets	47,600
	<b>404,767</b>
<b>Total assets</b>	<b>1,129,087</b>
<b>Current liabilities</b>	
Trade payables	253,796
Other payables	152
Taxes payables	122,659
Accrued expenses	27,416
Advances from customers	1,100
Dividend payable	995
Bank loans	65,670
Lease liabilities	1,471
	<b>473,259</b>

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(US\$'000)	As at 31 December 2022 Audited
<b>Non-current liabilities</b>	
Employees benefits liability	2,720
Deferred tax liability	23,117
Bank loan	64,756
Lease liability	1,098
Provision for reclamation and mine closure	5,797
Other non-current liabilities	95
	<b>97,583</b>
<b>Total liabilities</b>	<b>570,842</b>
<b>Equity attributable to owners of GEMS</b>	
Share capital	294,085
Differences arising from transaction with non-controlling interests	1,229
Retained earnings (less other comprehensive loss)	256,292
Net asset value (“NAV”) of GEMS attributable to owners of GEMS	<b>551,606</b>
Non-controlling interests	6,639
<b>Total equity</b>	<b>558,245</b>
<b>Total liabilities and equity</b>	<b>1,129,087</b>

Source: GEMS's annual report for FY2022

**Note:**

(1) The figures in the table above may not add up due to rounding.

As at 31 December 2022, the total assets of the GEMS Group amounted to approximately US\$1,129.1 million, comprising current assets of approximately US\$724.3 million and non-current assets of approximately US\$404.8 million, representing approximately 64.2% and 35.8% of total assets respectively.

Current assets as at 31 December 2022 comprised mainly (i) cash and bank balances of approximately US\$329.6 million, (ii) trade and other receivables of approximately US\$193.6 million, (iii) advances and prepaid expenses of approximately US\$112.4 million, (iv) prepaid taxes of approximately US\$46.1 million, and (v) inventories of approximately US\$42.7 million, representing 29.2%, 17.1%, 10.0%, 4.1% and 3.8% of total assets respectively.

Non-current assets as at 31 December 2022 comprised mainly (i) mine properties of approximately US\$229.4 million, (ii) property and equipment of US\$79.0 million and (iii) other non-current assets of US\$47.6 million, representing approximately 20.3%, 7.0% and 4.2% of total assets respectively. Mine properties represents the key

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operating assets of the GEMS Group and consist of (i) mines under construction; (ii) mines that are in the production stage; (iii) stripping costs i.e. costs of removing overburden from a mine; and (iv) mine properties from business combination. Property and equipment of the GEMS Group consists mainly of land, buildings and infrastructure (US\$60.5 million), machinery and heavy equipment (US\$60.8 million), office furniture and fixtures (US\$12.6 million) and construction in-progress (US\$7.2 million). No valuations have been conducted on these assets in connection with the Proposed Distribution.

As at 31 December 2022, the total liabilities of the GEMS Group amounted to approximately US\$570.8 million comprising current liabilities of approximately US\$473.3 million and non-current liabilities of approximately US\$97.6 million, representing approximately 82.9% and 17.1% of total liabilities respectively.

Current liabilities as at 31 December 2022 comprised mainly (i) trade and other payables of approximately US\$253.9 million, (ii) tax payables of approximately US\$122.7 million, (iii) bank loans of approximately US\$65.7 million, (iv) accrued expenses of approximately US\$27.4 million, representing approximately 44.5%, 21.5%, 11.5% and 4.8% of total liabilities respectively. Non-current liabilities as at 31 December 2022 comprised mainly (i) bank loans of approximately US\$64.8 million and (ii) deferred tax liabilities of approximately US\$23.1 million, representing approximately 11.3% and 4.0% of total liabilities respectively.

The GEMS Group recorded positive net working capital of approximately US\$251.1 million and net assets position of approximately US\$558.2 million as at 31 December 2022.

### Consolidated Statement of Cash Flows

(US\$'000)	FY2020	FY2021	FY2022
Net cash generated from operating activities	144,990	373,424	699,787
Net cash used in investing activities	(12,656)	(9,991)	(14,011)
Net cash used in financing activities	(62,933)	(371,130)	(544,863)
Net increase/(decrease) in cash and cash equivalents	69,401	(7,697)	140,913
Cash and cash equivalents at beginning of year	134,510	202,782	193,573
Effect of foreign exchange rate changes	(1,129)	(1,512)	(4,886)
<b>Cash and cash equivalents at end of year</b>	<b>202,782</b>	<b>193,573</b>	<b>329,600</b>

*Source: GEM's annual report for FY2020, FY2021 and FY2022*

For FY2020, FY2021 and FY2022, the GEMS Group recorded net cash generated from operating activities of approximately US\$145.0 million, US\$373.4 million and US\$699.8 million respectively.

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In respect of FY2022:

- (a) The GEMS Group recorded net cash generated from operating activities of approximately US\$699.8 million mainly due to (i) revenue from customers of approximately US\$2,865.8 million and (ii) receipts of finance income of approximately US\$2.5 million which was partially offset by (i) payments to contractors, suppliers and others of approximately US\$1,408.0 million; (ii) royalty fees and dead-rent paid to government of approximately US\$547.3 million; (iii) payments of corporate income tax of approximately US\$154.9 million; (iv) payments to employees of approximately US\$45.4 million; and (v) payments of interest and other financial charges of approximately US\$13.0 million.
- (b) The GEMS Group recorded net cash used in investing activities of approximately US\$14.0 million due mainly to additions of property and equipment of approximately US\$9.9 million, changes in other non-current assets of approximately US\$1.7 million, changes in restricted funds of approximately US\$1.6 million and payments of advances for land compensation of approximately US\$0.8 million, which was partially offset by proceeds from sale of property and equipment of US\$3,330.
- (c) The GEMS Group recorded net cash used in financing activities of approximately US\$544.9 million mainly due to payment of dividends by GEMS of approximately US\$555.0 million, payment of bank loans of approximately US\$89.4 million and payments of dividends by subsidiary to non-controlling interests of approximately US\$9.4 million, which was partially offset by proceeds from bank loans of approximately US\$109.0 million.
- (d) Taking into account (i) the net increase in cash and cash equivalents of approximately US\$140.9 million; (ii) the effects of exchange rate changes of approximately US\$4.9 million; and (iii) the cash and bank balances at the beginning of FY2022 of approximately US\$193.6 million, the GEMS Group cash and cash equivalents amounted to approximately US\$329.6 million as at 31 December 2022.

### 10.1.2 Analysis of GEMS Group's NAV per GEMS Share

The NAV based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and minorities' interests. The NAV based approach is meaningful from the perspective that it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including any intangible assets including but not limited to goodwill, trademarks and brand names) in an orderly manner or over a reasonable period of time and at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders.

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However, the NAV approach does not take into account or consideration the hypothetical sale of assets in a non-orderly manner or over a short period of time. The NAV does not illustrate the values at which assets may actually be realised or disposed of, given that the market values of assets may vary depending on, amongst others, the prevailing market and economic conditions. In addition, the NAV based approach does not reflect the value of the GEMS Group as a going concern as it ignores the future economic benefits of a business as a whole and we note that valuations on producing mining companies are more commonly based on income approach (i.e. discount cash flows approach) or market approach.

In addition, we also did not request for the Company to commission and provide valuation reports on the mine properties of GEMS Group, to derive at the revalued NAV of the GEMS Group, as we are of the view that the valuation of mine properties tends to be very subjective due to the highly cyclical nature of mining industry, and that valuation of mine properties may not necessarily be equivalent to the market value of the subject company, and we have primarily relied on the market approach to arrive at the estimated range of values of the GEMS Shares as set out in Section 10.1.6 of this IFA Letter. As set out in Section 21.4 of the Circular, the Non-conflicted Directors concur with the aforementioned views and did not consider it necessary to commission an independent valuation of the mine properties of the GEMS Group, having considered the above and also that the Proposed Disposal which constitutes a major transaction as defined in Chapter 10 of the Listing Manual do not require an independent valuation of the “disposed” asset (in this case, the GEMS Shares and/or the mining properties of GEMS Group) to be commissioned as the relative figures computed on the bases set out in Rule 1006 of the Listing Manual is 75% or less.

<b>Based on the audited consolidated balance sheet of GEMS as at 31 December 2022</b>	
<b>NAV attributable to owners of GEMS as at 31 December 2022 (US\$'000)</b>	<b>551,605</b>
Number of ordinary shares of GEMS ('000)	5,882,353
<b>Revised Cash Alternative Price (IDR)</b>	<b>6,500</b>
NAV per GEMS Share (US cents)	9.38
NAV per GEMS Share (IDR) <sup>(1)</sup>	1,460
<b>Price to NAV per GEMS Share (as implied by the Revised Cash Alternative Price (P/NAV)<sup>(3)</sup></b>	<b>4.5</b>
<b>Premium of Revised Cash Alternative Price to NAV per GEMS Share (%)</b>	<b>345.1%</b>

**Notes:**

(1) Converted to Indonesian Rupiah (IDR) at an exchange rate of US\$1: IDR15,573 as at 31 December 2022 and rounded to the nearest IDR.

(2) P/NAV presented in the above table is rounded to nearest one (1) decimal place.

From the table above, the Revised Cash Alternative Price to NAV per GEMS Share (“P/NAV”) and the premium of the Revised Cash Alternative Price to NAV per GEMS Share as at 31 December 2022 are 4.5 times and 345.1% respectively.

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In our evaluation of the financial terms of the Revised Cash Alternative Price, we have also considered whether there are any assets which may be valued at an amount that is materially different from what was recorded in the balance sheet of the GEMS Group as at 31 December 2022.

Save as disclosed in the audited financial statements of the GEMS Group as at 31 December 2022, the announcements released by GEMS on the Indonesia Stock Exchange and the Circular, the Management has confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief:

- (a) there are no material events that have or will likely have a material impact to the financial position of the GEMS Group since 31 December 2022;
- (b) there are no material differences between the realisable value of the GEMS Group's assets and their respective book values as at 31 December 2022 which would have a material impact on the NAV of the GEMS Group as at 31 December 2022;
- (c) other than that already provided for or disclosed in the GEMS Group's financial information as at 31 December 2022, there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV of the GEMS Group as at the Latest Practicable Date;
- (d) there is no litigation, claim or proceeding pending or threatened against GEMS or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of GEMS and its subsidiaries taken as a whole; and
- (e) there are no material acquisitions and disposals of assets by the GEMS Group between 31 December 2022 and the Latest Practicable Date, and the GEMS Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the GEMS Group's business.

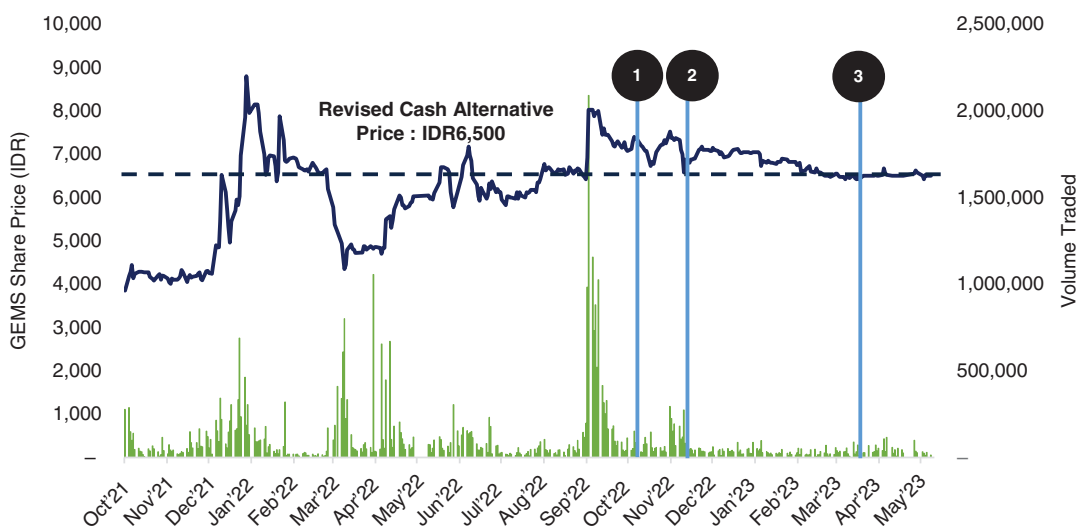
### 10.1.3 Historical share price performance and trading liquidity of GEMS Shares

We have compared the Revised Cash Alternative Price to the historical share prices of the GEMS Shares for (i) the 1-year period prior to and including the last full market day on which the GEMS Shares were available for trading on the IDX prior to the date of the Holding Announcement, being 7 October 2022 ("**Last Undisturbed Trading Day**"), (ii) the period from the Holding Announcement up to and including the last full market day on which the GEMS Shares were available for trading on the IDX prior to the date of the Original Announcement Date, being 8 November 2022 ("**Original Last Trading Day**"), (iii) the period from the Original Announcement Date up to and including the last full market day on which the GEMS Shares were available for trading on the IDX prior to the Update Announcement Date, being 17 March 2023 ("**Revised Last Trading Day**"), and (iv) the period from the Update Announcement Date up to the Latest Practicable Date.



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We set out below a chart showing the closing prices of the GEMS Shares and the number of GEMS Shares traded on a daily basis during the period commencing from 8 October 2021 and up to the Latest Practicable Date (“GEMS Shares Period Under Review”).



Source: Bloomberg L.P.

### Announcements made by the Company in relation to the Proposed Transactions:

- (1) The Holding Announcement – the Company announced that it is in discussions with certain of its shareholders, including Mr. Indra Widjaja, regarding a possible acquisition of the Company.
- (2) The Original Announcement – the Board of Directors of the Company announced that the Company proposes to undertake the Proposed Distribution and the Delisting. On the same day, the Board of Directors of the Company and the Offeror have, jointly announced that the Offeror will make the Exit Offer in conjunction with the Delisting.
- (3) The Update Announcement – the Company and the Offeror jointly announced, *inter alia*, that the Original Cash Alternative Price has been increased from approximately IDR5,500 per GEMS Share to the Revised Cash Alternative Price of IDR6,500 per GEMS Share and, that the Original Exit Offer Price has been increased from S\$0.160 per Share to the Revised Exit Offer Price of S\$0.181 per Share.

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In addition to the above share price/trading volume chart, we have tabulated below selected statistics on the share price and trading liquidity of the GEMS Shares for the GEMS Shares Period Under Review:

Reference Period	Volume weighted average price (“VWAP”) (IDR) <sup>(1)</sup>	Premium/ (discount) of Revised Cash Alternative Price to VWAP (%) <sup>(2)</sup>	Highest closing price (IDR) <sup>(1)</sup>	Lowest closing price (IDR) <sup>(1)</sup>	Average daily trading volume (’000) <sup>(2)(4)</sup>	Average daily trading volume as a percentage of free float (%) <sup>(3)(5)</sup>
<b><u>Periods up to and including the Last Undisturbed Trading Day</u></b>						
12-month period up to and including the Last Undisturbed Trading Day	6,339	2.5%	8,800	4,010	127.5	0.029%
6-month up to and including the Last Undisturbed Trading Day	7,023	(7.5%)	8,025	5,300	141.9	0.032%
3-month up to and including the Last Undisturbed Trading Day	7,491	(13.2%)	8,025	5,975	187.2	0.042%
1-month up to and including the Last Undisturbed Trading Day	7,587	(14.3%)	8,000	7,075	195.0	0.044%
Last Undisturbed Trading Day	7,350 <sup>(6)</sup>	(11.6%)	7,350	7,350	23.5	0.005%
<b><u>Periods from the Holding Announcement and prior to the Original Announcement Date</u></b>						
Period from the Holding Announcement up to and including the Original Last Trading Day	7,225	(10.0%)	7,525	6,725	100.6	0.023%
Original Last Trading Day	7,100 <sup>(6)</sup>	(8.5%)	7,100	7,100	104.9	0.024%
<b><u>Periods from the Original Announcement Date and prior to the Update Announcement Date</u></b>						
Period from the Original Announcement Date up to and including the Revised Last Trading Day	6,818	(4.7%)	7,175	6,425	36.7	0.008%
Revised Last Trading Day	6,425 <sup>(6)</sup>	1.2%	6,425	6,425	10.3	0.002%

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Reference Period	Volume weighted average price (“VWAP”) (IDR) <sup>(1)</sup>	Premium/ (discount) of Revised Cash Alternative Price to VWAP (%) <sup>(2)</sup>	Highest closing price (IDR) <sup>(1)</sup>	Lowest closing price (IDR) <sup>(1)</sup>	Average daily trading volume (’000) <sup>(2)(4)</sup>	Average daily trading volume as a percentage of free float (%) <sup>(3)(5)</sup>
<b>Periods from the Update Announcement Date up to and including the Latest Practicable Date</b>						
Period from the Update Announcement Date up to and including the Latest Practicable Date	6,518	(0.3)%	6,675	6,425	34.3	0.008%
Last Trading Day as at the Latest Practicable Date	6,500 <sup>(6)</sup>	–	6,500	6,500	12.8	0.003%

Source: Bloomberg L.P.

**Notes:**

- (1) Rounded to the nearest IDR.
- (2) Rounded to the nearest one (1) decimal place.
- (3) Rounded to the nearest three (3) decimal place.
- (4) The average daily trading volume of the GEMS Shares is calculated based on the total volume of GEMS Shares traded during the period divided by the number of market days during that period.
- (5) Based on the audited financials of GEMS for FY2022, the number of shares of GEMS held in the hands of the public was approximately 441.2 million GEMS Shares, being approximately 7.5% of the issued shares of the Company.
- (6) Refers to the latest closing price of the GEMS Shares on the respective days.

Based on the above, we note, *inter alia*, the following:

- (a) The prices of the GEMS Shares for the periods up to and including the Last Undisturbed Trading Day would be more reflective of the market price discovery process without the influence of the news of the impending Exit Offer, as share prices after the Holding Announcement may have been influenced by the expectations of an impending Exit Offer;
- (b) The Revised Cash Alternative Price is at a premium of approximately 2.5% to the VWAP of the GEMS Shares for the 12-month period up to and including the Last Undisturbed Trading Day;
- (c) The Revised Cash Alternative Price is at a discount of approximately 7.5%, 13.2% and 14.3% to the VWAP of the GEMS Shares for the 6-month, 3-month and 1-month periods up to and including the Last Undisturbed Trading Day respectively;
- (d) The Revised Cash Alternative Price is at a discount of approximately 11.6% to the closing price of the GEMS Shares on the Last Undisturbed Trading Day;

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- (e) The Revised Cash Alternative Price of IDR6,500 is lower than the lowest closing price of the GEMS Shares for the 1-month period up to and including the Last Undisturbed Trading Day but is within the range of closing prices for the 12-month, 6-month and 3-month period up to and including the Last Disturbed Trading Day;
- (f) The Revised Cash Alternative Price is at a discount of 10.0% and 8.5% to the VWAP of the GEMS Shares for the period from the Holding Announcement up to and including the Original Last Trading Day and the closing price of the GEMS Shares as at the Original Last Trading Day respectively;
- (g) The Revised Cash Alternative Price is at a discount of 4.7% to the VWAP of the GEMS Shares for the period from the Original Announcement Date up to and including the Revised Last Trading Day;
- (h) The Revised Cash Alternative Price is at a premium of 1.2% to the closing price of the GEMS Shares as at the Revised Last Trading Day;
- (i) The Revised Cash Alternative Price is at a discount of 0.3% to the VWAP of the GEMS Shares for the period from the Update Announcement Date up to and including the Latest Practicable Date; and
- (j) The Revised Cash Alternative Price is same as the closing price of the GEMS Shares on the last trading day as at the Latest Practicable Date.

With regard to the trading liquidity of the GEMS Shares, we note, *inter alia*, the following:

- (a) Trading liquidity of the GEMS Shares during the 12-month period up to and including the Last Undisturbed Trading Day has been very low with daily trading volume of between approximately 4,600 GEMS Shares and 2,088,700 GEMS Shares and average daily trading volume of approximately 127,500 GEMS Shares, representing 0.029% of the free float of GEMS;
- (b) For the 12-month period commencing from 6 October 2021 and ending on the Last Undisturbed Trading Day, the GEMS Shares were traded on 247 Market Days out of 252 Market Days;
- (c) For the period from the Holding Announcement up to and including the Original Last Trading Day, trading liquidity of the GEMS Shares decreased to an average daily trading volume of approximately 100,585 GEMS Shares, representing approximately 0.023% of the GEMS' free float;
- (d) For the period from the Original Announcement Date up to and including the Revised Last Trading Day, trading liquidity of the GEMS Shares decreased to an average daily trading volume of approximately 36,710 GEMS Shares, representing approximately 0.008% of the GEMS' free float; and
- (e) For the period from the Update Announcement Date up to and including the Latest Practicable Date, trading liquidity of the GEMS Shares decreased slightly to an average daily trading volume of approximately 34,285 GEMS Shares, representing approximately 0.008% of the GEMS Shares free float.

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### Trading liquidity of the GEMS Shares vis-à-vis Indonesia SE Energy Index (“JKE Index”) Components

To evaluate whether the historical market prices of the GEMS Shares would provide a meaningful reference point for comparison against the Revised Cash Alternative Price, we have also considered the liquidity of the GEMS Shares for the one-year period prior to the Original Last Trading Day and free float of GEMS relative to companies that make up the top 15 companies in the JKE Index (other than GEMS) based on market capitalisations as of the Last Trading Day (“**Top 15 JKE Index Components**”). The JKE Index comprise energy related stocks that are listed on the Indonesian Stock Exchange, and of which GEMS is one of the component stocks. Accordingly, we have compared the trading liquidity of the GEMS stocks vis-à-vis the average trading liquidity of the top 15 JKE Index Components.

Rank	Company	Market capitalisation as of the Original Last Trading Day (IDR billion)	Free float (%)	Avg. daily volume/free float (%)	Avg. daily value/market capitalisation as of the Original Last Trading Day (%)
1	PT Bayan Resources Tbk	241,917	2.6	0.05	0.0001
2	PT Adaro Energy Indonesia Tbk	120,267	43.7	1.00	0.3334
3	PT Adaro Minerals Indonesia Tbk	77,676	22.6	1.50	0.3280
4	PT Bumi Resources Tbk	63,611	35.6	2.04	0.4998
5	PT Transcoal Pacific Tbk	52,875	20.0	0.90	0.1616
6	PT Indo Tambangraya Megah Tbk	48,559	34.7	1.19	0.2962
7	PT Perusahaan Gas Negara Tbk	44,968	43.0	1.11	0.4156
8	PT Bukit Asam Tbk	43,663	33.8	1.12	0.3696
9	PT Dian Swastatika Sentosa Tbk	30,745	40.1	0.001	0.0004
10	PT AKR Corporindo Tbk	29,508	37.3	0.66	0.1792
11	PT Medco Energi Internasional Tbk	29,661	22.8	1.69	0.2309
12	PT Prima Andalan Mandiri Tbk	25,156	7.7	0.47	0.0263
13	PT Harum Energy Tbk	22,508	13.5	2.39	0.3573
14	PT Indika Energy Tbk	15,735	33.7	2.08	0.5584
15	PT Baramulti Suksessarana Tbk	10,675	N.A <sup>(1)</sup>	N.A <sup>(1)</sup>	0.0931

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Rank	Company	Market capitalisation as of the Original Last Trading Day (IDR billion)	Free float (%)	Avg. daily volume/free float (%)	Avg. daily value/market capitalisation as of the Original Last Trading Day (%)
	High	241,917	43.7	2.39	0.5584
	Low	10,675	2.6	0.001	0.0004
	Mean	57,168	27.9	1.16	0.2567
	Median	433,663	33.8	1.12	0.2962
	<b>GEMS</b>	<b>41,765</b>	<b>7.5</b>	<b>0.03</b>	<b>0.0021</b>

Source: Bloomberg L.P.

**Note:**

(1) Information on public float is not available.

From the table above, it is noted that the free float of GEMS of approximately 7.5% is significantly lower than the average free float, and towards the low end of the range of free floats, of the Top 15 JKE Index Components. For the 12-month period leading up to the Original Last Trading Day, the average daily trading volume of GEMS Shares represented 0.03% of the free float of GEMS (“**ADTVol/Free Float**”), which is significantly lower than the mean and median ADTVol/Free Float of the Top 15 JKE Index Components for the same time period and near the bottom end of the range. The average daily trading value of GEMS Shares in the 12-month period leading up to the Original Last Trading Day represented 0.0021% of the market capitalisation (“**ADTVol/Market Cap**”) of GEMS as at the Original Last Trading Day, which is again significantly lower than the mean and median ADTVol/Market Cap of the Top 15 JKE Index Components for the same time period and near the bottom end of the range.

The above analysis suggests that GEMS Shares with its small free float are relatively illiquid and thinly traded, and therefore the historical share prices of GEMS may not serve as a meaningful reference point for comparison against the Revised Cash Alternative Price.

Shareholders should note that there is no assurance that the market price and trading volume of the GEMS Shares will be maintained at the level prevailing as at the Latest Practicable Date after the completion of the Proposed Distribution. **Shareholders are advised that the past trading performance of the GEMS Shares should not, in any way, be relied upon as an indication or promise of its future trading performance.**

### 10.1.4 Value of GEMS Shares pursuant to the GMR Transaction

On 31 August 2022, GMR Coal Resources Pte Ltd (“**GMR**”), a substantial shareholder of GEMS and a subsidiary of GMR Power and Urban Infra Limited, entered into definitive agreements to divest its 30% equity interest in GEMS to PT Radhika Jananta Raya for a consideration of US\$420 million (the “**GMR Transaction**”). There is no relationship between GMR and the Company, its substantial shareholders and its directors and to the Company’s knowledge, PT Radhika Jananta Raya is an

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independent third party to GMR Power and Urban Infra Limited. We note from the Company's announcement of 8 September 2022 that the Company had a right to purchase the GMR GEMS Sale Shares under the shareholders agreement dated 11 August 2011 (as amended) between the Company and GMR but the Company decided not to exercise the right as the opportunity to increase its interest in GEMS is not in line with the Company's broader strategy of limiting its exposure to energy coal.

Based on the announced financial results of GEMS for the 8-months ended 31 Aug 2022, the deferred consideration for the GMR Transaction is estimated to be around US\$24.3 million, resulting in a total consideration for the GMR Transaction of around US\$444.3 million ("**Total GMR Consideration**"). Based on the 1,764,705,900 GEMS Shares transferred by GMR ("**GMR GEMS Sale Shares**") and an exchange rate of US\$1.00:IDR14,843 as at 31 August 2022, the Total GMR Consideration translates to a transacted value of **IDR3,737 per GEMS Share** (the "**GMR Price**") pursuant to the GMR Transaction. In this regard, the Revised Cash Alternative Price represents a premium of approximately 73.9% to the GMR Price. We believe that one likely explanation for the low transacted price pursuant to the GMR Transaction vis-à-vis the then prevailing market price of the GEMS Shares (which closed at IDR6,425 on 31 August 2022, being the date of the definitive agreements) could be due to the low liquidity of the GEMS shares which resulted in the substantial blockage discount imputed into the GMR Price for the sale of the 30% equity interest in GEMS by GMR to PT Radhika Jananta Raya.

### 10.1.5 Valuation ratios of selected listed companies broadly comparable to the GEMS Group

For the purpose of our evaluation of the fairness of the Revised Cash Alternative Price, we have considered the valuation ratios of GEMS implied by the Revised Cash Alternative Price as compared with selected mining companies listed on the IDX with significant exposure to thermal coal mining operations which we consider to be broadly comparable to the principal business of the GEMS Group ("**Selected GEMS Comparable Companies**").

We wish to highlight that the Selected GEMS Comparable Companies are not exhaustive and we recognise that there may not be any listed company or group which may be considered identical to the GEMS Group in terms of, *inter alia*, composition of business, business activities, size and scale of operations, risk profile, geographical spread of business, operating and financial leverage, accounting policies, track record, financial performance and future prospects, liquidity and market capitalisation. As such, any comparison made herein is necessarily limited and serves only as an illustrative guide and any conclusion drawn from the comparison may not necessarily reflect the perceived or implied fair market valuation (as the case may be) of the GEMS Group as at the Latest Practicable Date.

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Company	Stock Exchange	Business Description (as extracted from Bloomberg)
PT Bayan Resources Tbk	Indonesia	PT Bayan Resources Tbk is a coal producer. The company extracts thermal coal from surface open cut mines.
PT Adaro Energy Indonesia Tbk	Indonesia	PT Adaro Energy Indonesia Tbk operates as a coal mining company. The company and its subsidiaries currently deal in coal mining and trade, coal infrastructure and logistics, and mining contractor services. PT Adaro Energy Indonesia Tbk serves customers in Indonesia.
PT Bukit Asam Tbk	Indonesia	PT Bukit Asam Tbk provides coal mining services. The company offers general surveying, exploration, exploitation, production, transportation, and marketing of coal. PT Bukit Asam Tbk serves customers in Indonesia.
PT Indo Tambangraya Megah Tbk	Indonesia	PT Indo Tambangraya Megah Tbk (“ <b>ITM</b> ”) operates as an energy company. The company offers coal terminal, port loading facilities, mining contractors, and power plant operations. ITM serves clients in Indonesia.
PT Harum Energy Tbk	Indonesia	PT Harum Energy Tbk mines thermal coal.
PT Indika Energy Tbk	Indonesia	PT Indika Energy Tbk is an energy company. The company provides energy services, energy resources and infrastructure, primarily in the areas of coal production, engineering, procurement and construction services and power generation services.
PT Baramulti Suksessarana Tbk	Indonesia	PT Baramulti Suksessarana Tbk is a coal mining company in Kalimantan.



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Company	Stock Exchange	Business Description (as extracted from Bloomberg)
PT ABM Investama Tbk	Indonesia	PT ABM Investama Tbk invests in energy resources, energy services and energy infrastructure. Through subsidiaries, the company mines coal, offers mining services, offers logistics and warehousing services, generates electricity, and manufactures equipment for the mining, oil and natural gas, electricity generation, and transportation industries.

Source: Bloomberg L.P.

In our evaluation, we have considered the following widely used valuation measures in respect of mining companies:

Valuation Ratio	Description
Price-to-earnings ratio (“ <b>TTM P/E</b> ”)	<p>The TTM P/E, or earnings multiple, illustrates the ratio of a company’s market capitalisation relative to its historical consolidated net profit attributable to shareholders for the trailing twelve months period. The TTM P/E is an earnings-based valuation methodology.</p> <p>The TTM P/E multiple is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and amortisation of intangible assets.</p>
Enterprise value to EBITDA (“ <b>EV/TTM EBITDA</b> ”) ratio	<p>EV refers to enterprise value which is the sum of a company’s market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents.</p> <p>TTM EBITDA refers to the consolidated earnings before interest, taxes, depreciation and amortisation expenses, inclusive of the share of associates’ and joint ventures’ income for the trailing twelve months period.</p> <p>The EV/TTM EBITDA ratio illustrates the ratio of the market value of an entity relative to its pre-tax operating cashflow, without regard to its capital structure and provides an indication of current market valuation relative to operating performance.</p>
Enterprise Value-to-Reserves (“ <b>EV/Reserves</b> ”)	<p>EV/Reserves ratio is an industry specific valuation measure. It indicates the enterprise value per tonne of proven and probable reserve owned by the company.</p>

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The valuation ratios of the Selected GEMS Comparable Companies as at the Latest Practicable Date are set out below:

Company	Market Capitalisation as at LPD <sup>(1)</sup>	EV as at LPD	TTM P/E <sup>(1)(3)</sup>	EV/TTM EBITDA <sup>(3)</sup>	EV/Reserves <sup>(2)(3)</sup>
	(US\$ m)	(US\$ m)	(times)	(times)	(US\$/tonne)
PT Bayan Resources Tbk	46,849	45,760	21.02*	14.85*	22.53*
PT Adaro Energy Indonesia Tbk	6,045	5,120	2.37	1.02	4.36
PT Bukit Asam Tbk	2,725	1,773	3.50	1.63	0.59
PT Indo Tambangraya Megah Tbk <sup>(5)</sup>	2,304	928	1.92	0.54	3.08
PT Harum Energy Tbk <sup>(5)</sup>	1,285	1,175	4.26	2.30	15.26
PT Indika Energy Tbk	764	735	1.75	0.66	N.A <sup>(4)</sup>
PT Baramulti Suksessarana Tbk	710	596	2.71	1.71	6.40
PT ABM Investama Tbk	681	1,472	1.98	2.05	7.47
<b>High</b>			<b>4.26</b>	<b>2.30</b>	<b>15.26</b>
<b>Low</b>			<b>1.75</b>	<b>0.54</b>	<b>0.59</b>
<b>Mean</b>			<b>2.64</b>	<b>1.42</b>	<b>6.19</b>
<b>Median</b>			<b>2.37</b>	<b>1.63</b>	<b>5.38</b>
<b>GEMS as implied by Revised Cash Alternative Price<sup>(6)</sup></b>			<b>3.82</b>	<b>2.59</b>	<b>2.43<sup>(7)</sup></b>

Source: Bloomberg L.P. and the respective companies latest financial results announcements and annual reports

**Notes:**

- \* Deemed as outlier and has been excluded from computations of high, low, mean and median.
- (1) Based on the closing price and exchange rates as at the Latest Practicable Date.
- (2) "Reserves" refers to the latest reported total coal reserves attributable to each of the respective Selected GEMS Comparable Companies, as obtained from the respective latest available annual reports/announcements as at the Latest Practicable Date. There may be timing differences between the Reserves figures used to calculate the ratios and the financial results of the respective Selected GEMS Comparable Companies. We would also like to highlight that the Reserves figures of the Company and the Selected GEMS Comparable Companies may not reflect the entire potential Reserves that could be explored and commercialised and that the quality of mineral reserves of each company may be different. Therefore, any comparison made with regards to EV/Reserves ratios are purely for illustrative purposes only.
- (3) Rounded to the nearest two (2) decimal place.
- (4) Information on the Reserves estimates is not available.
- (5) Based on the respective companies audited financial results for the financial year ended 31 December 2022 as announced.

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- (6) *Based on the audited FY2022 net profits and EBITDA of GEMS Group and as implied by the Revised Cash Alternative Price of IDR6,500.*
- (7) *Based on the total proven and probable coal reserves of GEMS Group as at 31 December 2022 as set out under Section 6 of Appendix III to the Circular.*

Based on the above, we note that:

- (a) The EV/TTM EBITDA (trailing twelve-month EBITDA) of the GEMS Group (as implied by the Revised Cash Alternative Price) of 2.59 times is higher than the range of EV/TTM EBITDA ratios of the Selected GEMS Comparable Companies (excluding outliers) of between 0.54 times and 2.30 times, and is above the mean and median EV/TTM EBITDA ratios of 1.42 times and 1.63 times, respectively.
- (b) The TTM P/E (trailing twelve-month earnings) of the GEMS Group (as implied by the Revised Cash Alternative Price) of 3.82 times is within the range of the TTM P/E ratios of the Selected GEMS Comparable Companies (excluding outliers) of between 1.75 times and 4.26 times, and is above the mean and median TTM P/E ratios of the Selected GEMS Comparable Companies of 2.64 times and 2.37 times respectively.
- (c) The EV/Reserves of the GEMS Group (as implied by the Revised Cash Alternative Price) of US\$2.43/tonne is within the range of EV/Reserves of the Selected GEMS Comparable Companies (excluding outliers) of between US\$0.59/tonne and US\$15.26/tonne, but is below the mean and median EV/Reserves of US\$6.19/tonne and US\$5.38/tonne respectively. We would also like to highlight that the reserves figures of the Company and the Selected GEMS Comparable Companies may not reflect the entire potential reserves that could be explored and commercialised and that the quality of mineral reserves of each company may be different. Therefore, any comparison made with regards to EV/Reserves ratios are purely for illustrative purposes only.

### 10.1.6 Estimated range of values of the GEMS Shares

In the preceding sections above, we have evaluated various factors, and considered among others, the historical market prices and liquidity of the GEMS Shares, asset-based ratios such as P/NAV and earnings-based ratios such as P/E ratio and EV/EBITDA ratio. In arriving at an estimated range of values of the GEMS Shares, we have relied on the EV/EBITDA multiples of the Selected GEMS Comparable Companies as the more appropriate measure of value for a business as a going concern as it takes a more holistic picture of the value of an enterprise by considering both the equity and debt components of the capital structure and excludes non-cash expenses.

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Based on the trailing 12-month EBITDA of the GEMS Group of US\$931.65 million and the exchange rate as at the Latest Practicable Date of US\$1.00:IDR14,711, the estimated range of values of the GEMS Shares using the market approach benchmarked on the mean and median EV/TTM EBITDA ratios of the Selected GEMS Comparable Companies is between IDR3,773 and IDR4,277 per GEMS Share, computed as follows:

	<b>Using mean EV/TTM EBITDA of Selected GEMS Comparable Companies of approximately 1.42x</b>	<b>Using median EV/TTM EBITDA of Selected GEMS Comparable Companies of approximately 1.63x</b>
Implied Enterprise Value (US\$ million)	1,318.9	1,520.1
Less: Non-controlling interest (US\$ million)	(6.6)	(6.6)
Add: Net cash (US\$ million)	196.6	196.6
Implied Equity Value (US\$ million)	1,508.9	1,710.0
No. of issued shares (million)	5,882.3	5,882.3
<b>Per GEMS Share value (US\$)</b>	<b>0.257</b>	<b>0.291</b>
<b>Per GEMS Share value (IDR)</b>	<b>3,773</b>	<b>4,277</b>

This serves as a reference of the estimated range of values of the GEMS Shares taking into consideration the EBITDA multiples that the Selected GEMS Comparable Companies are currently trading at. In this regard, the Revised Cash Alternative Price is approximately 52.0% above the higher end of this value range. It should be noted that such comparisons only serve as an estimate and for illustration purposes as the Selected GEMS Comparable Companies may not be directly comparable with the GEMS Group.

### 10.1.7 Other relevant considerations in relation to the Proposed Distribution

#### (i) Financial effects of the Proposed Distribution on the Group

The proforma financial effects of the Proposed Distribution on the Group's NTA and NAV per Share and earnings per Share ("EPS") of the Group are set out in Section 8 of the Circular and have been prepared based on the Group's audited financial statements for the FY2022 and the assumptions as set out therein. The proforma financial effects are for illustrative purposes only and are not intended to reflect the actual future financial performance and financial position of the Group following the completion of the Proposed Distribution.

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In summary, we note the following proforma financial effects of the Proposed Distribution as the energy coal business segment currently accounts for a significant proportion of the Group's total assets and profitability:

- (a) the Group's NTA per Share as at 31 December 2022 would decrease from 33.61 US cents before the Proposed Distribution to 19.35 US cents after the Proposed Distribution;
- (b) the Group's NAV (attributable to owners of the Company) per share as at 31 December 2022 would decrease from 48.03 US cents before the Proposed Distribution to 35.29 US cents after the Proposed Distribution;
- (c) the Proposed Distribution would reduce the FY2022 EPS from 27.50 US cents down to 12.44 US cents; and
- (d) the Group's gearing ratio would increase from 49.4% before the Proposed Distribution to 55.2% after the Proposed Distribution.

### (ii) Distribution Conditions

The Proposed Distribution will be conditional upon the fulfilment of all the Distribution Conditions as set out in Section 7.9 of the Circular. As stated in the Conditions Update Announcement, the DSS Independent Shareholders' Approval (as described in Section 7.9(i)) has been obtained, and no objection has been received from the OJK and IDX in respect of the Proposed Distribution and the sale by DSS of all its Shares to the Offeror (as described in Section 7.9(iv)(b)). Save for the foregoing, none of the other Distribution Conditions have been satisfied as at the Latest Practicable Date. **Shareholders should note that in the event if any of the Distribution Conditions are not satisfied, the Proposed Distribution will not occur.**

### (iii) GEMS Shares Election and Distribution Ratio

As set out in Section 7.2 of the Circular, Entitled Shareholders will be entitled to receive 1.3936 GEMS Shares for each Share held as at the Record Date, fractional entitlements (where applicable) to be disregarded, which was determined on a pro-rata basis based on the total number of issued Shares and the total number of GEMS Shares owned by the Company as at the Latest Practicable Date.

Entitled Shareholders who do not wish to receive GEMS Shares has the option to receive all (and not part) of their pro-rata entitlements to GEMS Shares pursuant to the Proposed Distribution in cash instead based on the Revised Cash Alternative Price of IDR6,500 per GEMS Share.

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The following Shareholders will be entitled to receive the Revised GEMS Shares Consideration:

- (i) Cash Entitled Shareholders, being:
  - (a) Entitled Shareholders who do not exercise the GEMS Shares Election;
  - (b) Entitled Shareholders who do not validly exercise the GEMS Shares Election;
  - (c) Entitled Shareholders in respect of whom the Order Matching Process necessary for the distribution and transfer of the GEMS Shares to such Entitled Shareholders fails for whatsoever reason and the transfer is unsuccessful; and
  - (d) Entitled Shareholders, sub-account holders for the relevant Depository Agent and/or CPF/SRS Investors who are deemed to not have exercised the GEMS Shares Election under Section 10.1(iv)(b) of the Circular; and
- (ii) Excluded Overseas Shareholders (see Sections 10.1(i)(b) and 10.5 of the Circular for more details).

**Shareholders should also note that the distributed GEMS Shares received by Entitled Shareholders will not be immediately tradable on the IDX until such Entitled Shareholders have opened an IDX securities account or brokerage/custodian account capable of holding IDX-listed securities. In addition, all charges and fees, including but not limited to (a) fees for the opening of an IDX securities account and/or custodian/brokerage account, (b) brokerage fees and any other fees (including but not limited to government levies and value added tax) for receiving the GEMS Shares and (c) any other operating charges or fees, imposed by the Entitled Shareholder's agent, finance company, bank, broker, etc. and such other fees charged to the Entitled Shareholder for maintaining his IDX securities account and/or custodian/brokerage account will be borne by the Entitled Shareholder. Further, Entitled Shareholders who hold odd lots of less than 100 GEMS Shares may experience difficulty and/or have to bear disproportionate transaction costs in disposing of odd lots of their GEMS Shares.**

### 10.2 **Assessment on the Proposed Distribution and Exit Offer (taken together as a single transaction)**

In the course of our evaluation on the fairness and reasonableness of the terms of the Proposed Distribution and the Exit Offer (when taken together as a single transaction), in addition to the factors set out in Section 10.1 above, we have also given due consideration to, *inter alia*, the following key factors which, in our opinion, have a significant bearing on our assessment:

10.2.1 Historical financial performance and position of the Group;

10.2.2 Historical share price performance and trading liquidity of the Shares;

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10.2.3 Valuation ratios of selected listed companies broadly comparable to the Group;

10.2.4 Sum-of-the-parts valuation analysis;

10.2.5 Estimated range of values of the Shares;

10.2.6 Precedent Privatisation Transactions in Singapore; and

10.2.7 Other relevant considerations in relation to the Proposed Transactions.

### 10.2.1 Historical financial performance and position of the Group

A summary of the consolidated statement of profit or loss of the Group for financial years ended FY2020, FY2021 and FY2022, the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of cash flows for FY2020, FY2021 and FY2022 are set out below. The following summary financial information should be read in conjunction with the Group's annual reports for FY2020, FY2021 and FY2022, including the notes and commentaries thereto. The audited financial statements of the Group for each of FY2020, FY2021 and FY2022 contained unqualified audit opinion from the auditors.

#### Consolidated statement of comprehensive income

(US\$'000)	FY2020 (Audited)	FY2021 (Audited)	FY2022 (Audited)
Revenue	11,162,687	1,874,097	5,616,803
Cost of sales	(786,076)	(1,056,952)	(3,064,117)
<b>Gross profit</b>	<b>376,611</b>	<b>817,145</b>	<b>2,552,686</b>
Other income	20,297	13,664	23,374
Selling and distribution expenses	(201,383)	(225,802)	(469,659)
Administrative expenses	(79,337)	(113,498)	(324,311)
Fair value gains/(loss)	7,683	(3,510)	10,676
Finance costs	(37,399)	(55,282)	(140,047)
Other operating expenses	(14,845)	(28,148)	(39,120)
Share of loss of joint ventures (net of tax)	(4,903)	(22,658)	(8,078)
<b>Profit before tax</b>	<b>66,724</b>	<b>381,911</b>	<b>1,605,521</b>
Tax expense	(32,256)	(130,651)	(324,674)
<b>Profit for the year</b>	<b>34,468</b>	<b>251,260</b>	<b>1,280,847</b>

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(US\$'000)	FY2020 (Audited)	FY2021 (Audited)	FY2022 (Audited)
<b>Other comprehensive income</b>			
<u>Items that will not be reclassified to profit or loss</u>			
Net actuarial gain/(loss) on post-employment benefits	189	(421)	(146)
Net (loss) on equity instruments fair value through other comprehensive income	(3,432)	(1,823)	(21,256)
	(3,243)	(2,244)	(21,402)
<u>Items that may be reclassified subsequently to profit or loss</u>			
Foreign currency translation	24,248	(6,457)	14,408
Share of other comprehensive income of a joint venture	–	(35,864)	(19,416)
	24,248	(42,321)	(5,008)
Other comprehensive income for the year, net of tax	21,005	(44,565)	(26,410)
<b>Total comprehensive income for the year</b>	<b>55,473</b>	<b>206,695</b>	<b>1,254,437</b>
<b>Profit for the year attributable to:</b>			
Owners of the Company	8,085	114,323	711,575
Non-controlling interests	26,383	136,937	569,272
	34,468	251,260	1,280,847
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company	25,543	72,036	689,471
Non-controlling interests	29,930	134,659	564,966
	55,473	206,695	1,254,437

Source: The Company's annual reports for FY2020, FY2021 and FY2022

**Note:**

(1) The figures in the table above may not add up due to rounding.



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### Review of operating results

#### FY2020 vs FY2021

In FY2021, the Group recorded an increase in revenue of approximately US\$711.4 million or 61.2%, from approximately US\$1,162.7 million in FY2020 to approximately US\$1,874.1 million in FY2021. The revenue from Energy Coal segment increased by approximately US\$521.7 million or 49.0%, from approximately US\$1,064.2 million in FY2020 to approximately US\$1,586.0 million in FY2021, mainly due to the an increase in average selling price of coal from US\$31.03 per MT in FY2020 to US\$53.50 per MT in FY2021 despite recording a lower sales volume at 28.8 million tonnes in FY2021 as compared to 33.3 million tonnes in FY2020. In addition, the revenue from Metallurgical Coal segment increased by approximately US\$189.4 million or 194.8% from approximately US\$97.2 million in FY2020 to approximately US\$286.6 million in FY2021, mainly due to consolidation of Stanmore's full year results and the increase in realised average selling price from US\$80.5 per MT in FY2020 to US\$132.8 per MT in FY2021.

Cost of sales increased by approximately US\$270.9 million or 34.5%, from approximately US\$786.1 million in FY2020 to approximately US\$1,057.0 million in FY2021. This was mainly due to increase in production costs which consist of an increase in mining services and overheads of approximately US\$120.4 million, inventories recognised as an expense in cost of sales of approximately US\$44.9 million, royalty fees of approximately US\$91.8 million and land exploitation expenses of approximately US\$2.4 million.

As a result of the above, gross profit increased by approximately US\$440.5 million or 117.0%, from approximately US\$376.6 million in FY2020 to approximately US\$817.1 million in FY2021. Overall, the gross profit margin increased from 32.4% in FY2020 to 43.6% in FY2021.

Other income decreased by approximately US\$6.6 million or 32.7%, from approximately US\$20.3 million in FY2020 to approximately US\$13.7 million in FY2021.

Selling and distribution expenses increased by approximately US\$24.4 million or 12.1%, from approximately US\$201.4 million in FY2020 to approximately US\$225.8 million in FY2021. This was mainly due to higher demurrage costs as a result of the bad weather conditions that affected the loading of coal onto vessels and/or barges.

Administrative expenses also increased by approximately US\$34.2 million or 43.1% from approximately US\$79.3 million in FY2020 to approximately US\$113.5 million in FY2021, mainly due to increase in salaries and benefits in line with better performance in relation to Energy Coal segment's performance, higher corporate social responsibility expenses and also consolidation of Stanmore's full year financial results in FY2021.

Other operating expenses increased by approximately US\$13.3 million or 89.6% from US\$14.8 million in FY2020 to US\$28.1 million in FY2021.

Finance costs increased by approximately US\$17.9 million or 47.8% from approximately US\$37.4 million in FY2020 to US\$55.3 million in FY2021 is mainly due to expenses incurred for early redemption of Notes 2023 amounting to US\$9.4 million and increase in interest expenses on bank loans and trade financing of approximately

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US\$8.0 million. Further, the Group also reported an increase in share of loss of joint ventures (net of tax) of approximately US\$22.7 million in FY2021 mainly pertaining to investment in Ravenswood Gold. During the financial year, Ravenswood Gold was undergoing expansion plan to increase its production capacity and as a result, Ravenswood Gold incurred higher financing cost from the draw down and utilisation of project financing facility to fund its expansion plan.

Tax expense increased by approximately US\$98.4 million, from approximately US\$32.3 million in FY2020 to approximately US\$130.7 million in FY2021, in-line with higher profit generated from its Energy Coal segment and also increase in withholding taxes due to higher dividend received from overseas subsidiary during the financial year.

As a result of the above, the Group recorded an increase in profit after tax of approximately US\$216.8 million from approximately US\$34.5 million for FY2020 to approximately US\$251.3 million for FY2021.

### FY2021 vs FY2022

In FY2022, the Group recorded an increase in revenue of approximately US\$3,742.7 million or 199.7%, from approximately US\$1,874.1 million in FY2021 to approximately US\$5,616.8 million in FY2022. The increase was mainly due to increase in sales volumes, higher coal prices as well as inclusion of results of Stanmore SMC Pty Ltd (“SMC”). The revenue from Energy Coal segment increased by approximately US\$1,334.0 million or 84.1%, from approximately US\$1,586.0 million in FY2021 to approximately US\$2,920.0 million in FY2022, mainly due to the aforementioned increase in average selling price of coal in FY2022 of US\$75.13 per MT as compared to US\$53.77 per MT in FY2021. The sales volume for coal in FY2022 has also increased to 38.9 million tonnes as compared to 29.5 million tonnes in FY2021. In addition, the revenue from Metallurgical Coal segment increased significantly by approximately US\$2,409.2 million or 840.6% from approximately US\$286.6 million in FY2021 to approximately US\$2,695.8 million in FY2022, mainly due to consolidation of SMC’s financial results since May 2022 that mainly resulted in higher sales volume from 2.2 million tonnes in FY2021 to 9.3 million tonnes in FY2022, as well as an increase in realised average selling price from US\$131.0 per MT in FY2021 to US\$290.0 per MT in FY2022.

Cost of sales increased by approximately US\$2,007.2 million or 189.9%, from approximately US\$1,057.0 million in FY2021 to approximately US\$3,064.1 million in FY2022. This was mainly due to higher production volumes which lead to an increase in overall production costs which consist mainly of mining services and overheads of approximately US\$1,339.6 million, freight and stockpile expenses of US\$533.9 million, inventories recognised as an expense in cost of sales of approximately US\$308.9 million, royalty fees of approximately US\$1,013.5 million and land exploitation expenses of approximately US\$26.8 million. The increase in royalty fees is a result of increased selling prices and higher royalty rates under the new royalty regime in Queensland where the Metallurgical Coal segment is based.

As a result of the above, gross profit increased by approximately US\$1,735.5 million or 212.4%, from approximately US\$817.1 million in FY2021 to approximately US\$2,552.7 million in FY2022. Overall, the gross profit margin increased from 43.6% in FY2021 to 45.4% in FY2022.

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Other income increased by approximately US\$9.7 million or 71.1%, from approximately US\$13.7 million in FY2021 to approximately US\$23.4 million in FY2022.

Selling and distribution expenses increased by approximately US\$243.9 million or 108.0%, from approximately US\$225.8 million in FY2021 to approximately US\$469.7 million in FY2022. This was mainly due to the inclusion of SMC's financial results, as well as higher sales volume in the Energy Coal segment.

Administrative expenses also increased by approximately US\$210.8 million or 185.7% from approximately US\$113.5 million in FY2021 to approximately US\$324.3 million in FY2022, mainly due to consolidation of SMC's financial results and one-off transaction cost incurred in relation to the SMC acquisition.

Other operating expenses increased by approximately US\$11.0 million or 39.0% from US\$28.1 million in FY2021 to US\$39.1 million in FY2022, mainly due to higher provision of impairment loss on goodwill of approximately US\$34.7 million in FY2022 as compared to approximately US\$13.4 million in FY2021, which partially offset by foreign exchange gains of approximately US\$1.7 million in FY2022.

Finance costs increased by approximately US\$84.8 million or 153.3% from approximately US\$55.3 million in FY2021 to US\$140.0 million in FY2022 is mainly due to increase in (i) interest expense of approximately US\$117.2 million, which arose from SMC acquisition loan of US\$625.0 million; (ii) interest expense from lease liabilities of approximately US\$10.6 million, which arose from SMC acquisition; and (iii) higher notional interest on provision and contingent consideration of approximately US\$7.8 million, which were partially offset by the lower expenses incurred for early redemption of Notes in FY2022 amounting to US\$3.1 million.

Further, the Group also reported a lower share of loss of joint ventures (net of tax) of approximately US\$8.1 million in FY2022 pertaining to investment in Ravenswood Gold. During the financial year, Ravenswood Gold was undergoing expansion plan to increase its production capacity and as a result, Ravenswood Gold incurred higher financing cost from the drawdown and utilisation of project financing facility to fund its expansion plan. This was partially offset by the improved performance of MetRes Pty Ltd which resulted from the higher realised average selling price in Metallurgical Coal and better operational performance.

Tax expense increased by approximately US\$194.0 million, from approximately US\$130.7 million in FY2021 to approximately US\$324.7 million in FY2022, in-line with higher profit generated from both Energy Coal and Metallurgical Coal segments and also increase in withholding taxes due to higher dividend received from overseas subsidiary during the financial year.

As a result of the above, the Group recorded an increase in profit after tax of approximately US\$1,029.6 million from approximately US\$251.3 million for FY2021 to approximately US\$1,280.8 million for FY2022.

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### Consolidated Statement of Financial Position

(US\$'000)	As at 31 December 2022 (Audited)
<b>Non-current assets</b>	
Biological assets	9,059
Property, plant and equipment	920,988
Mining properties	1,553,589
Intangible assets	10,267
Right-of-use assets	273,269
Goodwill	50,098
Investment in joint ventures	82,029
Deferred tax assets	7,654
Other receivables	8,218
Restricted funds	31,057
Other non-current assets	63,309
Investment securities	43,720
	<b>3,053,257</b>
<b>Current assets</b>	
Trade and other receivables	579,760
Other current assets	133,186
Inventories	150,528
Investment securities	672
Derivative financial instruments	6,487
Cash and cash equivalents	972,818
	<b>1,843,451</b>
<b>Current liabilities</b>	
Trade and other payables	727,274
Loans and borrowings	419,908
Provision for taxation	250,554
Other provisions	3,289
	<b>1,401,025</b>
<b>Net current assets</b>	<b>442,426</b>

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(US\$'000)	As at 31 December 2022 (Audited)
<b>Non-current liabilities</b>	
Deferred tax liabilities	240,723
Other payables	148,087
Loans and borrowings	916,229
Post-employment benefits	3,115
Other provisions	206,759
	<b>1,514,913</b>
<b>Net assets</b>	<b>1,980,770</b>
<b>Equity attributable to owners of the Company</b>	
Share capital	357,880
Reserves	(91,510)
Retained earnings	1,000,588
	<b>1,266,958</b>
Non-controlling interests	713,812
<b>Total equity</b>	<b>1,980,770</b>
<b>NAV of the Group attributable to owners of the Company</b>	<b>1,266,958</b>

Source: The Company's annual report for FY2022

**Note:**

(1) The figures in the table above may not add up due to rounding.

As at 31 December 2022, the total assets of the Group amounted to approximately US\$4,896.7 million, comprising non-current assets of approximately US\$3,053.3 million and current assets of approximately US\$1,843.5 million, representing approximately 62.4% and 37.6% of total assets respectively.

Non-current assets as at 31 December 2022 comprised mainly (i) mining properties of approximately US\$1,553.6 million, (ii) property, plant and equipment of approximately US\$921.0 million and (iii) right-of-use assets of US\$273.3 million, representing approximately 31.7%, 18.8% and 5.6% of total assets respectively. Mining properties represents the key operating assets of the Group and consist of (i) mines under construction; (ii) exploration and evaluation assets i.e. materials and fuel costs, surveying costs, drilling and stripping activity costs before the commencement of production stage and payments made to contractors; (iii) mines that are in the production stage; and (iv) stripping activity costs i.e. costs of removing overburden from a mine. Whereas, the property, plant and equipment of the Group consists mainly of infrastructure and buildings, plant and machinery, motor vehicles and construction in progress. During the financial year, the Group acquired assets amounting to US\$895.4

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million, of which US\$810.6 million was acquired through acquisition of SMC. No valuations have been conducted on these assets in connection with the Exit Offer. As set out in Section 21.4 of the Circular, the Non-conflicted Directors, having considered the following, did not consider it necessary to commission an independent valuation of the mine properties of the Group for the purpose of the Proposed Transactions:

- (A) valuation of mine properties tends to be very subjective due to the highly cyclical nature of mining industry, and valuation of mine properties may not necessarily be equivalent to the market value of the subject company. In the assessment of the value of the Shares, the IFA has evaluated various factors and considered, among others, the historical market prices and liquidity of the Shares and earnings-based ratios such as P/E ratio and EV/EBITDA ratio. The market approach using the ratios of publicly-traded guideline companies is a commonly used valuation methodology which provides an indicative value for the subject company. It calculates market pricing multiples for selected publicly-traded guideline companies and applies these multiples to the appropriate financial measures of the subject company, usually using earnings based multiples such as PE or EV/EBITDA; and
- (B) in arriving at an estimated range of values of the Shares, the IFA has relied on, among others, the mean EV/TTM EBITDA multiples of the Selected GEAR Comparable Companies (as defined in the IFA Letter) as the primary measure of value for a business as a going concern as it takes a more holistic picture of the value of an enterprise by considering both the equity and debt components of the capital structure and excludes non-cash expenses. The IFA has also considered the sum-of-the-parts valuation of the Company. Further details are set out in Section 10.2.5 of the IFA Letter. The Non-Conflicted Directors concur with the aforementioned views of the IFA.

Current assets as at 31 December 2022 comprised mainly (i) cash and cash equivalents of approximately US\$972.8 million; (ii) trade and other receivables of approximately US\$579.8 million; and (iii) inventories of approximately US\$150.5 million, representing 19.9%, 11.8% and 3.1% of total assets respectively.

As at 31 December 2022, the total liabilities of the Group amounted to approximately US\$2,915.9 million comprising non-current liabilities of approximately US\$1,514.9 million and current liabilities of approximately US\$1,401.0 million, representing approximately 52.0% and 48.0% of total liabilities respectively.

Non-current liabilities as at 31 December 2022 comprised mainly (i) loans and borrowings of approximately US\$916.2 million; (ii) deferred tax liabilities of approximately US\$240.7 million; and (iii) other provisions for mine rehabilitation and closure, onerous contracts and reinstatement costs of approximately US\$206.8 million, representing approximately 31.4%, 8.3% and 7.1% of total liabilities respectively. Current liabilities as at 31 December 2022 comprised mainly (i) trade and other payables of approximately US\$727.3 million; (ii) loans and borrowings of approximately US\$419.9 million; and (iii) provision for taxation of approximately US\$250.6 million, representing approximately 24.9%, 14.4% and 8.6% of total liabilities respectively.

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For the purpose of our evaluation, we have not included an assessment using the NAV based approach (i.e. comparing the Revised All Cash Consideration, and the Revised GEMS Shares Consideration and Cash against the NAV per Share) as valuations on producing mining companies are more commonly based on income approach (i.e. discount cash flows approach) or market approach. In addition, we did not request for the Company to commission and provide valuation reports on the mine properties of Group, which we believe is in line with market practice for IFA opinions on general offers involving mining companies and where the market approach of comparing valuation multiples such as EV/EBITDA, P/E and EV/Reserves is used instead. As a reference, the NAV per Share as at 31 December 2022 is US\$0.4803 (or approximately S\$0.643 based on an exchange rate of US\$1.00:S\$1.3395) which is lower than both the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash.

The Group recorded positive net working capital of approximately US\$442.4 million and net assets position of approximately US\$1,980.8 million as at 31 December 2022.

### Consolidated Statement of Cash Flows

(US\$'000)	FY2020 (Audited)	FY2021 (Audited)	FY2022 (Audited)
Net cash generated from operating activities	110,062	377,670	1,732,834
Net cash used in investing activities	(75,718)	(145,939)	(1,429,768)
Net cash generated from/(used in) financing activities	45,734	(110,480)	295,762
Net increase in cash and cash equivalents	80,078	121,251	598,828
Cash and cash equivalents at beginning of year	177,757	262,799	379,821
Effect of foreign exchange rate changes	4,964	(4,229)	(5,831)
Cash and cash equivalents at end of year	262,799	379,821	972,818

*Source: The Company's annual reports for FY2020, FY2021 and FY2022*

For FY2020, FY2021 and FY2022, the Group recorded net cash generated from operating activities of approximately US\$110.1 million, US\$377.7 million and US\$1,732.8 million respectively.

In respect of FY2022:

- (a) The Group recorded net cash generated from operating activities of approximately US\$1,732.8 million that comprised operating cash inflow before working capital changes of approximately US\$1,998.6 million, cash flows generated from operations of approximately US\$2,194.9 million, various taxes paid of approximately US\$363.8 million and interest and other financial charges paid of approximately US\$110.3 million. The Group also recorded interest income received of approximately US\$12.1 million. The cash flows generated from

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operations of approximately US\$2,194.9 million was mainly due to (i) a decrease in inventories of approximately US\$202.9 million; (ii) an increase in trade and other payables of approximately US\$80.5 million, partially offset by (i) an increase in trade, other receivables and other prepayments of approximately US\$67.0 million; and (ii) a decrease in provisions of approximately US\$20.1 million.

- (b) The Group recorded net cash used in investing activities of approximately US\$1,429.8 million in FY2022 due mainly to (i) acquisition of subsidiaries of approximately US\$1,223.4 million; (ii) additional investment in joint ventures of approximately US\$79.2 million; (iii) purchase of investment securities of approximately US\$10.9 million; (iv) purchase of property, plant and equipment of approximately US\$84.8 million; (v) additions to mining properties of approximately US\$43.7 million; (vi) changes in restricted fund of approximately US\$6.9 million, which was partially offset by (i) proceeds from disposal of investment security of approximately US\$15.0 million; (ii) dividend received from investment securities of approximately US\$1.4 million and (iii) changes in other non-current assets of approximately US\$3.5 million.
- (c) The Group recorded net cash generated from financing activities of approximately US\$295.8 million in FY2022 mainly due to (i) proceeds from loans and borrowings of approximately US\$921.7 million; (ii) proceeds from issuance of Notes, net of transactions cost of approximately US\$89.7 million; (iii) proceeds from issuance of shares, net of expenses of approximately US\$62.7 million; (iv) issuance of share capital by a subsidiary company of approximately US\$205.9 million, which was partially offset by (i) repayments of loans and borrowings of approximately US\$298.3 million; (ii) payment of dividend to non-controlling interests of subsidiaries of approximately US\$327.5 million; (iii) acquisition of non-controlling interests of a subsidiary without change in control of approximately US\$270.4 million; and (iv) lease payment of approximately US\$56.9 million; and (v) partial early redemption of Notes 2026 (including call premium paid) of approximately US\$31.1 million.
- (d) Taking into account (i) the net increase in cash and cash equivalents of approximately US\$598.8 million; (ii) the effects of exchange rate changes of approximately US\$5.8 million; and (iii) the cash and cash equivalent at the beginning of FY2022 of approximately US\$379.8 million, the Group cash and cash equivalents as at 31 December 2022 amounted to approximately US\$972.8 million.

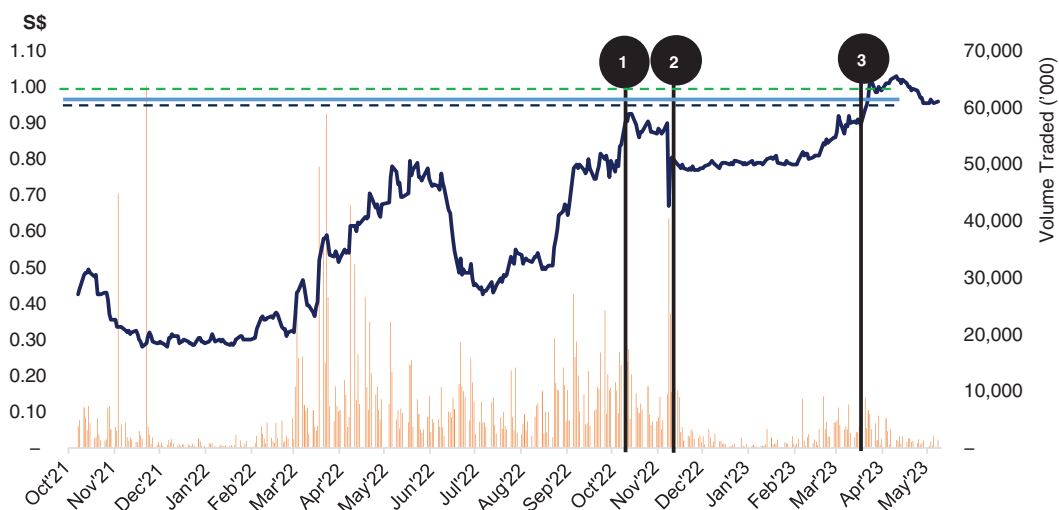
### 10.2.2 Historical share price performance and trading liquidity

We have compared the Revised GEMS Shares Consideration and Cash and the Revised All Cash Consideration to the historical share prices of the Shares for (i) the 1-year period prior to and including the last full market day on which the Shares were available for trading on the SGX-ST prior to the date of the Holding Announcement, being 7 October 2022 i.e. the Last Undisturbed Trading Day, (ii) the period from the Holding Announcement up to and including the last full market day on which the Shares were available for trading on the SGX prior to the date of the Original Announcement Date, being 8 November 2022 i.e. Original Last Trading Day, (iii) the period from the Original Announcement Date up to and including the last full market day on which the Shares were available for trading on the SGX prior to the date of the Update Announcement Date, being 17 March 2023 i.e. the Revised Last Trading Day, and (iv) the period from the Update Announcement Date up to the Latest Practicable Date.



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We set out below a chart showing the closing prices of the Shares and the number of Shares traded on a daily basis during the period commencing from 8 October 2021 and up to the Latest Practicable Date (“**GEAR Shares Period Under Review**”).



Source: Bloomberg L.P.

---	Revised GEMS Shares Consideration and Cash (as at the LPD) = S\$0.997 <sup>(1)</sup>
—	Revised All Cash Consideration = S\$0.973
---	Revised GEMS Share Consideration and Cash (as at the Revised Last Trading Day) = S\$0.964 <sup>(2)</sup>

### Notes:

- (1) Illustrative Consideration based on (a) the illustrative value of the GEMS Share Consideration of approximately IDR9,058.40 (based on the closing price of IDR6,500 per GEMS Share as at the Latest Practicable Date multiplied by 1.3936); (b) the exchange rate of S\$1.00:IDR11,104 on the Latest Practicable Date as extracted from Bloomberg L.P., rounded to the nearest three (3) decimal places; and (c) the Revised Exit Offer Price of S\$0.181.
- (2) Illustrative Consideration based on (a) the illustrative value of the GEMS Share Consideration of approximately IDR8,953.88 (based on the closing price of IDR6,425 per GEMS Share as at the Revised Last Trading Day multiplied by 1.3936); (b) the exchange rate of S\$1.00:IDR11,432.09 on the Revised Last Trading Day as extracted from Bloomberg L.P., rounded to the nearest three (3) decimal places; and (c) the Revised Exit Offer Price of S\$0.181.

### Announcements made by the Company in relation to the Proposed Transactions:

- (1) The Holding Announcement – the Company announced that it is in discussions with certain of its shareholders, including Mr. Indra Widjaja, regarding a possible acquisition of the Company.
- (2) The Original Announcement and Exit Offer Announcement – the Board of Directors of the Company announced that the Company proposes to undertake the Proposed Distribution and the Delisting. On the same day, the Board of Directors of the Company and the Offeror have, jointly announced that the Offeror will make the Exit Offer in conjunction with the Delisting.
- (3) The Update Announcement – the Company and the Offeror jointly announced, *inter alia*, that the Original Cash Alternative Price has been increased from approximately IDR5,500 per GEMS Share to the Revised Cash Alternative Price of IDR6,500 per GEMS Share and, that the Original Exit Offer Price has been increased from S\$0.160 per Share to the Revised Exit Offer Price of S\$0.181 per Share.

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In addition to the above share price/trading volume chart, we have tabulated below selected statistics on the share price and trading liquidity of the Shares for the GEAR Shares Period Under Review:

Reference Period	VWAP (\$ <sup>(1)</sup> )	Premium/ (discount) of Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 to VWAP (%) <sup>(2)</sup>	Premium/ (discount) of Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) of S\$0.997 to VWAP (%) <sup>(2)</sup>	Premium/ (discount) of Revised All Cash Consideration to VWAP (%) <sup>(2)</sup>	Highest closing price (\$ <sup>(1)</sup> )	Lowest closing price (\$ <sup>(1)</sup> )	Average daily trading volume ('000) <sup>(2)(3)</sup>	Average daily trading volume as a percentage of free float (%) <sup>(1)(4)</sup>
<b><u>Periods up to and including the Last Undisturbed Trading Day</u></b>								
12-month period up to and including the Last Undisturbed Trading Day	0.594	62.3%	67.8%	63.8%	0.840	0.280	7,057.0	1.189%
6-month up to and including the Last Undisturbed Trading Day	0.656	47.0%	52.0%	48.3%	0.840	0.425	8,978.6	1.513%
3-month up to and including the Last Undisturbed Trading Day	0.673	43.2%	48.1%	44.6%	0.840	0.430	8,593.4	1.448%
1-month up to and including the Last Undisturbed Trading Day	0.791	21.9%	26.0%	23.0%	0.840	0.745	10,439.4	1.759%
Last Undisturbed Trading Day	0.840 <sup>(5)</sup>	14.8%	18.7%	15.8%	0.840	0.840	14,676.3	2.473%

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Reference Period	VWAP (\$ <sup>(1)</sup> )	Premium/ (discount) of Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of \$0.964 to VWAP (%) <sup>(2)</sup>	Premium/ (discount) of Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) of \$0.997 to VWAP (%) <sup>(2)</sup>	Premium/ (discount) of Revised All Cash Consideration to VWAP (%) <sup>(2)</sup>	Highest closing price (\$ <sup>(1)</sup> )	Lowest closing price (\$ <sup>(1)</sup> )	Average daily trading volume ('000) <sup>(2)(3)</sup>	Average daily trading volume as a percentage of free float (%) <sup>(1)(4)</sup>
<b>Periods from the Holding Announcement Date and prior to the Original Announcement Date</b>								
Holding Announcement up to and including the Original Last Trading Day	0.875	10.2%	13.9%	11.2%	0.930	0.670	10,764.6	1.814%
Original Last Trading Day	0.670 <sup>(5)</sup>	43.9%	48.8%	45.2%	0.670	0.670	40,488.1	6.821%
<b>Periods from the Original Announcement Date and prior to the Update Announcement Date</b>								
Original Announcement Date up to and including the Revised Last Trading Day	0.827	16.6%	20.6%	17.7%	0.920	0.770	2,571.2	0.433%
Revised Last Trading Day	0.895 <sup>(5)</sup>	7.7%	11.4%	8.7%	0.895	0.895	19,647.7	3.310%
<b>Periods from the Update Announcement Date up to and including the Latest Practicable Date</b>								
Update Announcement Date up to and including the Latest Practicable Date	0.986	(2.2)%	1.1%	(1.3)%	1.030	0.940	2,322.1	0.391%
As at the Latest Practicable Date	0.960 <sup>(5)</sup>	0.4%	3.9%	1.4%	0.960	0.960	1,477.0	0.249%

Source: Bloomberg L.P.

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**Notes:**

- (1) *Rounded to the nearest three (3) decimal place.*
- (2) *Rounded to the nearest one (1) decimal place.*
- (3) *The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the period divided by the number of market days during that period.*
- (4) *Based on the annual report of the Group for FY2022, the number of shares of the Group held in the hands of the public was approximately 593.6 million Shares, being approximately 22.5% of the issued shares of the Company.*
- (5) Refers to the latest closing price of the Shares on the respective days.

Based on the above, we note the following:

- (i) The prices of the Shares for the periods up to the Last Undisturbed Trading Day would be more reflective of the market price discovery process without the influence of the news of the impending Exit Offer, as share prices after the Holding Announcement may have been influenced by the expectations of an impending Exit Offer; and
- (ii) The Revised All Cash Consideration of S\$0.973 is at a premium of approximately 63.8%, 48.3%, 44.6% and 23.0% to the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods up to and including the Last Undisturbed Trading Day respectively, and at a premium of approximately 15.8% to the closing price of the Shares on the Last Undisturbed Trading Day prior to the issuance of the Holding Announcement;
- (iii) The Revised All Cash Consideration is higher than the range of closing prices for the 12-month, 6-month, 3-month and 1-month period up to and including the Revised Last Trading Day;
- (iv) The Revised All Cash Consideration is at a premium of 11.2% to the VWAP of the Shares for the period from the Holding Announcement up to and including the Original Last Trading Day, and at a premium of approximately 45.2% to the closing price of the Shares on the Original Last Trading Day;
- (v) The Revised All Cash Consideration is at a premium of 17.7% to the VWAP of the Shares for the period from the Original Announcement Date up to and including the Revised Last Trading Day, and at a premium of approximately 8.7% to the closing price of the Shares on the Revised Last Trading Day;
- (vi) The Revised All Cash Consideration is at a discount of 1.3% to the VWAP of the Shares for the period from the Update Announcement Date up to and including the Latest Practicable Date; and
- (vii) The Revised All Cash Consideration is at a premium of 1.4% to the closing price of the Shares on the last trading day as at the Latest Practicable Date.

In addition to the above, we note that both the Revised All Cash Consideration of S\$0.973 and the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 are higher than the highest closing price of the Shares of S\$0.925 since the reverse take-over in 2015 up to and including the Revised Last Trading Day and that the Revised All Cash Consideration represents an improvement of 15% over the Original All Cash Consideration.

With regard to the trading liquidity of the Shares, we note the following:

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- (i) The Shares during the 12-month period up to and including the Last Undisturbed Trading Day has been trading with reasonable liquidity, with daily trading volume of between approximately 169,700 shares and 63,811,000 Shares and an average daily trading volume of approximately 7.1 million Shares, representing approximately 1.19% of the free float of the Shares;
- (ii) For the 12-month period commencing from 8 October 2021 and ending on the Last Undisturbed Trading Day, the Shares were traded on 252 Market Days out of 252 Market Days;
- (iii) For the period after the Holding Announcement up to and including the Original Last Trading Day, trading liquidity of the Shares increased to an average daily trading volume of approximately 10.8 million Shares, representing approximately 1.81% of the free float of the Shares;
- (iv) For the period after the Original Announcement Date up to and including the Revised Last Trading Day, trading liquidity of the Shares further decreased to an average daily trading volume of approximately 2.6 million Shares, representing approximately 0.43% of the free float of the Shares; and
- (v) For the period after the Update Announcement Date up to and including the Latest Practicable Date, trading liquidity of the Shares decreased slightly to an average daily trading volume of approximately 2.3 million Shares, representing approximately 0.39% of the free float of the Shares.

In addition to the above and based on the Illustrative Consideration as set out in Section 1.2 of the Exit Offer Letter, the Illustrative Consideration based on Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 represents a premium of approximately 62.3%, 47.0%, 43.2% and 21.9% over the VWAP for the 12-month, 6-month, 3-month and 1-month periods up to and including the Last Undisturbed Trading Day respectively and at a premium of approximately 14.8% over the last closing price per Share of S\$0.84 on the Last Undisturbed Trading Day.

Based on the last closing price of the GEMS Shares as at the Latest Practicable Date of IDR6,500, the Illustrative Consideration of the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) would change to S\$0.997, which for illustration purposes, is at a premium of approximately 67.8%, 52.0%, 48.1% and 26.0% to the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods up to and including the Last Undisturbed Trading Day respectively, and at a premium of approximately 18.7% to the closing price per Share of S\$0.84 on the Last Undisturbed Trading Day.

The Illustrative Consideration based on Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 also represents a premium of approximately 43.9% over the last closing price per Share of S\$0.67 on the Original Last Trading Day and a premium of approximately 7.7% over the closing price per Share of S\$0.895 on the Revised Last Trading Day. As at the Latest Practicable Date, the Illustrative Consideration based on Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 represents a slight premium of approximately 0.4% over the last closing price per Share of S\$0.960.

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It is also noted that the Illustrative Consideration based on the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) is of a higher financial value than the Revised All Cash Consideration due to the stronger IDR as at the Latest Practicable Date. Shareholders who wish to remain vested in the GEMS Group or seek to realise a higher value from the election of the Revised GEMS Shares Consideration and Cash should note that there is no assurance that the market price of the GEMS Shares will be higher than the Revised Cash Alternative Price after the completion of the Proposed Transactions and also note that there may be transactional expenses such as brokerage costs, taxes and other trading costs incurred in holding or disposing the GEMS Shares on the open market.

**Shareholders are advised that the past trading performance of the Shares should not, in any way, be relied upon as an indication or promise of its future trading performance.**

### 10.2.3 Valuation ratios of selected listed companies broadly comparable to the Group

For the purpose of our evaluation of the financial terms of the Offer, we have considered the valuation ratios of the Company implied by the Revised All Cash Consideration as compared with those selected mining companies listed on the SGX, IDX and Australian Securities Exchange Ltd (“**ASX**”) with exposure in thermal and/or metallurgical coal mining operations which we consider to be broadly comparable to the principal business of the Group (“**Selected GEAR Comparable Companies**”).

We wish to highlight that the Selected GEAR Comparable Companies are not exhaustive and we recognise that there may not be any listed company or group which may be considered identical to the Group in terms of, *inter alia*, composition of business, business activities, size and scale of operations, risk profile, geographical spread of business, operating and financial leverage, accounting policies, track record, financial performance and future prospects, liquidity and market capitalisation. As such, any comparison made herein is necessarily limited and serves only as an illustrative guide and any conclusion drawn from the comparison may not necessarily reflect the perceived or implied fair market valuation (as the case may be) of the Group as at the Latest Practicable Date.

Company	Stock Exchange	Business Description
Geo Energy Resources Ltd	Singapore	Geo Energy Resources Limited is an integrated coal mining specialist. The company owns and operates coal mines, offers mine contracting services to third party mine owners, and sells coal to both coal traders and coal export companies.
PT Adaro Energy Indonesia Tbk	Indonesia	PT Adaro Energy Indonesia Tbk operates as a coal mining company. The company and its subsidiaries currently deal in coal mining and trade, coal infrastructure and logistics, and mining contractor services. PT Adaro Energy Indonesia Tbk serves customers in Indonesia.
PT Bukit Asam Tbk	Indonesia	PT Bukit Asam Tbk provides coal mining services. The company offers general surveying, exploration, exploitation, production, transportation, and marketing of coal. Bukit Asam serves customers in Indonesia.

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Company	Stock Exchange	Business Description
PT Baramulti Suksessarana Tbk	Indonesia	PT Baramulti Suksessarana Tbk is a coal mining company in Kalimantan.
Coronado Global Resources Inc	Australia	Coronado Global Resources Inc. is a leading international producer of high-quality Metallurgical coal (Met coal), an essential element in the production of steel.
Yancoal Australia Ltd	Australia	Yancoal Australia Limited provides coal mining services. The company mines, processes, and sells pure-coal, metallurgical coal, and more. Yancoal Australia also exports its products.

Source: Bloomberg L.P. or the corporate website of the company.

In our evaluation, we have considered the following widely used valuation measures in respect of mining companies:

Valuation Ratio	Description
Price-to-earnings ratio (“ <b>TTM P/E</b> ”)	<p>The P/E, or earnings multiple, illustrates the ratio of a company’s market capitalisation relative to its historical consolidated net profit attributable to shareholders for the trailing twelve months period. The TTM P/E is an earnings-based valuation methodology.</p> <p>The TTM P/E multiple is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and amortisation of intangible assets.</p>
Enterprise value to EBITDA (“ <b>EV/TTM EBITDA</b> ”) ratio	<p>EV refers to enterprise value which is the sum of a company’s market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents.</p> <p>TTM EBITDA refers to the consolidated earnings before interest, taxes, depreciation and amortisation expenses, inclusive of the share of associates’ and joint ventures’ income for the trailing twelve months.</p> <p>The TTM EV/EBITDA ratio illustrates the ratio of the market value of an entity relative to its pre-tax operating cashflow, without regard to its capital structure and provides an indication of current market valuation relative to operating performance.</p>
Enterprise Value-to-Reserves (“ <b>EV/Reserves</b> ”)	<p>EV/Reserves ratio is an industry specific valuation measure. It indicates the enterprise value per tonne of proven and probable reserve owned by the company.</p>

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The valuation ratios of the Selected GEAR Comparable Companies as at the Latest Practicable Date are set out below:

Company	Market Capitalisation as at LPD <sup>(1)</sup> (US\$ m)	EV as at LPD (US\$ m)	TTM P/E <sup>(1)(3)</sup> (times)	EV/TTM EBITDA <sup>(3)</sup> (times)	EV/Reserves <sup>(2)(3)</sup> (US\$/tonne)
PT Adaro Energy Indonesia Tbk <sup>(4)</sup>	6,045	5,120	2.37	1.02	4.36
Yancoal Australia Ltd	4,800	3,421	1.96	0.72	3.46
PT Bukit Asam Tbk <sup>(4)</sup>	2,725	1,773	3.50	1.63	0.59
Coronado Global Resources Inc	1,796	1,718	2.33	1.41	3.19
PT Baramulti Suksessarana Tbk <sup>(4)</sup>	710	596	2.71	1.71	6.40
Geo Energy Resources Ltd	354	125	2.19	0.44	1.64
<b>High</b>			<b>3.50</b>	<b>1.71</b>	<b>6.40</b>
<b>Low</b>			<b>1.96</b>	<b>0.44</b>	<b>0.59</b>
<b>Mean</b>			<b>2.51</b>	<b>1.16</b>	<b>3.27</b>
<b>Median</b>			<b>2.35</b>	<b>1.22</b>	<b>3.32</b>
<b>The Company as implied by the Revised All Cash Consideration of S\$0.973</b>			<b>2.72</b>	<b>1.48</b>	<b>3.48<sup>(5)</sup></b>
<b>The Company as implied by the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964</b>			<b>2.66</b>	<b>1.46</b>	<b>3.43<sup>(5)</sup></b>
<b>The Company as implied by the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) of S\$0.997</b>			<b>2.79</b>	<b>1.51</b>	<b>3.54<sup>(5)</sup></b>

Source: Bloomberg L.P. and respective companies' latest financial results announcements or annual reports

**Notes:**

- (1) Based on the closing prices and exchange rates as at the Latest Practicable Date.
- (2) "Reserves" refers to the latest reported total coal reserves attributable to each of the Selected GEAR Comparable Companies, as obtained from the respective latest available annual reports/announcements as at the Latest Practicable Date. There may be timing differences between the Reserves figures used to calculate the ratios and the financial results of the respective Selected GEAR Comparable Companies. We would also like to highlight that the Reserves figures of the Company and the Selected GEAR Comparable Companies may not reflect the entire potential Reserves that could be explored and commercialised and that the quality of mineral reserves of each company may be different. Therefore, any comparison made with regards to EV/Reserves ratios are purely for illustrative purposes only.
- (3) Rounded to the nearest two (2) decimal place.
- (4) We have selected these Indonesia-listed comparable companies from the list of the GEMS Comparable Companies whose EV/TTM EBITDA falls within the first and third quartile of the range of EV/TTM EBITDA ratios of the GEMS Comparable Companies.
- (5) Based on the total coal reserves (proven and probable) that is attributable to the Group as reported in the latest announcements of Stanmore and GEMS respectively.



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Based on the above, we note that:

- (a) The EV/TTM EBITDA (trailing twelve-month EBITDA) of the Group (as implied by the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day)) of 1.48 times and 1.46 times respectively, is within the range of EV/TTM EBITDA ratios of the Selected GEAR Comparable Companies of between 0.44 times and 1.71 times and is above the mean and median EV/TTM EBITDA ratios of 1.16 times and 1.22 times respectively. For illustration purposes, based on the Illustrative Consideration of the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) of S\$0.997, the implied EV/EBITDA of the Group would be 1.51 times which is also above the mean and median EV/TTM EBITDA ratios of the Selected GEAR Comparable Companies.
- (b) The TTM P/E (trailing twelve-month earnings) of the Group (as implied by the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day)) of 2.72 times and 2.66 times respectively, is within the range of TTM P/E ratios of the Selected GEAR Comparable Companies of between 1.96 times and 3.50 times, and is above the mean and median TTM P/E of 2.51 times and 2.35 times respectively. For illustration purposes, based on the Illustrative Consideration of the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) of S\$0.997, the implied TTM P/E (trailing twelve-month earnings) of the Group would be 2.79 times which is also above the mean and median TTM P/E of the Selected GEAR Comparable Companies.
- (c) The EV/Reserves of the Group (as implied by the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day)) of US\$3.48/tonne and US\$3.43/tonne respectively, is within the range of EV/Reserves of the Selected GEAR Comparable Companies of between US\$0.59/tonne and US\$6.40/tonne and slightly above the mean and median EV/Reserves of the Selected GEAR Comparable Companies of US\$3.27/tonne and US\$3.32/tonne respectively. We would also like to highlight that the reserves figures of the Company and the Selected GEAR Comparable Companies may not reflect the entire potential reserves that could be explored and commercialised and that the quality of mineral reserves of each company may be different. Therefore, any comparison made with regards to EV/Reserves ratios are purely for illustrative purposes only.

### 10.2.4 Sum-of-The-Parts (SOTP) Valuation Analysis

The Group is principally engaged in the exploration, mining and marketing of (a) metallurgical coal in Australia through its subsidiary, Stanmore and (b) energy coal in Indonesia through its subsidiary, GEMS. The Group also has non-coal businesses in gold mining through its joint-venture, Ravenswood Gold Group Pty Ltd (“**Ravenswood Gold**”) and has various investments in renewable energy projects in Asia and also in quoted and unquoted securities.

In arriving at an estimated intrinsic value of the Shares, we have used the SOTP valuation analysis whereby each of the Group’s businesses were valued separately and aggregated together and adjusted for the net debt at the holding company level. SOTP assessment takes into account, *inter alia*, the Group’s portfolio of businesses/ investments and other factors which may impact the intrinsic or net realisable values of the businesses and investments held by the Group and which could be affected by the current market and economic conditions.

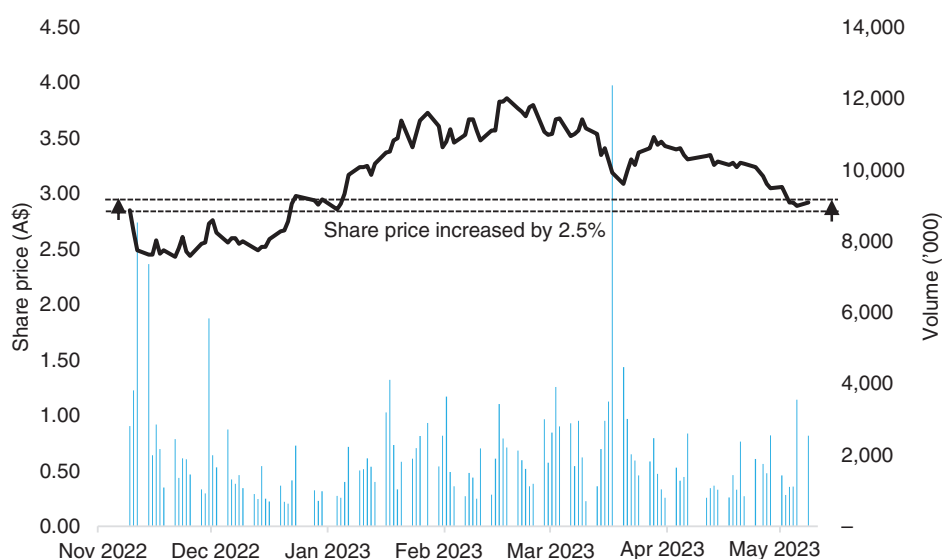
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Please refer to the following for details on our estimation of value for the individual business segments of the Group:

### 10.2.4(i) Metallurgical Coal Business in Australia held through Stanmore

As at the Latest Practicable Date, the Group owns 64.01% of Stanmore, an ASX-listed company primarily involved in metallurgical coal exploration and mining businesses in Australia.

We set out below a chart showing the closing prices of the Stanmore shares and the number of Stanmore shares traded on a daily basis during the period commencing from 9 November 2022, being the Original Announcement Date and up to the Latest Practicable Date.



Source: Bloomberg L.P.

In addition to the share price/trading volume chart, we have tabulated below selected statistics on the share price and trading liquidity of Stanmore shares for the period commencing from 9 November 2022, being the Original Announcement Date and up to the Latest Practicable Date:

Reference Period	Closing price/ VWAP (A\$) <sup>(1)</sup>	Highest closing price (A\$) <sup>(1)</sup>	Lowest closing price (A\$) <sup>(1)</sup>	Average daily trading volume (‘000) <sup>(2)(3)</sup>	Average daily trading volume as a percentage of free float (%) <sup>(1)(4)</sup>
As at Original Announcement Date	2.850 <sup>(5)</sup>	2.850	2.850	2,815.4	1.058%
Original Announcement Date to the Latest Practicable Date	3.169	3.860	2.430	1,894.8	0.712%
As at Latest Practicable Date	2.920 <sup>(5)</sup>	2.920	2.920	2,541.0	0.955%

Source: Bloomberg L.P.

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**Notes:**

- (1) Rounded to the nearest three (3) decimal place.
- (2) Rounded to the nearest one (1) decimal place.
- (3) The average daily trading volume of the Stanmore shares is calculated based on the total volume of Stanmore shares traded during the period divided by the number of market days during that period.
- (4) Based on the annual report of Stanmore for FY2022, the number of shares of Stanmore held in the hands of the public was approximately 266.2 million Stanmore shares, being approximately 29.5% of the issued shares of Stanmore.
- (5) Refers to the respective closing price of the Stanmore shares.

Based on the above, we note the share prices of Stanmore has risen significantly since the Original Announcement Date until middle of February 2023 before moderating to its current price as at the Latest Practicable Date, with a VWAP of approximately A\$3.169 for the period and representing a slight increase of approximately 2.5% based on the closing share price of A\$2.92 as at the Latest Practicable Date. With regard to the trading liquidity of the Stanmore shares, we also note that for the period from the Original Announcement Date to the Latest Practicable Date, Stanmore shares were traded at a daily average of approximately 1,894,811 Stanmore shares, representing approximately 0.712% of the free float of Stanmore shares.

Taking into account the closing share price of Stanmore and the exchange rate as at the Latest Practicable Date, the current market value of the Company's shareholdings in Stanmore of 64.01% is approximately S\$1,513.3 million:

Stanmore's share price as at LPD (A\$)	2.92
Number of outstanding shares	901,391,634
Exchange rate as at LPD (A\$:S\$)	0.8982
Market Capitalisation of Stanmore (S\$ million)	2,364
GEAR's shareholdings in Stanmore (%)	64.01
GEAR's equity portion in Stanmore (S\$ million)	1,513
<b>Per share basis (S\$)<sup>(1)</sup></b>	<b>0.574</b>

**Note:**

- (1) Calculated based on number of GEAR Shares as at the Latest Practicable Date of 2,638,100,380 shares.

### 10.2.4(ii) Energy Coal Business in Indonesia held through GEMS

Given the low free float and liquidity of the GEMS Shares, we have used the estimated range of values of the GEMS Shares derived from the market approach of between IDR3,773 and IDR4,277 per GEMS Share as set out in Section 10.1.6 of this IFA Letter for the analysis of the value of GEMS Group, instead of using the market price of the GEMS Shares.

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As set out in Section 10.1.6 of this IFA Letter, based on the FY2022 EBITDA of the GEMS Group and the exchange rate as at the Latest Practicable Date, the estimated range of values of the GEMS Shares using the market approach benchmarked on the mean and median EV/TTM EBITDA ratios of the Selected GEMS Comparable Companies is between IDR3,773 and IDR4,277 per GEMS Share. Taking into account the foregoing, the valuation of the Energy Coal Business in Indonesia held through GEMS would be in the range of S\$1,249.4 million and S\$1,415.9 million as set out below:

	<b>Based on Mean EV/TTM EBITDA of the Selected GEMS Comparable Companies (in US' millions)</b>	<b>Based on Median EBITDA of the Selected GEMS Comparable Companies (in US' millions)</b>
EBITDA for the last trailing 12-months as at 31 December 2022	931.7	931.7
Enterprise Valuation of GEMS <sup>(1)</sup>	1,319	1,520
Less: Total Debt and Non-Controlling Interests as at 31 December 2022	(140)	(140)
Add: Cash 31 December 2022	330	330
Equity valuation of GEMS	1,509	1,710
No. of GEMS shares	5,882,353,000	5,882,353,000
Exchange rate as at LPD (USD:IDR)	14,711	14,711
Equity value per GEMS share (IDR)	3,773	4,277
GEAR's shareholdings in GEMS (%)	62.4998	62.4998
Exchange rate as at LPD (S\$:IDR)	11,104	11,104
GEAR's equity portion in GEMS (S\$ million)	1,249	1,416
<b>Per share basis (S\$)<sup>(2)</sup></b>	<b>0.474</b>	<b>0.537</b>

**Notes:**

- (1) Calculated based on mean and median EV/TTM EBITDA ratios of the Selected GEMS Comparable Companies of 1.42 times and 1.63 times, respectively.
- (2) Calculated based on number of GEAR Shares as at the Latest Practicable Date of 2,638,100,380 shares.

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For further details on our assessment on the Proposed Distribution and the Revised Cash Alternative Price, please refer to Section 10.1 of this IFA Letter.

### 10.2.4(iii) Gold Mining Business held through Ravenswood Gold

The Group, through its subsidiary, Golden Investments (Australia) II Pte Ltd entered into a 50-50 joint venture arrangement with EMR Capital in Ravenswood Gold for its gold mining business in Australia.

For the purpose of estimating the intrinsic value of the gold mining business held through Ravenswood Gold, we have utilised the carrying values based on the Group's latest audited financial statements for FY2022. The carrying value for the gold mining business held through Ravenswood Gold as at 31 December 2022 is approximately US\$62.7 million.

Carrying amount of investment in Ravenswood Gold Pty Ltd as at 31 December 2022 (US\$'000)	62,730
Exchange rate as at LPD (US\$:S\$)	1.3245
Carrying amount of investment in Ravenswood Gold Pty Ltd (S\$'000)	83,086
<b>Per share basis (S\$)<sup>(1)</sup></b>	<b>0.031</b>

**Note:**

(1) Calculated based on number of GEAR Shares as at the Latest Practicable Date of 2,638,100,380 shares.

### 10.2.4(iv) Forestry and Pulp Cash-Generating Unit (“CGU”)

Similar to our assessment of the Group's gold mining business as set out in Section 10.2.4(iii) above, we have utilised the carrying value of the forestry and pulp CGU based on the Group's latest audited financial statements for FY2022. The carrying value for the forestry and pulp CGU as at 31 December 2022 is approximately US\$49.8 million.

Goodwill (US\$'000)	27,722
Forest concession license (US\$'000)	9,174
Net assets of CGU (US\$'000)	12,869
Carrying amount of investment in Forestry and Pulp CGU (US\$'000)	49,765
Exchange rate as at LPD (US\$:S\$)	1.3245
Carrying amount of investment in Forestry and Pulp CGU (S\$'000)	65,914
<b>Per share basis (S\$)<sup>(1)</sup></b>	<b>0.025</b>

**Note:**

(1) Calculated based on number of GEAR Shares as at the Latest Practicable Date of 2,638,100,380 shares.

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### 10.2.4(v) Investment in quoted equity securities

As at 31 December 2022, the Group holds investments in quoted equity securities of certain companies listed on the ASX, which are recorded at fair value and with aggregate value of approximately US\$12.0 million. We have set out in the table below the aggregate value of these quoted equity securities based on the closing prices of the respective listed companies as at the Latest Practicable Date.

Current market value of investments in quoted equity securities (US\$'000)	12,522
Exchange rate as at LPD (US\$:S\$)	1.3245
Current market value of investment in quoted equity securities (S\$'000)	16,586
<b>Per share basis (S\$)<sup>(1)</sup></b>	<b>0.006</b>

**Note:**

(1) Calculated based on number of GEAR Shares as at the Latest Practicable Date of 2,638,100,380 shares.

### 10.2.4(vi) Investment in unquoted securities

As at 31 December 2022, the Group holds certain unquoted equity securities recorded at fair value with aggregate carrying value of approximately US\$26.5 million, comprising investments in unquoted ordinary shares of US\$1.5 million, while the balance of US\$25.0 million was acquired through the acquisition by Stanmore of the interest in BHP Mitsui Coal Pty Ltd (now known as Stanmore SMC Pty Ltd) (the “**SMC Acquisition**”). In addition, the Group also holds redeemable preference shares recorded at fair value with carrying value of approximately US\$2.8 million as at 31 December 2022.

Based on the above and the exchange rate as at the Latest Practicable Date, the carrying value for the unquoted equity securities (excluding those relating to the SMC Acquisition) is approximately S\$5.7 million:

Unquoted equity securities (US\$'000) <sup>(1)</sup>	1,500
Redeemable preference shares (US\$'000)	2,826
Total investments in unquoted securities (US\$'000)	4,326
Exchange rate as at LPD (US\$:S\$)	1.3245
Carrying amount of investment in unquoted equity securities (S\$'000)	5,730
<b>Per share basis (S\$)<sup>(2)</sup></b>	<b>0.002</b>

**Notes:**

(1) Excluding those relating to the SMC Acquisition amounting to US\$25.0 million, as such values would have been part of the value of Stanmore which is covered under Section 10.2.4(i) above.

(2) Calculated based on number of GEAR Shares as at the Latest Practicable Date of 2,638,100,380 shares.

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Based on the assessments above, we have set out a summary of the estimated range of the intrinsic value of the Shares based on a SOTP analysis in the table below:

(\$ per Share basis)	Based on low end of GEMS estimated value range	Based on high end of GEMS estimated value range
Stanmore (ASX-listed) <sup>(1)</sup>	0.574	0.574
GEMS (IDX-listed) <sup>(2)</sup>	0.474	0.537
Ravenswood Gold Group Pty Ltd (non-listed) <sup>(3)</sup>	0.031	0.031
Forestry & Pulp CGU (non-listed) <sup>(4)</sup>	0.025	0.025
Investments in quoted equity securities <sup>(5)</sup>	0.006	0.006
Investments in unquoted equity securities	0.002	0.002
	<b>1.112</b>	<b>1.175</b>
Less: Net debt at the Company level as at 31 December 2022	(0.071)	(0.071)
<b>SOTP valuation for GEAR</b>	<b>1.041</b>	<b>1.104</b>
<b>Discount of the Revised All Cash Consideration of S\$0.973 to SOTP valuation</b>	<b>6.5%</b>	<b>11.9%</b>
<b>Discount of the illustrative value of the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 to SOTP valuation</b>	<b>7.4%</b>	<b>12.7%</b>
<b>Discount of the illustrative value of the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) of S\$0.997 to SOTP valuation</b>	<b>4.2%</b>	<b>9.7%</b>

**Notes:**

- (1) Based on Stanmore's closing share price as at the Latest Practicable Date of A\$2.92 per share and exchange rate as at the Latest Practicable Date of AUD1:S\$0.8982.
- (2) Given the low free float and liquidity of the GEMS Shares, we have used the estimated range of values of the GEMS Shares derived from the market approach of between IDR3,773 and IDR4,277 per GEMS Share as set out in Section 10.1.6 of this IFA Letter for the above SOTP assessment and based on exchange rate as at the Latest Practicable Date of US\$1:IDR14,711 and S\$1:IDR11,104, instead of using the market price of the GEMS Shares.
- (3) Based on the carrying amount of investment as at 31 December 2022 and exchange rate as at the Latest Practicable Date of US\$1:S\$1.3245.
- (4) Based on carrying value as at 31 December 2022 of around US\$49.8 million.
- (5) Based on the closing prices of the respective listed companies in respect of the quoted equity securities as at the Latest Practicable Date.

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From the above, we note the following:

- (i) the Revised All Cash Consideration of S\$0.973 per Share is at a discount of 6.5% and 11.9% to the estimated SOTP range; and
- (ii) the Illustrative Consideration of Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 per Share is a discount of 7.4% and 12.7% to the estimated SOTP range. For illustration purposes, based on the closing price of GEMS Share as at the last trading day as at the Latest Practicable Date of IDR6,500, the Illustrative Consideration of Revised GEMS Shares Consideration and Cash would increase to S\$0.997 per Share, which would be at a discount of between 4.2% to 9.7% to the estimated SOTP range.

Shareholders should note that we have not applied any conglomerate discount in the SOTP assessment above due to its arbitrary and subjective nature. The conglomerate discount is dependent on, *inter alia*, the size of conglomerate, the extent of business diversification or synergies (if any) within the conglomerate and the requirements for additional management as compared to standalone businesses. In this regard, we note that it is not uncommon for SGX-listed companies to be trading with a conglomerate discount of between 10% to 25% to their SOTP values estimated by research analysts (“**Typical Conglomerate Discount Range**”). Accordingly, we do not regard the fact that the Revised All Cash Consideration being at a discount to the SOTP assessment is determinative to the fairness of the Revised All Cash Consideration because the aforesaid discount of the Revised All Cash Consideration to the SOTP valuation for the Shares of between 6.5% to 11.9% is below or towards the lower end of the Typical Conglomerate Discount Range.

Similarly, we have not taken into account any control premium that may arise from a controlling stake in the various businesses of the Group as a result of majority ownership, nor applied any discount for lack of marketability to account for the absence of market quotation for unquoted investments as the quantification of such premium or discount is highly subjective.

We also wish to highlight to the Shareholders that the SOTP analysis only provides an estimate of the value of the Group based on a hypothetical scenario involving the sale of all its assets in an orderly manner over a reasonable period of time and does not take into account or consideration other variables such as the hypothetical sale of assets in a non-orderly manner or over a short period of time, time value of money, market conditions, legal and professional fees, liquidation costs, contractual obligations, regulatory requirements and availability of potential buyers, all of which could theoretically lower the net asset value or net tangible asset value that can be realised.

In addition to the above, we also note from the DSS Disclosure of Information that the Appraiser commissioned by DSS had (i) ascribed a market value of the GEMS Shares as of 31 December 2022 at IDR6,621 per GEMS Share which is approximately 1.9% higher than the Revised Cash Alternative Price of IDR6,500; and (ii) ascribed a market value of the Shares as of 31 December 2022, assuming the Proposed Distribution has been implemented, at SGD0.1731 per Share which is approximately 4.4% lower than the Revised Exit Offer Price of SGD0.181.



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### 10.2.5 Estimated range of values of the Shares

In the preceding sections above, we have evaluated various factors, and considered among others, the historical market prices and liquidity of the Shares and earnings-based ratios such as P/E ratio and EV/EBITDA ratio. In arriving at an estimated range of values of the Shares, we have relied on the mean EV/TTM EBITDA multiples of the Selected GEAR Comparable Companies as the primary measure of value for a business as a going concern as it takes a more holistic picture of the value of an enterprise by considering both the equity and debt components of the capital structure and excludes non-cash expenses. Based on the trailing 12-month EBITDA of GEAR of US\$2,033.83 million and the exchange rate as at the Latest Practicable Date of US\$1.00:S\$1.3245, the estimated value of the Shares using the market approach benchmarked on the mean EV/TTM EBITDA ratio of the Selected GEAR Comparable Companies is approximately S\$0.640 (“**Estimated Market Value**”), computed as follows:

	<b>Using mean EV/TTM EBITDA of Selected GEAR Comparable Companies of approximately 1.16x</b>
Implied Enterprise Value (US\$ million)	2,351.4
Less: Non-controlling interest (US\$ million)	(713.8)
Less: Net debt (US\$ million)	(363.3)
<b>Implied Equity Value (US\$ million)</b>	<b>1,274.3</b>
No. of issued shares (million)	2,638.1
<b>Per Share value (US\$)</b>	<b>0.483</b>
<b>Per Share value (S\$)</b>	<b>0.640</b>

In addition, we have considered the mid-point value of the SOTP valuation of GEAR of S\$1.072 (“**Mid-point SOTP Value**”) as derived from Section 10.2.4 above for the maximum value of the Shares.

The range of values from the above is rather wide as we have applied the market approach valuation (being the Estimated Market Value) for the lower range and the SOTP valuation (being the Mid-point SOTP Value) for the higher range. Taking into consideration that we have not applied any conglomerate discount in the SOTP valuation and that the Shares have been trading at VWAP for the 1-month period prior to and including the Last Undisturbed Trading Day that is higher than the fair value implied by the market approach, we have accordingly derived our final estimated range of values of the Shares using the interquartile range<sup>18</sup> of the Estimated Market Value of S\$0.640 per Share and the Mid-point SOTP Value of S\$1.072 per Share. This translates to an estimated range of values of the Shares of between S\$0.748<sup>19</sup> per Share (“**Lower Value**”) and S\$0.964<sup>20</sup> per Share (“**Higher Value**”).

<sup>18</sup> The interquartile range is a measure of where the middle 50% of the value lies, a region in between the 25<sup>th</sup> percentile (1<sup>st</sup> quartile) and 75<sup>th</sup> percentile (3<sup>rd</sup> quartile).

<sup>19</sup> Derived based on the 1<sup>st</sup> quartile of the Estimated Market Value of S\$0.640 and the Mid-point SOTP Value of S\$1.072.

<sup>20</sup> Derived based on the 3<sup>rd</sup> quartile of the Estimated Market Value of S\$0.640 and the Mid-point SOTP Value of S\$1.072.

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As a reference, the Lower Value is above the VWAP of the Shares for the 12-month, 6-month and 3-month periods prior to the Last Undisturbed Trading Day. In this regard, the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 is equivalent to the Higher Value of the value range, while the Revised All Cash Consideration of S\$0.973 and the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) of S\$0.997 are above the Higher Value.

### 10.2.6 Precedent Privatisation Transactions in Singapore

In assessing the reasonableness of the Revised All Cash Consideration, we have also compared the offer premiums implied by the Revised All Cash Consideration with those of selected recently completed privatisation transactions for companies listed on the SGX-ST (excluding real estate investment trusts and business trusts). For our analysis, we have compared the financial terms of the Proposed Transactions against recently completed privatisation transactions carried out either by general takeover offer, voluntary general offer (“VGO”), delisting offers under Rule 1307 of the Listing Manual (“VD”) or scheme of arrangement (“SOA”) (collectively the “**Precedent Privatisation Transactions**”) as announced since 1 January 2021 and completed as at the Latest Practicable Date. We have not conducted a separate assessment of precedent privatisation transactions which comprise non-cash components as there are very few precedent privatisation transactions involving non-cash components, and the lack of a sample size and/or recent transactions would make such assessment relatively less meaningful.

In making the comparison herein, we wish to highlight that the companies in the Precedent Privatisation Transactions are not exhaustive and there is no listed company or group which may be considered identical to the Group in terms of, *inter alia*, composition of business, business activities, size and scale of operations, risk profile, geographical spread of business, operating and financial leverage, accounting policies, track record, financial performance and future prospects, liquidity and market capitalisation. We wish to also highlight that the premium or discount that an offeror pays in any particular Precedent Privatisation Transaction varies in different specific circumstances depending on, *inter alia*, factors such as the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target’s business and assets, the possibility of a significant revaluation of the assets to be acquired, existence of intangibles and branding or “internal goodwill or intangible assets”, the availability of substantial cash reserves, the liquidity in the trading of the target company’s shares, the presence of competing bids for the target company and the existing and desired level of control in the target company. Accordingly, the applicability of the analysis may be limited and is for illustrative purpose only.

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The premium or discount of offer price of the Precedent Privatisation Transactions are set out below.

Date of announcement	Target	Type	Premium/(Discount) of Offer Price over/to <sup>(1)</sup>				
			Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	12-month VWAP (%)
11-Jan-21 <sup>(2)</sup>	CEI Limited	VGO	16.2	18.1	20.5	23.6	26.1
15-Jan-21	GL Limited <sup>(3)</sup>	VGO	42.9	46.6	52.4	45.8	25.1
28-Jan-21	International Press Softcom Limited	VGO	12.5	25.4	32.0	21.6	26.8
12-Mar-21	World Class Global Limited	SOA	112.1	107.9	107.9	89.2	73.6
19-Mar-21	Singapore Reinsurance Corporation Limited	VGO	17.8	20.6	20.8	21.8	27.4
30-Mar-21	Neo Group Limited	VGO	19.9	17.9	14.5	15.4	30.9
30-Mar-21	Singapore Press Holdings Limited	SOA	1.3	10.1	16.7	26.1	47.3
29-Apr-21	Sin Ghee Huat Corporation Ltd	VGO	25.6	68.2	68.2	68.8	68.2
30-Apr-21	Top Global Limited	VGO	122.9	133.6	146.8	148.7	142.6
6-May-21	Cheung Woh Technologies Limited	VGO	90.0	90.0	92.6	109.6	141.5
31-May-21	Dutech Holdings Ltd <sup>(4)</sup>	VGO	74.0	73.3	74.7	73.3	61.1
9-Jul-21	Fragrance Group Limited	VGO	16.9	19.0	19.0	20.0	21.1
9-Nov-21	SingHaiyi Group Ltd	VGO	8.3	7.0	10.7	18.3	20.0
10-Nov-21	Starburst Holdings Limited	VGO	4.4	3.9	9.2	12.8	25.3
10-Dec-21	United Global Limited	VGO	12.5	16.7	16.7	16.2	14.1
15-Dec-21	Roxy-Pacific Holdings Limited	VGO	19.8	21.0	23.5	30.3	37.0
29-Dec-21	Koufu Group Limited	VGO	15.8	14.5	13.6	15.1	15.3
16-Feb-22	Shinvest Holding Ltd	VGO	13.6	8.5	10.2	10.1	14.3
7-Mar-22	Singapore O&G Ltd	VGO	18.0	14.8	12.2	11.3	11.3
13-Apr-22	Excelpoint Ltd	SOA	21.4	36.6	31.3	45.9	72.3
17-May-22	Hwa Hong Corporation Limited	VGO	37.9	36.1	32.0	22.0	24.6
20-May-22	TTJ Holdings Limited	VGO	36.1	33.6	28.8	28.0	29.4
17-Jun-22	Allied Technologies Limited <sup>(5)</sup>	VGO	n.a.	n.a.	n.a.	n.a.	n.a.
29-Jul-22	GYP Properties Limited	VGO	34.2	37.9	33.3	28.2	30.7

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Date of announcement	Target	Type	Premium/(Discount) of Offer Price over/to <sup>(1)</sup>				
			Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	12-month VWAP (%)
20-Aug-22	SP Corporation Limited	SOA	169.5	163.7	162.8	156.9	140.5
29-Aug-22	Silkroad Nickel Ltd	VGO	2.4	5.4	5.1	(5.5)	(3.2)
12-Sep-22	Memories Group Limited	VD	34.3	67.3	72.2	74.7	76.7
13-Sep-22	Singapore Medical Group Ltd	VGO	24.9	28.1	28.9	25.8	27.5
14-Sep-22	Moya Holdings Asia Limited	VGO	41.5	43.8	48.4	48.4	46.0
3-Oct-22	MS Holdings Limited	VGO	17.7	n.a.	25.2	25.5	24.6
6-Oct-22	Asian Healthcare Specialists Limited	VGO	17.5	18.3	21.3	22.3	19.5
24-Nov-22	Chip Eng Seng Corporation Ltd	VGO/ MGO	5.6	13.1	26.5	33.7	42.6
17-Oct-22	Colex Holdings Limited	SOA	25.0	13.9	13.3	(14.5)	(13.2)
10-Feb-23	Global Dragon Limited	VGO	14.3	15.4	22.4	17.6	17.6
28-Feb-23	G. K. Goh Holdings Limited	VGO	38.5	38.8	39.2	37.6	34.8
<b>High</b>			<b>169.5</b>	<b>163.7</b>	<b>162.8</b>	<b>156.9</b>	<b>142.6</b>
<b>Low</b>			<b>1.3</b>	<b>3.9</b>	<b>5.1</b>	<b>(14.5)</b>	<b>(13.2)</b>
<b>Mean</b>			<b>34.3</b>	<b>38.5</b>	<b>39.8</b>	<b>39.0</b>	<b>41.2</b>
<b>Median</b>			<b>19.9</b>	<b>21.0</b>	<b>25.9</b>	<b>25.7</b>	<b>27.5</b>
<b>Company (as implied by the Revised All Cash Consideration)</b>			<b>15.8<sup>(6)</sup></b>	<b>23.0<sup>(6)</sup></b>	<b>44.6<sup>(6)</sup></b>	<b>48.3<sup>(6)</sup></b>	<b>63.8<sup>(6)</sup></b>
<b>Company (as implied by the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day)) of S\$0.964</b>			<b>14.8<sup>(6)</sup></b>	<b>21.9<sup>(6)</sup></b>	<b>43.2<sup>(6)</sup></b>	<b>47.0<sup>(6)</sup></b>	<b>62.3<sup>(6)</sup></b>
<b>Company (as implied by the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date)) of S\$0.997</b>			<b>18.7<sup>(6)</sup></b>	<b>26.0<sup>(6)</sup></b>	<b>48.1<sup>(6)</sup></b>	<b>52.0<sup>(6)</sup></b>	<b>67.8<sup>(6)</sup></b>

Source: Bloomberg L.P. and circulars in relation to the Precedent Privatisation Transactions

**Notes:**

- (1) Market premia/(discounts) calculated relative to the last transaction prices and the 1-month, 3-month, 6-month and 12-month VWAPs of the respective target companies prior to the respective announcements.
- (2) This is the pre-conditional offer announcement date. The market premia were computed based on prices prior to the pre-conditional offer announcement date.
- (3) The market premia were computed based on the final offer price of S\$0.80 per share.

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- (4) *The market premia were computed based on the final offer price of S\$0.435 per share.*
- (5) *As the trading of the shares of Allied Technologies Limited has been suspended for more than 3 years, no market premia were computed.*
- (6) *Based on the VWAP of the Shares for the periods up to the Last Undisturbed Trading Day which would be more reflective of the market price discovery process without the influence of the news of the impending Exit Offer, as share prices after the Holding Announcement may have been influenced by the expectations of an impending Exit Offer.*

Based on the above, we note the following:

- (a) The premium of 15.8%, 14.8%, and 18.7% implied by the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) respectively, over the last transacted price of the Shares on the Last Undisturbed Trading Day is within the range of the premium for the Precedent Privatisation Transactions of between 1.3% and 169.5%, but is below the mean and median premia of 34.3% and 19.9% respectively;
- (b) The premium of 23.0%, 21.9%, and 26.0% implied by the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) respectively, over the VWAP of the Shares for the 1-month period prior to the date of the Holding Announcement is within the range of the premium for the Precedent Privatisation Transactions of between 3.9% and 163.7%, is above the median premia of 21.0% but below the mean premia of 38.5% respectively;
- (c) The premium of 44.6%, 43.2% and 48.1%, implied by the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) respectively, over the VWAP of the Shares for the 3-month period prior to the date of the Holding Announcement is within the range of premium for the Precedent Privatisation Transactions of between 5.1% and 162.8%, and is above the mean and median premia of 39.8% and 25.9% respectively;
- (d) The premium of 48.3%, 47.0% and 52.0%, implied by the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) respectively, over the VWAP of the Shares for the 6-month period prior to the date of the Holding Announcement is within the range of the (discount)/premium for the Precedent Privatisation Transactions of between (14.5)% and 156.9%, and is above the mean and median premia of 39.0% and 25.7% respectively; and
- (e) The premium of 63.8%, 62.3% and 67.8% implied by the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) respectively, over the VWAP of the Share for the 12-month period prior to the date of the Holding Announcement is within the range of the (discount)/premium for the Precedent Privatisation Transactions of between (13.2)% and 142.6%, and is above the mean and median premium of 41.2% and 27.5% respectively.

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### 10.2.7 Other relevant considerations in relation to the Proposed Transactions

#### (i) Likelihood of competing offers is remote

The likelihood of a competing offer for the Shares is remote as the Offeror Concert Group collectively hold an aggregate of 2,044,145,469 Shares, representing approximately 77.49% of the total number of issued Shares as at the Original Announcement Date. As at the Latest Practicable Date, there is no publicly available evidence of any alternative take-over offer for the Shares from any third party. The Directors have also confirmed that, as at the Latest Practicable Date, save for the Exit Offer made by the Offeror, no alternative offer or proposal from any third party has been received.

#### (ii) Conditionality of the Distribution Resolution and the Delisting Resolution

Shareholders should note, *inter alia*, that passing of the Distribution Resolution and the Delisting Resolution are conditional on each other. In the event that either of the Distribution Resolution or the Delisting Resolution is not approved by Shareholders at the EGM, none of these resolutions will be carried.

#### (iii) Implications of delisting for Shareholders

Shareholders should note that if both the Distribution Resolution and the Delisting Resolution are approved by Shareholders at the EGM, all of the other Distribution Conditions and the Exit Offer Conditions are satisfied, and approval of the SGX-ST for the Delisting has been obtained, the Company will be delisted, regardless of the acceptance level of the Exit Offer and Dissenting Shareholders will be left holding Shares in an unlisted company following the Delisting, unless the Offeror is entitled to and proceeds with a compulsory acquisition. Shareholders should note, *inter alia*, the following implications or consequences which may arise as a result of the delisting of the Shares:

- (a) shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies due to the lack of marketability;
- (b) it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no arrangement for such Shareholders to exit. Even if such Shareholders were able to sell their Shares, they would likely receive a lower price as compared with the market prices of the shares of comparable listed companies, or as compared with the Exit Offer Price. Further, any transfer or sale of Shares represented by share certificates will be subject to stamp duty; and
- (c) as an unlisted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Constitution, and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the Companies Act and the Company's Constitution.

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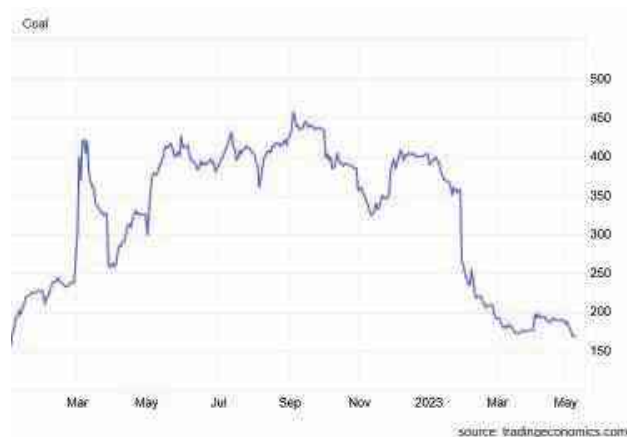
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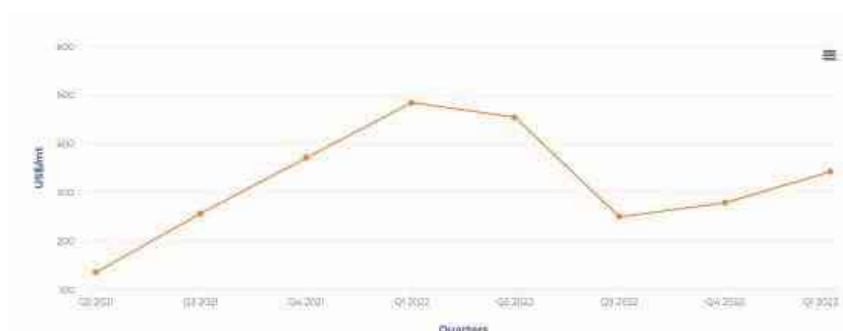
### (iv) Volatility of coal commodity prices

As the bulk of the business of the Group involves the production and sale of coal, the Group's financial performance will inevitably be affected by movements in the coal prices, which in turn is subject to a variety of factors including global supply and demand, utilisation rates at existing production facilities worldwide, general economic condition and regulatory changes etc. In this regard, we noted from Section 10.1.1 above that the Group's financial performance in FY2022 was attributable on a large part to the increase in average selling prices of coal during FY2022.

As illustrated from the charts below based on the Newcastle coal prices (a benchmark for thermal coal prices) and Australia metallurgical/coking coal prices, it should be noted that the price of coal can be very volatile. In 2022, the Newcastle coal prices have increased by approximately 157% to around US\$404/mt as at year-end, whereas the Australia metallurgical/coking coal prices peaked in Q1 2022 with a quarterly average price of around US\$484/mt but declined to a quarterly average price of approximately US\$278/mt by Q4 2022. However, since the beginning of 2023 and up to the LPD, thermal coal price (based on the Newcastle coal future prices) has dropped by approximately 53.6% to around US\$188/mt, whereas the quarterly average price of metallurgical coal price (based on Australia coking coal prices) has increased by approximately 23.7% to around US\$342/mt for Q1 2023 before moderating to an average price of US\$277/mt in the month of April 2023.



Source: <https://tradingeconomics.com/commodity/coal> (based on Newcastle coal futures prices in USD/tonne)



Source: <https://www.focus-economics.com/commodities/energy/coking-coal/> (based on Australia coking coal prices in USD/tonne)

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### 11. OUR OPINION AND RECOMMENDATION TO THE NON-CONFLICTED DIRECTORS

In arriving at our opinion in respect of the Proposed Transactions, we have taken into account a range of factors which we consider, based on available information as at the Latest Practicable Date, to be pertinent and have significant bearing on our assessment of the Revised Cash Alternative Price, as well as the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash, and the terms of the Proposed Distribution and the Exit Offer. It is therefore important that this IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

#### 11.1 In respect of the Revised Cash Alternative Price:

**(a) In determining the fairness of the Revised Cash Alternative Price of IDR6,500 per GEMS Share offered to Shareholders in connection with the Proposed Distribution, we have considered, *inter alia*, the following pertinent factors pertaining to the value of the GEMS Shares:**

- (i) for the 12-month period leading up to the Revised Last Trading Day, the GEMS Shares have been relatively illiquid and thinly traded and therefore the historical share prices of GEMS may not necessarily serve as a meaningful reference point for comparison against the Revised Cash Alternative Price. This is also evidenced by the transacted GMR Price under the GMR Transaction, which was significantly lower than the then prevailing market price of the GEMS Shares. In this regard, the Revised Cash Alternative Price represents a premium of approximately 73.9% to the GMR Price;
- (ii) the EV/TTM EBITDA of the GEMS Group (as implied by the Revised Cash Alternative Price) of 2.59 times is higher than the range of EV/TTM EBITDA ratios of the Selected GEMS Comparable Companies of between 0.54 times and 2.30 times, and above the mean and median EV/TTM EBITDA ratios of 1.42 times and 1.63 times respectively; and
- (iii) the Revised Cash Alternative Price is above the range of the estimated valuation of the GEMS Shares of between IDR3,773 and IDR4,277 per GEMS Share, using the market approach and based on the mean and median EV/TTM EBITDA of the Selected GEMS Comparable Companies.

In view of the above considerations, we are of the opinion that the Revised Cash Alternative Price of IDR6,500 per GEMS Share offered to Shareholders in connection with the Proposed Distribution is **FAIR**.

**(b) In determining the reasonableness of the Revised Cash Alternative Price, apart from the above assessment that the Revised Cash Alternative Price of IDR6,500 per GEMS Share offered to Shareholders in connection with the Proposed Distribution is FAIR, we have also considered, *inter alia*, the following pertinent factors:**

- (i) the P/NAV as implied by the Revised Cash Alternative Price based on the NAV per Share as at 31 December 2022 is 4.5 times;



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- (ii) the TTM P/E (trailing twelve-month earnings) of the GEMS Group (as implied by the Revised Cash Alternative Price) of 3.82 times is within the range of the TTM P/E ratios of the Selected GEMS Comparable Companies of between 1.75 times and 4.26 times and above the mean and median TTM P/E ratios of the Selected GEMS Comparable Companies of 2.64 times and 2.37 times respectively;
- (iii) the EV/Reserves of the GEMS Group (as implied by the Revised Cash Alternative Price) of US\$2.43/tonne is within the range of EV/Reserves of the Selected GEMS Comparable Companies of between US\$0.59/tonne and US\$15.26/tonne, but below the mean and median EV/Reserves of US\$6.19/tonne and US\$5.38/tonne respectively; and
- (iv) the transacted GMR Price of IDR3,737 per GEMS Share between GMR and PT Radhika Jananta Raya for 30% of the issued share capital of GEMS, which was approximately 42.5% lower than the Revised Cash Alternative Price of IDR6,500.

Pursuant to the “Practice Statement on the opinion issued by an Independent Financial Adviser in relation to offers, whitewash waivers and disposal of assets under the Singapore Code on Take-overs and Mergers” issued by the SIC, the term “fair” relates to an opinion on the value of the offer price or consideration compared against the value of the securities subject to the offer. An offer would normally be considered “reasonable” if it is assessed to be “fair”.

Accordingly, the Revised Cash Alternative Price will be considered fair if it is equal to or greater than the value of the GEMS Shares. In considering whether the Revised Cash Alternative Price is “reasonable”, matters other than the value of the GEMS Shares should be considered as well.

**In view of the above considerations and based on information available to us as at the Latest Practicable Date, we are of the view that the Revised Cash Alternative Price of IDR6,500 per GEMS Share offered to Shareholders in connection with the Proposed Distribution is FAIR and REASONABLE.**

**11.2 In respect of the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash and the terms of the Proposed Distribution and Exit Offer:**

- (a) In determining the fairness of the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash and the terms of the Proposed Distribution and Exit Offer, we have considered, *inter alia*, the following pertinent factors pertaining to the value of the Shares:**

Factors for the Revised All Cash Consideration:

- (i) the Revised All Cash Consideration of S\$0.973 represents a premium of approximately 63.8%, 48.3%, 44.6% and 23.0% to the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods up to and including the Last Undisturbed Trading Day respectively, and represents a premium of approximately 15.8% to the closing price of the Shares on the Last Undisturbed Trading Day;

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- (ii) the Revised All Cash Consideration is at a premium of 17.7% to the VWAP of the Shares for the period from the Original Announcement Date up to and including the Revised Last Trading Day;
- (iii) the Revised All Cash Consideration is higher than the range of closing prices for the 12-month, 6-month, 3-month and 1-month period up to and including the Revised Last Trading Day;
- (iv) the Revised All Cash Consideration of S\$0.973 is higher than the highest closing price of the Shares since the reverse take-over in 2015 up to and including the Revised Last Trading Day, and represents an improvement of 15% over the Original All Cash Consideration;
- (v) the trading of the Shares are reasonably liquid and therefore the historical share prices of the Company may serve as a meaningful reference point of fair value as derived from market consensus for comparison against the Revised All Cash Consideration. Accordingly, we have ascribed higher reliance on historical trading prices of the Shares, together with the market approach of valuation (with reference to the trading multiples of the Selected GEAR Comparable Companies as discussed in Section 10.2.3 of this IFA Letter), as a gauge of the fair value of the Shares;
- (vi) the EV/TTM EBITDA of the Group (as implied by the Revised All Cash Consideration) of 1.48 times is within the range of EV/TTM EBITDA ratios of the Selected GEAR Comparable Companies of between 0.44 times and 1.71 times and above the mean and median EV/TTM EBITDA ratio of the Selected GEAR Comparable Companies;
- (vii) notwithstanding that the Revised All Cash Consideration is at a discount of between 6.5% to 11.9% to the estimated intrinsic values of the Shares on a sum-of-the parts basis as at the Latest Practicable Date, it should be noted that our SOTP assessment has not taken into account any conglomerate/ holding company discount due to its subjective and arbitrary nature. In this regard, we note that it is not uncommon for SGX-listed companies to be trading with a Typical Conglomerate Discount Range of between 10% to 25% to their SOTP values estimated by research analysts. Accordingly, we do not regard the fact that the Revised All Cash Consideration being at a discount to the SOTP assessment is determinative to the fairness of the Revised All Cash Consideration because the aforesaid discount of the Revised All Cash Consideration to the SOTP valuation for the Shares of between 6.5% to 11.9% is below or towards the lower end of the Typical Conglomerate Discount Range. Given this, we have not relied on the SOTP assessment in determining the fair value of the Shares and instead, have relied on and used the methodology referred to in Section 10.2.5 of this IFA Letter in determining the estimated range of values of the Shares; and
- (viii) the Revised All Cash Consideration of S\$0.973 is above the range of the Lower Value and the Higher Value.

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### Factors against the Revised All Cash Consideration:

- (i) the Revised All Cash Consideration is at a slight discount of 1.3% to the VWAP of the Shares for the period from the Update Announcement Date up to and including the Latest Practicable Date.

### Factors for the Revised GEMS Shares Consideration and Cash:

- (i) the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 represents a premium of approximately 62.3%, 47.0%, 43.2% and 21.9% to the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods up to and including the Last Undisturbed Trading Day respectively, and represents a premium of approximately 14.8% to the closing price of the Shares on the Last Undisturbed Trading Day;
- (ii) based on the latest closing price of the GEMS Shares as at the Latest Practicable Date of IDR6,500, the Illustrative Consideration of the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) would change to S\$0.997, which is at a premium of approximately 67.8%, 52.0%, 48.1% and 26.0% to the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods up to and including the Last Undisturbed Trading Day respectively, and at a premium of approximately 18.7% to the closing price per Share of S\$0.84 on the Last Undisturbed Trading Day;
- (iii) the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 is at a premium of 16.6% to the VWAP of the Shares for the period from the Original Announcement Date up to and including the Revised Last Trading Day;
- (iv) the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) of S\$0.997 are higher than the range of closing prices for the 12-month, 6-month, 3-month and 1-month period up to and including the Revised Last Trading Day;
- (v) the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) of S\$0.997 are higher than the highest closing price of the Shares since the reverse take-over in 2015 up to and including the Revised Last Trading Day;
- (vi) the trading of the Shares are reasonably liquid and therefore the historical share prices of the Company may serve as a meaningful reference point of fair value as derived from market consensus for comparison against the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash. Accordingly, we have ascribed higher reliance on historical trading prices of the Shares, together with the market approach of valuation (with reference to the trading multiples of the Selected GEAR Comparable Companies as discussed in Section 10.2.3 of this IFA Letter), as a gauge of the fair value of the Shares;

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- (vii) the EV/TTM EBITDA of the Group (as implied by the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day)) of 1.46 times is within the range of EV/TTM EBITDA ratios of the Selected GEAR Comparable Companies of between 0.44 times and 1.71 times and above the mean and median EV/TTM EBITDA ratio of the Selected GEAR Comparable Companies;
- (viii) notwithstanding that the Illustrative Consideration of Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 is at a discount of between 7.4% to 12.7% to the estimated range of values of the Shares on a sum-of-the-parts basis, while the Illustrative Consideration of Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) of S\$0.997 is at a discount of between 4.2% to 9.7% to the estimated range of values of the Shares on a sum-of-the-parts basis, it should be noted that our SOTP assessment has not taken into account any conglomerate/holding company discount due to its subjective and arbitrary nature. In this regard, we note that it is not uncommon for SGX-listed companies to be trading with a Typical Conglomerate Discount Range of between 10% to 25% to their SOTP values estimated by research analysts. Accordingly, we do not regard the fact that the Revised GEMS Shares Consideration and Cash being at a discount to the SOTP assessment is determinative to the fairness of the Revised GEMS Shares Consideration and Cash because the aforesaid discount of the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) to the SOTP valuation for the Shares of between 7.4% to 12.7% is below or towards the lower end of the Typical Conglomerate Discount Range. Given this, we have not relied on the SOTP assessment in determining the fair value of the Shares and instead, have relied on and used the methodology referred to in Section 10.2.5 of this IFA Letter in determining the estimated range of values of the Shares; and
- (ix) the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 is within the range of the Lower Value and Higher Value, and same as the Higher Value, while the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) of S\$0.997 is above the Higher Value.

### Factors against the Revised GEMS Shares Consideration and Cash:

- (i) the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 is at a slight discount of 2.2% to the VWAP of the Shares for the period from the Update Announcement Date up to the Latest Practicable Date; and
- (ii) the Illustrative Consideration under the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) of S\$0.964 is approximately 8% lower than the Illustrative Consideration under the Original GEMS Shares Consideration and Cash of S\$1.045 due to (i) change in the share price of the GEMS Shares from IDR7,100 as at the Original Last Trading Day to IDR6,425 as at the Revised Last Trading Day; and (ii) change in the exchange rate from S\$1.00:IDR11,180 as at the Original Last Trading Day to S\$1.00:IDR11,432.09 as at the Revised Last Trading Day.

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In view of the above considerations and on balance, we are of the opinion that (i) the Revised All Cash Consideration of S\$0.973 is **FAIR**; (ii) the Revised GEMS Shares Consideration and Cash<sup>21</sup> of S\$0.964 is **FAIR**; and that (iii) given our opinion that the Revised Cash Alternative Price, the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash are **FAIR**, the terms of the Proposed Distribution and the Exit Offer, when taken together as a single transaction, are accordingly **FAIR and REASONABLE**.

**(b) In determining the reasonableness of the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash, apart from the above assessment that the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash are FAIR, we have also considered, *inter alia*, the following pertinent factors:**

- (i) the TTM P/E (trailing twelve-month earnings) of the Group (as implied by the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date)) of 2.72 times, 2.66 times and 2.79 times respectively is within the range of the TTM P/E ratios of the Selected GEAR Comparable Companies of between 1.96 times and 3.50 times, and is above the mean and median of the TTM P/E ratios of the Selected GEAR Comparable Companies of 2.51 times and 2.35 times respectively;
- (ii) the EV/Reserves of the Group (as implied by the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date)) of US\$3.48/tonne, US\$3.43/tonne and US\$3.54/tonne respectively, is within the range of EV/Reserves of the Selected GEAR Comparable Companies of between US\$0.59/tonne and US\$6.40/tonne, and slightly above the mean and median EV/Reserves of the Selected GEAR Comparable Companies of US\$3.27/tonne and US\$3.32/tonne respectively; and
- (iii) in respect of the Precedent Privatisation Transactions:
  - the premium of 15.8%, 14.8% and 18.7%, implied by the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) respectively, over the last transacted price of the Shares on the Last Undisturbed Trading Day is within the range of the premium for the Precedent Privatisation Transactions of between 1.3% and 169.5%, but is below the mean and median premia of 34.3% and 19.9% respectively;

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<sup>21</sup> The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Revised Last Trading Day was indicated to be S\$0.964 in the Update Announcement. The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Latest Practicable Date is **S\$0.997**, based on: (a) the closing price of IDR6,500 per GEMS Share and the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date as extracted from Bloomberg L.P., rounded to three (3) decimal places; and (b) the Revised Exit Offer Price of S\$0.181.

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- the premium of 23.0%, 21.9% and 26.0%, implied by the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) respectively, over the VWAP of the Shares for the 1-month period prior to the date of the Holding Announcement is within the range of the premium for the Precedent Privatisation Transactions of between 3.9% and 163.7%, is above the median premia of 21.0% but below the mean premia of 38.5%;
  - the premium of 44.6%, 43.2% and 48.1%, implied by the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) respectively, over the VWAP of the Shares for the 3-month period prior to the date of the Holding Announcement is within the range of the premium for the Precedent Privatisation Transactions of between 5.1% and 162.8%, and is above the mean and median premia of 39.8% and 25.9% respectively;
  - the premium of 48.3%, 47.0% and 52.0%, implied by the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) respectively, over the VWAP of the Shares for the 6-month period prior to the date of the Holding Announcement is within the range of the (discount)/premium for the Precedent Privatisation Transactions of between (14.5)% and 156.9%, and is above the mean and median premia of 39.0% and 25.7% respectively; and
  - the premium of 63.8%, 62.3% and 67.8%, implied by the Revised All Cash Consideration, the Revised GEMS Shares Consideration and Cash (as at the Revised Last Trading Day) and the Revised GEMS Shares Consideration and Cash (as at the Latest Practicable Date) respectively, over the VWAP of the Share for the 12-month period prior to the date of the Holding Announcement is within the range of the (discount)/premium for the Precedent Privatisation Transactions of between (13.2)% and 142.6%, and is above the mean and median premium of 41.2% and 27.5% respectively;
- (c) In determining the reasonableness of the terms of the Proposed Distribution and the Exit Offer, taken together as a single transaction, we have also considered, *inter alia*, the following pertinent factors:**
- (i) the Proposed Distribution is on a pro-rata basis and Entitled Shareholders have the option to choose between the GEMS Shares (if they wish to remain vested in the GEMS Group or seek to realise a higher cash value on the open market) or receiving an equivalent value represented by the Revised Cash Alternative Price (which will be converted into Singapore dollars at the Agreed Exchange Rate);

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- (ii) there is no certainty that the value of the distributed GEMS Shares can be realised in the open market at the prevailing market prices given the illiquidity and the possibility of future price volatility or movement of the GEMS Shares between the Latest Practicable Date and date of the actual receipt of the GEMS Shares by the Shareholders, whereas value of the Revised All Cash Consideration is certain; and
- (iii) the likelihood of a competing offer for the Shares is remote as the Offeror Concert Group collectively hold an aggregate of 2,044,145,469 Shares, representing approximately 77.49% of the total number of issued Shares as at the Original Announcement Date.

Pursuant to the “Practice Statement on the opinion issued by an Independent Financial Adviser in relation to offers, whitewash waivers and disposal of assets under the Singapore Code on Take-overs and Mergers” issued by the SIC, the term “fair” relates to an opinion on the value of the offer price or consideration compared against the value of the securities subject to the offer. An offer would normally be considered “reasonable” if it is assessed to be “fair”.

Accordingly, for the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash to be considered fair, it must be equal to or greater than the value of the Shares. In considering whether the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash respectively are “reasonable”, matters other than the value of the Shares should be considered as well.

**Having regard to the foregoing considerations set out in this IFA Letter, and in particular that both the Revised All Cash Consideration, and the Revised GEMS Shares Consideration and Cash, fall within or are above our estimated range of values of the Shares of between the Lower Value of S\$0.748 and the Higher Value of S\$0.964 as set out in Section 10.2.5 of this IFA Letter, we are of the opinion that, on balance: (i) the Revised All Cash Consideration of S\$0.973 is FAIR AND REASONABLE; and (ii) the Revised GEMS Shares Consideration and Cash<sup>22</sup> of S\$0.964 is FAIR AND REASONABLE. Accordingly, we advise the Non-Conflicted Directors to recommend Shareholders to vote in favour of the Distribution Resolution and accept the Exit Offer, unless they are able to obtain a higher price on the open market, after taking into account the applicable transaction costs.**

Our opinion is obtained pursuant to Rule 1309(2) of the Listing Manual, as well as to advise the Non-Conflicted Directors for the purpose of their consideration of the Proposed Transactions. The recommendation made by the Non-Conflicted Directors to the Entitled Shareholders in relation to the Proposed Transactions shall remain the responsibility of the Non-Conflicted Directors.

In rendering our opinion and providing our recommendation based on information available to us as at the Latest Practicable Date, we did not have regard to the specific objectives, financial situation, tax position, risk profile or unique needs and constraints of any individual Shareholder and we neither assume any responsibility for, nor hold

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<sup>22</sup> The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Revised Last Trading Day was indicated to be S\$0.964 in the Update Announcement. The illustrative value of the Revised GEMS Shares Consideration and Cash as at the Latest Practicable Date is **S\$0.997**, based on: (a) the closing price of IDR6,500 per GEMS Share and the exchange rate of S\$1.00:IDR11,104 as at the Latest Practicable Date as extracted from Bloomberg L.P., rounded to three (3) decimal places; and (b) the Revised Exit Offer Price of S\$0.181.

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ourselves as advisers to any person other than the Non-Conflicted Directors. As different Shareholders would have different investment profiles and objectives, we recommend that any Shareholder who may require specific advice in relation to his/her investment portfolio or objectives should consult his/her stock broker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately and not to rely upon our opinion as the sole basis for deciding whether or not to accept the Proposed Transactions.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Non-Conflicted Directors, nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose at any time and in any manner without our prior written consent in each specific case, except for the purpose of the Proposed Transactions.

This IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,

For and on behalf of  
**W Capital Markets Pte. Ltd.**

**Foo Say Nam**  
Partner  
Head of Advisory

**Alicia Chang**  
Vice President  
Corporate Finance



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## APPENDIX II – INFORMATION ON THE COMPANY AND THE GROUP

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### 1. SUMMARY INFORMATION ON THE GROUP

The Company is a company incorporated in Singapore on 2 December 1995.

For an overview of the Group and its corporate history, please refer to paragraph 10 of this Appendix II below.

### 2. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are set out below:

<b>Name</b>	<b>Address</b>	<b>Description</b>
Mr. Fuganto Widjaja	c/o 20 Cecil Street, #05-05, PLUS, Singapore 049705	Executive Chairman
Mr. Dwi Prasetyo Suseno	c/o 20 Cecil Street, #05-05, PLUS, Singapore 049705	Executive Director and Group Chief Executive Officer
Mr. Mark Zhou You Chuan	c/o 20 Cecil Street, #05-05, PLUS, Singapore 049705	Executive Director and Chief Investment Officer
Mr. Mochtar Suhadi	c/o 20 Cecil Street, #05-05, PLUS, Singapore 049705	Executive Director
Mr. Lim Yu Neng Paul	c/o 20 Cecil Street, #05-05, PLUS, Singapore 049705	Lead Independent Director
Mr. Lew Syn Pau	c/o 20 Cecil Street, #05-05, PLUS, Singapore 049705	Independent Non-Executive Director
Mr. Irwandy Arif	c/o 20 Cecil Street, #05-05, PLUS, Singapore 049705	Independent Non-Executive Director
Ms. Noormaya Muchlis	c/o 20 Cecil Street, #05-05, PLUS, Singapore 049705	Independent Non-Executive Director

### 3. REGISTERED OFFICE

The registered office of the Company is at 20 Cecil Street, #05-05, PLUS, Singapore 049705.

### 4. SHARE CAPITAL OF THE COMPANY

#### 4.1 Issued Share Capital

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of approximately S\$2,069,187,858.49 comprising 2,638,100,380 issued Shares and a market capitalisation of approximately S\$2,532.6 million. The Company does not have any treasury shares in issue.

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## **APPENDIX II – INFORMATION ON THE COMPANY AND THE GROUP**

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### **4.2 Rights in respect of Capital, Dividends and Voting**

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution, which is available for inspection at the office of the Company Secretary, at 105 Cecil Street, #12-02, The Octagon, Singapore 069534. The relevant provisions have been extracted from the Constitution and are reproduced in Appendix VII to this Circular. Capitalised terms and expressions not defined in this Appendix II have the meanings ascribed to them in the Constitution and/or the Companies Act.

### **4.3 New Issues**

As at the Latest Practicable Date, no new Shares have been issued by the Company since 31 December 2022, being the last day of the most recently completed financial year of the Company.

### **4.4 Options**

There are no other outstanding instruments convertible into, rights to subscribe for, and options in respect of, the Shares, as at the Latest Practicable Date.

### **4.5 Transfer Restrictions**

There is no restriction in the Constitution on the right to transfer any Offer Shares, which has the effect of requiring the holders of such Offer Shares, before transferring them, to offer them for purchase to members of the Company or to any other person.

## **5. FINANCIAL INFORMATION**

### **5.1 Unqualified Financials**

The audited financial statements of the Group for each of FY2020, FY2021 and FY2022 contained unqualified audit opinions from the Company's auditors.

### **5.2 Consolidated Statements of Comprehensive Income of the Group (including the GEMS Group)**

A summary of the audited consolidated statements of comprehensive income of the Group for FY2020, FY2021 and FY2022 is set forth below. The summary set out below should be read together with the annual reports of the Company, the audited consolidated statements of comprehensive income of the Group for FY2020, FY2021 and FY2022 and their respective accompanying notes, copies of which are available for inspection at the office of the Company Secretary, at 105 Cecil Street, #12-02, The Octagon, Singapore 069534.

## APPENDIX II – INFORMATION ON THE COMPANY AND THE GROUP

US\$'000	FY2020 (Audited)	FY2021 (Audited)	FY2022 (Audited)
Revenue	1,162,687	1,874,097	5,616,803
Cost of sales	(786,076)	(1,056,952)	(3,064,117)
Gross profit	376,611	817,145	2,552,686
Other income	20,297	13,664	23,374
Selling and distribution expenses	(201,383)	(225,802)	(469,659)
Administrative expenses	(79,337)	(113,498)	(324,311)
Fair value gains/(losses)	7,683	(3,510)	10,676
Finance costs	(37,399)	(55,282)	(140,047)
Other operating expenses	(14,845)	(28,148)	(39,120)
Share of loss of joint ventures (net of tax)	(4,903)	(22,658)	(8,078)
Profit before tax	66,724	381,911	1,605,521
Taxation	(32,256)	(130,651)	(324,674)
Profit for the year	<b>34,468</b>	<b>251,260</b>	<b>1,280,847</b>
Other comprehensive income			
<u>Items that will not be reclassified to profit or loss</u>			
Net actuarial gain/(loss) on post-employment benefits	189	(421)	(146)
Net loss on equity instruments fair value through other comprehensive income	(3,432)	(1,823)	(21,256)
	(3,243)	(2,244)	(21,402)
<u>Items that may be reclassified subsequently to profit or loss</u>			
Foreign currency translation	24,248	(6,457)	14,408
Share of other comprehensive income of a joint venture	–	(35,864)	(19,416)
	24,248	(42,321)	(5,008)
Other comprehensive income for the year, net of tax	<b>21,005</b>	<b>(44,565)</b>	<b>(26,410)</b>
Total comprehensive income for the year	55,473	206,695	1,254,437

## APPENDIX II – INFORMATION ON THE COMPANY AND THE GROUP

US\$'000	FY2020 (Audited)	FY2021 (Audited)	FY2022 (Audited)
Profit for the year attributable to:			
Owners of the Company	8,085	114,323	711,575
Non-controlling interests	26,383	136,937	569,272
	34,468	251,260	1,280,847
Total comprehensive income for the year attributable to:			
Owners of the Company	25,543	72,036	689,471
Non-controlling interests	29,930	134,659	564,966
	55,473	206,695	1,254,437
<b>Earnings per share attributable to owners of the Company (US cents per Share)</b>			
Basic and diluted	0.34	4.86	27.50

**Note:**

(1) There were no exceptional items and dividends for the financial years set out in the table above.

### 5.3 Consolidated Statements of Financial Position of the Group (including the GEMS Group)

A summary of the audited consolidated statements of financial position of the Group as at 31 December 2020, 2021 and 2022 is set forth below. The summary set out below should be read together with the annual reports of the Company for FY2020, FY2021 and FY2022 and their respective accompanying notes, copies of which are available for inspection at the office of the Company Secretary, at 105 Cecil Street, #12-02, The Octagon, Singapore 069534.

US\$'000	31 December 2020 (Audited)	31 December 2021 (Audited)	31 December 2022 (Audited)
Non-current assets	817,950	833,055	3,053,257
Current assets	576,535	734,998	1,843,451
Current liabilities	(404,335)	(463,712)	(1,401,025)
Net current assets	172,200	271,286	442,426
Non-current liabilities	(412,621)	(451,296)	(1,514,913)
Net assets	577,529	653,045	1,980,770
Shareholders' equity	384,872	486,707	1,266,958
Non-controlling interests	192,657	166,338	713,812
Total equity	577,529	653,045	1,980,770

## APPENDIX II – INFORMATION ON THE COMPANY AND THE GROUP

### 5.4 Statements of Comprehensive Income of the GEMS Group (on a consolidated basis)

A summary of the audited statements of comprehensive income of the GEMS Group for FY2020, FY2021 and FY2022 is set forth below.

US\$'000	FY2020 (Audited)	FY2021 (Audited)	FY2022 (Audited)
Revenue	1,061,410	1,585,954	2,919,964
Cost of sales	(682,311)	(829,193)	(1,605,491)
Gross profit	379,099	756,761	1,314,473
Selling expenses	(187,131)	(195,965)	(287,481)
General and administrative expenses	(62,069)	(87,721)	(109,410)
Exploration expenses	(241)	(1,850)	(768)
Operating profit	129,658	471,225	916,814
Finance income	6,280	3,305	2,397
Finance costs	(9,047)	(7,512)	(8,283)
Other financial charges	(5,276)	(6,192)	(5,621)
Bank administrative charges	(953)	(1,357)	(542)
Loss on foreign exchange, net	(825)	(709)	(6,749)
Other income, net	7,296	2,081	677
Profit before corporate income tax	127,133	460,841	898,693
Corporate income tax expense:			
Current	(31,707)	(106,773)	(202,930)
Deferred	431	(44)	145
Corporate income tax expense, net	(31,276)	(106,817)	(202,785)
Profit for the year	95,857	354,024	695,908
Profit for the year attributable to:			
Owners of the Company	93,932	348,004	680,372
Non-controlling interests	1,925	6,020	15,536
	95,857	354,024	695,908

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## APPENDIX II – INFORMATION ON THE COMPANY AND THE GROUP

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### 5.5 Statements of Financial Position of the GEMS Group (on a consolidated basis)

A summary of the audited statements of financial position of the GEMS Group as at 31 December 2020, 2021 and 2022 is set forth below.

US\$'000	31 December 2020 (Audited)	31 December 2021 (Audited)	31 December 2022 (Audited)
Current assets	407,857	434,160	724,320
Non-current assets	405,861	394,867	404,767
<b>TOTAL ASSETS</b>	<b>813,718</b>	<b>829,027</b>	<b>1,129,087</b>
Current liabilities	330,623	425,222	473,259
Non-current liabilities	133,660	87,481	97,583
<b>Total liabilities</b>	<b>464,283</b>	<b>512,703</b>	<b>570,842</b>
Shareholders' equity	346,532	315,030	551,606
Non-controlling interests	2,903	1,294	6,639
<b>Total equity</b>	<b>349,435</b>	<b>316,324</b>	<b>558,245</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>813,718</b>	<b>829,027</b>	<b>1,129,087</b>

### 5.6 No impairment of losses in respect of GEMS

The Company did not record any impairment losses in respect of its investment in GEMS for FY2020, FY2021 and FY2022.

### 5.7 Consolidated NTA per Share

The consolidated NTA per Share of the Group based on the audited consolidated financial statements of the Group as at 31 December 2022 is 33.61 US cents. As at the Latest Practicable Date, save as disclosed in this Circular, the Directors are not aware of any material changes which may affect the above-stated consolidated NTA per Share.

### 5.8 Significant Accounting Policies and Changes

As at the Latest Practicable Date, there are no significant accounting policies nor any points from notes of the accounts of the Group which are of major relevance for the interpretation of the financial statements of the Group referred to in this Circular.

As at the Latest Practicable Date, there is no change in the accounting policies of the Group which will cause the figures disclosed in this Appendix II to be not comparable to a material extent.

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## APPENDIX II – INFORMATION ON THE COMPANY AND THE GROUP

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### 5.9 Material Changes in Financial Position

Save as set out in publicly available information on the Group, as at the Latest Practicable Date, there have been no known material changes in the financial position of the Company since 31 December 2022, being the date of the Company's last published audited financial statements.

## 6. DISCLOSURE OF INTERESTS

### 6.1 Shareholdings and Dealings

- (i) None of the Company and its subsidiaries has any direct or deemed interest in any Offeror Securities as at the Latest Practicable Date.
- (ii) None of the Company and its subsidiaries has dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Original Announcement Date and ending on the Latest Practicable Date.
- (iii) None of the Directors has any direct or deemed interest in any Offeror Securities as at the Latest Practicable Date.
- (iv) None of the Directors has dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Original Announcement Date and ending on the Latest Practicable Date.
- (v) Save as disclosed in Section 20 of this Circular entitled "Interests of the Directors and Substantial Shareholders", none of the Directors has any direct or indirect interest in any Company Securities as at the Latest Practicable Date.
- (vi) None of the Directors has dealt for value in any Company Securities during the period commencing three (3) months prior to the Original Announcement Date and ending on the Latest Practicable Date.
- (vii) None of the IFA, its related corporations or any of the funds whose investments are managed by the IFA and its related corporations on a discretionary basis owns or controls, directly or indirectly any Company Securities as at the Latest Practicable Date.
- (viii) None of the IFA, its related corporations or any of the funds whose investments are managed by the IFA and its related corporations on a discretionary basis has dealt for value in any Company Securities during the period commencing three (3) months prior to the Original Announcement Date and ending on the Latest Practicable Date.

### 6.2 Directors' Intentions in relation to the Exit Offer

As at the Latest Practicable Date, Mr. Lim Yu Neng Paul intends to vote all of his Shares in favour of the Delisting Resolution at the EGM and to accept the Exit Offer.

Save for the above, none of the Directors has any direct or deemed interest in the Shares.

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## APPENDIX II – INFORMATION ON THE COMPANY AND THE GROUP

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### 6.3 Other Disclosures

- (i) There are no service contracts between any of the Directors or proposed directors with the Company or its subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation. There are no such service contracts entered into or amended by the Company or its subsidiaries during the period commencing six (6) months prior to the Original Announcement Date and ending on the Latest Practicable Date.
- (ii) No person is proposed to be appointed as a Director in connection with the Proposed Distribution, and no director's service contract is proposed to be entered into by the Company with any person in connection with the Proposed Distribution.
- (iii) It is not proposed that any payment or other benefit be made or given to any Director or director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Exit Offer.
- (iv) Save for the DSS Irrevocable Undertaking, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Exit Offer.

### 6.4 Material Contracts

Save as disclosed in this Circular, none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror as at the Latest Practicable Date.

## 7. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Save as disclosed in the Company's periodic financial results announcements made on the SGXNET, and any mandated transactions entered into pursuant to the Sinar Mas Interested Persons Mandate, which was originally approved by Shareholders at an extraordinary general meeting on 4 March 2015, modified on 28 April 2017, and last renewed on 28 April 2023, neither the Company nor any of its subsidiaries has entered into material contracts with persons who are Interested Persons (not being a contract entered into in the ordinary course of business) of the Company (as defined in the Note on Rule 23.12 of the Code) during the period commencing three (3) years prior to the Original Announcement Date and ending on the Latest Practicable Date.

## 8. MATERIAL LITIGATION

As at the Latest Practicable Date:

- 8.1 neither the Company nor any of its subsidiaries was engaged in any material litigation, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole; and
- 8.2 the Directors are not aware of any litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.



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## APPENDIX II – INFORMATION ON THE COMPANY AND THE GROUP

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### 9. MATERIAL CHANGE IN INFORMATION

Save as disclosed in this Circular and save for information relating to the Company, the Group or the Delisting and Exit Offer that is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Original Announcement Date and ending on the Latest Practicable Date.

### 10. OVERVIEW OF THE GROUP AND CORPORATE HISTORY

#### 10.1 Interpretation

In this paragraph 10, unless the context otherwise requires, references to “our,” and “the Group” are to Golden Energy and Resources Limited and its subsidiaries (including the GEMS Group and the Stanmore and its subsidiaries) and associates (including Ravenswood), collectively.

#### 10.2 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 Golden Energy and Resources Limited) 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 Australian Securities Exchange in December 2009. Stanmore became a subsidiary of the Company following the close of an on-market takeover bid on 18 May 2020. Stanmore is a primarily metallurgical coal-focused company.

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

<b>Year</b>	<b>Event</b>
1997	GEMS was incorporated as a limited liability company in Indonesia on 13 March 1997.
2006	GEMS obtained its first coal concession in the concession areas of PT Borneo Indobara in South Kalimantan.
2009	GEMS obtained its second coal concession in the concession areas of PT Kuansing Inti Makmur in Jambi (a province in Sumatra).
2010	GEMS obtained its third coal concession in the concession areas of PT Trisula Kencana Sakti in Central Kalimantan.
2011	GEMS completed its initial public offering to list its shares on the IDX.

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## APPENDIX II – INFORMATION ON THE COMPANY AND THE GROUP

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Year	Event
2016	GEMS acquired its fourth concession in the concession areas through the acquisition of PT Era Mitra Selaras and its group of companies.
2018	<p>In January 2018, the Company acquired an approximately 10.0% equity interest in Westgold Resources Limited (“<b>Westgold</b>”).</p> <p>In February 2018, the Company issued US\$150 million 9.0% senior secured notes due 2023.</p> <p>In August 2018, GEMS acquired PT Barasentosa Lestari and its group of companies.</p> <p>In December 2018, the Company acquired a 19.9% shareholding interest in Stanmore.</p>
2019	<p>The Company 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).</p> <p>The Company incorporated GEAR Renewables Pte. Ltd., its subsidiary for investing in renewable energy projects.</p> <p>The Company established the GEAR Innovation Network Pte. Ltd., a tech innovation centre supported by the Economic Development Board of Singapore.</p>
2020	<p>The Company successfully divested its Westgold investment through a series of open-market transactions.</p> <p>In March 2020, the Company acquired Ravenswood Gold Mine through a joint venture with EMR Capital.</p> <p>In March 2020, the Company increased its shareholding in Stanmore to 31.5%.</p> <p>In May 2020, Golden Investments (Australia) Pte. Ltd. (“<b>GIAPL</b>”) increased its shareholding in Stanmore to 75.3% through the On-Market Takeover Bid. Accordingly, the Company’s effective shareholding in Stanmore increased to approximately 60.0% through its approximately 80% ownership in GIAPL.</p>
2021	<p>In March 2021, the Company completed the sale of 264,705,885 shares in the capital of GEMS to Ascend Global Investment Fund SPC (“<b>Ascend Global</b>”), which resulted in our shareholding in GEMS decreasing from 67.0% to 62.5%.</p> <p>In May 2021, the Company issued US\$285.0 million 8.5% Senior Secured Notes due 2026 (the “<b>Original Existing Notes</b>”).</p>

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## APPENDIX II – INFORMATION ON THE COMPANY AND THE GROUP

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Year	Event
	<p>In July 2021, MetRes Pty Ltd, a 50/50 joint venture between Stanmore and M Resources Trading Pty Ltd, completed the acquisition of the Millennium and Mavis Downs mine from Peabody Energy Australia.</p> <p>In July 2021, Stanmore announced that the mining leases for the Isaac Downs project had been granted by the Minister for Resources of Queensland.</p> <p>In December 2021, the Company 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 Company.</p>
2022	<p>In February 2022, the Company entered into a placement agreement with KGI Securities (Singapore) Pte. Ltd. to issue up to 285,000,000 new ordinary shares in the Company.</p> <p>In March 2022, the Company 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 (together, the “<b>Existing Notes</b>”).</p> <p>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 (“<b>New Stanmore Shares</b>”) at an offer price of A\$1.10 per New Stanmore Share, to provide funding for the acquisition of 80% of interest in Stanmore SMC Pty Ltd (“<b>SMC</b>”, formerly known as BHP Mitsui Coal Pty Ltd) from BHP. Following the issuance of New Stanmore Shares, the Company’s effective shareholding interest in Stanmore decreased from 75.3% to approximately 64.0%.</p> <p>In May 2022, Stanmore completed the acquisition from BHP of its 80% interest in SMC.</p> <p>In October 2022, Stanmore completed the acquisition of the remaining 20% interest in SMC.</p> <p>In November and December 2022, the Company completed its offer to exchange its Existing Notes for new US\$346,308,000 8.5% Senior Secured Notes due 2027 and redeemed the balance Existing Notes of US\$28,692,000. Accordingly, as at 28 December 2022, no further amount is outstanding under the Existing Notes.</p>

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## APPENDIX III – INFORMATION ON THE GEMS GROUP

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### 1. SUMMARY INFORMATION ON GEMS

GEMS is a public company established under the laws of the Republic of Indonesia and listed on the IDX, and is principally engaged in the business of coal mining and trading in Indonesia. As at the Latest Practicable Date:

- (i) GEMS has a total number of issued shares of 5,882,353,000 and a market capitalisation of approximately IDR38,235,295 million (or approximately S\$3,443.4 million); and
- (ii) the Company holds 3,676,460,615 GEMS Shares, representing approximately 62.50% of the total GEMS Shares.

For an overview of the principal activities of the GEMS Group, please refer to paragraph 6 of this Appendix III below.

### 2. RECENT ACQUISITIONS AND DISPOSALS OF GEMS SHARES

#### 2.1 ABM Acquisition

On 31 August 2022, GMR Coal Resources Pte Ltd entered into definitive agreements to divest its 30.00% equity interest in GEMS to PT Radhika Jananta Raya, a subsidiary of PT ABM Investama Tbk (“**ABM**”), for a consideration of US\$420 million (the “**ABM Acquisition**”).

Based on publicly available information, the Company understands that ABM has diversified operations in, among others, coal mining, contract mining services, integrated logistics, engineering services and manufacturing solutions, and is listed on the IDX.

The Company is of the view that there is no change of control or other material impact on GEMS arising from the ABM Acquisition, and that there is no change in the strategic direction of GEMS following the ABM Acquisition.

#### 2.2 No recent investments in GEMS by the Company

The Company has not made any recent investments in GEMS.

### 3. FINANCIAL INFORMATION

#### 3.1 Unqualified Financials

The audited financial statements of the GEMS Group for each of FY2020, FY2021 and FY2022 contained unqualified audit opinions from GEMS’ auditors.

#### 3.2 Revenue, Net Profit and Net Asset Value of the GEMS Group

Based on the audited consolidated financial statements of the GEMS Group for FY2022:

- (i) the revenue and net profit of the GEMS Group amounted to US\$2,920.0 million and US\$695.9 million respectively; and
- (ii) the net asset value of the GEMS Group attributable to owners of the parent entity amounted to US\$551.6 million as at 31 December 2022.

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## APPENDIX III – INFORMATION ON THE GEMS GROUP

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### 4. DIRECTORS, COMMISSIONERS AND SUBSTANTIAL SHAREHOLDERS

#### 4.1 Directors and Commissioners.

As at the Latest Practicable Date, the directors and commissioners of GEMS are as follows:

Title	Name
President Commissioner	Lokita Prasetya
Vice President Commissioner	Adrian Erlangga
Commissioner	Alex Sutanto
Commissioner	Haris Mustarto
Independent Commissioner	Ketut Sanjaya
Independent Commissioner	Bambang Setiawan
President Director	Bonifasius
Vice President Director	Feriwan Sinatra
Director	Yoghi Nuswantoro
Director	Raden Utoro
Director	Suhendra
Director	Paulus Yuniardi

#### 4.2 Substantial Shareholders.

As at the Latest Practicable Date, the substantial shareholders of GEMS are as follows:

Substantial Shareholder	Interest in GEMS (%)
Company	62.50
PT Radhika Jananta Raya	30.00

### 5. FURTHER INFORMATION ON GEMS

Further information on the GEMS Group can be found at GEMS' corporate website at <https://www.goldenenergymines.com/> and at the website of the IDX at <https://www.idx.co.id/en/listed-companies/company-profiles/GEMS>.

### 6. OVERVIEW OF THE PRINCIPAL ACTIVITIES OF THE GEMS GROUP

#### 6.1 Energy Coal Mining

In FY2020, FY2021 and FY2022, the GEMS Group produced 33.4 Million tonnes ("Mt"), 29.1 Mt and 38.4 Mt of coal, respectively, and had a sales volume of 34.0 Mt, 29.5 Mt and 38.9 Mt of coal, respectively.

## APPENDIX III – INFORMATION ON THE GEMS GROUP

The following table summarises certain information relating to GEMS’ five mining concession areas in Indonesia as at 31 December 2022. Coal reserves and coal resources levels are as at 31 December 2022.

Concession	Concession Holder(s)	Concession Expiry	Area	Block	Coal Reserves			Coal Resources <sup>(1), (2)</sup>						
					Proved	Probable	Measured	Indicated	Inferred	Total				
			(hectares)		(Mt, unless otherwise indicated)									
BIB <sup>(3)</sup>	BIB	February 2036	24,100	Kusan Girimulya	530.0	88.5	842	317	315	1,474				
				Batulaki South	11.7	6.3	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	561.6	102.9	901	374	543	1,818				
KIM <sup>(4)</sup>	KIM	Permits expire between December 2024 and December 2029 <sup>(5)</sup>	2,610	East KIM and West KIM	39.9	12.4	105	55	92	252				
				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										
				BSL <sup>(6)</sup>	BSL	March 2041	23,300	BSL	137.7	50.9	217	150	88	455
				WRL <sup>(7)</sup>	WRL	March 2026	4,739	WRL	33.8	53.4	55	100	161	316
TKS <sup>(8)</sup>	TKS	August 2026	1,748	TKS Ampah	0.2	0.4	2	3	2	7				
				TKS	9,707	0.0	0.0	25	26	24	75			
		April 2026 and April 2028												
<b>Total</b>			<b>66,204</b>		<b>773.2</b>	<b>220.0</b>	<b>1,305</b>	<b>708</b>	<b>910</b>	<b>2,923</b>				

### Notes:

- (1) Coal resources are inclusive of coal reserves.
- (2) Rounded to the nearest Mt.
- (3) Information on BIB excludes the Batulaki North block, which has not been well explored as at 31 December 2022.
- (4) “KIM” means PT Kuansing Inti Makmur.
- (5) 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.
- (6) “BSL” means PT Barasentosa Lestari.

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## APPENDIX III – INFORMATION ON THE GEMS GROUP

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(7) “**WRL**” means PT Wahana Rimba Lestari.

(8) “**TKS**” means PT Trisula Kencana Sakti.

### 6.2 Pledge of shares in PT Roundhill Capital Indonesia

On 13 October 2022, GEMS entered into a deed of pledge with PT Bank Mandiri (Persero) Tbk (“**Bank Mandiri**”), under which GEMS had pledged all of the shares it holds in PT Roundhill Capital Indonesia (“**Roundhill**”, a direct subsidiary of GEMS), representing approximately 99.01% of the total issued shares of Roundhill, in favour of Bank Mandiri, to secure its obligations under an existing loan facility between GEMS and certain of its subsidiaries as borrower, and Bank Mandiri as lender.

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## APPENDIX IV – OVERVIEW OF THE GROUP AFTER THE PROPOSED DISTRIBUTION

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- (i) *unless the context otherwise requires, “we,” “our,” “our Group” and “the Group” are to the Company and its subsidiaries (including the Stanmore Group, but excluding the GEMS Group) and associates (including Ravenswood), collectively;*
- (ii) *unless otherwise defined, all capitalised terms in this Appendix IV shall bear the same meanings as used in this Circular; and*
- (iii) *for other capitalised terms used in this Appendix IV which are not otherwise defined in this Circular, please refer to the section entitled “Definitions” at paragraph 4 of this Appendix IV.*

### 1. OVERVIEW OF THE GROUP AFTER THE PROPOSED DISTRIBUTION

In FY2020, FY2021, FY2022, our revenue (excluding the GEMS Group) was US\$101.3 million, US\$288.1 million and US\$2,696.8 million, respectively.

Our revenue in FY2020, FY2021, FY2022 included US\$97.2 million, US\$286.6 million and US\$2,696.8 million, respectively, from the Stanmore Group.

A brief description of our remaining businesses following Distribution Completion is set forth below, including when such businesses were acquired and the recent investments made into such businesses.

### 2. STANMORE GROUP

In 2018, GEAR began to diversify its business operationally and geographically through its acquisition of interests in Stanmore (ASX: SMR). 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. 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 at 31 December 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. This acquisition was completed on 7 October 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.



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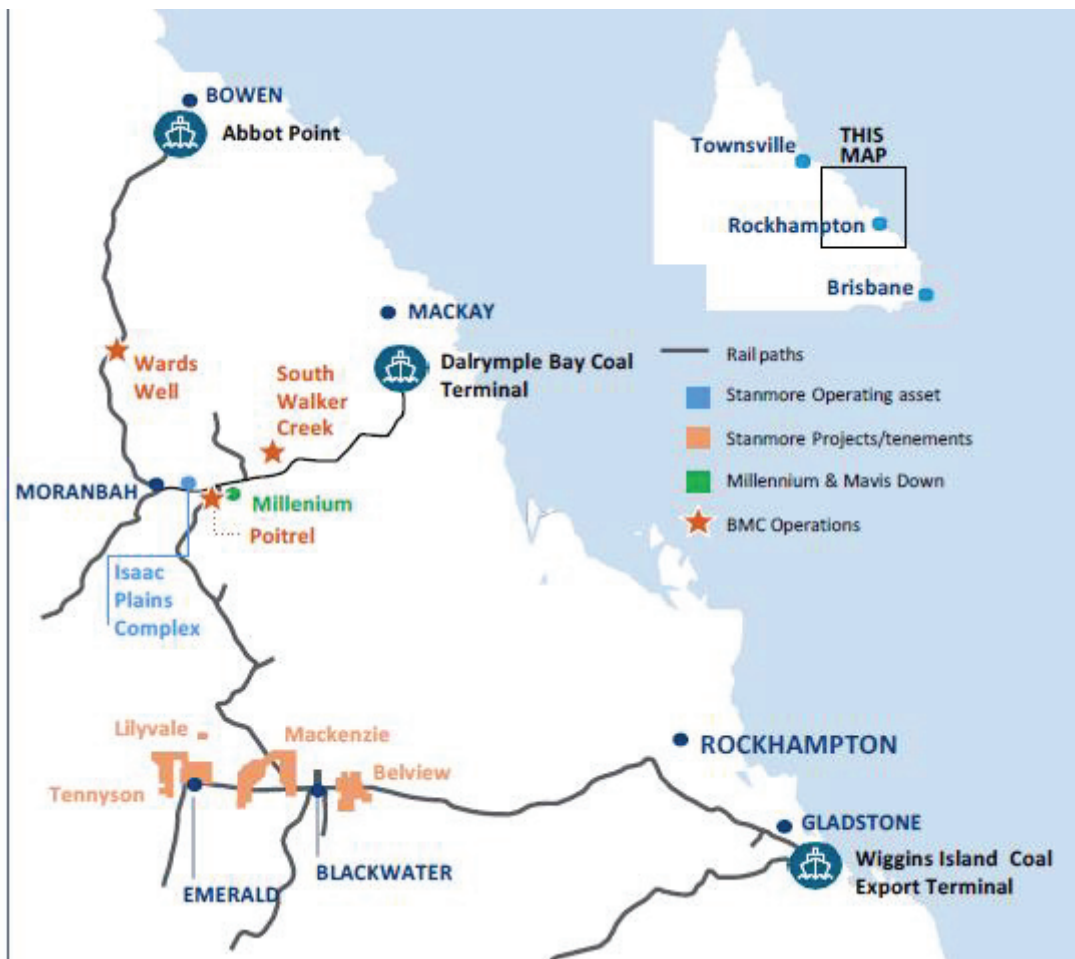
## APPENDIX IV – OVERVIEW OF THE GROUP AFTER THE PROPOSED DISTRIBUTION

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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.

In FY2020, FY2021, FY2022 and 1Q2023, the Isaac Plains Complex produced 1.4 Mt, 2.1 Mt, 2.4 Mt and 0.9 Mt of saleable coal, respectively. In the fiscal years ended 30 June 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 at 31 December 2022:



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## APPENDIX IV – OVERVIEW OF THE GROUP AFTER THE PROPOSED DISTRIBUTION

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### 2.1 Metallurgical Coal Concession Areas

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

(i) Isaac Plains Complex

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 FY2022, mining activities at Isaac Plains Complex were transitioned from Isaac Plains East to the Isaac Downs mine, which has a lower strip ratio.

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 FY2022, mining activities were transitioned from Isaac Plains East to the Isaac Downs mine which has a lower strip ratio, which resulted in 2.4 Mt of saleable production at Isaac Downs in FY2022. As at 31 December 2022, it is estimated that Isaac Downs has JORC resources of 29 Mt, and 18 Mt of Proved and Probable ROM coal reserves, noting that reserves are a subset of the resources;
- 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 30 June 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. As at 31 December 2022, Isaac South contains a total estimated JORC resource of 52 Mt, comprising approximately 12 Mt of Measured resource, 15 Mt of Indicated resource and 25 Mt 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.

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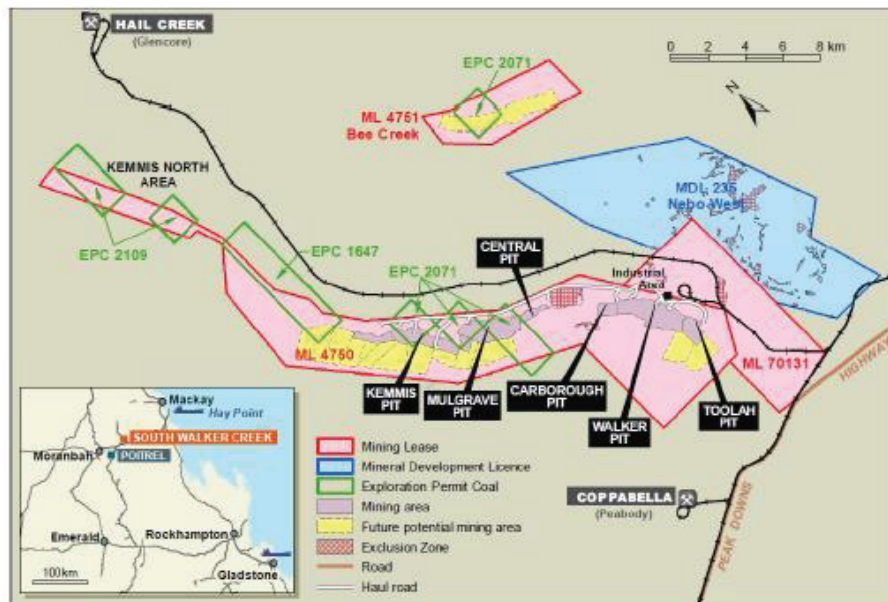
## APPENDIX IV – OVERVIEW OF THE GROUP AFTER THE PROPOSED DISTRIBUTION

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(ii) South Walker Creek mine

South Walker Creek is an open cut metallurgical coal mine, approximately 35 km 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 periods since completion of the acquisition in May 2022 to 31 December 2022 and 1Q2023, South Walker Creek produced 3.9 Mt and 1.6 Mt of PCI coal, respectively. As at 31 December 2022, it is estimated that South Walker Creek has 182 Mt of Proved and Probable ROM coal reserves and 679 Mt of estimated coal resources (inclusive of the coal reserves).

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. 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.

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## APPENDIX IV – OVERVIEW OF THE GROUP AFTER THE PROPOSED DISTRIBUTION

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South Walker Creek adopts a multi-bench, open-cut mining method utilising 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.

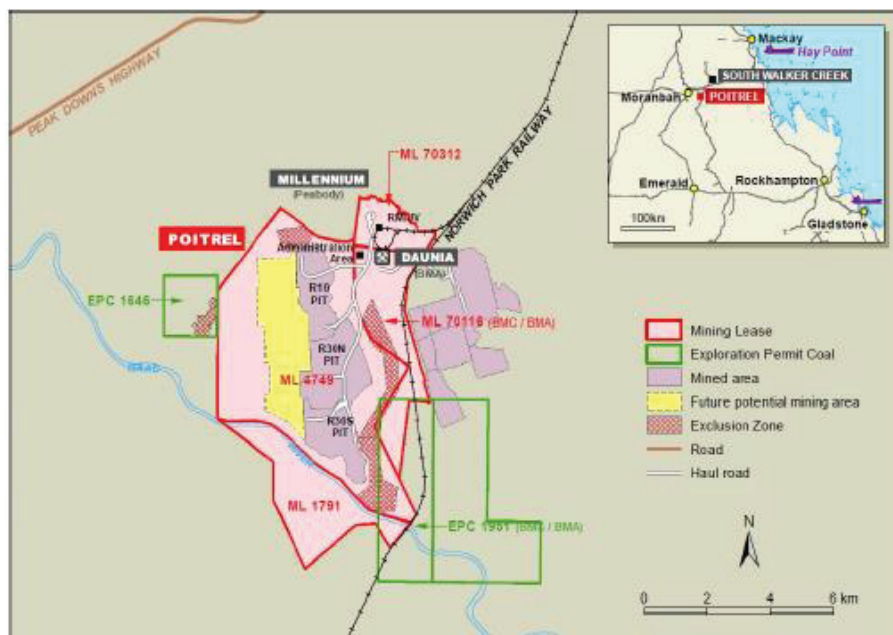
The operations are powered by the Queensland electricity grid connection, with long-term contracted energy purchased via retail agreements.

### (iii) 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 periods since completion of the acquisition in May 2022 to 31 December 2022 and 1Q2023, Poitrel produced 2.8 Mt and 0.7 Mt of coal, respectively. As at 31 December 2022, it is estimated that the Poitrel mine has 44 Mt of Proved and Probable ROM coal reserves and 149 Mt of coal resources (inclusive of the coal reserves).

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 diagram below sets forth the site infrastructure map of Poitrel:



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## APPENDIX IV – OVERVIEW OF THE GROUP AFTER THE PROPOSED DISTRIBUTION

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Based on marketable reserves of 30 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 RMI, which is wholly owned by 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.

(iv) 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 US\$1.25 million and royalty agreement (capped at US\$1.25 million). A further "super royalty" of A\$3.50/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.

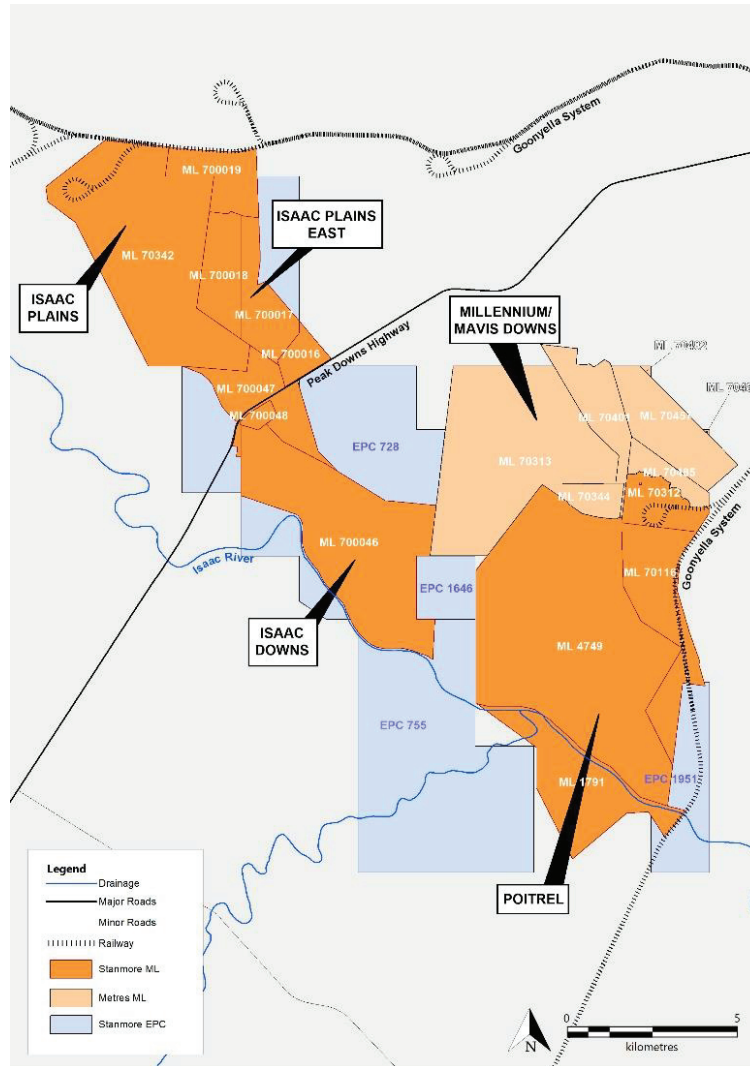
Historically, Millennium has produced benchmark level HCC64 HCC and PCI coals, complementary products to the existing Stanmore mines which may allow for beneficial coal blending synergies.

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## APPENDIX IV – OVERVIEW OF THE GROUP AFTER THE PROPOSED DISTRIBUTION

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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 undertaking a conventional open-cut truck and shovel operation. 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.

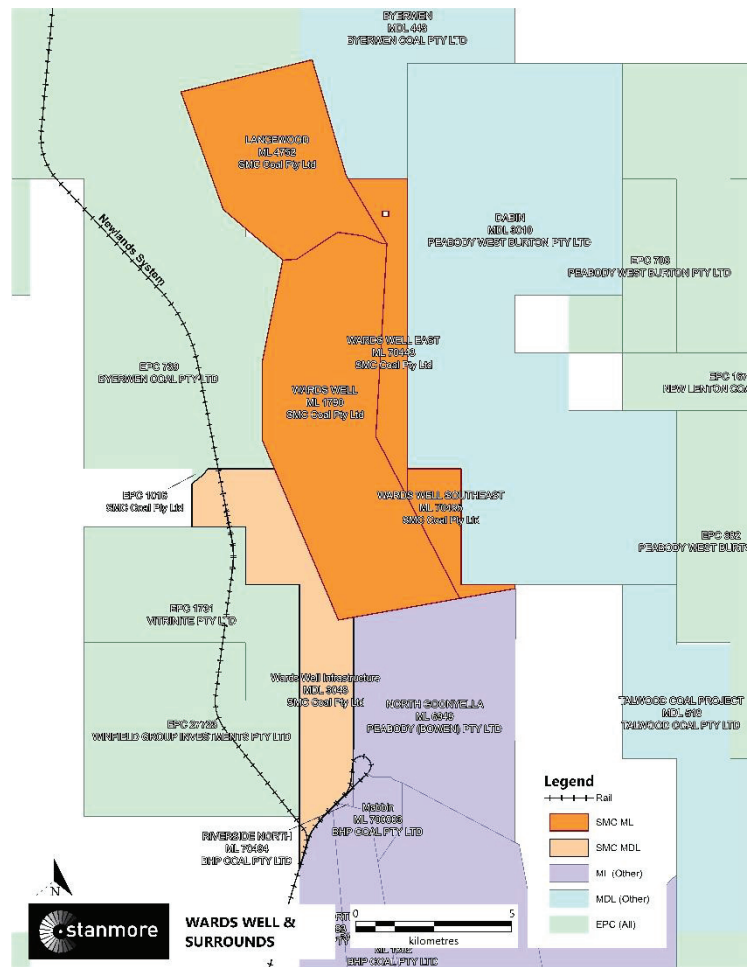
Its ROM coal production commenced in the third quarter of 2021, using a coal augur contractor to extract coal from available standing highwalls. Coal washing is undertaken at the Red Mountain Infrastructure CHPP via a fully executed toll washing and train loading agreement.

## APPENDIX IV – OVERVIEW OF THE GROUP AFTER THE PROPOSED DISTRIBUTION

(v) 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:



## APPENDIX IV – OVERVIEW OF THE GROUP AFTER THE PROPOSED DISTRIBUTION

### 2.2 Coal Reserves and Resources of the Stanmore Group

The following table summarises certain information relating to Isaac Downs, the South Walker Creek, Poitrel and Wards Well mines, as at the dates indicated below:

Project Name	Concession Holder	Ownership Percentage	Concession Expiry	Coal Type	Coal Reserves			Coal Resources <sup>(1), (2)</sup>		
					Proved	Probable	Measured	Indicated	Inferred	Total
Isaac Downs	Stanmore IP South Pty Ltd	100%	31 July 2046	SSCC	17.5	0.5	26	3	0	29
South Walker Creek	SMC	100%	Permits expire between July 2020 and October 2025 <sup>(3)</sup>	PCI	162	20	254	303	123	679
Poitrel	SMC	100%	Permits expire between November 2023 and July 2041 <sup>(4)</sup>	SHCC and PCI	26	18	57	45	47	149
Wards Well	SMC	100%	Permits expire between February 2024 to July 2041 <sup>(5)</sup>	likely HCC	0	0	485	585	98	1,168
<b>Total</b>					<b>205.5</b>	<b>38.5</b>	<b>822</b>	<b>936</b>	<b>268</b>	<b>2,025</b>

#### Notes:

- (1) On a 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) 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.
- (4) SMC holds one tenement expiring November 2023, one tenement expiring December 2034, and two tenements expiring July 2041; SMC and BHP jointly hold two tenements expiring in June 2025 and December 2031 respectively.
- (5) SMC holds one tenement expiring February 2024, one tenement expiring August 2026, two tenements expiring May 2038 and two tenements expiring July 2041.

### 3. NON-COAL BUSINESS

#### 3.1 Ravenswood Gold Mine

We are engaged in the gold mining business through our joint venture investment in Ravenswood. On 31 March 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 kilometres 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 31 March 2020 through 31 December 2022, the Ravenswood Gold Mine has produced 245 koz of gold. In FY2022, we recognised a share of loss of a joint venture (net of tax) of US\$27.9 million related to Ravenswood.



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## APPENDIX IV – OVERVIEW OF THE GROUP AFTER THE PROPOSED DISTRIBUTION

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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 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 14 January 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.

Ravenswood has recently completed an expansion plan to increase production capacity to 7.2 Mtpa with a capability to produce over 200,000 oz of gold per annum.

### 3.2 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.

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.

### 3.3 GEAR 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 US\$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. 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.

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## APPENDIX IV – OVERVIEW OF THE GROUP AFTER THE PROPOSED DISTRIBUTION

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### 4. DEFINITIONS

References to Proved and Probable coal reserves of our coal mining concessions and tenements are to economically mineable coal reserves.

<b>“1Q2023”</b>	:	First quarter ended 31 March 2023
<b>“Ascend Global”</b>	:	Ascend Global Investment Fund SPC
<b>“ASX”</b>	:	Australian Securities Exchange
<b>“BHP”</b>	:	BHP Minerals Pty Ltd
<b>“BIB”</b>	:	PT Borneo Indobara
<b>“CHPP”</b>	:	Coal handling and preparation plant
<b>“Dampier”</b>	:	Dampier Coal (Queensland) Proprietary Ltd
<b>“DBCT”</b>	:	Dalrymple Bay Coal Terminal
<b>“EMR”</b>	:	EMR Capital
<b>“GEAR”</b>	:	Golden Energy and Resources Limited
<b>“GIAPL”</b>	:	Golden Investments (Australia) Pte. Ltd.
<b>“HCC”</b>	:	Hard coking coal
<b>“HRB”</b>	:	PT Hutan Rindang Banua
<b>“Indicated resources”</b>	:	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

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## APPENDIX IV – OVERVIEW OF THE GROUP AFTER THE PROPOSED DISTRIBUTION

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<b>“Inferred resources”</b>	:	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
<b>“JORC”</b>	:	The Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
<b>“koz”</b>	:	Thousand ounces
<b>“LV”</b>	:	Low volatile
<b>“M Resources”</b>	:	M Resources Trading Pty Ltd
<b>“Measured resources”</b>	:	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
<b>“Mitsui”</b>	:	Mitsui & Co. (Australia) Ltd and Mitsui & Co., Ltd
<b>“Mt”</b>	:	Million tonnes
<b>“Mtpa”</b>	:	Million tonnes per annum
<b>“MV”</b>	:	Medium volatile
<b>“NQXT”</b>	:	Abbot Point North Queensland Export Terminal
<b>“PCI”</b>	:	Pulverised coal injection

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## APPENDIX IV – OVERVIEW OF THE GROUP AFTER THE PROPOSED DISTRIBUTION

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<b>“Probable coal reserves”</b>	:	The economically mineable part of an Indicated coal resource, 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
<b>“Proved coal reserves”</b>	:	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
<b>“Raven Gold”</b>	:	Raven Gold Nominee Pty Ltd (as trustee on behalf of investors managed or advised by EMR Capital)
<b>“Ravenswood”</b>	:	Ravenswood Gold Group Pty Ltd
<b>“RMI”</b>	:	Red Mountain Infrastructure
<b>“ROM”</b>	:	Run-of-mine
<b>“SHCC”</b>	:	Semi-hard coking coal
<b>“SMC”</b>	:	Stanmore SMC Pty Ltd (formerly known as BHP Mitsui Coal Pty Ltd)
<b>“SMC Acquisition”</b>	:	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
<b>“SSCC”</b>	:	Semi-soft coking coal

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## APPENDIX V – INFORMATION ON DSS

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### 1. CAPITAL STRUCTURE

As at the Latest Practicable Date, DSS has an authorised share capital of 2,400,000,000 shares, and a total number of 770,552,320 in issue (of a nominal value of IDR250 each) held by the following shareholders:

Shareholder	Number of DSS Shares in Issue	%
PT Sinar Mas Tunggal <sup>(1)</sup>	461,552,320	59.90%
Public (each < 5.00%) <sup>(2)</sup>	309,000,000	40.10%
Total Issued and Paid-Up Capital	770,552,320	100.00%

**Notes:**

- (1) PT Sinar Mas Tunggal is owned by the Widjaja family. The controlling shareholders of PT Sinar Mas Tunggal are Mr. Franky Oesman Widjaja (President Commissioner), Mr. Indra Widjaja, and Mr. Muktar Widjaja. Apart from Mr. Franky Oesman Widjaja, the other members of the board of commissioners and all members of the board of directors of DSS do not directly or indirectly own any DSS Shares.
- (2) There are no public shareholders of DSS who individually own more than 5.00% of the DSS Shares.

### 2. FINANCIAL INFORMATION.

Based on the audited consolidated financial statements of the DSS Group for FY2022:

- (i) the revenue and net profit of the DSS Group amounted to US\$5,956.1 million and US\$1,303.5 million respectively, in FY2022; and
- (ii) the net asset value of the DSS Group attributable to owners of the parent entity amounted to US\$2,006.7 million as at 31 December 2022.

### 3. DIRECTORS AND COMMISSIONERS OF DSS.

As at the Latest Practicable Date, the directors and commissioners of DSS are as follows:

Title	Name
<b>Board of Commissioners</b>	
President Commissioner	Franky Oesman Widjaja
Independent Commissioner	Dr. -Ing. Evita Herawati Legowo
Independent Commissioner	Dr. Robert A. Simanjuntak
Independent Commissioner	Ir. F.X. Sutijastoto, M.A.
Independent Commissioner	Dr. Hendrikus Passagi, S.Sos, S.H., M.Sc.

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## APPENDIX V – INFORMATION ON DSS

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Title	Name
<b>Board of Directors</b>	
President Director	Lay Krisnan Cahya
Vice President Director	Lokita Prasetya
Director	Hermawan Tarjono
Director	Handhianto Suryo Kentjono
Director	Daniel Cahya
Director	Alex Sutanto

#### 4. FURTHER INFORMATION ON DSS

Further information on DSS can be found at DSS' corporate website at <https://dssa.co.id/> and at the website of the IDX at <https://www.idx.co.id/en/listed-companies/company-profiles/DSSA>.

 **golden energy and resources**  
**GOLDEN ENERGY AND RESOURCES LIMITED**

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

**APPENDIX VI**

**Independent Qualified Person’s Reports  
from Salva Mining Pty Ltd.**

**PT Borneo Indobara (“BIB”) Concession  
PT Kuansing Inti Makmur (“KIM”) Concession  
PT Bara Sentosa Lestari (“BSL”) South Block Project  
PT Trisula Kencana Sakti (“TKS”) Concession  
PT Trisula Kencana Sakti Ampah (“TKS Ampah”) Concession  
PT Wahana Rimba Lestari (“WRL”) Concession**

January 2023

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## APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS

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**APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS**

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**BIB INDEPENDENT QUALIFIED PERSON’S REPORT**

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***SALVA***  
***Mining Consultants***



**Golden Energy and Resources Limited**  
**Borneo Indobara Concession**

**Independent Qualified Person’s Report**  
**January 2023**

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# APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS

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## BIB INDEPENDENT QUALIFIED PERSON’S REPORT

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**SALVA**  
Mining Consultants

### Golden Energy and Resources Limited

Borneo Indobara Concession

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Independent Qualified Person’s Report

#### Salva Mining Pty Limited

300 Adelaide Street, Brisbane, QLD 4000, Australia

Email: info@salvaminig.com.au

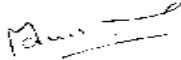
Website: www.salvaminig.com.au

Phone: +61 (0) 407 771 528

31 January 2023

Effective Date: 31 December 2022

### Independent Qualified Person:

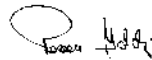


Mr Manish Garg  
Director  
Salva Mining Pty Limited

### Subject Specialists:



Mr. Sonik Suri  
Principal Consultant – Geology  
Salva Mining- Brisbane Office



Dr. Ross Halatchev  
Principal Consultant – Mining  
Salva Mining - Brisbane Office

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# APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS

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## BIB INDEPENDENT QUALIFIED PERSON’S REPORT

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**SALVA**  
Mining Consultants

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#### Key abbreviations

\$ or USD	United States Dollar
adb	Air-dried basis, a basis on which coal quality is measured
AMSL	Above Mean Sea Level
AMDAL	Analisis Mengenai Dampak Lingkungan Hidup- Environmental Impact Assessment (EIA), which contains three sections, the ANDAL, the RKL and the RPL
ANDAL	Analisis Dampak Lingkungan Hidup, a component of the AMDAL that reports the significant environmental impacts of the proposed mining activity
arb	As received basis
AS	Australian Standards
ASR	Average stripping ratio
AusIMM	Australasian Institute of Mining and Metallurgy
Batter	Slope of Advancing Mine Strip
bcm	bank cubic meter
BD	Bulk density
CCoW	Coal Contract of Work
CHPP	Coal Handling and Processing Plant
CV	Calorific value
Capex	Capital Expenditure
Coal Resource	A 'Coal Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, quality, and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, quality, continuity and other geological characteristics of a Coal Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Coal Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
Coal Reserve	A 'Coal Reserve' is the economically mineable part of a Measured and/or Indicated Coal Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include the application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.  The reference point at which Reserves are defined, usually, the point where the Coal is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.

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## APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS

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DGMC	Directorate General of Minerals and Coal within the Ministry of Energy and Mineral Resources
FC	Fixed Carbon
gar	gross as received, a basis on which coal quality is measured
GEAR	Golden Energy and Resource Limited
GEMS	PT Golden Energy Mines Tbk
gm	Gram
h	Hour
ha	Hectare(s)
HDR	HDR Pty Limited
IM	Inherent Moisture
IPPKH	'Izin Pinjam Pakai Kawasan Hutan' which translates to borrow to use permit in a production forest
IUP	'Izin Usaha Pertambangan' which translates to 'Mining Business Licence'
JORC	2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia
k	Thousand
kcal/kg	Unit of energy (kilocalorie) per kilogram
kg	kilogram
km	Kilometres (s)
km <sup>2</sup>	Square kilometre(s)
kt	kilo tonne (one thousand tonnes)
L	Litre
m	Meter
lcm	loose cubic metre
LOM	Life of Mine
lcm	lcm loose cubic metre
M	Million
Mbcm	Million bank cubic metres
Mbcm/pta	Million bank cubic metres per annum
MEMR	Ministry of Energy and Mineral Resources within the central government
m RL	metres reduced level
m <sup>3</sup>	cubic metre
m/s	metres per second
Mt	Millions of tonnes
Mtpa	Millions of tonnes per annum
MW	Megawatt
NAR	Net as received
Opex	operating expenditure
PKP2B	'Perjanjian Kerjasama Pengusahaan Pertambangan Batubara' – same as CCoW



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RD	Relative density
RKL	'Rencana Pengelolaan Lingkungan' - environmental management plan
ROM	Run of Mine
RKL	Relative Level - survey reference for the height of landforms above a datum level
RPL	'Rencana Pemantauan Lingkungan' - environmental monitoring plan
Salva Mining	Salva Mining Pty Limited
SE	Specific Energy
SMGC	PT SMGC Consultants
SR	Strip ratio (of waste to ROM coal) expressed as bcm per tonne
t	Tonne
tkm	Tonne kilometre
tpa	Tonnes per annum
TM	Total Moisture (%)
TS	Total Sulphur (%)
VALMIN	2015 Edition of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
VM	VM Volatile Matter (%)

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**SALVA**  
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#### Executive Summary

Golden Energy and Resources Limited (“GEAR” or “Client”) has engaged Salva Mining Pty Limited (“Salva Mining”) to prepare an annual update to the Independent Qualified Person’s Report (“Report”) which includes Open Cut Coal Resources and Reserves for the Borneo Indobara (“BIB”) coal deposit (“BIB Mine” or “BIB Project”) located in South Kalimantan, Indonesia.

Salva Mining understands that this Report will be included in a circular to shareholders of GEAR, in relation to, inter alia, the proposed distribution in-specie of shares in PT Golden Energy Mines Tbk (“GEMS”) to shareholders of GEAR as a major transaction pursuant to Rule 1014 of the Listing Manual. The Coal Resources and Reserves estimates contained within this Report has been reported in compliance with the requirements of the reporting guidelines of the 2012 Edition of the Australasian Code for the Reporting of exploration results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia (“The JORC Code”). The effective date of this Report is 31 December 2022.

#### Borneo Indobara (BIB) Project in Indonesia

The BIB Project covers an area of 24,100 ha and is located in the Tanah Bumbu district of the South Kalimantan Province, Indonesia. The concession is granted under a Perjanjian Kerjasama Pengusahaan Pertambangan Batubara (PKP2B) on 15 August 1994 and the tenure is granted under MEMR Decree related to Permulaan Tahap Kegiatan Produksi PKP2B (the Commencement of Production Phase) on 17 February 2006 and is valid for 30 years. The current concession area has been divided into five mining blocks: Kusan Girmulya (KG), Batulaki South (BS), Sebamban South (SS), Sebamban North (SN) and Pasopati (PP). Mining has been carried out in four blocks – Kusan (KG), Batulaki South (BS), Sebamban South (SS) and Sebamban North (SN).

KG Block still remains as the main operating block to support BIB’s enhanced production along with some production from SN and BS Blocks.

#### Geology

The BIB coal concession area has a general inverted U shape which follows both limbs of a synclinal structure with an approximate north-northeast trending synclinal axis. The coal seams generally display shallow dips of around 10-20 degrees towards this synclinal axis. The PP Block area, which is adjacent to obducted basement volcanic and ophiolites, exhibits dips of around 60 degrees. The increased dip in the PP Block is associated with increased coal rank, as seen from the fact that coals in the PP Block area have in general higher calorific values compared to coals in the rest of the concession.

There have been a number of phases of exploration completed in the BIB coal concession over the past 13 years. The first phase involved generally shallow drilling and field mapping. In-fill drilling and deeper stratigraphic drilling followed in phase two, in order to allow for more accurate definition of the structural geology and coal quality characteristics of the deposit.

A total of 3,119 drill holes were used by Salva to construct five geological models in the BIB coal concession area comprising KG Block – 1,750 drill holes, BS Block - 552 drill holes, SS Block – 212 drill holes, SN Block - 432 drill holes and PP Block - 173 drill holes.

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#### Coal Resources

Salva Mining has estimated total Coal Resources of 1,829 million tonnes (Mt) on an in situ air-dried moisture basis (adb), to a maximum depth of 250 m. The total tonnes are comprised of 911 Mt of Measured, 375 Mt of Indicated and 543 Mt of Inferred Resources.

#### Coal Resources Estimate as of 31 December 2022

Coal Resources (Mt)										
Area	Measured	Ash% (adb)	CV adb Kcal/kg	Indicated	Ash% (adb)	CV adb Kcal/kg	Inferred	Ash% adb	CV adb Kcal/kg	Total
KG	842	5.51	5,306	317	6.35	5,257	315	6.73	5,244	1,474
BS	19	4.71	5,567	27	5.61	5,560	155	5.94	5,563	201
SS	18	6.22	5,510	10	6.29	5,559	15	5.59	5,570	43
SN	12	4.74	5,357	10	6.29	5,245	48	7.01	5,077	70
PP	10	8.58	6,716	10	9.32	6,593	10	8.48	6,615	30
<b>Total</b>	<b>901</b>	<b>5.53</b>	<b>5,332</b>	<b>374</b>	<b>6.37</b>	<b>5,322</b>	<b>543</b>	<b>6.53</b>	<b>5,355</b>	<b>1,818</b>

*Mineral Resources are reported inclusive of the Mineral Reserves*

#### Mining Operations

Mining operation commenced in 2005 in the SS and BS Blocks. Mining in Kusan pit (KG Block) was started in 2011 while the SN Pit was commissioned in 2015. The mining operation uses a standard truck and excavator methods which are a common practice in Indonesia. Waste material is mined using hydraulic excavators and loaded into standard rear tipping off-highway trucks and hauled to dumps in close proximity to the pits or to in-pit dumps where possible. For the purpose of this reserve estimate, it is proposed that contractors will continue to be used for mining and haulage operations over the life of mine, and the unit costs used for the reserve estimate reflect this style of mining.

#### Mining Modification factors – Resource to Reserve

This Coal Reserve estimate uses the most recent geological model and the Coal Resources estimate is prepared by Salva Mining as of 31 December 2022. Potential open-cut reserves inside different blocks of the Project area were identified with pit optimisation software utilising the Lerchs Grossman algorithm. The optimiser was run across a wide range of coal prices using a set of site-specific costs (waste removal, land compensation, coal removal, haulage costs, etc.). These costs were adjusted to suit the conditions for this project.

An economic model was prepared for the mining operation from each of the BIB coal concessions to determine the project breakeven or incremental stripping ratio. The pit optimisation results were examined and pit shells selected where the incremental stripping ratios were less than or equal to break even strip ratio determined at a point where the costs for mining and handling the coal equalled the revenue generated by the coal.

The mining schedule targets production ramping up to 45 Mt from year 2023 onwards.

The coal price estimate was based on the consensus forecast by leading banks/analyst. Capital and operating costs were derived by Salva Mining for the BIB project based on a combination of existing contracts and Salva Mining in-house knowledge database about Indonesian operations. These are considered to be reasonable and suitable for the purpose of this study.

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Pre-feasibility studies were completed prior to the commencement of mining operations. These studies were accepted as part of the AMDAL approval process from the Govt. of Indonesia prior to being given mining operations approval. Where an entity has an operating mine for an Ore Reserve, its Life of Mine Plan would generally be expected to contain information at better than pre-feasibility or feasibility level for the whole range of inputs normally required for a pre-Feasibility or feasibility study and this would meet the requirement in Clause 29 for the Ore Reserve to continue that classification. Salva Mining has used actual modifying factors based on current operations at the BIB Mine which were independently verified by the subject specialist during the site visit.

The optimised pit shells for BIB blocks as delineated in the final pit design do contain Inferred Resources which are excluded from the Coal Reserves reported for the BIB concession. Under the JORC Code, Inferred Resources cannot be converted to Reserves due to poor confidence in structural continuity and quality variables.

#### Coal Reserves

Coal Reserves were estimated by applying appropriate modifying factors and exclusion criteria to the Coal Resources. Existing infrastructure and the location of the IUP boundary were considered when determining the surface constraints for the mining operation. Coal Reserves were estimated by applying appropriate density adjustment and mining loss and dilution parameters to the Measured and Indicated Coal Resources inside the final pit design. All the final pits used for the Reserve estimate were designed following the existing geotechnical recommendations and operating practices.

Coal Reserves have been reported in Proved and Probable categories to reflect the reliability of the estimate. No Inferred Coal Resources are included in the reported Coal Reserves. The total Coal Reserve for the BIB Mine as of 31 December 2022 is 664.5 Mt comprising of 561.6 Mt Proved and 102.9 Mt Probable categories. No beneficiation of coal product is planned other than crushing to a nominal top size of 50mm. Run of mine (ROM) Coal Reserves for BIB coal concession along with the estimated quality are presented in the table below.

**Coal Reserves Estimate as of 31 December 2022**

Block	Reserve (Mt)			RD adb t/m3	TM arb %	IM adb %	Ash adb %	CV arb Kcal/kg	TS adb %
	Proved	Probable	Total						
KG	530.0	88.5	618.4	1.39	35.2	15.7	6.2	4,030	0.22
BS	11.7	6.3	18.0	1.37	33.5	13.2	6.3	4,207	0.17
SS	11.4	4.5	15.9	1.47	38.6	12.5	5.8	3,866	0.21
SN	5.6	2.4	8.0	1.38	38.4	16.7	5.4	3,923	0.14
PP	3.0	1.2	4.2	1.33	8.7	6.1	12.5	6,528	1.39
<b>Total</b>	<b>561.6</b>	<b>102.9</b>	<b>664.5</b>	<b>1.39</b>	<b>35.1</b>	<b>15.5</b>	<b>6.2</b>	<b>4,045</b>	<b>0.22</b>

*\*This table must be presented with the entire JORC Reserve Statement of PT Borneo Indobara*

The coal will be sold as a ROM product; hence Marketable Reserves is same as ROM Coal Reserves.

This Report may only be presented in its entirety. Parties wishing to publish or edit selected parts of the text, or use this Report for public reporting, must obtain prior written approval from Salva Mining and the signatories of this Report.

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# APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS

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## BIB INDEPENDENT QUALIFIED PERSON’S REPORT

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### 1 Introduction

#### 1.1 Aim and Scope

Golden Energy and Resources Limited (“GEAR” or “Client”) has engaged Salva Mining Pty Limited (“Salva Mining”) to prepare an annual update to the Independent Qualified Person’s Report (“Report”) which includes Open Cut Coal Resources and Reserves for the Borneo Indobara (“BIB”) coal deposit (“BIB Mine” or “BIB Project”) located in South Kalimantan, Indonesia.

The Coal Resources and Reserves estimates contained within this Report has been reported in compliance with the requirements of the reporting guidelines of the 2012 Edition of the Australasian Code for the Reporting of exploration results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia (“The JORC Code”).

The effective date of this Report is 31 December 2022.

#### 1.2 Data sources

The principal data used in the preparation of this Report includes:

- Updated mined out surface DTM, provided by GEAR, showing the extent of mine face positions as of the end of 31 December 2022;
- JORC Resource and Reserve report titled “Independent Resource & Reserve Report, PT Borneo Indobara”, 31 December 2021, Prepared for GEAR by Salva Mining;
- New Drillhole data including Collar, downhole logging, seam pick and coal quality information, provided by GEAR;
- JORC Resource report titled “JORC Resource Statement”, PT Borneo Indobara, 21 October 2013, Prepared for GEMS by PT SMG Consultants;
- PT Ground Risk management (GRM), “Engineering Report for Geotechnical and Surface Water Study on Kusan Coal Mine”; 11 July 2011;
- Capex and Opex data supplied by GEAR and also derived from Salva Mining’s cost database of typical Indonesian operations; and
- A Life of Mine Plan report titled “Life of Mine Plan”, PT Borneo Indobara, 21 October 2013, prepared for GEMS.

This Report is based on the information provided by GEAR, the technical reports of consultants and previous explorers, as well as other published and unpublished data relevant to the area. Salva Mining has carried out, to a limited extent, its own independent assessment of the quality of the geological data. The status of agreements, royalties or concession standing pertaining to the assets was provided by the company.

In developing our assumptions for this Report, Salva Mining has relied upon information provided by the company and information available in the public domain. Key sources are outlined in this Report and all data included in the preparation of this Report has been detailed in the references section of this Report. Salva Mining has accepted all information supplied to it in good faith as being true, accurate and complete, after having made due enquiry as of 31 December 2022.

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#### 1.3 Limitations

After due enquiry in accordance with the scope of work and subject to the limitations of the Report hereunder, Salva Mining confirms that:

- The input, handling, computation and output of the geological data and Coal Resources and Reserves information has been conducted in a professional and accurate manner, to the high standards commonly expected within the mining professions;
- The interpretation, estimation and reporting of the Coal Resources and Reserves has been conducted in a professional and competent manner, to the high standards commonly expected within the Geosciences and mining professions, and in accordance with the principles and definitions of the JORC Code (2012);
- In conducting this assessment, Salva Mining has addressed and assessed all activities and technical matters that might reasonably be considered relevant and material to such an assessment conducted to internationally accepted standards. Based on observations and a review of available documentation, Salva Mining has, after reasonable enquiry, been satisfied that there are no other relevant material issues outstanding;
- The conclusions presented in this Report are professional opinions based solely upon Salva Mining’s interpretations of the documentation received and other available information, as referenced in this Report. These conclusions are intended exclusively for the purposes stated herein;
- For these reasons, prospective investors must make their own assumptions and their own assessments of the subject matter of this Report.

Opinions presented in this Report apply to the conditions and features as noted in the documentation, and those reasonably foreseeable. These opinions cannot necessarily apply to conditions and features that may arise after the date of this Report, about which Salva Mining have had no prior knowledge nor had the opportunity to evaluate.

#### 1.4 Disclaimer and warranty

This Report was commissioned by GEAR on a fee-for-service basis according to Salva Mining’s schedule of rates. Salva Mining’s fee is not contingent on the outcome of the Report or the success or failure for the purpose for which the Report was prepared.

A draft version of this Report was provided to the directors of GEAR for comment in respect of omissions and factual accuracy. As recommended in Section 39 of the VALMIN Code, GEAR has provided Salva Mining with an indemnity under which Salva Mining is to be compensated for any liability and/or any additional work or expenditure, which:

- Results from Salva Mining’s reliance on information provided by GEAR and/or Independent consultants that are materially inaccurate or incomplete, or
- Relates to any consequential extension of workload through queries, questions or public hearings arising from this Report.

The conclusions expressed in this Report are appropriate as of 31 December 2022. The Report is only appropriate for this date and may change in time in response to variations in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values outlined in this Report are expressed in United States dollars (\$) unless otherwise stated. Salva Mining services exclude any commentary on the fairness or reasonableness of any consideration in relation to this acquisition.

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### BIB INDEPENDENT QUALIFIED PERSON’S REPORT

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#### 1.5 Independent Competent Person’s Statement

This Report has been prepared following the guidelines contained within the 2015 Edition of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Experts Reports (“the VALMIN Code”) and the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“the JORC Code”). It has been prepared under the supervision of Mr Manish Garg (Director – Consulting / Partner, Salva Mining) who takes overall responsibility for the Report and is an Independent Expert as defined by the VALMIN Code.

Sections of the Report which pertain to Coal Resources have been prepared by Mr Sonik Suri (Principal Consultant, Geology) who is a subject specialist and a Competent Person as defined by the JORC Code. Sections of the Report which pertain to Coal Reserves have been prepared by Dr Ross Halatchev (Principal Consultant, Mining) who is a subject specialist and a Competent Person as defined by the JORC Code.

This Report was prepared on behalf of Salva Mining by the signatory to this Report, assisted by the subject specialists’ competent persons whose qualifications and experience are set out in Appendix A of this Report.



Mr Manish Garg  
Independent Qualified Person  
Director  
Salva Mining Pty Limited

#### 1.6 Statement of Independence

This Report was commissioned by GEAR on a fee-for-service basis according to Salva Mining’s schedule of rates. Salva Mining’s fee is not contingent on the outcome of this Report. The above-mentioned person(s) have no interest whatsoever in the mining assets reviewed and will gain no reward for the provision of this Report.

Mr Manish Garg, Mr Sonik Suri, Dr Ross Halatchev, Salva Mining’s partners (including Mr Garg), directors, substantial shareholders and their associates are independent of GEAR, its directors, substantial shareholders, advisers and their associates.

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### BIB INDEPENDENT QUALIFIED PERSON’S REPORT

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**SALVA**  
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## 2 Project Description

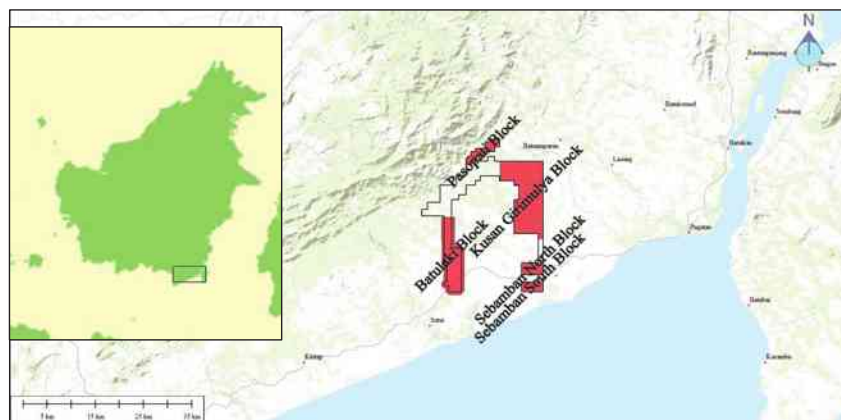
### 2.1 Property Description and Access

The BIB Project is an operating coal mine located in the Tanah Bumbu Regency of the South Kalimantan Province of Indonesia. The BIB concession is a second-generation Perjanjian Kerjasama Pengusahaan Pertambangan Batubara (PKP2B) coal concession (“CCoW”) covering a total area of 24,100 ha. The BIB concession is located within the coal mining hub of South Kalimantan province and consists of following 5 coal blocks:

- Kusan Girmulya Block (“KG Block”);
- Sebamban North Block (“SN Block”);
- Sebamban South Block (“SS Block”);
- Batulaki South Block (“BS Block”); and
- Pasopati Block (“PP Block”).

Conventional open-pit coal mining operations were commenced in the SS and BS blocks in 2005 KG block in 2011 and SN Block in 2012. At the time of writing of this Report, the mining operations are continuing at the BIB project. Various mining blocks are located between 6 km to 30 km to the South Kalimantan coastline (Figure 2:1).

**Figure 2:1 General Location Plan**



Locations of individual coal blocks and CCoW boundary is shown below in Figure 2:2.

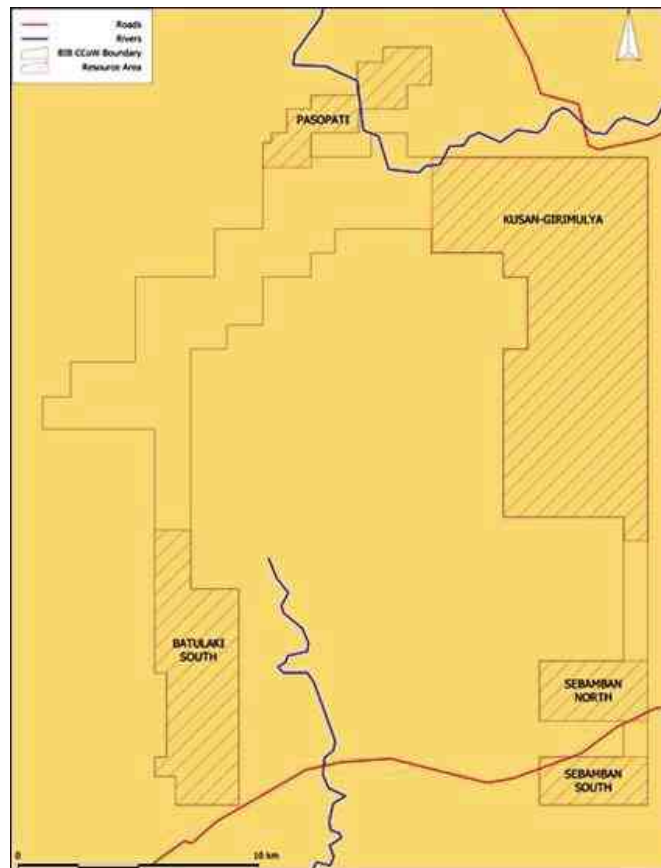


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## BIB INDEPENDENT QUALIFIED PERSON’S REPORT

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Figure 2:2 CCoW Boundary and Location of Individual Coal Blocks



### 2.2 Ownership

GEAR holds the mining rights to the BIB concession through its subsidiary PT Roundhill Capital Indonesia (Net 61.3092%). Tenure at the BIB concession is held under the second generation PKP2B. The PKP2B was originally executed on 15 August 1994 between PT Borneo Indobara (“”) and PT Tambang Batubara Bukit Asam (“PTBA”), a government-owned company for an area of 93,164 ha. Approval to commence production was granted on 17 February 2006 for a period of 30 years for a reduced area of 24,100 ha. The detail of the coal concession is given in Table 2.1.

Table 2.1 BIB Concession Details

No.	Concession Type	Area (ha)	Status	Granted	Expiry
10.K/40.00/ DJB/2006	(CCoW)	24,100 ha	Granted	17 Feb 2006	17 Feb 2036

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### BIB INDEPENDENT QUALIFIED PERSON’S REPORT

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### 3 Geology

#### 3.1.1 Regional Geology

The coal deposits found within the BIB coal concession area are located within the Asem Asem Basin of South-eastern Kalimantan. The Asem Asem Basin has been previously termed the Pasir or Asem Asem sub-basin to the larger Barito Basin.

#### 3.2 Local Geology

The BIB coal concession area has a general inverted U shape which follows both limbs of a synclinal structure with an approximate north-northeast trending synclinal axis (Figure 3:1). The seams generally display shallow dips of around 20 degrees but dips can increase locally up to around 60 degrees. The entire Pasopati resource area, which is adjacent to obducted basement volcanic and ophiolites (labelled Source Rock in Figure 3:1), exhibits dips of around 60 degrees. The increased dip in the Pasopati resource area is associated with increased coal rank, as seen from the fact that coals in the Pasopati area have in general higher calorific values compared to coals in the rest of the concession.

Structure within the area is relatively benign, with most of the significant faults in the area consisting of the north-east trending thrust faults that follow the general trend of the fold axes. Normal and block faulting is seen mainly in the basement (Pre-Tertiary) rocks (Panggabean, 1991). However, localised increase in seam dips have been observed in the coal models constructed for resource estimation purposes and this may be due to as yet un-mapped faults.

In general, the stratigraphic sequence within the BIB concession, from the youngest to oldest is as follows:

##### **Alluvium**

The Alluvium is comprised of gravels, sand, silt, clay and mud, found as alluvial, swamp and coastal deposits.

##### **Dahor Formation**

This unit consists of friable quartzitic sandstones, locally interbedded with clays, lignites and basalt gravels.

##### **Warukin Formation**

This formation is a mainly deltaic sequence comprised of alternating quartzitic sandstones and claystone, intercalated with shales, coal seams, limestones and carbonaceous claystone. This formation contains the majority of the coal resources in the BIB concession area.

##### **Berai Formation**

The Berai Formation is shallow marine-derived sediment which is comprised of limestones alternating locally with marl and sandstone.

##### **Tanjung Formation**

This is a fluvial-deltaic sequence found at the base of the coal-bearing sedimentary basin sequence, deposited on an unconformable contact with underlying basement rocks. The formation

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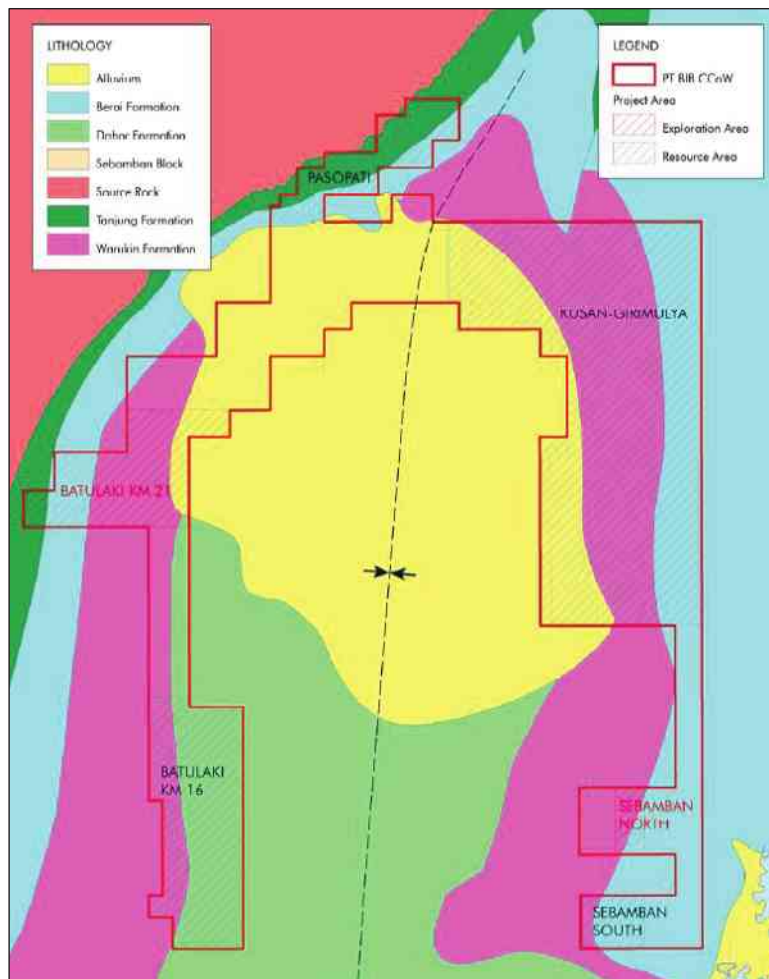
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consists of alternating conglomerate, sandstone and claystone, intercalated with shale, coal and limestone. The lower part consists of conglomerate and sandstone, with claystone, shale and coal, whereas the upper part consists of sandstone and claystone intercalated with limestone. The coals within the Pasopati resource area form part of this formation.

**Figure 3:1 Local geological map of the BIB concession area**



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#### 3.3 Coal Seams

##### 3.3.1 Kusan Girimulya (KG Block)

The deposit at KG Block contains approximately 54 modelled coal seams (Table 3:1) of which 20 have been split into upper and lower plies. Some seams are less continuous than others and have been modelled to pinch out were not present in a particular drill hole. In particular the D1 seam has a limited extent through the deposit due to the fact that has not been correlated in the majority of holes drilled. In contrast, the BL2U seam is one of the most continuous seams and is present throughout the deposit. This resource area covers the eastern outcrop of the Warukin formation coals and seams dip shallowly to the west. The coal quality is low rank with high inherent moisture and low ash and sulphur contents. This area is currently being mined.

##### 3.3.2 Batulaki South (BS Block)

This resource area is situated on the western flank of the syncline and seams consequently dip to the east. Seams in this area also form part of the Warukin Formation with coal quality characteristics that are very similar to KG, SS Block and SN Block areas. There are 40 named and correlated seams in this area. No correlation between the Warukin coals across the western and eastern limbs of the syncline has been undertaken. This area has been mined in the past and the operation was recommenced during 2018.

##### 3.3.3 Sebamban South (SS Block)

Warukin Formation coal seams occur in this resource area, dipping shallowly to the west. There are 20 named and correlated seams including splits that have been identified in this area. The coal quality is similar to the KG, BS Block and SN Block areas but no correlation of seams between these areas has been made to date. This area has been mined in the past and the pit is currently under care and maintenance.

##### 3.3.4 Sebamban North (SN Block)

This resource area is found immediately north of the SS Block and has many characteristics in common with SS Block coals. Warukin Formation coal seams dip shallowly to the west and 22 seams have been named and correlated across the area. The coal quality is similar to the KG, BS Block and SS Block areas. Mining commenced in this area in 2015.

##### 3.3.5 Pasopati (PP Block)

The coal seams in this resource area belong to the Tanjung Formation and are therefore older than the Warukin Formation coals found in the rest of the concession. The coal is steeply dipping (60 degrees) to the east and exhibits higher rank and resultant higher energy. There are 13 named and correlated seams in this area. The area has not been officially mined to date but has been extensively worked by artisanal miners in the past due to the prized high quality of the coal in this area.

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**Table 3:1 KG Block Seam Splitting Relationships**

Master Seam	1st Phase Splitting	2nd Phase Splitting	3rd Phase Splitting
H	H2		
	H1		
G	G2	G2U	
		G2L	
	G1		
F	F2	F2U	
		F2L	
	F1		
	FL2		
FL	FL1	FL1U	
		FL1L	
		E2U	
E	E2	E2L	E2L2
			E2L1
	E1	E1U	E1U2
			E1U1
	E1L	E1L2	
		E1L1	
EL	EL2	EL2U	
		EL2L	
	EL1	EL1U	
		EL1L	
D	D1	D1U	D1U2
			D1U1
		D1L	D1L2
			D1L1
	DU	DU2	DU2U
			DU2L
		DU1	DU1U
			DU1L
DL	DL2	DL2U	
		DL2L	
	DL1	DL1U	
		DL1L	
CR	CR2	CR2U	
		CR2L	
	CR1	CR1U	
		CR1L	
CU	CU2		
	CU1		

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Master Seam	1st Phase Splitting	2nd Phase Splitting	3rd Phase Splitting
CL	CL2	CL2U	
		CL2L	
	CL1	CL1U	
		CL1L	
B	BU	BU2	BU2U
			BU2L
	BL	BU1	BU1U
			BU1L
		BL2	BL2U
			BL2L
	BL1	BL1U	
		BL1L	
A	AU		
	AL	AL2	

**Table 3:2 BS Block Seam Splitting Relationships**

Master Seam	1st Phase Splitting	2nd Phase Splitting
D		
C	CU	
	CL	
B	BU	BL2
	BL	
A5		
A4U	A4U2	A4U2B
		A4U2A
	A4U1	
A4L		
A3U	A3U2	
	A3U1	
A3L		
A2U	A2U2	
	A2U1	
A2L		
A1U	A1U2	
	A1U1	
A1L	A1L2	
	A1L1	
AL2		

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Master Seam	1st Phase Splitting	2nd Phase Splitting
AL1		
S1		
S2	S2U	
	S2L	
S3		
S4	S4U	
	S4L	
S5		
S6		
S7U		
S7L		
S8U		
S8L		
S9		
S10	S10U	
	S10L	
S11		
S12		

**Table 3:3 SS Block Seam Splitting Relationships**

Master Seam	1st Phase Splitting	2nd Phase Splitting	3rd Phase Splitting	
F	F2			
	F1			
E	E2	E2U		
		E2L		
	E1	E1U		
		E1L		
D1	D1U			
	D1L			
D	DU	DU2		
		DU1		
	DL		DL2U	
		DL2	DL2L	
		DL1		
C				
B1				
B	BU	BU2		
		BU1		
	BL	BL2		
		BL1		
A2				

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**Table 3:4 SN Block Seam Splitting Relationships**

Master Seam	1st Phase Splitting	2nd Phase Splitting	3rd Phase Splitting
G			
F	F2 F1		
FL			
E	E2	E2U	
		E2L	
	E1	E1U	E1U2 E1U1
		E1L	E1L2 E1L1
D3			
D2	D2U		
	D2L		
D1			
D	DU		
	DL	DL2 DL1	
C	CU		
	CL		
BU			
BL	BL2		
	BL1		
A	A2		
	A1		
AL			

**Table 3:5 PP Block Seam Splitting Relationships**

Master Seam	1st Phase Splitting
SU1	SU1U
	SU1L
SU2	
SM1	
SM2	SM2U
	SM2L
SL1	SL1U
	SL1L
SL2	SL2U
	SL2L
SL3	SL3U
	SL3L
SB	



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#### 4 Exploration

##### 4.1 Exploration History

There have been a number of phases of exploration completed in the BIB coal concession area over the past 15 years by PT Golden Energy Mines Tbk (GEMS). The first phase involved generally shallow drilling and field mapping. In-fill drilling and deeper stratigraphic drilling followed in phase two, in order to allow for more accurate definition of the structural geology and coal quality characteristics of the deposit.

Successive phases of exploration drilling in the BIB concession have involved the following:

- Resource expansion drilling
- Resource upgrade drilling
- In-fill pre-production drilling
- Dump and infrastructure sterilization drilling
- Production drilling

The results of the various phases of drilling have been assessed and geological models have been updated on a regular basis previously by GEMS staff and by PT SMG Consultants. The last phase of exploration drilling was completed in early 2013 and PT SMG Consultants produced updated geological models and an updated coal resource estimate as of 28 July 2013, which details a total coal resource of 1.8 Bt, considered by PT SMG Consultants to have been reported in accordance with JORC Code (2004).

Subsequently, resource delineation was further refined with production and infill drilling on a regular basis. HDR Pty Limited (HDR) prepared a Coal Resources and Reserves estimates as of 30 June 2014 reported in accordance with JORC Code (2012), which was subsequently updated in February 2015 and February 2016.

Salva Mining prepared a Coal Resources and Reserves estimate as of August 2016 which was subsequently updated annually. These were reported in accordance with JORC Code (2012) after incorporating information from the additional holes drilled during the corresponding period. This Coal Resources and Reserves estimate was updated as of 31 December 2022 to account for mining and exploration drilling that occurred during the year.

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## 5 Geological Data and QAQC

### 5.1 Data Supplied

The geological data provided by GEAR for the BIB concession was independently reviewed by Salva Mining’s geologists and is considered appropriate and reasonable for the purpose of estimating Coal Resources.

This data, used by Salva Mining for the purpose of resource estimation, includes but is not limited to:

- Drill hole collar information inclusive of total depth drilled per hole;
- Drill hole lithological data inclusive of seam picks identified and correlated on the basis of down-hole geophysics;
- Coal sample table and associated raw coal qualities per sample;
- Drill hole completion reports for most of the holes drilled containing details of core recoveries achieved;
- Down-hole geophysical data in the form of both LAS files and Minex drill hole databases;
- Latest Minesape geological models for the KG Block, BS Block, PP Block, SN Block and SS Block areas constructed by Salva Mining, which contains a complete drill hole database as well as grids of seam roofs, floors, the topographic surface and the base of the weathered horizon surface.

### 5.2 Lithological Data

A total of 3,119 drill holes were used to construct five geological models in the BIB coal concession area comprising:

- KG Block 1,750 drill holes;
- BS Block 552 drill holes;
- SS Block 212 drill holes;
- SN Block 432 drill holes; and
- PP Block 173 drill holes.

Of these holes, a small percentage are barren, i.e., no coal intersected; this is due to drill-rig limitations (maximum 60 m depth in earlier campaigns). Barren holes are never the less useful for geological modelling purposes as they prevent coal from being modelled where it is not present.

Approximately 98% of the holes have been logged using down-hole geophysics. Down-hole geophysical data acquired by GEAR is predominantly comprised of gamma, density and calliper logs and has allowed for accurate identification of coal seams in each hole (seam picks) and the correlation of coal seams between holes.

### 5.3 Topographic Survey and base of weathering (BOW)

Topography data used in the five BIB geological models have been derived from Light Detecting and Ranging (LiDAR) remote sensing surveys conducted by PT Surtech Utama in 2012. During

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this survey GPS ground control points were combined with flight trajectories and LiDAR scanning equipment to produce an accurate dataset of XYZ topographic coordinate points for the entire concession area.

The topography is regularly updated by GEAR for production reporting basis. This is done by conducting a topographic survey in mining area on a periodic basis by the mine site surveyors. The topographic survey of the active mining area is switched with the virgin area to develop the topographic contours.

A ‘non-conformable’ base of weathering (BOW) surface was generated for the geological models by translating the topographic surface down by 3 m in the Z direction. This is based on the observation that the average weathered horizon thickness, where it has been logged, is approximately 3 m.

#### 5.4 Data Quality Assurance and Quality Control (QAQC) Measures

##### 5.4.1 Core Sampling

At the completion of each run, core lengths were checked in the splits for recovery to ensure coal seams have been recovered as required. A target core recovery of 90% has been applied throughout all drilling phases. If core recovery was found to be less than 90% within the coal seam, the hole was re-drilled to collect a sample with  $\geq 90\%$  recovery. The core was also photographed routinely and logged in the splits by a geologist before being sampled. For open holes, chip samples were collected at 1 m intervals for lithological logging purposes.

All the drill rigs used during each phase of exploration were operated by experienced personnel and drilling was supervised by fully qualified geologists working in shifts.

A sampling of the coal seams was conducted by the rig geologist on duty and was conducted in accordance with the following sampling procedure supplied to rig geologists;

- Open core barrel inner split tube and remove the sample from the barrel;
- Transfer the core to the PVC split or core box;
- Determine the core depth (“From” and “To”) from the drill depth; and
- Reconstruct the core in the split to allow for any gaps;
- Determine the core recovery;
- Wash down using water and a cloth and/or brush prior to logging if covered by mud or oil;
- Complete geological logging and photograph structure or any abnormal features. The photograph should show information of drill hole number and from and to depths;
- The division of samples follows the simple scheme of sample all coal, sample separately any contained bands (plies) and take 10 cm roof and floor non-coal samples;
- Place samples into plastic bags which should be doubled to minimise moisture loss. Insert one bag inside another so that they are doubled;
- Label the sample by ID card, the label should give information about the sample number, hole number, from/to depth, and Project Code. Place the label ID card inside the small re-sealable plastic bag before putting it into the sample bag;

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- Seal the sample bag with tape and write the sample number on the plastic bag;
- Dispatch sample to an accredited laboratory

The coal quality sampling technique detailed above is considered by Salva Mining to adequately address the QAQC requirements of coal sampling. As a further coal quality validation step prior to importing coal quality sample results for coal quality modelling purposes, Salva Mining constructed spreadsheets which compare the sampled intervals against the logged seam intervals in order to ensure that sampled intervals match the seam pick intervals.

#### 5.4.2 Down-hole Geophysics and Seam Picks

Down-hole geophysical logs were completed during each drilling program by PT Surtech International and by PT Reccalog. Geophysical logging was conducted following the completion of a drill hole. After drilling is complete the logging unit deploys down-hole geophysical sondes, including gamma-ray, calliper and density tools to assist with characterising the down-hole formation and its geological properties. Stratigraphic information, intercepted along the entire length of the drill hole (collar to total depth), is recorded and plotted in acrobat pdf format. A digital copy of the data is stored in LAS file format.

Logging was performed on the majority of drill holes (including cored and open holes) and approximately 98% of all holes have geophysical data. Seam picks and lithologies have all been corrected for geophysics.

Geophysical logging provides information on the coal seams intersected and aids in the definition of horizon boundaries and marker horizons, used to correlate the subsurface geology. The presence or absence of geophysical logging is one of the criteria used in the determination of points of observation for resource classification purposes. Under normal conditions, coal-bearing sections of each drill hole were geophysically logged at the completion of drilling. In some instances, poor ground conditions restricted the ability to geophysically log the entire hole upon completion. In these cases, collapsed portions of holes were re-drilled in order to allow for density and gamma logging to be accomplished by lowering the geophysical probe through the drill string.

#### 5.4.3 Coal Quality

Coal quality sampling was undertaken by GEMS and contract geologists, with the analysis testing completed by PT Geoservices Coal Laboratories in Asam Asam or Banjarbaru. PT Geoservices laboratories are accredited to ISO 17025 standards and quality control is maintained by daily analysis of standard samples and by participation in regular "round-robin" testing programs.

International Standards Organisation (ISO) methods have been used for Moisture Holding Capacity tests; Australian Standards (AS) have been used for Relative Density and American Society for Testing and Materials (ASTM) methods have been used for all other quality variables.

The following tests were undertaken as standard on all coal samples:

- Inherent Moisture (IM);
- Ash Content (Ash);
- Volatile Matter (VM);
- Fixed Carbon (FC);

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- Total Sulphur (TS);
- Calorific Value-air dried basis (CV adb);
- Relative Density (RD).

#### **5.4.4 Data validation by Salva Mining prior to geological model construction**

Prior to using the lithological (seam pick) and coal quality data for geological model construction purposes, Salva performed the following data validation and verification checks on the data;

- Checking of seam picks against the down-hole geophysics in selected instances in order to validate seam pinch outs or correlations during structural model construction.
- Validation of coal quality sample intervals against seam pick intervals
- Scatter plots of raw coal quality data pairs were constructed in order to determine outliers. In a few cases, spurious data values were identified and removed from the quality data set prior to importing the data into Minescape.
- In cases where RD (adb) data was not determined for a sample, linear regression equations determined from the RD-ash scatter plot constructed from the rest of the raw coal quality data set were used to determine the RD value for the sample concerned from the ash value for that sample.
- Core recovery percentages per core run were compiled and merged with the coal quality sample data set in order to determine if any samples in the coal quality data set are from coal seam intersections with less than 90% core recovery over the seam width. Core recovery was observed to be satisfactory with over 90% recovery within the coal horizon although less than 90% recovery is often seen in the immediate roof or floor to the coal seam (coal samples with less than 90% core recovery were previously rejected by GEAR staff prior to being forwarded data to Salva Mining).
- During the importation of coal quality samples and associated raw coal quality data into the geological modelling software, a few instances of overlapping samples were identified and these were corrected and the samples re-imported.
- After compositing the coal quality samples over the seam width on a seam by seam basis, histograms were constructed of the composited raw coal quality for each seam, in each of the five resource areas. Analysis of these histograms shows that in a few instances, raw ash% outliers are present as a result of the excessive overlap of the coal quality sample into the seam roof or floor. In the majority of such instances, the proportion of outlier composite samples is very small compared to the total number of samples per seam and hence the presence of these outliers has no material impact on the modelled raw coal quality for affected seams. In very few instances, in the case of some minor seams with small total numbers of coal quality composites per seam, one or two overlapping samples do result in a material change to the raw coal quality of that seam. However, in all such cases (F1, D1L1, D1L2, D1U1, D1U2 at KG Block, A3U at BS Block and SL1L at PP Block) the total tonnage represented by these seams is less than 1% of the total tonnage of the block concerned and hence there is no material impact on the coal quality of the resource area as a whole.

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#### 5.5 Coal Density

No information on in situ moisture was obtained from the laboratory, resulting in the fact that the Preston and Sanders equation could not be applied to obtain in situ relative densities. As a result, all resource tonnages are quoted on an in situ air-dried density basis, as volumes are calculated on an in-situ basis and density on an air-dried basis. However, the density of in situ coal is in reality not at an air-dried basis but at higher moisture in situ moisture basis. The estimate of resources on an air-dried basis will, therefore, result in a higher tonnage as compared to the equivalent in situ moisture basis calculation. This effect has been accounted to a large extent in the reserving process, where the total moisture has been used as proxy for the in-situ moisture and a Preston Sanders calculation has been made on this basis. However, given the unknown accuracy of this approximation, this calculation was not done at the resource stage, preferring rather use the more accurately known air-dried density and state the moisture basis used in the resource.

#### 5.6 Coal Quality Data

Within the BIB concession, Warukin Formation coals are classified as a low energy sub-bituminous class B coal (ASTM – Guidebook of Thermal Coal page 35). The Tanjung Formation coals in the PP Block are classified as Bituminous class A coal.

Raw coal quality composite sample statistics for all seams in each resource area were discussed in detail in previously reported detailed Independent Qualified Person’s Reports.

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## 6 Resource Model Construction

### 6.1 Structural Model

After completion of the previously detailed QA/QC processes, the available valid lithological and coal quality data was then imported into the MineScape software to generate both structural and quality models for each of the five resource areas.

The topographic model for each of the deposit was constructed by importing the Minescape topography grid models. These topography models describe both virgin topography and mined voids within the concession as of 31 December 2022.

The lithological data was then modelled to create structural grids. The schema, stored within the Stratmodel module of the MineScape software controls the modelling of seam elements and their structural relationships, grid model cell size, interpolators and other parameters.

Within the modelling schema, all of the stratigraphic intervals were modelled with pinched continuity. This is applied in areas where intervals are missing in a drill hole. In this situation, the modelling algorithm stops the interpolation of the missing interval halfway between the two drill holes between which it ceases to be present.

#### 6.1.1 Structural Model Validation

Structural and thickness contours were generated and inspected to identify any irregularities, bulls-eyes, unexpected discontinuities etc. Cross-sections were also generated to identify any further structures such as faulting and any areas where seams were modelled as being discontinuous due to short drilling.

### 6.2 Coal Quality Model

Coal quality data has been composited on a seam basis. The Inverse distance interpolator was selected for modelling coal quality as it has been shown to perform adequately for most coal quality attributes and it is also less likely to introduce spurious trends into the data. Testing indicated that a power value of two and a search radius of 2500 metres are the most suitable inverse distance interpolation parameters for modelling of the BIB coal deposits.

### 6.3 Quality Model Validation

After the completion of quality model gridding, selected qualities for selected seams were contoured and contours inspected to ensure that quality models had been gridded correctly. As a second validation measure, average qualities reported during resource reporting for all seams were compared against the average qualities of the input data to ensure consistency between input and output data sets.

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## 7 Coal Resources

### 7.1 Prospects for Eventual Economic Extraction and Resource Classification

Coal Resources present in the BIB concession have been reported in accordance with the JORC Code, 2012. The JORC Code identifies three levels of confidence in the reporting of resource categories. These categories are briefly explained below.

**Measured** – “...That part of a Mineral Resources for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow for the application of Modifying Factors to support detailed mine planning and financial evaluation”;

**Indicated** – “...That part of a Mineral Resources for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow for the application of Modifying Factors in sufficient detail to support mine planning and evaluation”; and

**Inferred** – “...That part of a Mineral Resources for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling.”.

For the purpose of coal resource classification according to JORC Code (2012) Code, Salva Mining has considered a drill hole with a coal quality sample intersection and core recovery above 90% over the sampled interval as a valid point of observation.

In terms of Coal Resource classification, Salva is also guided by the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves (2014) (The Coal Guidelines) specifically referred to under clause 37 of the JORC Code (2012).

Based on due consideration of the continuity of the coal seams as observed in the geological models for each of the five resource areas, the relative lack of evidence for significant faulting and the population statistics of the coal quality composites per seam, Salva has sub-divided Coal Resources within the BIB concession into resource classification categories based on the following spacing's (expressed as a radius of influence around points of observation which is half of the spacing between points of observation):

- Measured 250m or 375m;
- Indicated 500m or 650m; and
- Inferred 2000 m radius of influence.

In general, structural point-data is more variable however this is considered to be adequately modelled by the much greater amount of structural data points. Hence classification is based on the more sparsely distributed coal quality data points as the quality estimate is considered to have the lower confidence in continuity. The resultant classification adequately reflects the CP's view of the deposit.

It is furthermore a requirement of the JORC Code (2012) that the likelihood of eventual economic extraction is considered prior to the classification of coal resources.



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The average coal quality attributes of the coal seams considered are sufficient to be marketed as a mid CV thermal coal for power generation purposes. Therefore, Salva Mining considers that it is reasonable to define all coal seams within the classification distances discussed above, to a depth of 250 m below the topographic surface, as potential open-cut coal resources or to a maximum vertical stripping ratio of 15:1 in the case of the more steeply dipping PP Block (where a depth of 250 m below surface would result in overall stripping ratios that are unlikely to be economic due to the steep dips).

#### 7.2 Coal Resources

The estimated Coal Resources have been classified and reported according to the JORC Code (2012) and the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves (2014) as of 31 December 2022 are detailed in Table 7:1 below.

**Table 7:1 Coal Resource Estimate as of 31 December 2022**

Coal Resources (Mt)										
Area	Measured	Ash%	CV	Indicated	Ash%	CV	Inferred	Ash%	CV	Total
		(adb)	adb Kcal/kg		(adb)	adb Kcal/kg		adb	adb Kcal/kg	
KG	842	5.51	5,306	317	6.35	5,257	315	6.73	5,244	1,474
BS	19	4.71	5,567	27	5.61	5,560	155	5.94	5,563	201
SS	18	6.22	5,510	10	6.29	5,559	15	5.59	5,570	43
SN	12	4.74	5,357	10	6.29	5,245	48	7.01	5,077	70
PP	10	8.58	6,716	10	9.32	6,593	10	8.48	6,615	30
<b>Total</b>	<b>901</b>	<b>5.53</b>	<b>5,332</b>	<b>374</b>	<b>6.37</b>	<b>5,322</b>	<b>543</b>	<b>6.53</b>	<b>5,355</b>	<b>1,818</b>

*Mineral Resources are reported inclusive of the Mineral Reserves  
(Note: individual totals may differ due to rounding).*

#### 7.3 Comparison with Previous Estimates

The current BIB resource estimate incorporates additional mine production from KG/BS block. The other resource blocks have had no additional information since the last estimate and hence remain unchanged from the previous estimate.

Table 7:2 below shows a breakdown of the difference in resource tonnes for the entire BIB concession between current and the previous estimates.

**Table 7:2 Coal Resources (Mt) - Comparison with the Previous Estimate**

Resource Category	Salva Dec 2022	Salva Dec 2021	Salva Dec 2020	Salva Dec 2019	Salva Dec 2018	Salva Dec 2017	Salva Dec 2016	HDR Dec 2015	HDR Dec 2014
Measured	901	935	935	935	977	992	916	869	857
Indicated	374	378	355	355	333	333	335	334	353
Total M&I	1,275	1,313	1,290	1,290	1,310	1,325	1,251	1,203	1,210
Inferred	543	543	540	526	507	505	565	580	530
<b>Total</b>	<b>1,818</b>	<b>1,856</b>	<b>1,830</b>	<b>1,816</b>	<b>1,817</b>	<b>1,830</b>	<b>1,816</b>	<b>1,782</b>	<b>1,740</b>

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## 8 Reserves Estimation

### 8.1 Estimation Methodology

Salva Mining prepared the Coal Resource estimate for BIB Concession coal deposit as of 31 December 2022 which is used as a basis for the Coal Reserve estimate.

The Coal Reserves estimates presented in this Report are based on the outcome of pit optimisation results and the Techno-economic study carried out by Salva Mining. The mining schedule for the BIB concession blocks includes 4 existing open-cut mines, Kusan Girimulya (KG), Batulaki South (BS), Sebamban North (SN) and Sebamban South (SS) and a proposed open-cut mine at Pasopati (PP) with a target combined total coal production of 45 Mtpa from all the pits from the year 2023 onwards.

The subject specialist for Coal Reserves considers the mine to be techno-economically viable. This has been done by reviewing all the modifying factors, estimating reserves in the pit shell and preparing an economic model which confirms a positive cash margin using the cost and revenue factors as described below in this Report.

### 8.2 Modifying Factors

The BIB mine has been operating since 2005 (Kusan-Girimulya Pit started from 2011).

Pre-feasibility studies were completed prior to the commencement of mining operations. These studies were accepted as part of the AMDAL approval process from the Govt. of Indonesia prior to being given mining operations approval (CCoW).

Where an entity has an operating mine for an Ore Reserve, its Life of Mine Plan would generally be expected to contain information at better than Pre-Feasibility or Feasibility level for the whole range of inputs normally required for a Pre-Feasibility or Feasibility study and this would meet the requirement in Clause 29 for the Ore Reserve to continue that classification. Salva Mining has used actual modifying factors based on current operations at the BIB Mine which were independently verified by the Salva Mining’s subject specialist during the site visit. In Salva Mining’s opinion, the Modifying Factors at BIB Mine are better defined based on actual mining practices compared to a greenfield project at the Pre-Feasibility stage.

Table 8:1 outlines the factors used to run the mine optimisation and estimate the Coal Reserve Tonnage.

**Table 8:1 Modifying & Mine Optimisation Factors**

Factor	Chosen Criteria
Seam roof & floor coal loss	0.05m to 0.15m
Seam roof & floor dilution	0.015m to 0.04m
Geological & Mining loss including the loss in transportation & handling	2% to 5%
Minimum mining thickness minable coal seam	0.3m
Dilution default density	2.2bcm/t
Dilution default calorific value	500 to 800 Kcal/kg

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Factor	Chosen Criteria
Dilution default ash	75%
Overall Highwall and Endwall slope (varies in different blocks)	20 deg to 42 deg
Maximum Pit depth	Varies (200m max.)
Minimum Mining width at Pit bottom	50m
Exclusion of Mining lease (CCOW) and offset from Pit crest	50m
Offset from the river edge	300m
Mining, Coal handling and Transport Cost	Available and Used
Long Term Coal Selling Price used for Break-even Stripping Ratio	US\$ 40.45/t (except Pasopati), Pasopati US\$ 83.82/t
Government Documents/approvals	Available and Used
Environment Report	Available and Used
Geotechnical Report	Available and Used
Hydrogeology Report	Available & Used

### 8.3 Notes on Modifying Factors

#### 8.3.1 Mining Factors

##### General

The mining limits are determined by considering physical limitations, mining parameters, economic factors and general modifying factors as above (See Table 8.1). The mining factors applied to the Coal Resource model for deriving mining quantities were selected based on the use of suitably sized excavators and trucks.

The mining factors (such as recovery and dilution) were defined based on the continued open cut mining method and the coal seam characteristics. The exclusion criteria included the lease boundary, Kusan River (for Girmulya Pit & Pasopati pit) and a minimum working section thickness.

#### 8.3.2 Geotechnical Factors

All pits except for Pasopati block have been designed such that low walls commenced at the sub-crops and followed the coal floors. In Pasopati block, low-wall does not follow the seam floor due to block’s steeply dipping stratigraphy. Hence a geo-technically stable batter angle was selected for this block and used for the pit design. As a consequence, the low wall batter has to lie below the seam floor of the bottommost seam. It is important to understand that any undercut of bedding on the low wall (or up-dip mining) creates a high risk of failure.

The current geotechnical studies deal with KG block and have recommended the slope parameters up-to 200m depth. Geotechnical parameters used in this Report were based on either actual operations or previous geotechnical studies.

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#### 8.3.3 Surface Water Management

Pit water management is of critical importance to the effective operation of the mine. Dewatering operations observed during the site visit were considered to be of a high standard with well-constructed pit sumps and efficient drainage from operating areas into the sump. The overall strategy for water management over the life of mine will be to:

1. Minimise surface water entering the pit by:
  - a. Building bunds, drains and dams to divert water from external catchments away from pits; and
  - b. Profiling dumps so that water is diverted away from the pits.
2. Removing water from excavations by:
  - a. Constructing the main sump at the deepest point of each pit and draining all in-pit water to that sump; and
  - b. Installing sufficient pumps and pipes of a suitable size to pump water from the pit. Two-stage pumping will be required in deeper areas in the later years of the mine life.

#### 8.3.4 Mining Method & Operations

Mining operation commenced in 2005 in Sebamban South Pit (SB) and Batulaki South Pit (BS) Blocks. The Kusan Pit (KG) was started in 2011 while the Sebamban North Pit (SN) was started in 2015.

The mining operation in BIB is an open-pit mine using standard truck and excavator methods which are a common practice in Indonesia. Waste material is mined using hydraulic excavators and loaded into standard rear tipping off-highway trucks and hauled to dumps in close proximity to the pits or to in-pit dumps where possible. For the purpose of this Report, it is proposed that contractors will continue to be used for mining and haulage operations over the life of mine, and the unit costs used for the Reserve estimate reflect this style of mining.

Contractors are currently using truck and excavator combinations of 200-tonne excavator with 100-tonne trucks & 110-tonne excavator with 60-tonne trucks for waste removal whereas coal mining is being carried out by smaller size excavators (PC200-PC400 Komatsu excavators) with 30 tonne trucks. Coal from Kusan Pit is being hauled (about 20 km) to Port Bunati (Seaport owned by GEAR) for export to customers. The mining method can be described as a multi seam, moderate dip, open-cut coal mine using truck and shovel equipment in a combination of strip and haul back operations. Figure 8:1 shows the current mining operations at KG pit.

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**Figure 8:1 Mining Operations at KG Pit**



Coal from BS Pit is hauled 16 km to the Port Abidin. Port Abidin is a river-based port where all the coal handling arrangements are being rented including loading onto the barges (7500-8000 tonne barges).

#### **8.3.5 Processing Factors**

The coal is to be sold unwashed so no processing factors have been applied. Other than crushing to a 50 mm top size no other beneficiation will be applied.

#### **8.3.6 Mine Logistics Factors**

Based on assessment of available information and data gathered from site visit, two logistic chains for coal blocks comprising BIB projects exist and need to be strengthened.

Presently at KG block, coal handling and infrastructure is already in place as coal mining activities are underway since 2011. The existing infrastructure at KG includes a run of mine (ROM) stockpile, a primary crushing and screening plant at the mine site. A weighbridge, port stockpile, secondary crushing circuit at the Bunati port. Bunati Port also has jetty and barge loading conveyor (recently expanded to 36 mtpa capacity). Offices, camps, workshops and other associated facilities are currently in place both at mine site and at the port.

At present, current operations use both the coal crushing plants located at ROM stockpile and at the port. Coal mined from the KG Block is currently hauled by using a recently completed expanded dedicated haul road (Figure 8:2). This haul road has the capacity to haul up to 40 Mtpa of coal from KG Block area. Sebamban North and Sebamban South pit also uses the same haul road to transport coal from the pit head to the Bunati port.

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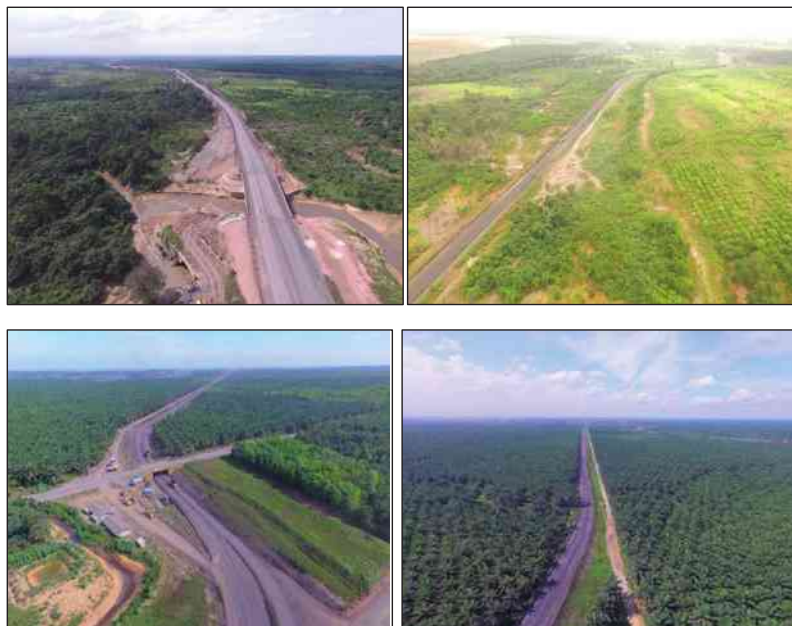
Furthermore, to accommodate additional tonnes from 2023 onwards, GEAR has laid out plans to use the existing spare crushing and screening facilities of the neighbouring ABM mines and install another crushing and screening system at the Bunati Port.

GEAR has engaged major local contractors for the coal haulage operations - PT Koperasi Sebamban Baru Mandiri (KSBM), and CV Mega Karya Sahabat (CVMKB).

GEAR has recently completed studies to evaluate the option of using road trains (double trailer) to augment its hauling capacity to above 40 Mtpa. Additional haulage is planned using the existing spare capacity of the neighbouring ABM’s Mines. Moving forward, with the increases in mining rate, increase in the truck fleet size/capacity will be required. To accommodate the incremental volume, double trailer trucks (170 mt) is planned to be deployed for ramping up coal haulage capacity to 45 Mtpa. GEAR is in discussions with some of the large hauling contractors who have shown interest to deploy 170 tonne double trailers. These contractors are using 170 t trailers at other sites including Adaro and Kideco Jaya Agung.

Similar coal handling arrangement exists for the coal mined from Batulaki South pit which is hauled to the Abidin port located at Satui River. Abidin Port is a third party owned port where infrastructures required for crushing and coal loading are being rented for coal export. Pasopati coal is also proposed to utilize the services of Port Abidin. BIB’s existing coal logistics, proposed infrastructure and new haul roads are shown in Figure 8:2 and Figure 8:3 while barge loading facilities at the port has been shown in Figure 8:4.

**Figure 8:2 BIB Road Logistics**



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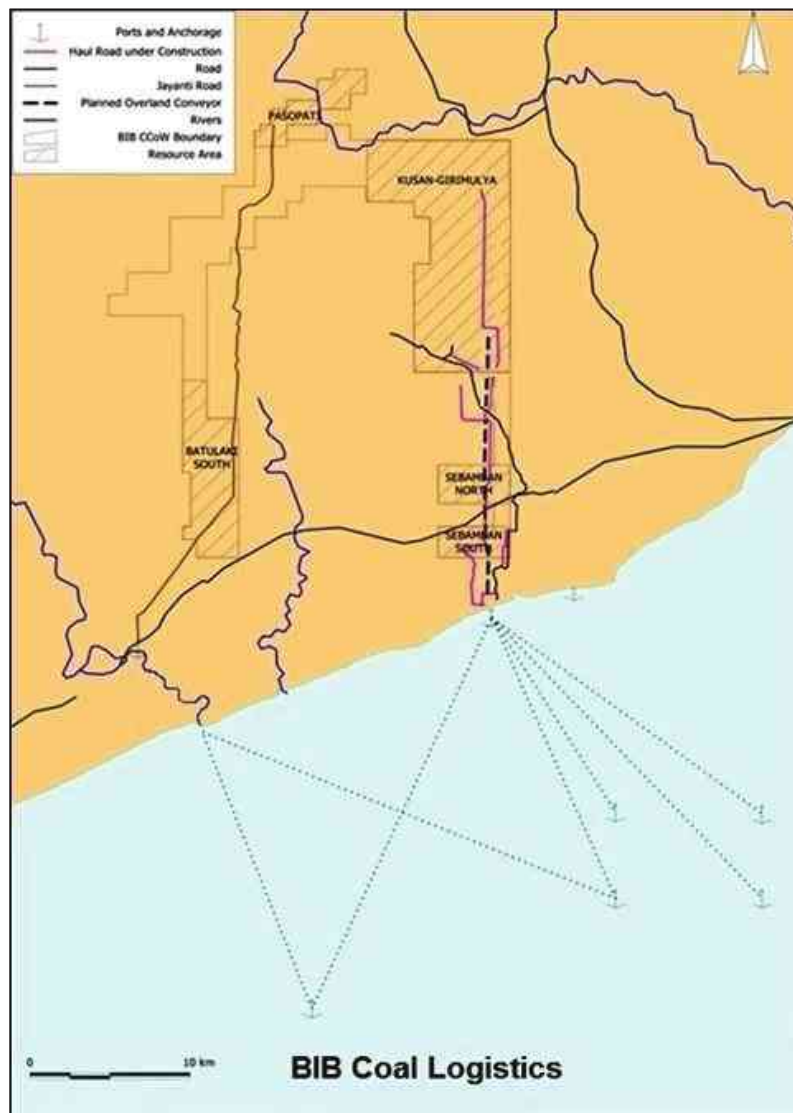
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Figure 8:3 BIB OffShore Loading Anchorage



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Figure 8:4 Coal Loading Facilities at Port



#### 8.3.7 Permits and Approvals

Salva Mining understands that the permits and approvals with regard to further mining activities in the BIB Coal Concession deposits are in good standing.

#### 8.3.8 Environment and Community Relations

A preliminary assessment of potential issues pertaining to environment and community relations who may impact the Reserves estimation was carried out by Salva Mining. These included the following activities:

- Review of environment management procedure at the site;
- Visit the GEAR Jakarta office and inspection of environmental management plans;
- Review of the Analisis Mengenai Dampak Lingkungan Hidup (AMDAL) - environment impact assessment and management plans; and
- Review of Corporate Social Responsibility Reports.

Salva Mining's preliminary assessment did not reveal any issues related to environment and community relations that will adversely impact project valuation. However, it should be noted that Salva Mining's assessment was only preliminary in nature and Salva Mining cannot provide any guarantee or warranty that significant environmental or community issues will not affect the operation. Key environmental and community relations issues are discussed below.

#### Environmental Aspects

Key issues which can have a potential impact on project are Water Run-off, noise, dust and rehabilitation.



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#### **Water Run-off from site**

If sediment loads are high or if the water is acidic, water run-off from dumps, stockpiles, roads and water pumped from pits has the potential to pollute local rivers, creeks and vegetation. This is managed through the use of bunds, drains and sediment ponds of sufficient size to allow small particles to settle out of the water. Regular monitoring of water discharge points is required under government regulations.

#### **Noise and Dust**

Noise and Dust originating from mine operations haulage and coal handling have the potential to impact the local environment, particularly if villages and local communities are located within close proximity to mining and coal handling operations. Dust is generally managed by using water trucks on haul roads, and by spraying water or dust suppressant chemicals to minimise dust being airborne and suppressing it.

#### **Rehabilitation**

A large area of land will be already cleared as part of the BIB mining operation. The disturbed area is generally rehabilitated by removing the topsoil prior to mining, storing the topsoil onsite during mining and covering the final landform with topsoil at the completion of mining. The area to be rehabilitated is then planted with suitable vegetation.

Management at the BIB Project has established procedures and a nursery in place to prepare for revegetation to take place. To prevent the dust hazard, the company is currently using dust suppressant and water sprinkling system. Salva Mining notes that the current approved AMDAL for the BIB concessions allows the company to mine in expand to the proposed throughput.

Mine closure plans for the updated mine plan have yet to be completed; however, Salva Mining does not foresee any significant issues with this aspect of the operation. A reasonable allowance has been made in for environmental management, rehabilitation and mine closure.

#### **8.3.9 Social Aspects**

Maintaining a good relationship with local communities is a key requirement for the success of the BIB operation. Efforts must be made to continue the ongoing community development programs in coordination with the local government. Salva Mining reviewed BIB’s Corporate Social Responsibility programs which include the following aspects:

##### **Economy**

The economic development of the local community is set to include activities to assist with the economic development of the community by providing employment and business opportunities once mining operations have finished.

##### **Health**

It includes programs to improve health in the local communities and to increase people’s knowledge through education in health issues.

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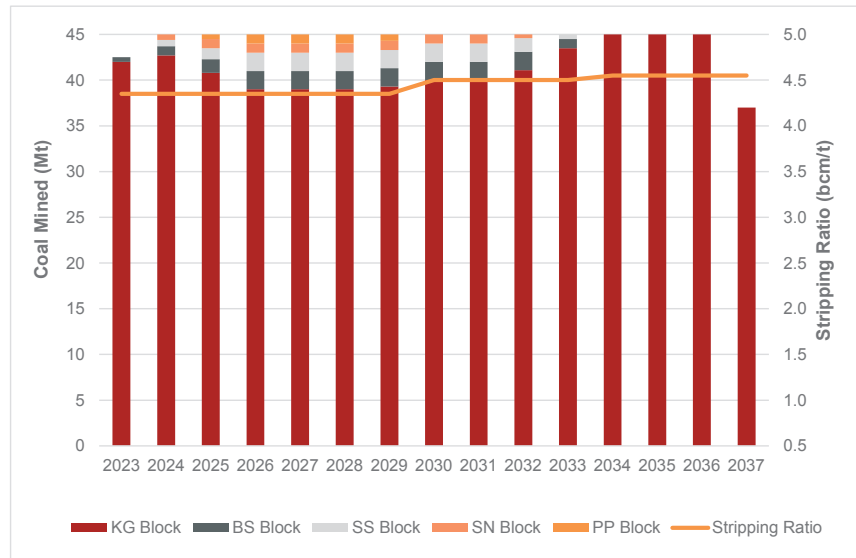
### 8.3.10 Mine Schedule

Mining operations for all pits within the BIB concession is carried out by conventional open-pit mining method using truck and excavator combination. Mining of waste is outsourced to a third-party contractor, which are a common practice in Indonesia.

A Life of Mine (LOM) plan was completed by GEM’s engineering team for the deposit and was provided to Salva Mining. The LOM plan included a production schedule and waste balance. Salva Mining has reviewed the mine plan and performed cross-checks to ensure that the operation is practical, achievable and has sufficient dumping room to contain all the waste mined in the final pit design. Waste haul distances were also estimated to adjust the waste mining costs for the operation.

The mine plan targets a production rate up to 45 Mtpa for the remaining mine life. As per preliminary production schedule, the minable tonnes over the life of mine are expected to be 665 Mt, requiring waste mining of 2,952 Mbcm. The LOM stripping ratio is calculated to be at 4.44 bcm/t of coal mined. The schedule targeted production of 45 Mtpa from 2024 onwards (Figure 8:5).

Figure 8:5 Life of Mine Production Schedule



### 8.3.11 Top Soil Removal

It is necessary to clear land and remove topsoil to advance any open-pit mining operations. At BIB concession, land clearing and topsoil removal are undertaken by contractors. Natural Vegetation is cleared by using dozers. The vegetation is pushed into piles and moved to a suitable location. All necessary care is taken to minimize soil profile disturbances and the same process will be followed during the life of mine operations. Once the land is cleared, a fleet of trucks and excavators removes topsoil which is either preserved for final reclamation or directly dumped into final landform area (where coal is already mined out) for rehabilitation.

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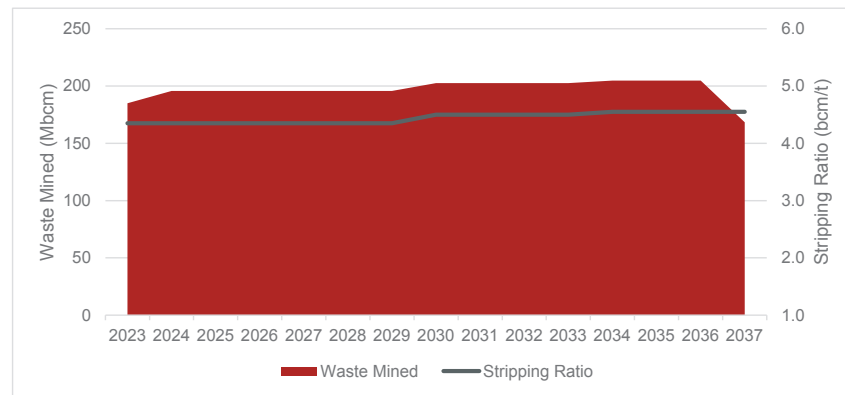
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#### 8.3.12 Waste Excavation

Waste material is mined using hydraulic excavators and loaded into standard rear tipping heavy duty haulage trucks for haulage to rock waste dumps which are either in close proximity to the pits or in-pit where possible. Diesel-powered hydraulic excavators in backhoe configuration are used.

A swell factor of 1.2 was assumed for all waste dumping and handling calculations. The waste to be mined over the life of mine is shown in Figure 8:6.

**Figure 8:6 LOM Waste Excavations**



#### 8.3.13 Processing Factors

The coal is to be sold unwashed so no processing factors have been applied.

#### 8.3.14 Capital Cost

As GEAR is engaging contractors for mining operations at BIB concession blocks, it is envisaged that no major capital expenditure shall be incurred towards the mining equipment. But major capital will be required for infrastructure upgrades for ramp-up facilities at the BIB projects including mining and logistics infrastructure both at the mine site and at the port.

Salva Mining estimates the total capital expenditure of US\$ 41.8M which includes a contingency of US\$ 4.8M. These estimates are considered to have an accuracy of  $\pm 15\%$ . In addition to the expansion capital, Salva Mining has factored 2% of the invested capital as sustaining capital per annum for asset maintenance over the life of mine. While preparing these estimates, Salva Mining has relied on industry benchmarks, its internal database and expertise and internal studies on the BIB concessions. The cost estimate was prepared in Q4 2022 in US\$(\$).

**Table 8:2 Capital Cost (Real Terms)**

Particulars	Direct Cost (\$M)	Contingency (\$M)	Total Cost (\$M)
Land Compensation	15.0	1.5	16.5
Land Compensation	15.0	1.5	16.5
Miscellaneous Roads	1.0	0.2	1.2
Contractor Mobilisation	3.0	0.5	3.5

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Particulars	Direct Cost (\$M)	Contingency (\$M)	Total Cost (\$M)
Mine Infrastructure	4.0	0.6	4.6
Road Upgrade for B Doubles	5.0	0.8	5.8
Hauling to Jetty	5.0	0.8	5.8
Crushing and Screening	5.0	0.8	5.8
Port Stockpile and Jetty	8.0	1.2	9.2
Port Facilities	13.0	2.0	15.0
<b>Total Project Capital</b>	<b>37.0</b>	<b>4.8</b>	<b>41.8</b>

Salva Mining has compared these against the industry benchmarks and estimated these to be reasonable.

#### 8.3.15 Economic Factors

##### Royalty

The BIB concession is a CCoW concession, amenable to be exploited by open-pit mining method. A royalty of 13.5% of revenue excluding barging and transshipping associated cost is applicable to coal sales from the BIB concession. This amount is defined in the PKP2B and subsequent agreements between BIB and the Indonesian Government Regulation No. 17 of 2010 issued by the Minister of Energy and Mineral Resources (MEMR) also requires that all coal sales be made at a minimum (or benchmark) price that is defined by the Indonesian government on a monthly basis. The methodology for calculation of the minimum price is described in Regulation No. 515.K/32/DJB/2011 and Regulation No. 644.K/30/DJB/2013 issued by the Directorate General of Minerals and Coal (DGMC).

Salva Mining assumed that future benchmark prices for Royalty calculations will be equal to or lower than the forecast prices used in this study and thus the forecast coal price has been used for the calculating royalty payments. The agreement between BIB and the Indonesian Government appears to allow for the Government royalty to be calculated based on the coal sales price (or the benchmark coal price if it is higher) adjusted for the costs incurred past BIB’s last loading facility. This effectively means that revenue can be calculated on the FOB, barge loading basis for the purpose of royalty calculation. Salva Mining has used the lower of actual cost and maximum allowable allowance for barging and trans-shipped activity-related costs in the determination of Royalty payable.

##### Corporate Income Tax

In line with the prevailing corporate income tax regulation, an income tax rate of 25% is applied to the revenues from the concession.

##### Inflation

Salva Mining has developed a cash flow model in real term for calculation of the assessment of project. Salva Mining has assumed the cost and revenue in US \$ in real terms.

##### Depreciation and Amortisation

Salva Mining has opted to apply straight-line depreciation rates depending on the type of asset and their useful life.

##### Working Capital

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Salva Mining considers that the impact of working capital is minimal.

#### Value Added Tax (VAT)

The prevailing VAT law stipulates that supplies of coal and other natural resources taken directly from the source are not subjected to VAT. This means that there will not be any output VAT applicable to coal produced from the BIB Concession. As per prevailing VAT law, a variable component of contractor cost attracts a 10% VAT. Salva Mining has opted to apply VAT to all variable contractor cost and therefore a VAT rate of 10% is applied on all contractor cost.

#### 8.3.16 Operating Cost

##### General

GEAR provided a “data sheet” of indicative unit costs and revenues relevant for this project. Salva Mining also reviewed the costs for reasonableness against known current mining costs for similar mining conditions within Indonesia. These unit rates were then used to estimate the cost to deliver coal to a ship (FOB vessel). This allowed a break-even strip ratio to be estimated and the rates were also used to calibrate the Optimiser software.

The following points summarise the cost and revenue factors used for the estimate:

- All costs are in US dollars;
- Royalties of 13.5% of revenue less marketing, costs have been allowed along with VAT of 10%;
- Allowances were made for hauling, crushing, quality control, stockpiling, barge loading, barging and ship loading which totalled approximately \$5.0/t (all except Pasopati) to \$6.5 (Pasopati) per tonne;
- Coal mining cost of US\$0.75 per tonne; and
- Waste mining rate (excluding waste overhaul) has been taken as US\$1.85 per bank cubic metre.

##### Unit Costs

The Contractor and Owner unit costs used in the Lerchs Grossman optimiser for various blocks are detailed in Table 8:3 and Table 8:4. These costs were used to create a series of waste and coal cost grids which were used to generate the optimiser nested pit shells.

**Table 8:3 Contractor Unit Rates (Real Terms)**

Cost Item	Unit	Rate
Land Clearing	\$/ha	1,700
Topsoil Removal	\$/bcm	1.85
Waste Mining	\$/bcm	1.85
Waste Haulage	\$/bcm/km	0.30
Coal Mining	\$/t	0.75
Haul to ROM Stockpile	\$/t km	0.12
Haul to Port Stockpile – Road	\$/t km	0.11
Barging	\$/t km	0.05
Transshipment	\$/t	1.30

*Note: All quoted cost in local currency is adjusted for fuel price and exchange rate*

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**Table 8:4 Variable Owner Unit Costs (Real Terms)**

Cost Item	Unit	Rate
ROM Coal Handling	\$/t	0.30
Crushing, Stockpile and Barge Loading	\$/bcm	1.00
Mine Closure	\$/ha	8,500
Environmental and Rehabilitation	\$/t	0.10
Land Use Payment	\$/t	0.25
Water Management	\$/t	0.05
Salary and Wages	\$/t	0.25
Camp and Accommodation	\$/t	0.05
Medical & Community Development	\$/t	0.05
Corporate Overheads	\$/t	0.50
Local Government Fees	\$/t	0.25

Royalty was estimated at 13.5% based on the respective sale prices of the coal for each block. A 10% VAT has been applied to all services purchased.

Apart from the unit costs described in the above section, land compensation cost per Ha was also considered during optimisation. These land compensation costs were obtained from the GEAR technical team and verified by Salva Mining.

#### Operating Cost

GEAR provided the operating costs for mining and other activities including coal hauling, barging and port handling charges, which Salva Mining checked for reasonableness. Total operating costs per tonne of coal product including royalty for the BIB Project has been estimated as US\$26.02 per tonne over the life of the mine. The updated operating cost for the BIB projects has been summarised below in Table 8:5.

**Table 8:5 Life of Mine - Unit Operating Cost (Real Terms)**

Operating Cost Elements	US \$/t
Land Clearing	0.01
Topsoil Removal	0.04
Waste Mining	8.22
Waste Haulage	2.71
Coal Mining	0.75
Haul to ROM Stockpile	0.69
ROM Coal Handling	0.30
Haul to Port Stockpile – Road	2.09
Crushing, Port Stockpile and Barge Loading	1.00
Barging	0.96
Transshipment	0.98
Mine Closure	0.02
Environmental and Rehabilitation	0.10
Land Access fees	0.25
Water Management	0.05

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Operating Cost Elements	US \$/t
Salary and Wages	0.25
Camp and Accommodation	0.05
Medical & Community Development	0.05
Corporate Overheads	0.42
Local Government Fees	0.21
VAT	1.64
Operating Cost Excl. Royalty	20.78
Royalty	5.24
Operating Cost incl. Royalty	<b>26.02</b>

#### 8.3.17 Marketing, Pricing and Revenue Factors

To estimate the long-term price for different types of project coals, Salva Mining has adopted the latest brokers forecast for the Newcastle thermal coal prices ex Australia (USD/t, FOB) as a benchmark price. These data which was collected by KPMG in November 2022 include forecasts of future prices for coal of CV 6,322 kcal/kg (gar) over a long-term horizon from each expert.

**Table 8:6 Newcastle Coal Index Forecast**

	Date of Forecast	2023 (nom.)	2024 (nom.)	2025 (nom.)	2026 (nom.)	Long Term (Real, Q4 2022)
Contributor 1	24-Oct-22	\$343.8	\$237.5	\$127.8	n/a	n/a
Contributor 2	17-Oct-22	\$242.5	\$176.3	n/a	n/a	n/a
Contributor 3	11-Oct-22	\$275.0	\$175.0	n/a	n/a	\$90.0
Contributor 4	7-Oct-22	\$287.0	\$126.0	\$105.0	n/a	n/a
Contributor 6	6-Oct-22	\$280.0	\$250.0	n/a	n/a	\$75.0
Contributor 7	6-Oct-22	\$281.0	\$150.0	\$104.0	\$100.0	\$100.9
Contributor 8	5-Oct-22	\$375.0	n/a	n/a	n/a	n/a
Contributor 9	4-Oct-22	\$200.0	\$120.0	\$110.0	\$100.0	\$100.0
Contributor 10	4-Oct-22	\$232.0	\$125.0	n/a	n/a	n/a
Contributor 12	4-Oct-22	\$250.0	\$150.0	n/a	n/a	\$80.0
Contributor 13	3-Oct-22	\$273.0	\$190.0	\$118.0	\$85.0	\$65.0
Contributor 14	2-Oct-22	\$160.0	n/a	n/a	n/a	\$90.0
Contributor 15	1-Oct-22	\$325.0	\$238.0	\$128.0	n/a	\$100.0
Contributor 16	30-Sep-22	\$366.0	\$292.0	n/a	n/a	\$85.0
Contributor 18	27-Sep-22	\$353.8	n/a	n/a	n/a	n/a
Contributor 19	21-Sep-22	\$152.0	\$121.0	\$106.0	\$95.0	\$75.0
<b>Average</b>		<b>\$274.8</b>	<b>\$180.8</b>	<b>\$114.1</b>	<b>\$95.0</b>	<b>\$86.1</b>
<b>Median</b>		<b>\$277.5</b>	<b>\$175.0</b>	<b>\$110.0</b>	<b>\$97.5</b>	<b>\$87.5</b>

Source: KPMG Coal Price & FX consensus forecast, November 2022

Salva Mining has adopted the median of the long-term price forecast (\$87.5/t) as a reasonable benchmark price for Newcastle Index.

The Indonesian Government, set by the Ministry of Energy and Mineral Resources (Menteri Energi dan Sumber Daya Mineral), publish a monthly coal price report – the ‘Harga Batubara Acuan’ (HBA) or the Indonesian Coal Price Reference. HBA is an average price of four specific Indonesian and

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Australian coals, which is derived from the Argus Indonesia Coal Index 1 (ICI1), Platts Kalimantan 5900 gar, Newcastle Export Index (NEX), and the Global Coal Newcastle Index (GCNC) using the indices from the previous month, with the quality of CV = 6,322 kcal/kg gar, Total Moisture = 8%, Total Sulfur = 0.8% and Ash=15%.

Given that the Indonesian HBA price oscillates close to the Newcastle Index, Salva Mining has used forecast price for Newcastle Index as a proxy to HBA coal price forecast. The ‘Harga Patokan Batubara’ (HPB) – Coal Bench Mark Price is the method used for price assessment for royalty purposes by the Indonesian Government for coal of any specification using the following formula:

$$\text{HPB} = (\text{HBA} \times \text{K} \times \text{A}) - (\text{B} + \text{U}) \text{ [US\$/tonne]}$$

Where:

HPB = The coal price reference calculated by adjusting the quality parameter

K = Calorific values of the coal / 6322 (gar)

A = (100 – Total Moisture) / (100 – 8)

B = (Sulphur – 0.8) \* 4 [US\$/t]

U = (Ash - 15) \* 0.4 [US\$/t]

The long-term forecast price of the BIB coal was calculated as \$45.12/t for Mid CV coal (KG, SN, BS and SS Blocks) and \$88.30/t for High CV coal (PP Block) using the HPB conversation formula. The equates to 51.56% of the Newcastle Index for the KG, SN, BS and SS coal and 100.92% of the Newcastle Index for the PP coal. Salva Mining has reviewed these Mid-CV coal prices against the ICI4 Coal Index, which is close to the current product coal quality. After considering the ICI4 prices and its historical discount to the Newcastle Index, Salva Mining has further applied an 8% discount to the HPB calculated price for the Mid CV Coal. The price for the Mid-CV export coal was calculated at \$41.51/t (47.4% of Newcastle Index).

#### Domestic Marketing Obligation

To secure coal supply for domestic use, the new mining law allows for a Domestic Market Obligation (DMO) where the central government is able to control production and export of mining products. Regulation No. 34 of 2009 issued by the Ministry of Energy and Mineral Resources (ESDM) detailed the procedures for the DMO.

The Indonesian government introduced a decree (MEMR Decree No. 1395/K/30/MEM/2018) on 9 March 2018, which set a coal price cap for public electricity generation of \$70/t. This price cap is applicable for coal with a calorific value of 6,322 kcal/kg gar, total moisture of 8%, sulphur content of 0.8% and ash of 15%. For coals of any other specification, the applicable domestic price cap is to be calculated via a formula linked to this reference price of \$70/t. Salva Mining used this price cap formula for estimating the domestic price for BIB Mid-CV coal as \$37.26/t and \$70.37/t for High-CV coal.

Indonesia banned coal exports in January 2022 to prioritize domestic supplies as inventories ran low. The ban was eased on 20 January 2022 for 139 companies who had fulfilled their DMO, which requires them to supply 25% of their annual production locally at a capped price. Table 8:7 summarises long term price forecast taken to estimate reserves.



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**Table 8:7 Long Term Price Estimate**

Description	Long term Price (US\$/t)	
	Mid-CV (KG, BS, SS, SN)	High-CV (PP)
Export Coal Price	41.51	88.30
Domestic Coal Price	37.26	70.37
Weighted Average Coal Price (assuming 25% domestic sales)	<b>40.45</b>	<b>83.82</b>

#### 8.3.18 Financial Analysis

The economic assessment model for the BIB Mine was developed in Microsoft Excel. Financial analysis of the operations has been derived from the analysis of cash flows calculated for the project over the life of mine.

Salva Mining has adopted the following considerations in its financial model:

- The model is developed in real terms. All cost and prices were considered in real terms;
- The model assumes continuous cash in and outflows, which are reflected in mid-point discounting during a period;
- Sunk cost (including acquisition costs) is excluded; and
- All future cash flows were discounted using WACC discount rate of 10% real after tax.

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**Table 8:8 LOM Economic Analysis**

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
<b>Units</b>	<b>LOM</b>														
Coal Mined	Mt	664.5	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	37.0
Waste Mined	Mbcm	2,952	184.9	195.8	195.8	195.8	195.8	195.8	202.5	202.5	202.5	204.8	204.8	204.8	168.4
Stripping Ratio	bcm:t	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.5	4.5	4.5	4.6	4.6	4.6	4.6
Product - LRC Coal	Mt	660.3	42.5	45.0	44.5	44.0	44.0	44.3	45.0	45.0	45.0	45.0	45.0	45.0	37.0
Product - HRC Coal	Mt	4.2	0.0	0.0	0.5	1.0	1.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue	\$M	27,074	1719	1820	1844	1867	1867	1853	1820	1820	1820	1820	1820	1820	1497
Capital - Land	\$M	17	3	3	3	3	3	0	0	0	0	0	0	0	0
Capital - Project	\$M	25	0	8	8	0	0	0	0	0	0	0	0	0	0
Capital - Sustaining	\$M	6	0	0	0	1	1	1	1	1	1	1	1	1	1
Total Capital	\$M	48	3	11	11	11	3	3	1	1	1	1	1	1	1
Operating Cost	\$M	13,810	942	994	992	915	915	902	918	918	920	924	931	931	930
Royalty	\$M	3,481	221	234	237	240	240	238	234	234	234	234	234	234	192
EBITDA	\$M	9,782	556	593	614	711	711	713	668	668	666	662	655	655	541
Cash Margin	\$/t	15	13	13	14	16	16	16	15	15	15	15	15	15	15
Depreciation	\$M	31	0	1	2	2	2	2	2	2	2	2	2	2	3
Taxable Income	\$M	9,751	556	592	613	710	710	711	666	666	664	660	653	653	535
Corporate Tax	\$M	2,438	139	148	153	177	177	178	167	167	166	165	163	163	134
EARNING AFTER TAX	\$M	7,313	417	444	460	532	532	533	500	500	498	495	490	489	402
Depreciation	\$M	31	0	1	2	2	2	2	2	2	2	2	2	2	3
Working Capital Adj.	\$M	0	-95	-6	-3	-8	0	0	4	0	0	0	1	0	105
Capital Expenditure	\$M	48	3	11	11	11	3	3	1	1	1	1	1	1	1
Cash Flow	\$M	7,296	319	428	447	515	531	535	506	501	500	497	492	492	511
Discounted Cash Flow	\$M	3,777	304	371	352	369	346	314	288	247	202	183	164	149	128

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The financial analysis of the operations indicates the project to be economical viable with sufficient EBITDA cash margins.

#### 8.3.19 Product Quality

As previously stated, Salva Mining has assumed no moisture change in the product coal chain. Therefore, it is assumed that the final product will have the same quality of ROM coal which is summarised in Table 8:9.

**Table 8:9 Product Coal Quality**

Block	RD adb t/m3	TM arb %	IM adb %	Ash adb %	CV (GAR) Kcal/Kg	TS adb %
KG	1.39	35.2	15.7	6.2	4,030	0.22
BS	1.37	33.5	13.2	6.3	4,207	0.17
SS	1.47	38.6	12.5	5.8	3,866	0.21
SN	1.38	38.4	16.7	5.4	3,923	0.14
PP	1.33	8.7	6.1	12.5	6,528	1.39
<b>Total</b>	<b>1.39</b>	<b>35.1</b>	<b>15.5</b>	<b>6.2</b>	<b>4,045</b>	<b>0.22</b>

#### 8.3.20 Other Relevant Factors

##### Limitations to Drilling

Approximately 3,119 boreholes are located within the BIB Project Area. 98% of boreholes have been logged using down-hole geophysics. Geophysical data is predominantly comprised of gamma, density and calliper logs and has allowed for accurate seam definition. The Resource is limited to 250 m depth below topography in all the BIB concession coal blocks except Pasopati block where it is limited to cut off stripping ratio of 15:1.

##### Surface Constraints

Mining operations are constrained physically by the concession boundary and seam outcrops. Other constraints that were used to define the project were limits of exploration drilling, constraints due to river and variable land compensation rates. No significant surface features exist that would further constrain mining activities.

Continuation of work will be required to support a future update of Reserve Estimates and Mine Plans. These include:

- detailed geotechnical studies to confirm the overall slope angles and other parameters in deeper pit area;
- detailed hydrogeological studies to know the water flow gradient and dewatering arrangement;
- more quality data as well as detailed drilling and updates to the geological model;
- land compensation issues; and
- changes in the life of mine schedule, infrastructure constraints, coal transportation issues and due to changes in marketing and costing during the mining operation.

These items may cause the pit shell and mining quantities to change in future Coal Reserve estimates.

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Salva Mining is not aware of any other environmental, legal, marketing, social or government factors which may hinder the economic extraction of the Coal Reserves other than those disclosed in this Report.

In the opinion of Salva Mining, the uncertainties in areas discussed in the Report are not sufficiently material to prevent the classification of areas deemed Measured Resources to be areas of Proved Reserves for the purpose of this Report. Salva Mining also believes that the uncertainties in each of these areas also not sufficiently material to prevent the classification of areas deemed Indicated Resources to be areas of Probable Reserve.

Key project risk for the BIB Project emanates from the following factors in order of importance.

- Lower long term coal prices or domestic coal demand;
- Higher life of mine operating costs and logistics issues;
- Higher levels of capital costs.

Any downside to these factors will likely have a significant impact on the economic feasibility of this project. However, the projected cash flows in the financial analysis currently show a healthy margin.

#### 8.3.21 Optimisation Result

##### Determination of Open Cut Limits

The geological models that were used as the basis for the estimation of the Reserves are the Minescape geological models prepared by Salva Mining to compute the Resources.

Potential open-cut reserves inside different blocks of the Project Area were identified with pit optimisation software utilising the Lerchs Grossman algorithm. By generating the financial value (positive or negative) for each mining block within a deposit and then applying the physical relationship between the blocks, the optimal economic pit can be determined.

This method is widely accepted in the mining industry and is a suitable method for determining economic mining limits in this type of deposit. The optimiser was run across a wide range of coal prices using a standard set of costs that was developed by Salva Mining and based on typical industry costs in similar operations. These costs were adjusted to suit the conditions for this project.

##### Base Pit for Optimiser

In addition to the mining and economic constraints, the optimisers were mostly limited by a 3-dimensional shell which was built for each block following either a surface constraint or geological model extent. These constraints are detailed in Table 8:10. This pit shell effectively represented the maximum pit possible in the deposit that was reasonable for the estimation of Coal Reserves.

**Table 8:10 Block wise Optimiser Base Pit limits**

Block Name	North	South	East	West
Kusan Girimulya	IUP and River	Geomodel	Sub-Crop	IUP and Geomodel
Batulaki South	Geomodel	Geomodel	Geomodel	IUP and River
Sebamban South	IUP	IUP	Sub-Crop	IUP
Sebamban North	IUP	IUP	Sub-Crop	IUP
Pasopati	Geomodel	Geomodel	Geomodel	Geomodel

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In Pasopati the base pit was divided into two separate pits – North and South – as a river runs almost through middle of the block. A 300 m offset was taken from the river on both sides.

#### Artisanal Mining in Pasopati

Artisanal mining was prevalent in the Pasopati block after the LiDAR topography was surveyed in 2009. No accurate survey was available for the current mined out situation in this block. A polygon delineating the extent of this mining in both north and south was surveyed. This surface was used in optimisation for this block to exclude any possible mined out tonnage from the current reserve estimate.

#### Optimisation Result

The optimiser produced a series of nested pit shells using the same cost parameters with varying sale price of coal. The method starts with a very low discounted sale price following a high discount factor and moves toward higher sale prices by decreasing the discount on sale price. It estimates the net margin by subtracting the total cost from the revenue within a particular shell at a particular discount factor using the cost-revenue parameters and the physical quantities within the pit shell. As the method progresses, the incremental margin per tonne of coal slowly drops down to zero at “zero” discount factor and then goes negative as the pit shells go deeper following higher sale prices. As a result, the cumulative margin slowly rises up to a maximum level at “zero” discount factor and then starts dropping off. Thus, the pit shell (OPT000) which represents the “zero” discount factor is called the optimum pit shell as any smaller or bigger shell will have a lower cumulative margin (“value”). The goal in this process is intended to have economic pit sensitivity.

#### Selection of Pit Shell

GEAR is proposing to mine 45 Mtpa of coal from BIB coal concession blocks from 2023 onwards and as such would need around 600-800 Mt of mineable ROM coal to achieve this target. An economic model was prepared for the mining operation from each of the BIB coal concessions to determine the project breakeven or incremental stripping ratio. The pit optimisation results were examined and pit shells selected where the incremental stripping ratios were less than or equal to break even strip ratio.

#### Break Even Stripping Ratio

Table 8:11 summarises the calculation of the Break-Even Stripping Ratio for BIB Blocks. The methodology adopted involves taking the cost to mine a tonne of coal and adding all the costs associated with getting the coal to the point of sale.

**Table 8:11 Break-even Stripping Ratio (BESR)**

	KG / BS / SS & SN Blocks	PP Block
Coal Price, US\$ /t, FOB	\$40.45	\$83.82
Royalty, US \$/t, FOB barge	\$5.22	\$11.07
Overheads, US \$/t	\$5.66	\$5.92
Offsite Cost, US \$/t	\$5.87	\$8.64
Coal Mining, US \$/t	\$0.75	\$0.75
Waste mining including waste overhaul (US\$/bcm)	\$1.85	\$1.85
Break-Even Strip Ratio	12.4	31.0

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For the purpose of reserve estimation, total moisture was considered to be equal to in-situ moisture for determination of in-situ relative density as in-situ moisture values were not available. The in-situ density of the coal has been estimated using the Preston-Sanders method to account for the difference between air-dried density and in-situ density. The formula and inputs were as follows:

$$RD2 = RD1 \times (100 - M1) / (100 + RD1 \times (M2 - M1) - M2)$$

Where

- RD2 = In-situ Relative Density (arb)
- RD1 = Relative density (adb)
- M1 = Inherent Moisture (adb)
- M2 = Total Moisture (arb)

It should be noted that while the total moisture from laboratory measurements may not necessarily equal the in-situ moisture, this is considered to be the best estimate given the limited amount of data. Salva Mining has assumed that no moisture reduction takes place for the determination of product quality.

#### 8.4 Final Pit Design

For the purposes of this Report, Salva Mining has limited the pit depth to the limit of exploration drilling within the limit applied to the Resource estimates. Other factors considered in the final optimum pit designs included:

- The location and proximity of coal to exploration data;
- Proximity to the concession boundary;
- Out of pit dumping room;
- Geotechnical parameters; and
- Surface water management considerations.

The final pit designs closely followed the selected pit shell in most locations.

##### 8.4.1 Cut-off Parameters and Pit Limit

Overall low-wall slopes as per the basal seam dip, endwall slopes and highwall slopes for the final pit design were considered as per Table 8:12.

**Table 8:12 Pit Design Parameters for BIB blocks**

Pit Design Parameters	Kusan Girimulya (KG)	Batulaki South (BS)	Sebamban South (SS)	Sebamban North (SN)	Pasopati (PP)
Overall Highwall Slope	30 deg up to 100m depth, 20 deg for depth up to 200m depth	35 deg up to 100m depth, 20 deg up to 200 m depth	35 deg up to 100m depth, 20 deg up to 200 m depth	35 deg up to 100m depth, 20 deg up to 200 m depth	42 deg up to 100m depth
Bench Slope	45 deg	45 deg	45 deg	45 deg	60 deg
Bench Height	10 m	10 m	10 m	10 m	10 m
Highwall berm	10 m	5 m	5 m	5 m	5 m
Low wall slope	3-4 deg (Kusan), 5-7 deg (Girimulya)	12-14 deg	8-10 deg	8-10 deg	8-10 deg
Ramp Width	30 m	30 m	30 m	30 m	30 m
Maximum Ramp Grade	8%	8%	8%	8%	8%

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#### 8.4.2 Pit Designs

The coal seam distribution within the BIB Concession deposits resulted in the Optimiser identifying several pits with the different basal seams. The pits were subjected to adjustments to form a practical pit design, which lead to the exclusion of the minor narrow pit shells and the resultant formation of Mineable Pit Shells, which formed the basis of the subsequent reserves estimate.

Pits for various blocks have been designed within the limits as defined by the pit optimisation analysis. These limits are rationalised to ensure access between floor benches and walls were straightened to generate mineable pits.

All pits except for Pasopati block have been designed such that low walls commenced at the sub crops and followed the coal floors. The overall highwall batter angle approximately varies from 20 to 35 degrees as the ultimate pit depth ranges from a little more than 80 m to 200 m. This was done in accordance with the geotechnical study done on the KG Block.

In Pasopati, it was not possible to follow any seam floor at the lowwall side because of the block’s steeply dipping stratigraphy. Hence a geotechnically stable batter angle was selected for this block and used for the pit design. As a consequence, this pit includes a significant amount of underburden material below the bottommost seam.

The optimised pit shells for BIB blocks as delineated in the final pit design do contain Inferred Resources which are excluded from the Coal Reserves reported for the BIB concession. Under the JORC Code, Inferred Resources cannot be converted to Reserves due to poor confidence in structural continuity and quality variables. In-situ quantities and mine scheduled tonnes within an optimized pit shell along with Reserves are shown in the Table 8:13.

**Table 8:13 In situ & Scheduled Quantities & Reserves, BIB Concession**

Concession	Insitu – Optimised Pit Shell			Mine Scheduled Tonnes within Optimized Pit shell			Coal Reserves, Mt
	Waste, Mbcm	Coal, Mt	SR, bcm/t	Waste, Mbcm	Coal, Mt	SR, bcm/t	
KG Block	3,019	817	3.7	2,950	686	4.3	618.4
BS Block	189	46	4.1	179	39	4.6	18.0
SS Block	69	22	3.1	66	19	3.5	15.9
SN Block	50	10	4.7	50	9	5.4	8.0
PP Block	94	8	11.2	90	7	12.5	4.2
Total, BIB	3,420	903	3.8	3,335	760	4.4	664.5

The final pit designs and associated cross-sections for estimating Coal Reserves for BIB Coal concession deposits are shown in Figure 8:7 to Figure 8:18.

#### 8.4.3 Mining Production

Historical production from BIB mines is shown below in Table 8:14. The production is forecast to ramp up to 45 Mt from 2023 onwards.

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**Table 8:14 Historical Production – BIB Mine (Mt, Coal)**

Pit	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
KG		0.6	2.1	2.2	3.2	5.5	6.7	12.8	20.0	28.5	29.7	24.8	34.6
BS	0.8	0.9	1.2	1.1	1.1				0.1	0.2	0.6	0.7	0.3
SN	0.3	1.2	0.5	0.7	0.3	0.7	0.8	0.5	0.2	0.1	0.2	0.0	0.0
Total	1.1	2.8	3.8	4.1	4.6	6.3	7.5	13.3	20.3	28.7	30.5	25.4	34.9

The final pit designs and representative cross-section of mining blocks at BIB concessions have been shown from Figure 8:7 to Figure 8:18.



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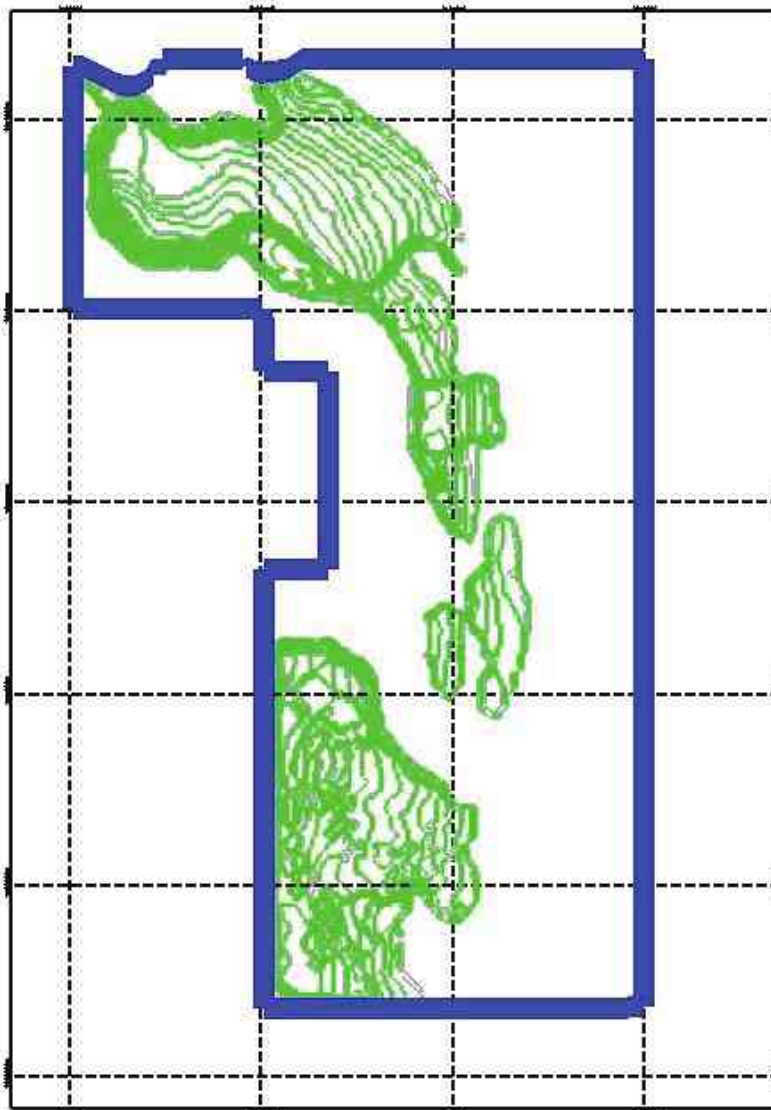
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Figure 8:7 Final Pit Design – Kusan Girimulya Pits



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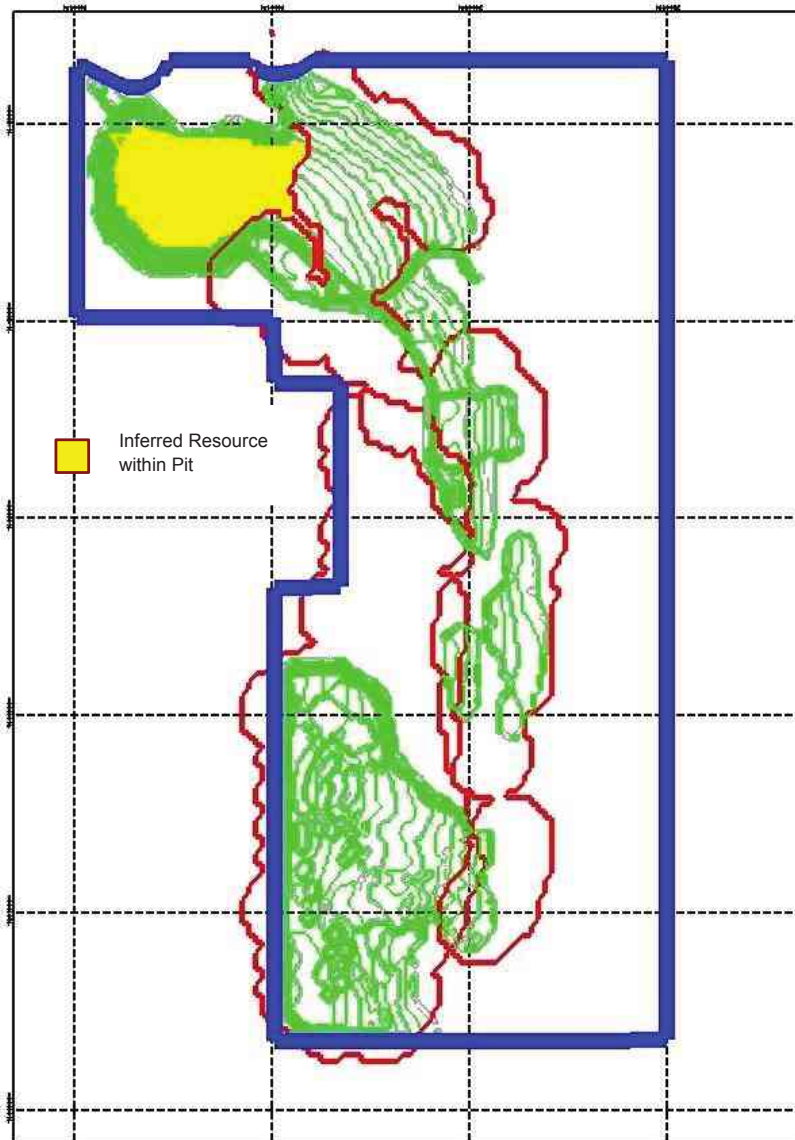
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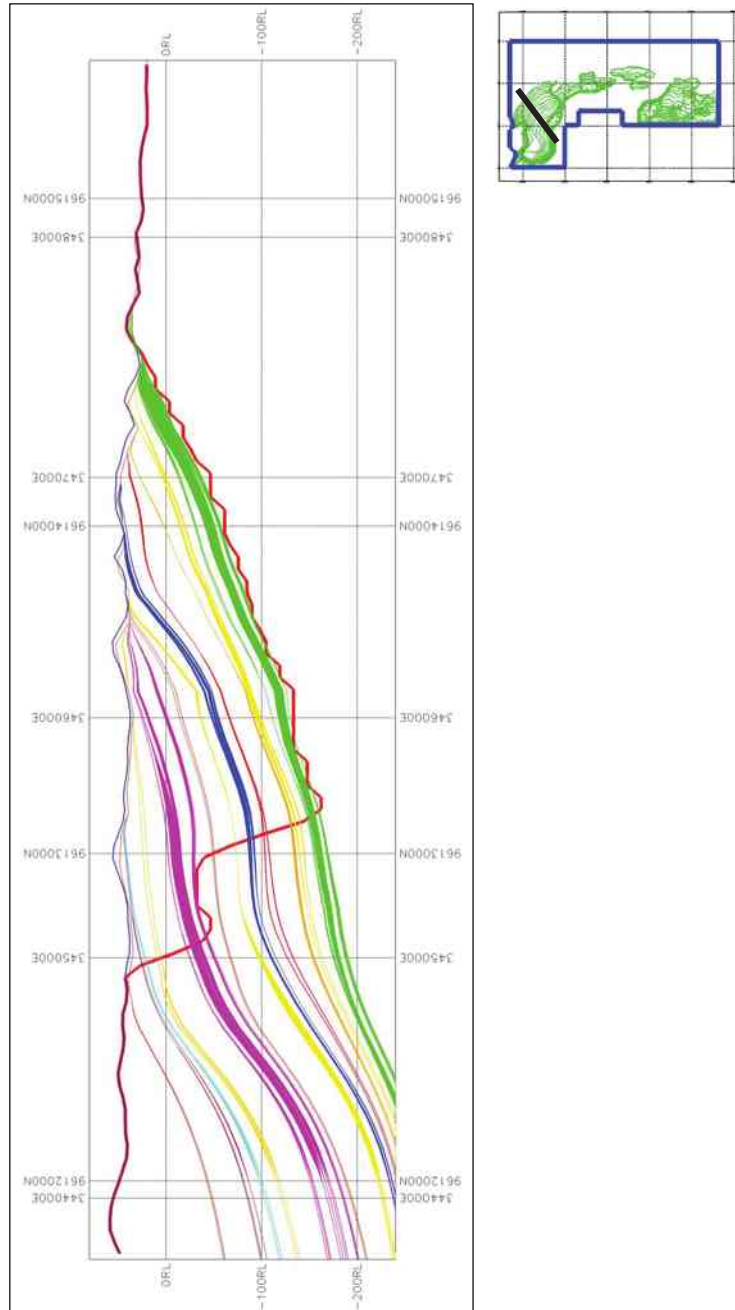
Figure 8:8 KG Pit with E1U2 & BL2U Indicated Polygons



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Figure 8:9 Representative Cross Sections – Girimulya Pit (KG Block)



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Figure 8:10 Final Pit Design – Batulaki South Pit (BS Pit)

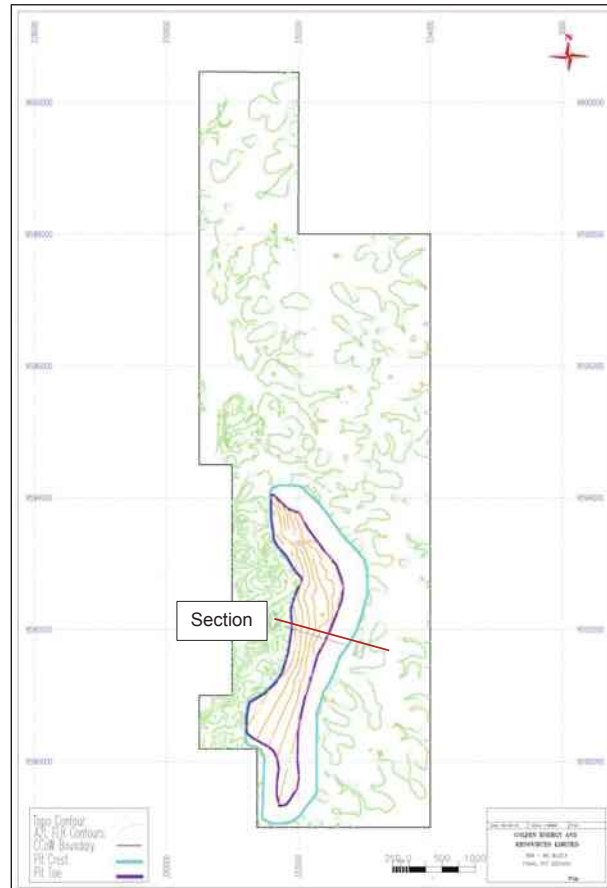
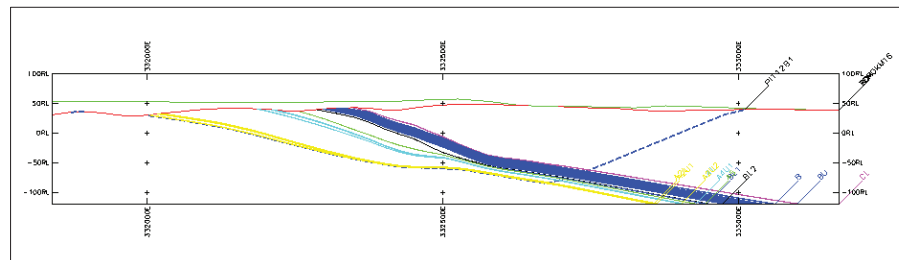


Figure 8:11 Representative Cross Section – Batulaki South Pit



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Figure 8:12 Final Pit Design – Sebamban South (SS Pit)

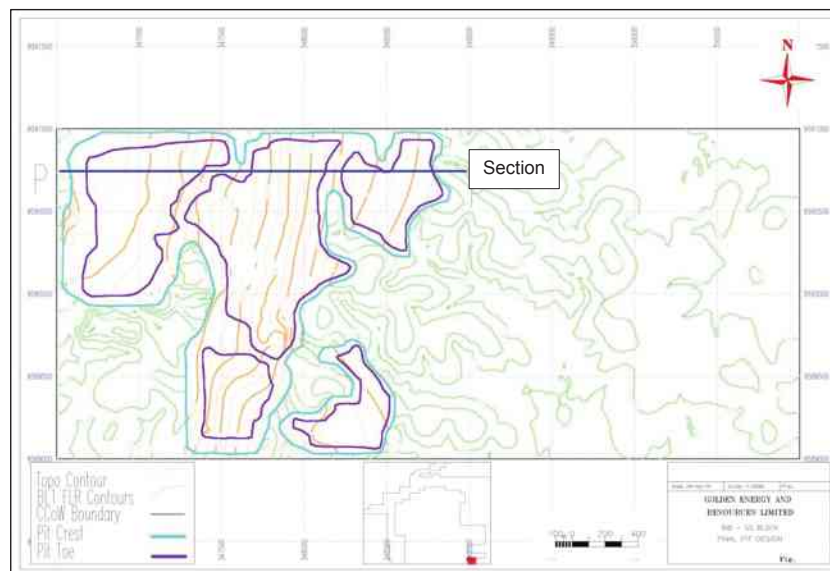
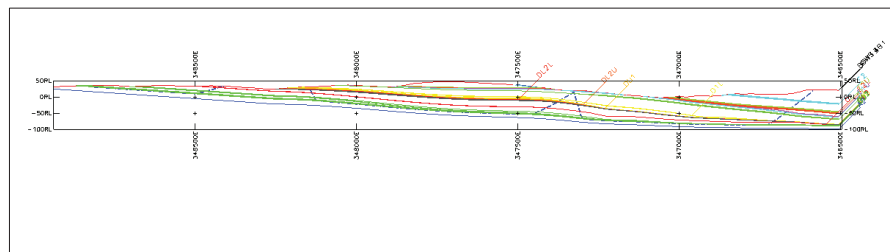


Figure 8:13 Representative Cross Section – Sebamban South Pit



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Figure 8:14 Final Pit Design – Sebamban North (SN Pit)

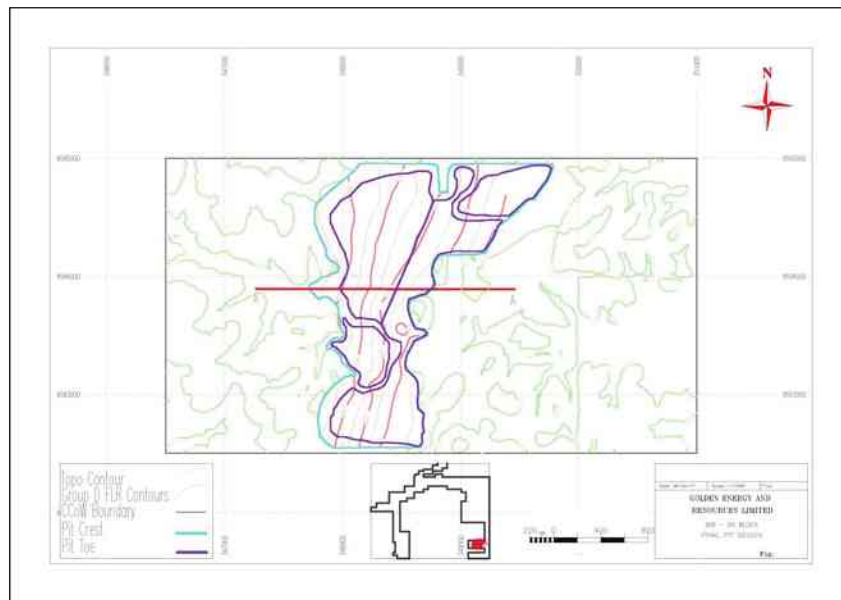
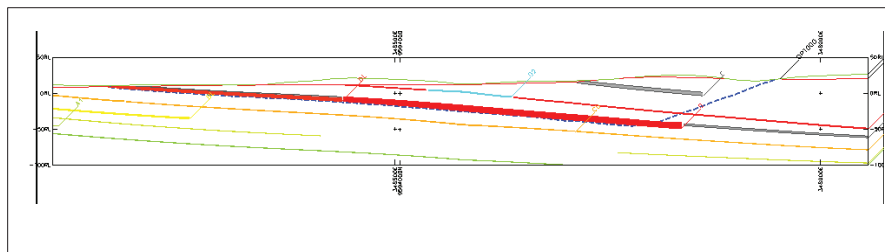


Figure 8:15 Representative Cross Section – Sebamban North Pit



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Figure 8:16 Final Pit Design – Pasopati Pits (PP Pits)

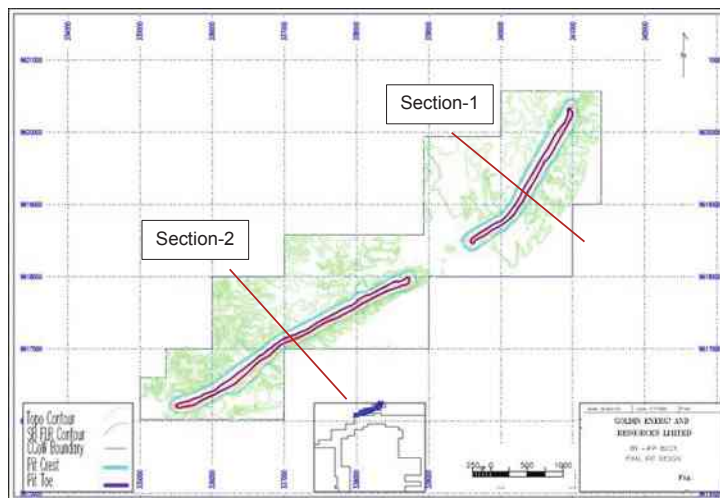


Figure 8:17 Representative Cross Section (Upper Pit) – Pasopati Pit

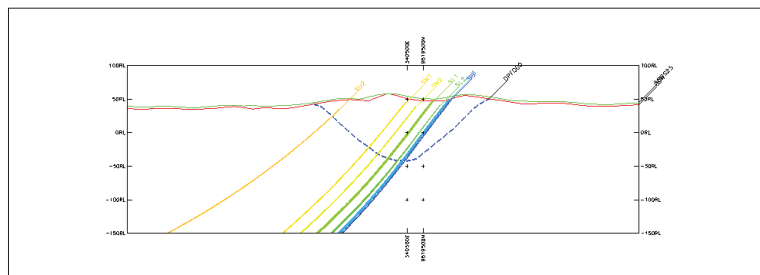
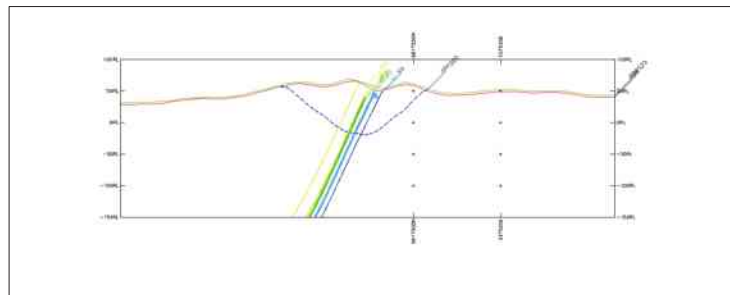


Figure 8:18 Representative Cross Section (Lower Pit) – Pasopati Pit



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#### 8.5 Audits and Reviews

Checks were done to validate the Minex Coal Resources to Coal Reserves estimation by repeating it manually in an Excel spreadsheet. Other validation work included estimating the total volume of coal and waste in the pit shells using the separate industry-standard computer programs MineScape. As MineScape structure and quality grids were imported into Minex for optimisation work, volume and area checks were also carried out in Minex within the pit shells.

#### 8.6 Reserves Classification

Under the JORC Code as shown below only Measured and Indicated Coal Resources can be considered for conversion to Coal Reserves after consideration of the “Modifying Factors” including mining, processing, economic, environmental, and social and governance factors.

To convert Resources to Reserves it must be demonstrated that extraction could be justified after applying reasonable investment assumptions. The highest confidence level establishes Proved Reserves from Measured Resources and a lesser confidence level establishes Probable Reserves from Indicated Resources. A level of uncertainty in any one or more of the Modifying Factors may result in Measured Resources converting to Probable Reserves depending on materiality. A high level of uncertainty in any one or more of the Modifying Factors may preclude the conversion of the affected Resources to Reserves.

This classification is also consistent with the level of detail in the mine planning completed for BIB Coal concession deposits. Inferred Coal Resources in the mineable pit shell have been excluded from the Coal Reserves estimates.

In the opinion of Salva Mining, the uncertainties in most of these are not sufficiently material to prevent the classifications of areas deemed Measured Resources to be areas of Proved Reserves and areas deemed Indicated Resources to be the areas of Probable Reserves.

#### 8.7 Statement of Coal Reserves

The Coal Reserves estimates has been prepared in accordance with the 2012 Edition of the JORC Code. Total ROM coal Reserves for PT Borneo Indobara coal deposit (“BIB”) is summarised in Table 8:15 as of 31 December 2022. Total ROM coal reserves are same as total marketable coal reserves.

**Table 8:15 Coal Reserves for BIB Coal Concession as of 31 December 2022**

Block	Reserve (Mt)			RD adb t/m3	TM arb %	IM adb %	Ash adb %	CV arb Kcal/kg	TS adb %
	Proved	Probable	Total						
KG	530.0	88.5	618.4	1.39	35.2	15.7	6.2	4,030	0.22
BS	11.7	6.3	18.0	1.37	33.5	13.2	6.3	4,207	0.17
SS	11.4	4.5	15.9	1.47	38.6	12.5	5.8	3,866	0.21
SN	5.6	2.4	8.0	1.38	38.4	16.7	5.4	3,923	0.14
PP	3.0	1.2	4.2	1.33	8.7	6.1	12.5	6,528	1.39
<b>Total</b>	<b>561.6</b>	<b>102.9</b>	<b>664.5</b>	<b>1.39</b>	<b>35.1</b>	<b>15.5</b>	<b>6.2</b>	<b>4,045</b>	<b>0.22</b>

(Note: individual totals may differ due to rounding)



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#### 8.8 JORC Table 1

This Report has been carried out in recognition of the 2012 JORC Code published by the Joint Ore Reserves Committee (“JORC”) of the Australasian Institute of Mining and Metallurgy, the AIG and the Minerals Council of Australia in 2012. Under the report guidelines, all geological and other relevant factors for this deposit are considered in sufficient detail to serve as a guide to on-going development and mining.

In the context of complying with the Principles of the Code, Table 1 of the JORC Code (Appendix C) has been used as a checklist by Salva Mining in the preparation of this Report and any comments made on the relevant sections of Table 1 have been provided on an ‘if not, why not’ basis. This has been done to ensure that it is clear to an investor whether items have been considered and deemed of low consequence or have yet to be addressed or resolved.

#### 8.9 Interpretations and Conclusions

The geology of the BIB area is reasonably well understood. The deposit is structurally simple with shallow dips and a small number of thick parent coal seams with very little variability in quality.

The coal is classified as low sulphur, high volatile matter, low CV gar and low ash content. Salva Mining does not see any difficulties marketing this coal from the area as a thermal coal.

The location of the BIB provides a very favourable logistics network with strong infrastructure in place. This will translate into lower operating and capital costs.

BIB is an operating mine since 2010 and having produced more than 34 Mt during FY2022. This places an additional level of confidence on the mine operations, logistics and planning aspects of the Project.

The financial analysis conducted for this Technical Assessment demonstrates economic extraction can be reasonably justified.

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#### Appendix A: CVs

Person	Role
<b>Manish Garg (Director - Consulting)</b>	
Qualification	B. Eng. (Hons), MAppFin
Prof. Membership	MAusIMM; MAICD
Contribution	Overall Supervision, Economic Assessment (VALMIN 2005)
Experience	<p>Manish has more than 25 years' experience in the Mining Industry. Manish has worked for mining majors including Vedanta, Pasminco, WMC Resources, Oceanagold, BHP Billiton - Illawarra Coal and Rio Tinto Coal.</p> <p>Manish has been in consulting roles for past 10 years predominately focusing on feasibility studies, due diligence, valuations and M&amp;A area. A trusted advisor, Manish has qualifications and wide experience in delivering due diligence, feasibility studies and project evaluations for banks, financial investors and mining companies on global projects, some of these deals are valued at over US\$5 billion.</p>
<b>Sonik Suri (Principal Consultant - Geology)</b>	
Qualification	B. Sc. (Hons), M.Sc. (Geology)
Prof. Membership	MAusIMM
Contribution	Geology, Resource (JORC 2012)
Experience	<p>Sonik has more than 25 years of experience in most aspects of geology including exploration, geological modelling, resource estimation and mine geology. He has worked for coal mining majors like Anglo American and consulting to major mining companies for both exploration management and geological modelling. As a consultant, he has worked on audits and due diligence for companies within Australia and overseas. He has strong expertise in data management, QA/QC and interpretation; reviews/audits of geological data sets; resource models and resource estimates.</p>
<b>Dr Ross Halatchev (Principal Consultant - Mining)</b>	
Qualification	B. Sc. (Mining), M.Sc., PhD (Qld)
Prof. Membership	MAusIMM
Contribution	Mine Scheduling, Reserve (JORC 2012)
Experience	<p>Ross is a mining engineer with 30 years' experience in the mining industry across operations and consulting. His career spans working in mining operations and as a mining consultant primarily in the mine planning &amp; design role which included estimation of coal reserves, DFS/FS, due diligence studies, techno-commercial evaluations and technical inputs for mining contracts.</p> <p>Prior to joining Salva Mining, Ross was working as Principal Mining Engineer at Vale. To date, Ross has worked on over 20 coal projects around the world, inclusive of coal projects in Australia, as well as in major coalfields in Indonesia, Mongolia and CIS.</p>

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### Appendix B: SGX Mainboard Appendix 7.5

*Cross-referenced from Rules 705(7), 1207(21) and Practice Note 6.3*

#### Summary of Mineral Reserves and Resources

Name of Asset / Country: Borneo Indobara / Indonesia

Category	Mineral Type	Gross (100% Project)		Net Attributable to GEAR		Remarks
		Tonnes (millions)	Grade	Tonnes (millions)	Grade	
<b>Reserves</b>						
Proved	Coal	561	Bituminous A / Subbituminous B	344	Bituminous A / Subbituminous B	
Probable	Coal	103	Bituminous A / Subbituminous B	63	Bituminous A / Subbituminous B	
<b>Total</b>	Coal	<b>665</b>	<b>Bituminous A / Subbituminous B</b>	<b>407</b>	<b>Bituminous A / Subbituminous B</b>	
<b>Resources*</b>						
Measured	Coal	901	Bituminous A / Subbituminous B	552	Bituminous A / Subbituminous B	
Indicated	Coal	374	Bituminous A / Subbituminous B	230	Bituminous A / Subbituminous B	
Inferred	Coal	543	Bituminous A / Subbituminous B	333	Bituminous A / Subbituminous B	
<b>Total</b>	Coal	<b>1,818</b>	<b>Bituminous A / Subbituminous B</b>	<b>1,115</b>	<b>Bituminous A / Subbituminous B</b>	

\* Mineral Resources are reported inclusive of the Mineral Reserves.  
GEAR holds 61.3092% of asset indirectly.

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### Appendix C: JORC Table 1

Criteria	Explanation	Comment
Sampling techniques	<p>Nature and quality of sampling (e.g. cut channels, random chips etc.) and measures taken to ensure sample representivity.</p> <p>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</p> <p>Aspects of the determination of mineralisation that are Material to the Public Report.</p> <p>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m 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.</p>	<p>Chip samples were collected at every 1m for lithology logging. Sampled all cored coal, sampled separately any bands and taken 10cm of roof and floor for non-coal samples.</p>
Drilling techniques	<p>Drill type (e.g.. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka 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.).</p>	<p>Drilled pilot hole to ascertain coal seams and then drilled a cored drill hole.</p>
Drill sample recovery	<p>Whether core and chip sample recoveries have been properly recorded and results assessed.</p> <p>Measures taken to maximise sample recovery and ensure representative nature of the samples.</p> <p>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.</p>	<p>After the completion of each core run, core loss is determined by the on-site geologist and recorded in the drill hole completion sheet. If recovery is found to be less than 90% within a coal seam intersection, the hole is re-drilled in order to re-sample this seam with greater than 90% core recovery. All samples with less than 90% core recovery over the width of the seam intersection were excluded from the coal quality database.</p> <p>Followed drilling SOP's for loose and carbonaceous formations to achieve full sample recovery.</p>
Logging	<p>Whether core and chip samples have been logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</p> <p>Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography.</p> <p>The total length and percentage of the relevant intersections logged.</p>	<p>Detailed logging of chips and core. Core photographs were taken.</p>

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Criteria	Explanation	Comment
Sub-sampling techniques and sample preparation	<p>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.</p> <p>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</p> <p>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</p> <p>Measures taken to ensure that the sampling is representative of the in situ material collected.</p> <p>Whether sample sizes are appropriate to the grainsize of the material being sampled.</p>	No sub-sampling of the core.
Quality of assay data and laboratory tests	<p>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</p> <p>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.</p> <p>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</p>	<p>PT Geoservices laboratories are accredited to ISO 17025 standards. Coal quality laboratory adheres to internal QAQC and inter-laboratory QAQC checks. ISO methods have been used for MHC tests. Australian Standards have been used for RD and American Society for testing and materials (ASTM) methods have been used for all other quality variables.</p> <p>Geophysical traces were observed to be generally of good quality.</p>
Verification of sampling and assaying	<p>The verification of significant intersections by either independent or alternative company personnel.</p> <p>The use of twinned holes.</p> <p>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</p> <p>Discuss any adjustment to assay data.</p>	<p>Coal quality sampling was undertaken by GEAR and is in-line with the coal quality being achieved during the actual mining operations.</p> <p>Twinned holes checked for the agreement of seam intersection depths and in most of the cases there was good agreement.</p>
Location of data points	<p>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.</p> <p>Specification of the grid system used.</p> <p>Quality and adequacy of topographic control.</p>	<p>Borehole collars have been surveyed using standard total station techniques employed by the survey contractors.</p> <p>Surveys have been validated by GEAR survey staff. The surveyed borehole locations for BIB match well with topographic data. The topography was generated by PT Surtech Utama across BIB project area using LIDAR remote sensing data.</p>
Data spacing and Distribution	<p>Data spacing for reporting of Exploration Results.</p> <p>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.</p> <p>Whether sample compositing has been applied.</p>	<p>Data spacing sufficient to establish continuity in both thickness and coal quality. Data sets include topography and base of weathering as well as seam structure and coal quality. Ply sampling methodology use.</p> <p>Sample compositing has been applied.</p>
Orientation of data in relation to	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.	Ply by Ply sampling used therefore the orientation of sampling not seen to introduce bias as all drilling is vertical.

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Criteria	Explanation	Comment
geological structure	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.	
Sample Security	The measures taken to ensure sample security.	Proper measures for sample security were taken.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	PTSMGC conducted a review of the drill hole database in 2013 for the historical data set and found it to be satisfactory.  Standard database checks also performed by Salva Mining prior to resource modelling and found it to be satisfactory.
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.	All tenure is secured and currently available.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	No exploration by other parties.
Geology	Deposit type, geological setting and style of mineralisation.	See Section 4 of the Report.
Drill hole	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: <ul style="list-style-type: none"> <li>• easting and northing of the drill hole collar</li> <li>• elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>• dip and azimuth of the hole</li> <li>• down hole length and interception depth</li> <li>• hole length.</li> </ul> <p>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.</p>	This Report pertains to resource estimation, not exploration results. As such the details of the drill holes used in the estimate are too numerous to list in this Table.
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations 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 samples have been composited over full seam thickness and reported using Minescape modelling software.  No metal equivalents used.

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Criteria	Explanation	Comment
Relationship between mineralisation widths and intercept lengths	<p>These relationships are particularly important in the reporting of Exploration Results.</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>If it is not known and only the down-hole lengths are reported, there should be a clear statement to this effect (e.g. 'downhole length, true width not known').</p>	Ply sampling methodology prevents samples from crossing ply boundaries. Therefore orientation of sampling not seen to introduce bias as all drilling is vertical and seams mostly gently dipping except in the case of the PP deposit.
Diagrams	Where possible, maps and sections (with scales) and tabulations of intercepts should be included for any material discovery being reported if such diagrams significantly clarify the report.	See figures in the 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 practised to avoid misleading reporting of Exploration Results.	No reporting of exploration results.
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.	Geophysical survey results are available for 98% of the holes.
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).	Further work will be necessary to improve the confidence levels of the deposits further and understanding of the full seam stratigraphy as part of on-going mining activity. No proposed exploration plan has been proposed in this Report.
Database integrity	<p>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.</p> <p>Data validation procedures used.</p>	The database for all blocks is considered an acceptable standard to report a Coal Resource. Drill hole data used to construct Minescape model. Checks against original downhole geophysics (las) files used to verify data during modelling.
Site Visits	<p>Site Visits undertaken by the Competent Person and the outcome of these visits.</p> <p>If no site visits have been undertaken, indicate why this is the case</p>	<p>Frequent site visit by QP and Principal Mining Engineer (CP for Reserving) during 2014, 2015, 2016, 2017, 2018 and 2019.</p> <p>Geological site visit not conducted due to the fact that the geology had been well documented by previous consultants. Salva Mining's geologist has reviewed and discussed the available geological data in the companies office in Jakarta.</p>
Geological interpretation	<p>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</p> <p>Nature of the data used and of any assumptions made.</p> <p>The effect, if any, of alternative interpretations on Mineral Resource estimation.</p>	<p>A high degree of confidence in seam picks made using downhole geophysical data.</p> <p>The BIB geological models created by Salva Mining are considered to accurately represent the deposits. No major faults have been reported within the tenements</p>



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Criteria	Explanation	Comment
	<p>The use of geology in guiding and controlling Mineral Resource estimation.</p> <p>The factors affecting continuity both of grade and geology.</p>	<p>concerned although major faulting exists outside the tenements.</p> <p>Current Minescape model tonnes agree with the previous model by developed by HDR to within 5% error margin range.</p>
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.	See figures in the Report.
Estimation and modelling techniques	<p>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.</p> <p>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</p> <p>The assumptions made regarding recovery of by-products.</p> <p>Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).</p> <p>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</p> <p>Any assumptions behind modelling of selective mining units.</p> <p>Any assumptions about correlation between variables.</p> <p>Description of how the geological interpretation was used to control the resource estimates.</p> <p>Discussion of basis for using or not using grade cutting or capping.</p> <p>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</p>	<p>FEM interpolator used for surface elevation, thickness and trend. Inverse distance squared used for coal quality throughout.</p> <p>Based on experienced gained in the modelling of over 40 coal deposits around the world, the FEM interpolator is considered to be the most appropriate for the structure and inverse distance the most appropriate for coal quality.</p> <p>The grid cell size of 25 m for the topographic model, 25 m for the structural model.</p> <p>Visual validation of all model grids performed.</p> <p>Sulphur is below 1% on average for most seams (apart from the C and BU seams in some instances) for all deposits except for the PP deposit where Sulphur is on average mainly above 1%.</p>
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 estimated on the air-dried basis.
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	The coal resources contained in this Report are confined within the concession boundary. The resources were limited to 250m below topography except in the case of PP Block where a 15:1 strip ratio limit was used.

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Criteria	Explanation	Comment
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It may not always be possible to make assumptions regarding mining methods and parameters when estimating Mineral Resources. Where no assumptions have been made, this should be reported.	The KG, BS and SN blocks are currently being mined as open-pit excavations by truck and shovel method. SS block has been mined till 2014 and is now under care and maintenance.
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It may not always be possible to make assumptions regarding metallurgical treatment processes and parameters when reporting Mineral Resources. Where no assumptions have been made, this should be reported.	N/A in situ air dried tonnes quoted.
Environmental	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 greenfield 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.	Portions of the deposit are currently being mined with dedicated waste dumps and water management system. The company is progressively rehabilitating waste dumps.  Salva Mining is not aware of any environmental factors that may impact on eventual economic extraction.
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.	See discussion on density with regard to moisture basis.
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 computations, 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.	Classification distances based on an assessment of the variability of critical variables through statistical analysis and by an assessment of the degree of geological complexity. Classification radii for the three resource categories are:  Measured: 250m apart from KG (375m) Indicated: 500m apart from KG (650m) Inferred: 2000m.
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates.	Reconciliation exercises between planned and actual mining are occurring on an ongoing basis.

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Criteria	Explanation	Comment
Discussion of relative accuracy/confidence	<p>Where appropriate a statement of the relative accuracy and/or confidence 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 which could affect the relative accuracy and confidence of the estimate.</p> <p>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages or volumes, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</p> <p>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</p>	<p>Spacing ranges for the three resource categories are considered to adequately reflect the degree of confidence in the underlying estimate on a global basis.</p> <p>Local variation to estimated values may arise and will be addressed by adequate grade control procedures during mining operations.</p> <p>Reconciliation of estimated vs actually mined tonnes for mining since 2013 is within 10% difference.</p>
Mineral Resource Estimate for conversion to Ore Reserves	<p>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</p> <p>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</p>	<p>Basis of the estimates is as of 31 December 2022. Coal resources are inclusive of Coal reserves.</p>
Site Visits	<p>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</p> <p>If no site visits have been undertaken indicate why this is the case.</p>	<p>Frequent site visit by QP, Principal Geologist and Principal Mining Engineer between 2014 and 2019.</p> <p>No site visits were undertaken since late 2019 as the mining operations are now mature and activities are similar to previously sighted.</p>
Study Status	<p>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</p> <p>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.</p>	<p>Three pits (KG, SN and BS) within BIB Coal concession blocks are being currently mined.</p>
Cut-off parameters	<p>The basis of the cut-off grade(s) or quality parameters applied</p>	<p>Refer to Break-even Stripping Ratio analysis (Table 8:11).</p>

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Criteria	Explanation	Comment
Mining factors or assumptions	<p>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).</p> <p>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.</p> <p>The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc.), grade control and pre-production drilling.</p> <p>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</p> <p>The mining dilution factors used.</p> <p>The mining recovery factors used.</p> <p>Any minimum mining widths used.</p> <p>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</p> <p>The infrastructure requirements of the selected mining methods.</p>	<p>Refer Table 8:1 Modifying Factors and Pit Optimisation Parameters and Section 9:3 on Notes on Modifying Factors.</p> <p>The BIB mine has been operating since 2005 (Kusan-Girimulya Pit started from 2011).</p> <p>Pre-feasibility studies were completed prior to the commencement of mining operations. These studies were accepted as part of the AMDAL approval process from the Govt. of Indonesia prior to being given mining operations approval (CCoW). Where an entity has an operating mine for an Ore Reserve, its Life of Mine Plan would generally be expected to contain information at better than Pre-Feasibility or Feasibility level for the whole range of inputs normally required for a Pre-Feasibility or Feasibility study and this would meet the requirement in Clause 29 for the Ore Reserve to continue that classification.</p> <p>Salva Mining has used actual modifying factors based on current operations at the BIB Mine which were independently verified by the Salva Mining’s subject specialist during the site visit. In Salva Mining’s opinion, the Modifying Factors at BIB Mine are better defined based on actual mining practices compared to a greenfield project at the Pre-Feasibility stage.</p>
Metallurgical Factors or assumptions	<p>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</p> <p>Whether the metallurgical process is well-tested technology or novel in nature.</p> <p>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</p> <p>Any assumptions or allowances made for deleterious elements.</p> <p>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the ore body as a whole.</p> <p>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications.</p>	<p>The coal is to be sold unwashed so no processing factors have been applied. Other than crushing to a 50 mm top size no other beneficiation will be applied.</p>
Environmental	<p>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.</p>	<p>Refer Section 9.3.7, Permits and approvals and Section 9.3.8 Environment and Community Relations,</p>

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Criteria	Explanation	Comment
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.	Discussed in Section 9.3.6 Mine Logistic Factors.
Costs	<p>The derivation of, or assumptions made, regarding projected capital costs in the study.</p> <p>The methodology used to estimate operating costs. Allowances made for the content of deleterious elements.</p> <p>The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co-products.</p> <p>The source of exchange rates used in the study.</p> <p>Derivation of transportation charges.</p> <p>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</p> <p>The allowances made for royalties payable, both Government and private.</p>	Discussed in Section 9.3.10 Capital Cost and Section 9.3.11 Operating Cost.
Revenue Factors	<p>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.</p> <p>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products</p>	Discussed in Section 9.3.12 Marketing, Pricing and Revenue Factors.
Market Assessment	<p>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</p> <p>A customer and competitor analysis along with the identification of likely market windows for the product.</p> <p>Price and volume forecasts and the basis for these forecasts.</p> <p>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</p>	Discussed in Section 9.3.12 Marketing, Pricing and Revenue Factors.
Economic	<p>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.</p> <p>NPV ranges and sensitivity to variations in the significant assumptions and inputs</p>	Economic analysis done based on long term price outlook and the cost estimates (Contractor mining operation).
Social	The status of agreements with key stakeholders and matters leading to social licence to operate	Discussed under Section 9.3.9 Social Aspects.

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Criteria	Explanation	Comment
Other	<p>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</p> <p>Any identified material naturally occurring risks.</p> <p>The status of material legal agreements and marketing arrangements.</p> <p>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 contingency.</p>	Discussed under Section 9.3.14, Other Factors.
Classification	<p>The basis for the classification of the Ore Reserves into varying confidence categories.</p> <p>Whether the result appropriately reflects the Competent Person's view of the deposit.</p> <p>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</p>	Discussed under Section 9.6, Reserve Classification.
Audit & Reviews	<p>The results of any audits or reviews of Ore Reserve estimates.</p>	Discussed under Section 9.5, Audits and Reviews.
Discussion of Relative accuracy/confidence	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	Discussed under Section 9.5, Audits and Reviews.

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**Golden Energy and Resources Limited**  
**Kuansing Inti Makmur Concession**

**Independent Qualified Person’s Report**  
January 2023

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#### Kuansing Inti Makmur Concession

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#### Independent Qualified Person’s Report

##### Salva Mining Pty Limited

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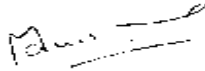
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15 January 2023

Effective Date: 31 December 2022

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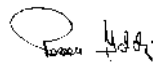


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#### Key Abbreviations

\$ or USD	United States Dollar
adb	Air-dried basis, a basis on which coal quality is measured
AMSL	Above Mean Sea Level
AMDAL	Analisis Mengenai Dampak Lingkungan Hidup- Environmental Impact Assessment (EIA), which contains three sections, the ANDAL, the RKL and the RPL
ANDAL	Analisis Dampak Lingkungan Hidup, a component of the AMDAL that reports the significant environmental impacts of the proposed mining activity
arb	As received basis
AS	Australian Standards
ASR	Average stripping ratio
AusIMM	Australasian Institute of Mining and Metallurgy
Batter	The slope of Advancing Mine Strip
bcm	bank cubic meter
BD	Bulk density
bbl	Barrels
CCoW	Coal Contract of Work
CHPP	Coal Handling and Processing Plant
CV	Calorific value
Capex	Capital Expenditure
Coal Resource	A 'Coal Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, quality, and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, quality, continuity and other geological characteristics of a Coal Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Coal Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
Coal Reserve	<p>A 'Coal Reserve' is the economically mineable part of a Measured and/or Indicated Coal Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include the application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.</p> <p>The reference point at which Reserves are defined, usually, the point where the Coal is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.</p>
DGMC	Directorate General of Minerals and Coal within the Ministry of Energy and Mineral Resources
FC	Fixed Carbon
GEAR or Client	Golden Energy and Resources Limited
GEMS	PT Golden Energy and Mines Tbk.
gar	gross as received, a basis on which coal quality is measured

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gm	Gram
h	Hour
ha	Hectare(s)
IM	Inherent Moisture
IPPKH	'Izin Pinjam Pakai Kawasan Hutan' which translates to borrow to use permit in a production forest
IUP	'Izin Usaha Pertambangan' which translates to 'Mining Business License'
JORC	2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia
k	Thousand
kcal/kg	Unit of energy (kilocalorie) per kilogram
kg	Kilogram
KIM	PT Kuansing Inti Makmur Concession
km	Kilometres(s)
km <sup>2</sup>	Square kilometre(s)
kt	kilo tonne (one thousand tonnes)
L	Litre
m	Meter
lcm	loose cubic metre
LOM	Life of Mine
M	Million
Mbcm	Million bank cubic metres
Mbcm <sub>pa</sub>	Million bank cubic metres per annum
MEMR	Ministry of Energy and Mineral Resources within the central government
m RL	metres reduced level
m <sup>3</sup>	cubic metre
m/s	metres per second
Mt	Millions of tonnes
Mtpa	Millions of tonnes per annum
MW	Megawatt
NAR	Net as received
Opex	operating expenditure
PKP2B	'Perjanjian Kerjasama Pengusahaan Pertambangan Batubara' – same as CCoW
RD	Relative density
RKL	'Rencana Pengelolaan Lingkungan' - environmental management plan
ROM	Run of Mine
RKL	Relative Level - survey reference for the height of landforms above a datum level
RPL	'Rencana Pemantauan Lingkungan' - environmental monitoring plan

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Salva Mining	Salva Mining Pty Limited
SE	Specific Energy
SMGC	PT SMGC Consultants
SR	Strip ratio (of waste to ROM coal) expressed as bcm per tonne
t	Tonne
tkm	Tonne kilometre
tpa	Tonnes per annum
TM	Total Moisture (%)
TS	Total Sulphur (%)
VALMIN	2005 Edition of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
VM	VM Volatile Matter (%)

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#### Executive Summary

Golden Energy and Resources Limited (“GEAR”) commissioned Salva Mining Pty Limited (“Salva Mining”) to prepare an annual update to the Independent Qualified Person’s Report (“Report”) covering an estimate of Coal Resources and Reserves for the Kuansing Inti Makmur coal concession (“KIM”) located in the Bungo Regency of Jambi Province, Indonesia.

Salva Mining understands that this Report will be included in a circular to shareholders of GEAR, in relation to, inter alia, the proposed distribution in-specie of shares in PT Golden Energy Mines Tbk (“GEMS”) to shareholders of GEAR as a major transaction pursuant to Rule 1014 of the Listing Manual. The estimate of Coal Resources and Reserves as of the 31 December 2022 contained within this Report has been reported in accordance to the 2012 Edition of the Australasian Code for the Reporting of exploration results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia (“The JORC Code”).

#### Kuansing Inti Makmur (KIM) Project in Indonesia

The KIM Project is located in the Bungo Regency of Jambi Province on Sumatra Island, Indonesia. KIM concession is located nearly equidistant from the Padang coast on the west (250 km) and the Jambi coast on the east (300 km). The KIM Project consists of 2 coal pits namely, KIM East Pit (“KIM East”) and KIM West Pit (“KIM West”). Conventional open-pit coal mining operations were commenced in the KIM East pit in 2007, which was followed by the opening of the KIM West pit in 2010.

#### Geology

The KIM concession area is found on the northern edge of the South Sumatra Basin. This basin was formed by back-arc extension and is filled with Eocene to Pliocene aged terrestrial and marine sediments. Two phases of coal seam accumulation are found within this sequence, the first is an older Oligocene phase related to fluvial-deltaic sedimentation (Talang Akar Formation) during initial rifting and deposition of a transgressive sedimentary sequence. After the mid-Miocene plate collision and commencement of subduction off the west Sumatra coast, a regressive sedimentary sequence commenced from mid-Miocene to Pliocene times. This resulted in a return to a fluvial-deltaic environment, from the previously dominant deep marine sedimentation. This gave rise to the Muara Enim Formation, the dominant coal-bearing unit within the South Sumatra Basin.

Coals found within the KIM concession are however of Oligocene age and hence form part of the older phase of coal accumulation within the South Sumatra Basin. Seams within the concession are generally shallow to moderate dipping (less than 10 degrees in most of the area) to the north-northeast. The Oligocene coal-bearing unit is unconformably overlain by ignimbrites of Miocene age, related to vulcanism within the basin, associated with the onset of subduction.

#### Resource

Coal Resources have been estimated, classified and reported according to the JORC Code (2012) and the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves (2014) as of 31 December 2022 and are detailed in the table below. The topographic surface is valid as of 31 December 2022 and was used in both resource models.



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Salva Mining has estimated total Coal Resources of 253 million tonnes (“Mt”) on an in situ air-dried moisture (“adb”) basis, to a maximum depth of 250 m. The total tonnes are comprised of 105 Mt of Measured, 55 Mt of Indicated and 92 Mt of Inferred Resources category.

#### Coal Resource Estimate for KIM Coal concession as of 31 December 2022

Pit	Measured Resource			Indicated Resource			Inferred Resource			Total Mt
	Mass Mt	Ash adb %	CV adb kcal/kg	Mass Mt	Ash adb %	CV adb kcal/kg	Mass Mt	Ash adb %	CV adb kcal/kg	
KIM East	47	18.1	5,279	32	18.8	5,185	82	18.4	5,227	162
KIM West	58	16.7	5,445	23	17.5	5,340	10	15.7	5,228	91
<b>Total</b>	<b>105</b>	<b>17.3</b>	<b>5,370</b>	<b>55</b>	<b>18.3</b>	<b>5,249</b>	<b>92</b>	<b>18.1</b>	<b>5,227</b>	<b>253</b>

*Mineral Resources are reported inclusive of the Mineral Reserves  
Final Inferred Resource rounded to nearest 1 Mt*

#### Mining Method

Mining operation commenced in the KIM East Pit during 2007 while the operations commenced during 2010 in the KIM West Pit. Currently, the mining operations are concentrated in KIM East. The mining operation in KIM Pits is an open-pit mine using a standard truck and excavator methods which are common practice in Indonesia. The mining method can be described as a multi seam, moderate dip, open-cut coal mine using truck and shovel equipment in a combination of strip and haul back operations. Waste material is mined using hydraulic excavators and loaded into standard rear tipping off-highway trucks and hauled to dumps in close proximity to the pits or to in-pit dumps where possible. For the purpose of the Coal Reserves estimates, it is proposed that contractors will continue to be used for mining and haulage operations over the life of mine, and the unit costs used for the Reserve estimate reflect this style of mining.

#### Mining Modification factors – Resource to Reserve

This Coal Reserve estimate uses the most recent geological model and Coal Resources estimate prepared by Salva Mining as of 31 December 2022.

Potential open-cut reserves inside different blocks of the Project Area were identified with pit optimisation software utilising the Lerchs Grossman algorithm. By generating the financial value (positive or negative) for each mining block within a deposit and then applying the physical relationship between the blocks, the optimal economic pit can be determined. The optimiser was run across a wide range of coal prices using a set of site-specific costs (waste removal, land compensation, coal removal, haulage costs, etc.). These costs were adjusted to suit the conditions for this project. An economic model was prepared for the mining operation from each of the KIM coal concessions to determine the project breakeven or incremental stripping ratio. The pit optimisation results were examined and pit shells selected where the incremental stripping ratios were less than or equal to break even strip ratio determined at a point where the costs for mining and handling the coal equalled the revenue generated by the coal.

Life of mine estimate was prepared based on the final pit design. The mining schedule targets production of 2.4 Mt in the year 2023 which is ramping up to 3.0 Mt from the year 2025 onwards.

The coal price estimate was based on the outlook for global thermal coal fundamentals adjusted for the domestic landed cost and including the demand and supply outlook for the sector. Capital and operating costs were estimated by Salva Mining for the KIM project based on the existing

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contracts and Salva Mining in house knowledge database about Indonesian operations. These are considered to be reasonable and suitable for the purpose of this study.

The KIM Mine is an operating mine since 2007 (KIM East pit commenced production in 2007 while the KIM West pit started in 2010). The KIM Mine is operated as a single mining operation; even though the production from the Kim West pit has been temporarily suspended as part of normal operation control.

Salva Mining considers the modifying factors to be valid for both pits. The modifying factors used are based on actual operations at the KIM Mine which were independently verified by the Salva Mining’s subject specialist during the site visit. Therefore, it is considered valid to use modifying factors from the operating KIM mine to satisfy clause 29 of the JORC Code. While JORC 2012 is not explicit with reference to operating mines, the guidance in ASX FAQ no. 9 is considered relevant in this regard.

The optimised pit shells for KIM blocks as delineated in the final pit design do contain Inferred Resources which are excluded from the Coal Reserves reported for the KIM IUPs. Under the JORC Code, Inferred Resources cannot be converted to Reserves due to poor confidence in structural continuity and quality variables.

#### Coal Reserves

Coal Reserves were calculated by applying appropriate modifying factors and exclusion criteria to the Coal Resources. Surface water management, infrastructure and the location of the concession boundary were considered when determining the surface constraints for the mining operation. Coal Reserves were calculated by applying appropriate density adjustment and mining loss and dilution parameters to the Measured and Indicated Coal Resources inside the final pit design. All the final pits used for the Reserve estimate were designed following the existing geotechnical recommendations for the KIM Mine. In the opinion of Salva Mining, the current geotechnical study for KIM Pits adequately covers for the type of lithology and hydrogeological issues.

Coal Reserves have been reported in Proved and Probable categories to reflect the reliability of the estimate. The Total Coal Reserve for the KIM Mine as of 31 December 2022 is 52.3 Mt comprising of 39.9 Mt Proved Reserve and 12.4 Mt Probable Reserve. No beneficiation of coal product is planned other than crushing to a nominal top size of 50 mm.

#### Coal Reserves Estimate for KIM Coal concession as of 31 December 2022

Pit	Reserve (Mt)			RD adb t/m3	TM arb %	IM adb %	Ash adb %	CV arb Kcal/kg	TS adb %
	Proved	Probable	Total						
KIM East	15.3	4.8	20.1	1.38	24.4	11.8	16.8	4,717	1.19
KIM West	24.6	7.6	32.2	1.40	22.6	11.9	16.6	4,980	1.14
<b>Total</b>	<b>39.9</b>	<b>12.4</b>	<b>52.3</b>	<b>1.39</b>	<b>23.3</b>	<b>11.9</b>	<b>16.7</b>	<b>4,879</b>	<b>1.16</b>

*\*This table must be presented with the entire JORC Reserve Statement of PT Kuansing Inti Makmur*

Coal Resources are reported inclusive of Coal Reserves. The coal will be sold as a run of mine (ROM) product; hence Marketable Reserves will be equal to ROM Reserves.

Salva Mining is not aware of any other environmental, legal, marketing, social or government factors which may hinder the economic extraction of the Coal Reserves other than those disclosed in this Report.

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### 1 Introduction

#### 1.1 Aim and Scope

Golden Energy and Resources Limited (“GEAR”) commissioned Salva Mining Pty Limited (“Salva Mining”) to prepare an annual update to the Independent Qualified Person’s Report (“Report”) covering an estimate of Coal Resources and Reserves for the Kuansing Inti Makmur coal concession (“KIM”) located in the Bungo Regency of Jambi Province, Indonesia.

The estimate of Coal Resources and Reserves as of the 31 December 2022 contained within this Report has been reported in compliance with the requirements of the reporting guidelines of the 2012 Edition of the Australasian Code for the Reporting of exploration results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia (“The JORC Code”).

#### 1.2 Approach

The principal data used in the preparation of this Report included:

- Previous geological report prepared by the qualified person;
- Collar, downhole logging, seam pick and coal quality information, provided by GEAR; and
- Latest Topographic data including any mined-out area.

The following approach was undertaken by Salva Mining to estimate Coal Resources.

- Salva Mining has reviewed the geological data set provided by GEAR for the coal block covered under the scope of the report;
- Using the existing borehole information provided to Salva Mining by GEAR, a geological model was created using stratigraphic modelling software. While creating the model, a thickness cut off limit of 0.1m was applied and is termed as an “in situ” model;
- This model and the underlying raw data such as Drill hole logs, coal quality reports and geophysical logs were reviewed by Salva Mining’s team of geologists.
- On the basis of confidence limits (as described in the Resource Classification Section), the in-situ geological model was then categorised into Measured, Indicated and Inferred categories according to the JORC Code (2012).
- Once these categories were ascertained, coal volume, tonnage and qualities were estimated to report coal reserves (if applicable).

#### 1.3 Data sources

This review is based on the information provided by PT Kuansing Inti Makmur (PT KIM), GEAR, the technical reports of consultants and previous explorers, as well as other published and unpublished data relevant to the area. Salva has carried out, to a limited extent, its own independent assessment of the quality of the geological data. The status of agreements, royalties or concession standing pertaining to the assets was provided by GEAR.

In developing our assumptions for this Report, Salva Mining has relied upon information provided by the company and information available in the public domain. Key sources are outlined in this Report and all data included in the preparation of this Report has been detailed in the references

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section of this Report. Salva Mining has accepted all information supplied to it in good faith as being true, accurate and complete, after having made due enquiry as of 31 December 2022.

The principal data sources used in the preparation of this Report included:

- Updated mined out surface DTM, provided by GEAR, showing the extent of mine face positions as of the end of December 2020;
- JORC Resource and Reserve Report (JORC 2012 code) titled “Independent Qualified Persons Report”, 31 December 2019 prepared for GEAR by Salva Mining;
- Collar, downhole logging, seam pick and coal quality information, provided by GEAR;
- PT Ground Risk management (GRM), “Engineering Report for KIM Mine Geotechnical Work East and West Expansion areas, Sumatera, Indonesia”; 28 February 2011;
- Historical production from KIM East and KIM West pit as provided by GEAR;
- Capex and Opex data supplied by GEAR and also derived from Salva Mining’s cost database of typical Indonesian operations;
- Coal price outlook by Salva Mining’s in-house study on Indonesian thermal coal;

#### 1.4 Limitations

After due enquiry in accordance with the scope of work and subject to the limitations of the Report hereunder, Salva Mining confirms that:

- The input, handling, computation and output of the geological data and Coal Resource and Reserve information has been conducted in a professional and accurate manner, to the high standards commonly expected within the mining professions;
- The interpretation, estimation and reporting of the Coal Resources and Reserves estimates has been conducted in a professional and competent manner, to the high standards commonly expected within the Geosciences and mining professions, and in accordance with the principles and definitions of the JORC Code (2012);
- In conducting this assessment, Salva Mining has addressed and assessed all activities and technical matters that might reasonably be considered relevant and material to such an assessment conducted to internationally accepted standards. Based on observations and a review of available documentation, Salva Mining has, after reasonable enquiry, been satisfied that there are no other relevant material issues outstanding;
- The conclusions presented in this Report are professional opinions based solely upon Salva Mining’s interpretations of the documentation received and other available information, as referenced in this Report. These conclusions are intended exclusively for the purposes stated herein;
- For these reasons, prospective investors must make their own assumptions and their own assessments of the subject matter of this Report.

Opinions presented in this Report apply to the conditions and features as noted in the documentation, and those reasonably foreseeable. These opinions cannot necessarily apply to conditions and features that may arise after the date of this Report, about which Salva Mining have had no prior knowledge nor had the opportunity to evaluate.

#### 1.5 Disclaimer and warranty

A draft version of this Report was provided to the directors of GEAR for comment in respect of omissions and factual accuracy. As recommended in Section 39 of the VALMIN Code, GEAR has provided Salva Mining with an indemnity under which Salva Mining is to be compensated for any liability and/or any additional work or expenditure, which:

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- Results from Salva Mining’s reliance on information provided by GEAR and/or Independent consultants that are materially inaccurate or incomplete, or
- Relates to any consequential extension of workload through queries, questions or public hearings arising from this Report.

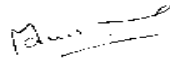
The conclusions expressed in this Report are appropriate as of 31 December 2022. The Report is only appropriate for this date and may change in time in response to variations in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values outlined in this Report are expressed in United States dollars (“\$”) unless otherwise stated. Salva Mining services exclude any commentary on the fairness or reasonableness of any consideration in **relation to this acquisition.**

#### 1.6 Independent Qualified Person’s Statement

This Report has been written following the guidelines contained within the 2015 Edition of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Experts Reports (“the VALMIN Code”) and the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“the JORC Code”). It has been prepared under the supervision of Mr Manish Garg (Director – Consulting / Partner, Salva Mining) who takes overall responsibility for the Report and is an Independent Expert as defined by the VALMIN Code.

Sections of the Report which pertain to Coal Resources have been prepared by Mr Sonik Suri (Principal Consultant, Geology) who is a subject specialist and a Competent Person as defined by the JORC Code. Sections of the Report which pertain to Coal Reserves have been prepared by Dr Ross Halatchev (Principal Consultant, Mining) who is a subject specialist and a Competent Person as defined by the JORC Code.

This Report was prepared on behalf of Salva Mining by the signatory to this Report, assisted by the subject specialists’ competent persons whose qualifications and experience are set out in Appendix A of this Report.



Mr Manish Garg  
Independent Qualified Person  
Director  
Salva Mining Pty Limited

#### 1.7 Statement of Independence

This Report was commissioned by GEAR on a fee-for-service basis according to Salva Mining’s schedule of rates. Salva Mining’s fee is not contingent on the outcome of this Report. The above-mentioned person(s) has no interest whatsoever in the mining assets reviewed and will gain no reward for the provision of this Report.

Mr Sonik Suri, Dr Ross Halatchev, Salva Mining’s partners (including Mr Garg), directors, substantial shareholders and their associates are independent of GEAR, its directors, substantial shareholders, advisers and their associates.

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## 2 Project Description

### 2.1 Property Description and Access

The KIM Project is an operating Mine, located in the Bungo Regency of Jambi Province on Sumatra Island, Indonesia (Figure 2:1, Figure 2:2 and Figure 2:3).

KIM concession is located nearly equidistant from the Padang coast on the west (250 km) and the Jambi coast on the east (300 km). Access to the site is via a 2-hour plane flight from Jakarta to Padang followed by either a 6-hour car journey or via a 1.5-hour plane flight from Jakarta to Jambi followed by a 7-hour car trip. Alternatively, thrice a week, there is a direct flight from Jakarta to Muara Bungo with a flight duration of about 2 hours, followed by approximately one-hour car drive to site.

The tenure for the KIM Project is covered by 8 Izin Usaha Pertambangan Produksi (“IUP Production”) and covers a 2,610-ha area of coal concession. The KIM project consists of the following 2 coal Pits:

- KIM East Pit (“KIM East Pit” or “KIM East Block”);
- KIM West Pit (“KIM West Pit” or KIM West Block”).

The conventional open-pit coal mining operation was commenced in the KIM East pit in 2007, which was followed by the opening of the KIM West pit in 2010. Approximately 24.8 Mt of coal has already been mined from these pits until 31 December 2022. Only KIM East is being mined currently.

**Figure 2:1 General Location Plan**



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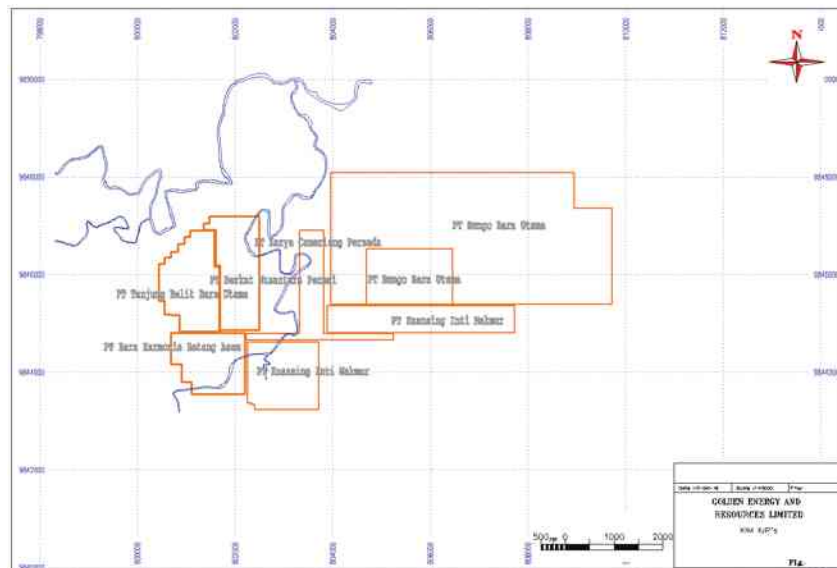
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Figure 2:2 General Location Plan – Satellite Image



Figure 2:3 IUP Boundary and Location of Individual Coal Blocks





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#### 2.2 Ownership and Concession

GEAR holds the mining rights to the KIM concession indirectly through PT KIM. Eight (8) IUPs with a total area of 2,610 ha are owned indirectly by GEAR.

Tenure at the KIM concession is held under the 'Izin Usaha Pertambangan' which translates to 'Mining Business License' (IUP) system of ownership. The ownership details of these IUPs are given in Table 2:1 below.

**Table 2:1 KIM Concession Details**

Company	IUP Number	Area (ha)	Granted	Expiry
PT Bungo Bara Utama	341/DESDM TAHUN 2009	1,301	9-Jul-09	8-JUL-29
PT Bungo Bara Makmur	59/KEP.KA.DPM-PTSP-6.1/IUPOP/III/2018	199	23-Apr-10	2-Oct-27
PT Bara Harmonis Batang Asam	576/DESDM TAHUN 2014	172	18-Dec-14	18-Dec-24
PT Karya Cemerlang Persada	350/DESDM TAHUN 2009	143	22-Jul-09	24-Oct-28
PT Tanjung Belit Bara Utama	249/DESDM TAHUN 2010	198	23-Apr-10	2-Oct-27
PT Kuansing Inti Makmur	252/DESDM TAHUN 2010	199	23-Apr-10	2-Oct-27
PT Kuansing Inti Sejahtera	60/KEP.KA.DPM-PTSP-6.1/IUPOP/III/2018	199	5-Apr-12	2-Oct-27
PT Berkat Nusantara Permai	85/KEP.KA.DPM-PTSP-6.1/IUPOP/IV/2019	199	15-Dec-10	30-Dec-29

All IUP's have a provision for 2 x 10 years extensions.

A possible issue with tenure for the project is that there are a number of gaps between the IUPs that cover the project area. The gaps are for a maximum of 150 m in width (Figure 2:3). Salva Mining has been informed that no other party holds tenure over the land in these gaps. This type of issue is not uncommon in Indonesia and there is no known reason why it could not be resolved. Salva Mining is not aware of any disruptions to operations at the KIM project that have occurred due to this issue. All of the land areas within the KIM project area is designated 'Area Penggunaan Lain' (Other Purpose) by the Forestry Department, and thus no borrow to use permit (Izin Pinjam Pakai Kawasan Hutan) is required for mining operations in this area. GEAR informed Salva Mining that permits are in place for the current operation. These permits will need to be maintained in order to continue mining operations within the KIM project. Salva Mining is not aware of any reason why it will not be possible to maintain these permits.

Salva Mining makes no warranty or representation to GEAR or third parties (express or implied) in regard to the validity of the IUPs.

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### 3 Geology

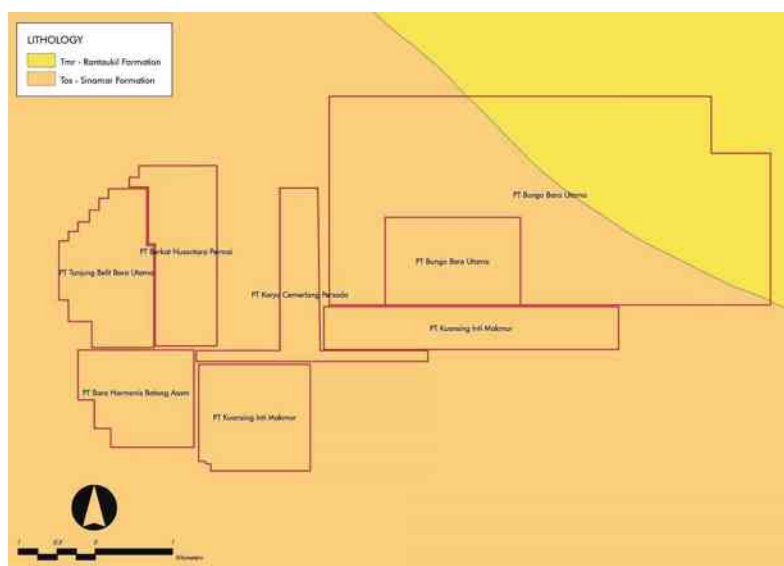
#### 3.1 Regional Geology

The KIM concession area is found on the northern edge of the South Sumatra Basin. The South Sumatra Basin was formed due to back-arc extension which began in the late Palaeocene. This extension resulted in an approximately north-trending graben structure which is filled with an Eocene to mid-Miocene age transgressive sedimentary sequence culminating in the deepwater sediments of the Gumai Shales in the mid-Miocene. This was followed by the mid-Miocene orogenic event, resulting from the collision of the Sunda Shelf plate with the Indo-Australian plate, which resulted in a subduction zone forming off the west coast of Sumatra and gave rise to the orogenic uplift of older pre-tertiary rocks to form the Barisan Mountains during the late Miocene time. This mid-Miocene plate collision marked the transition from extension tectonics and a transgressive sedimentary sequence to compression tectonics and a transition back to shallow water terrestrial sedimentation (regressive sequence). The onset of the regressive phase of sedimentation is marked by the Air Benakat Formation.

#### 3.2 Local Geology

The local geology of the area is comprised of a Miocene aged ignimbrite unit (Tmr) which unconformably overlies the Oligocene aged coal-bearing sediments belonging to the Sinamar Formation (Tos) (Figure 3:1). The Sinamar Formation is of an equivalent age and sedimentary setting to the Oligocene Talang Akar Formation, seen elsewhere in the basin. The ignimbrite unit varies in thickness between 50 m and 60 m and appears to have been deposited on an erosive paleo-surface which has been incised into the coal-bearing sediments of the Sinamar Formation.

**Figure 3:1 Local geological map of the KIM concession area**



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#### 3.2.1 Coal Seams

The coal-bearing sediments dip gently (less than 10 degrees) to the north-northeast. The area appears to be structurally relatively benign, with no evidence of significant displacement of the coal seams in the area. The splitting relationships for the coal seams identified within the concession are shown below in Table 3:1 and Table 3:2.

**Table 3:1 KIM East - Seam Splitting Relationships**

Master Seam	1st phase Splitting
S100	S100U
	S100L
S200	S200U
	S200L
S300	S300U
	S300L

**Table 3:2 KIM West - Seam Splitting Relationships**

Master Seam	1st phase Splitting
S100	S100U
	S100L
S200	S200U
	S200L
S300	S300U
	S300L

#### 3.3 Exploration History

The geology of South Sumatra has been studied by various authors, particularly deep stratigraphic profiles in the search for oil reservoirs. In the local area, there are no documented records of the previous exploration for coal. This area was previously reviewed by PT SMG Consultants in October 2010 and by HDR in January 2013 to determine what Resources may be contained in the area and what additional drilling was necessary to raise the Resource confidence.

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#### 4 Geological Data and QAQC

##### 4.1 Data Supplied

The geological data provided by GEAR for the KIM concession area was independently reviewed by Salva Mining's geologists and is considered appropriate and reasonable for the purpose of estimating Coal Resources. This data, used by Salva Mining for the purpose of resource estimation, includes but is not limited to:

- Drill hole collar information inclusive of total depth drilled per hole;
- Drill hole lithological data inclusive of seam picks identified and correlated on the basis of down-hole geophysics;
- Coal sample table and associated raw coal qualities per sample;
- Drill hole completion reports for most of the holes drilled containing details of core recoveries achieved;
- Scanned copies of original laboratory analysis reports of coal quality for samples analysed;
- Down-hole geophysical data in the form of both LAS files and Minex drill hole databases;
- Previous geological models for the KIM EAST, and KIM WEST areas, which contains a complete drill hole database as well as grids of seam roofs, floors, the topographic surface and the base of the weathered horizon surface.

##### 4.2 Lithological Data

A total of 407 drill holes were used to construct geological resource models in the KIM East and KIM West coal concession area comprising:

- KIM East 312 drill holes;
- KIM West 95 drill holes.

Of these holes, a small percentage are barren, i.e., no coal intersected; this is due to drill-rig limitations (maximum 60 m depth). Barren holes are never the less useful for geological modelling purposes as they prevent coal from being modelled where it is not present. In other cases, no seam picks were supplied for a number of holes. In these instances, the hole is marked as 'not logged' and the model is allowed to project seams through these holes if warranted by surrounding holes.

Approximately 90% of the drill holes used in the structural model have been logged using down-hole geophysics. Down-hole geophysical data acquired by GEAR is predominantly comprised of gamma, density and calliper logs and has allowed for accurate identification of coal seams in each hole (seam picks) and the correlation of coal seams between holes.

##### 4.3 Topographic Survey and base of weathering (BOW)

Topography data used in the two KIM geological models have been derived from Light Detecting and Ranging (LiDAR) remote sensing surveys conducted. During this survey GPS, ground control points were combined with flight trajectories and LiDAR scanning equipment to produce an accurate dataset of XYZ topographic coordinate points for the KIM East and KIM West area. The topography within the mining area is surveyed on a daily basis by the mine site surveyors and "as mined" and "as dumped" surfaces are updated regularly.

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For the purpose of resource estimation, the LiDAR DTM's have been merged with surveyed current pit voids for the areas mined to date. Mined out areas reflect mined out voids up to 31 December 2022.

A 'non-conformable' base of weathering (BOW) surface was generated for the geological models by translating the topographic surface down by 4 m in the Z direction. This is based on the observation that the average weathered horizon thickness, where it has been logged, is approximately 4 m.

#### **4.4 Data Quality Assurance and Quality Control (QAQC) Measures**

##### **4.4.1 Core Sampling**

At the completion of each run, core lengths were checked in the splits for recovery to ensure coal seams have been recovered as required. A target core recovery of 90% has been applied throughout all drilling phases. If core recovery was found to be less than 90% within the coal seam, the hole was re-drilled to collect a sample with  $\geq 90\%$  recovery. The core was also photographed routinely and logged in the splits by a geologist before being sampled. For open holes, chip samples were collected at 1 m intervals for lithological logging purposes.

A sampling of the coal seams was conducted by the rig geologist on duty and was conducted in accordance with the following sampling procedure supplied to rig geologists:

- Open core barrel inner split tube and remove the sample from the barrel;
- Transfer the core to the PVC split or core box;
- Determine the core depth ("From" and "To") from the drill depth;
- Reconstruct the core in the split to allow for any gaps;
- Determine the core recovery;
- Wash down using water and a cloth and/or brush prior to logging if covered by mud or oil;
- Complete geological logging and photograph structure or any abnormal features. The photograph should show information of drill hole number and from and to depths;
- The division of samples follows the simple scheme of sample all coal, sample separately any contained bands (plies) and take 10 cm roof and floor non-coal samples;
- Place samples into plastic bags which should be doubled to minimise moisture loss. Insert one bag inside another so that they are doubled;
- Label the sample by ID card, the label should give information about the sample number, hole number, from/to depth, and Project Code. Place the label ID card inside the small re-sealable plastic bag before putting it into the sample bag;
- Seal the sample bag with tape and write the sample number on the plastic bag; and
- Dispatch sample to an accredited laboratory.

The coal quality sampling technique detailed above is considered by Salva Mining to adequately address the QAQC requirements of coal sampling. As a further coal quality validation step prior to importing coal quality sample results for coal quality modelling purposes, Salva Mining constructed spreadsheets which compare the sampled intervals against the logged seam intervals in order to ensure that sampled intervals match the seam pick intervals.

##### **4.4.2 Down-hole Geophysics and Seam Picks**

Down-hole geophysical logs were completed during each drilling program by PT Surtech Indonesia. Geophysical logging was conducted following the completion of a drill hole. After drilling

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is complete the logging unit deploys down-hole geophysical sondes, including gamma-ray, calliper and density tools to assist with characterising the down-hole formation and its geological properties. Stratigraphic information, intercepted along the entire length of the drill hole (collar to total depth), is recorded and plotted in acrobat pdf format. A digital copy of the data is stored in the LAS file format.

Logging was performed on the majority of drill holes (including cored and open holes) and all these holes have geophysical data. Seam picks and lithologies have all been corrected for geophysics. Geophysical logging provides information on the coal seams intersected and aids in the definition of horizon boundaries and marker horizons, used to correlate the subsurface geology. The presence or absence of geophysical logging is one of the criteria used in the determination of points of observation for resource classification purposes. Under normal conditions, coal-bearing sections of each drill hole were geophysically logged at the completion of drilling. In some instances, poor ground conditions restricted the ability to geophysically log the entire hole upon completion. In these cases, collapsed portions of holes were re-drilled in order to allow for density and gamma logging to be accomplished by lowering the geophysical probe through the drill string.

#### 4.4.3 Coal Quality

Coal quality sampling was undertaken by GEAR and contract geologists, with the analysis testing being completed by PT Geoservices Coal Laboratories in Padang. PT Geoservices laboratories are accredited to ISO 17025 standards and quality control is maintained by daily analysis of standard samples and by participation in regular "round-robin" testing programs. American Society for Testing and Materials (ASTM) methods have been used for all quality variables. Reporting was done on an air-dried and as-received basis. The following tests were undertaken as standard on all coal samples:

- Total Moisture (as received basis only);
- Inherent Moisture (IM);
- Ash Content (Ash);
- Volatile Matter (VM);
- Fixed Carbon (FC);
- Total Sulphur (TS);
- Calorific Value-air dried basis (CV adb); and
- Relative Density (RD).

#### 4.4.4 Data validation by Salva Mining prior to geological model construction

Prior to using the lithological (seam pick) and coal quality data for geological model construction purposes, Salva Mining performed the following data validation and verification checks on the data.

#### 4.5 Coal Density

No information on in situ moisture was requested or obtained from the laboratory, resulting in the Preston and Sanders equation not being applied to obtain in situ relative densities. As a result, all resource tonnages are quoted on an air-dried density basis as volumes are calculated on an in-situ basis and density on an air-dried basis. However, the density of in situ coal is in reality not on an air-dried basis but at a higher in situ moisture basis.

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The estimate of resources on an air-dried basis will, therefore, result in a higher tonnage as compared to the equivalent in situ moisture basis calculation. This effect has been accounted for to a large extent in the reserving process, where the total moisture has been used as a proxy for the in-situ moisture and a Preston Sanders calculation has been made on this basis.

#### 4.6 Coal Quality Data

The coal quality in the KIM concession area can be summarised as sub-bituminous coal with moderate total moisture and moderate ash.

#### 4.7 Mineral Processing and Metallurgical Testing

No testing is completed. It is anticipated that the any potential product will be sold as Run of Mine Coal.

#### 4.8 Resource Model Construction

##### 4.8.1 Structural Model

After completion of the previously detailed QA/QC processes, the available valid lithological and coal quality data was then imported into the MineScape software to generate both a structural model and a coal quality model for each of the two resource areas. The lithological data was then modelled to create structural grids. The schema, stored within the Stratmodel module of the MineScape software controls the modelling of seam elements and their structural relationships, grid model cell size, interpolators and other parameters. Within the modelling schema, all of the stratigraphic intervals were modelled with pinched continuity. This is applied in areas where intervals are missing in a drill hole. In this situation, the modelling algorithm stops the interpolation of the missing interval halfway between the two drill holes between which it ceases to be present.

##### 4.8.2 Structural Model Validation

Structural and thickness contours were generated and inspected to identify any irregularities, bulls-eyes, unexpected discontinuities etc. Cross-sections were also generated to identify any further structures such as faulting and any areas where seams were modelled as being discontinuous due to short drilling.

##### 4.8.3 Coal Quality Model

Coal quality data has been composited on a seam basis. The Inverse distance interpolator was selected for modelling coal quality as it has been shown to perform adequately for most coal quality attributes and it is also less likely to introduce spurious trends into the data. Testing indicated that a power value of two and a search radius of 2500 metres are the most suitable inverse distance interpolation parameters for modelling of the KIM coal deposits.

##### 4.8.4 Quality Model Validation

After the completion of quality model gridding, selected qualities for selected seams were contoured and contours inspected to ensure that quality models had been gridded correctly. As a second validation measure, average qualities reported during resource reporting for all seams were compared against the average qualities of the input data to ensure consistency between input and output data sets.

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## 5 Coal Resources

### 5.1 Prospects for Eventual Economic Extraction and Resource Classification

Coal Resources present in the KIM concession have been reported in accordance with the JORC Code, 2012. The JORC Code identifies three levels of confidence in the reporting of resource categories. These categories are briefly explained below.

**Measured** – *“...That part of a Mineral Resources for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow for the application of Modifying Factors to support detailed mine planning and financial evaluation”;*

**Indicated** – *“...That part of a Mineral Resources for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow for the application of Modifying Factors in sufficient detail to support mine planning and evaluation”;* and

**Inferred** – *“...That part of a Mineral Resources for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling.”.*

For the purpose of coal resource classification according to JORC Code (2012), Salva Mining has considered a drill hole with a coal quality sample intersection and core recovery above 90% over the sampled interval as a valid point of observation.

In terms of Coal Resource classification, Salva Mining is also guided by the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves (2014) (The Coal Guidelines) specifically referred to under clause 37 of the JORC Code (2012).

Based on due consideration of the continuity of the coal seams as observed in the geological models for each of the two resource areas, the relative lack of evidence for significant faulting and the population statistics of the coal quality composites per seam, Salva Mining has sub-divided Coal Resources within the KIM concession into resource classification categories based on the following spacing's (expressed as a radius of influence around points of observation which is half of the spacing between points of observation):

- Measured 250m radius of influence;
- Indicated 500m radius of influence; and
- Inferred 2,000m radius of influence.

It is furthermore a requirement of the JORC Code (2012) that the likelihood of eventual economic extraction is considered prior to the classification of coal resources. The average coal quality attributes of the coal seams considered are sufficient to be marketed as a mid CV thermal coal for power generation purposes. Therefore, Salva Mining considers that it is reasonable to define all coal seams within the classification distances discussed above, to a depth of 250m below the topographic surface, as potential open-cut coal resources.



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#### 5.2 Coal Resource Statement

Coal Resources have been estimated, classified and reported according to the JORC Code (2012) and the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves (2014) as of 31 December 2022 and are detailed in Table 5:1.

**Table 5:1 Coal Resource Estimate for KIM as of 31 December 2022**

Pit	Measured Resource			Indicated Resource			Inferred Resource			Total Mt
	Mass Mt	Ash adb %	CV adb kcal/kg	Mass Mt	Ash adb %	CV adb kcal/kg	Mass Mt	Ash adb %	CV adb kcal/kg	
KIM East	47	18.1	5,279	32	18.8	5,185	82	18.4	5,227	162
KIM West	58	16.7	5,445	23	17.5	5,340	10	15.7	5,228	91
<b>Total</b>	<b>105</b>	<b>17.3</b>	<b>5,370</b>	<b>55</b>	<b>18.3</b>	<b>5,249</b>	<b>92</b>	<b>18.1</b>	<b>5,227</b>	<b>253</b>

*Mineral Resources are reported inclusive of the Mineral Reserves  
(Note: Final Inferred Resource rounded to nearest 1 Mt. Individual totals may differ due to rounding)*

#### 5.3 Comparison with Previous Estimates

The previous Resource was reported at the end of December 2021. The difference between the current and previous models is the use of the new topographic surface which takes into account actual mining at KIM East during 2022.

The December 2017 KIM resource estimate incorporates an additional 32 drill holes including 8 drill holes with coal quality for KIM East resource model. KIM West has had no additional information since the last estimate and hence remain unchanged from the previous estimate of this block.

**Table 5:2 Coal Resources - Comparison with the Previous Estimate**

Resource Category	Salva Dec 2022 (Mt)	Salva Dec 2021 (Mt)	Salva Dec 2020 (Mt)	Salva Dec 2019 (Mt)	Salva Dec 2018 (Mt)	Salva Dec 2017 (Mt)	Salva Dec 2016 (Mt)	HDR Jan 2016 (Mt)	HDR 2014 (Mt)
Measured	105	107	110	112	113	116	113	112	115
Indicated	55	56	56	56	56	56	59	60	60
<b>Total (Measured &amp; Indicated)</b>	<b>161</b>	<b>163</b>	<b>166</b>	<b>168</b>	<b>169</b>	<b>173</b>	<b>172</b>	<b>172</b>	<b>175</b>
Inferred	92	92	92	92	92	92	85	85	85
<b>Total</b>	<b>253</b>	<b>255</b>	<b>258</b>	<b>260</b>	<b>261</b>	<b>264</b>	<b>257</b>	<b>256</b>	<b>260</b>

*Note: Individual totals may differ due to rounding*

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## 6 Reserve Estimation

### 6.1 Estimation Methodology

Salva Mining prepared the Coal Resource estimate for KIM Concession coal deposit as of 31 December 2022 which is used as a basis for the Coal Reserve estimate.

The Coal reserves estimates presented in this Report are based on the outcome of pit optimisation results and the Techno-economic study carried out by Salva Mining. The mining schedule for the KIM concession blocks includes two operating open-cut mines (KIM East and KIM West) which target total coal production of 2.4 Mtpa in 2023 ramping up to 3.0 Mtpa from 2025 onwards.

The subject specialist for Coal Reserves considers the proposed mine plan is techno-economically viable and achievable. This has been done by reviewing all the modifying factors, estimating reserves in the pit shell and doing a strategic production schedule and economic model which confirms a positive cash margin using the cost and revenue factors as described below in this Report.

The KIM Mine is an operating mine since 2007 (KIM East pit commenced production in 2007 while the KIM West pit started in 2010). The KIM Mine is operated as a single mining operation; even though the production from the Kim West pit has been temporarily suspended as part of normal operation control. It is planned to resume production from the KIM West pit by 2025.

Salva Mining considers the Modifying Factors to be valid for both pits. The Modifying Factors used are based on actual operations at the KIM Mine which were independently verified by the Salva Mining's subject specialist during the site visit. Therefore, it is considered valid to use Modifying Factors from the operating KIM mine to satisfy clause 29 of the JORC Code. Further, Salva Mining has carried out an independent life of Mine (LOM) Study to develop the mining schedule and its economic evaluation of the Mine.

### 6.2 Modifying Factors

Table 6:1 outlines the factors used to run the mine optimisation and estimate the Coal Reserve Tonnage.

**Table 6:1 Modifying & Mine Optimisation Factors**

Factor	Chosen Criteria
Seam roof & floor coal loss of 0.05 m each	0.10m to 0.15m
Seam roof & floor dilution 0.02 m each	0.00m to 0.04m
Geological & Mining loss including the loss in transportation and handling at the port	2% to 5%
Minimum mining thickness minable coal seam	0.3m
Dilution default density	2.2bcm/t
Dilution default calorific value	1,000Kcal/kg
Dilution default ash	75%
Overall Highwall and End-wall slope	25 deg to 40 deg
Maximum Pit depth	Varies from 90 -150m max.
Minimum Mining width at Pit bottom	50m
Exclusion of Mining lease (IUP) and offset from Pit crest	50m

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Factor	Chosen Criteria
Mining, Coal handling and Transport Cost – supplied by the client and validated by Salva Mining	Available & Used
Long term Coal Price for Break-even Stripping Ratio calculation	US\$56.28/t
Government Documents / approvals - supplied by client	Available & Used
Environment Report	Available & Used
Geotechnical Report	Available & Used
Hydrogeology Report	Available & Used

Notes on the modifying factors discussed below include mining, geotechnical, hydrogeological, environmental, mine logistics, safety, cost and revenue, marketing and other relevant factors for estimating the Coal Reserves within the KIM mine.

### 6.3 Notes on Modifying Factors

#### 6.3.1 Mining Factors

##### General

The mining limits are determined by considering physical limitations, mining parameters, economic factors and general modifying factors as above (Table 6:1). The mining factors applied to the Coal Resource model for deriving mining quantities were selected based on the use of suitably sized excavators and trucks. The assumptions are that due to the shallow to the moderate dip of the coal, mining will need to occur in benches.

The mining factors (such as recovery and dilution) were defined based on the proposed open cut mining method and the coal seam characteristics. The exclusion criteria included the lease boundary and a minimum working section thickness.

#### 6.3.2 Geotechnical Factors

The KIM East and KIM West Pits occupy areas that comprise relatively flat-topped plateaus at around RL 150 m that have been dissected to depths of 20 to 30 m by mainly south to north aligned creeks. The Batang Asam river runs from south to north in a highly meandering path between the two existing mine areas.

In general, the mining areas are being developed into coal measure rocks that are overlain by ignimbrite, as shown below in Figure 6:1.

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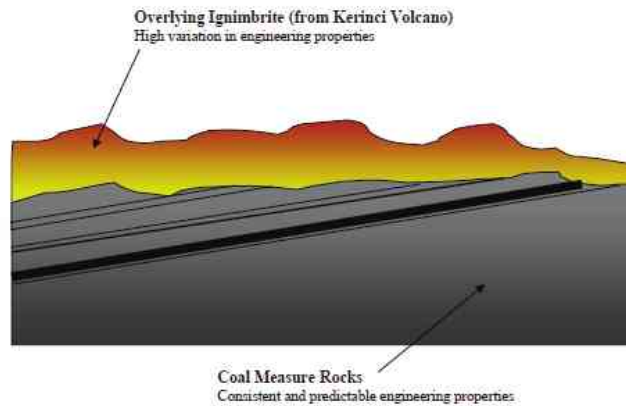
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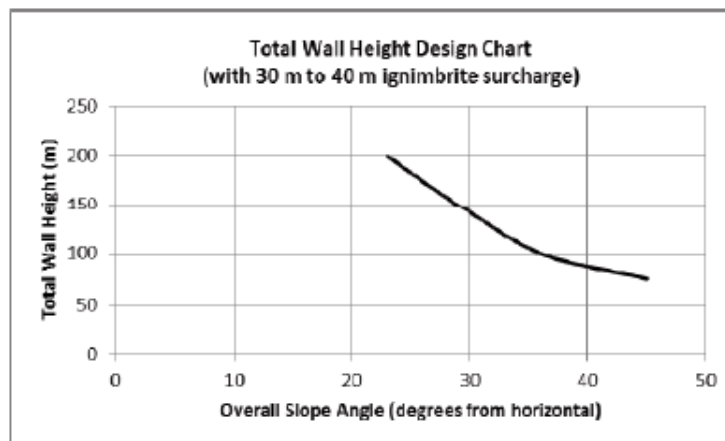
**Figure 6:1 Soil & Rock lithology – KIM Project**



The thickness of the ignimbrite has quite a big variation in KIM East Pit varying from 5 m in the SW corner of the pit but it goes up to 55 m on the western side, 40 m on the eastern side and approximately 22 m in the central north side.

There have been the previous wall and in-pit dump failures reported due to excessive tuff, undercut bedding and structure and internal dump developments in the existing mining areas in KIM pits. The current geotechnical study for the KIM area recommends a high wall slope which is depicted in Figure 6:2.

**Figure 6:2 Geo-tech Recommendations**



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#### 6.3.3 Surface Water Management

Pit water management is of critical importance for the effective operation of the mine. Dewatering operations observed during the site visit were considered to be of a high standard with well-constructed pit sumps and efficient drainage from operating areas into the sump. The overall strategy for water management over the life of mine will be to:

- Minimise surface water entering the pit by:
  - Building dams and drains to divert water from external catchments away from pits; and
  - Profiling dumps so that water is diverted away from the pits.
- Removing water from excavations by:
  - Constructing the main sump at the deepest point of each pit and draining all in-pit water to that sump; and
  - Installing sufficient pumps and pipes of a suitable size to pump water from the pit. Two stages pumping will be required in deeper areas in the later years of the mine life.

#### 6.3.4 Mining Method and Operations

Mining operation commenced in 2007 in KIM East and in 2010 in KIM West Pits. The KIM Mine is an open-pit mine using a standard truck and excavator methods which are a common practice in Indonesia.

The mining method can be described as a multi seam, moderate dip, open-cut coal mine using truck and shovel equipment in a combination of strip and haul back operations.

Waste material is mined using hydraulic excavators and loaded into standard rear tipping off-highway trucks and hauled to dumps in close proximity to the pits or to in-pit dumps where possible. For the purpose of this Report, it is proposed that contractors will continue to be used for mining and haulage operations over the life of mine, and the unit costs used for the Reserve estimate reflect this style of mining.

Figure 6:3 shows the existing mining condition at the KIM West Pit where no mining operations are being carried out currently. Mining activities are being carried out at the KIM East Pit which is shown in Figure 6:4.

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**Figure 6:3 KIM West Pit**



**Figure 6:4 KIM East Pit**



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#### **6.3.5 Processing Factors & Product Quality**

The coal is to be sold unwashed so no processing factors have been applied. Other than crushing to a 50 mm top size no other beneficiation will be applied.

#### **6.3.6 Mine Logistics Factors**

Salva Mining has carried out a high-level review of logistic options to access the KIM Project economics. Based on the assessment of available information, data gathered during the site visit and at GEAR office in Jakarta, following logistic chain for coal blocks comprising the KIM project is considered appropriate.

#### **Coal Logistics**

The mined-out coal from KIM project is currently being sold to domestic customers. The mine to end-user plant supply chain involves hauling of coal to the ROM stockpile, followed by transportation using the public road to the domestic customers. In the recent past, coal from the KIM project had been sold to export customers as well. At present, domestic sales have better margin compared to exporting the product. However, an option to export coal to overseas customers still exists if margin improves in the future.

Mined out coal is hauled to the ROM stockpile, located at an approximate distance of 10 km from the KIM pits, using rigid body coal haulage trucks. Although facilities for crushing and screening exist at the ROM stockpile area, crushing is not required for sales to most domestic customers. Coal from the ROM stockpile is hauled (~250km) along public roads to customers. It is anticipated that most of the coal will be sold to the Lontar Papyrus pulp and paper plant in the near term. However, in the medium term, some of the coal produced from the KIM Project may go to nearby power plants under construction including one at Jambi and Teluk Sirih.

#### **Haulage on Public Roads**

The Jambi provincial government in conjunction with regency governments from Jambi’s major coal-producing regions have agreed on a suspension of coal trucks using public roads, starting from 31 December 2012 (Jambi Province Regulation No 13 of the Year 2012). The provincial government is planning to construct an alternative route for coal trucks, in order to avoid resistance from local public and minimise the loss of royalty from coal producers in the area.

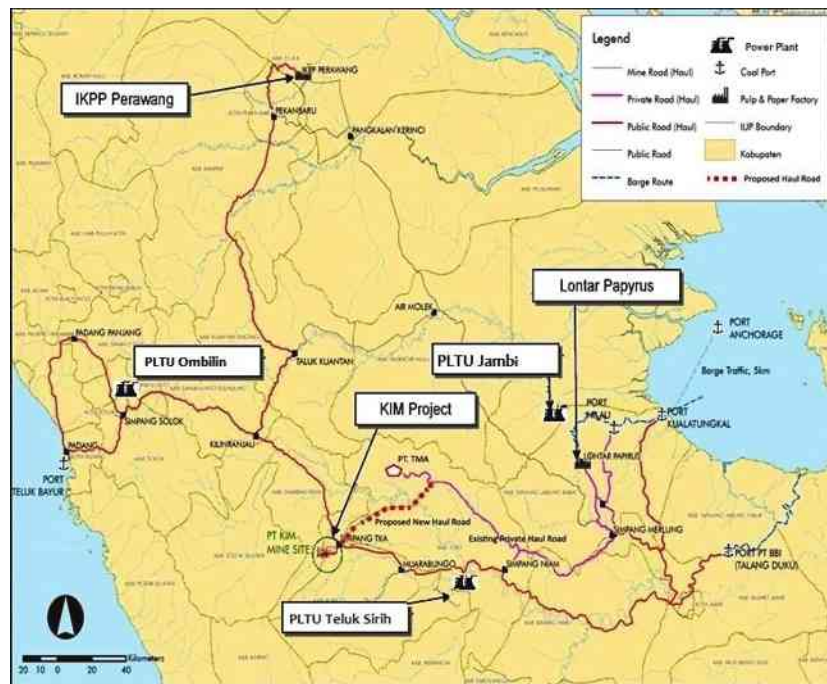
GEAR has developed contingency plans to build a new haul road which will connect the KIM Pits to the existing special road leading to Port Nilau (owned by GEAR) via Lontar Pypras Pulp and Paper Plant if the coal haulage on public roads is stopped. The current and potential logistic plan for KIM project if the ban is implemented is shown in Figure 6:5.

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Figure 6:5 Current and Proposed Coal Logistics, KIM Project



Although the interpretation of this regulation is somewhat ambiguous, Salva Mining considers this as a moderate risk. Salva Mining is in the opinion that the practice of coal haulage on a public road can potentially continue given that the status quo of haulage on the public road had continued for the past ten years.

#### 6.3.7 Permits and Approvals

Salva Mining understands that the permits and approvals with regard to further mining activities in the KIM Coal Concession deposits are in good standing.

The KIM concession area is located in the “Other Use area” which requires no permit from the forestry department. There are no known significant environmental factors that influence the estimation of Reserves within the KIM project area as environmental management includes the development of waste management facilities and monitoring activities ongoing.

The western IUPs of KIM are located adjacent to the border of the Jambi province and West Sumatra province of which some are cultural land. As a positive note, till recently cultural landowners have requested to get overburden materials from KIM to fill their land as they are less productive areas in the steep hills for cultivation. A small road crossing the coal haul road from west area to Batang Asam river has also been provided as a shortcut for few local residents.



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#### 6.3.8 Environment and Community Relations

A preliminary assessment of potential issues pertaining to environment and community relations who may impact the Reserves estimation was carried out by Salva Mining. These included the following activities:

- Review of environment management procedure at the site;
- Visit the GEAR Jakarta office and inspection of environmental management plans;
- Review of the Analisis Mengenai Dampak Lingkungan Hidup (AMDAL) - environment impact assessment and management plans; and
- Review of Corporate Social Responsibility Reports.

Salva Mining’s preliminary assessment did not reveal any issues related to environment and community relations that will adversely impact project valuation. However, it should be noted that Salva Mining’s assessment was only preliminary in nature and Salva Mining cannot provide any guarantee or warranty that significant environmental or community issues will not affect the operation. Key environmental and community relations issues are discussed below.

#### Environmental Aspects

Key issues which can have a potential impact on project valuations are Water Run-off, noise, dust and rehabilitation.

#### Water Run-off from site

If sediment loads are high or if the water is acidic, water run-off from dumps, stockpiles, roads and water pumped from pits has the potential to pollute local rivers, creeks and vegetation. This is managed through the use of bunds, drains and sediment ponds of sufficient size to allow small particles to settle out of the water. Regular monitoring of water discharge points is required under government regulations.

#### Noise and Dust

Noise and Dust originating from mine operations haulage and coal handling have the potential to impact the local environment, particularly if villages and local communities are located within close proximity to mining and coal handling operations. Dust is generally managed by using water trucks on haul roads, and by spraying water or dust suppressant chemicals to minimise dust being airborne and suppressing it.

#### Rehabilitation

A large area of land will be cleared as part of the KIM mining operation, although much of this area is not covered by any forest land. The disturbed area is generally rehabilitated by removing the topsoil prior to mining, storing the topsoil onsite during mining and covering the final landform with topsoil at the completion of mining. The area to be rehabilitated is then planted with suitable vegetation.

Management at the KIM Project has established procedures and a nursery in place to prepare for revegetation to take place. To prevent the dust hazard, the company is currently using dust suppressant and water sprinkling system. Salva Mining notes that the current approved AMDAL for the KIM concessions allows the company to mine in excess of the proposed throughput.

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Mine closure plans for the updated mine plan have yet to be completed; however, Salva Mining does not foresee any significant issues with this aspect of the operation. A reasonable allowance has been made in for environmental management, rehabilitation and mine closure.

#### **6.3.9 Social Aspects**

Maintaining a good relationship with local communities is a key requirement for the success of the KIM operation. Efforts must be made to continue the ongoing community development programs in coordination with the local government. Salva Mining reviewed KIM's Corporate Social Responsibility programs which include the following aspects:

##### **Economy**

The economic development of the local community is set to include activities to assist with the economic development of the community by providing employment and business opportunities once mining operations have finished.

Current programs include training in sewing skills and establishing aquaculture infrastructure.

##### **Health**

It includes programs to improve health in the local communities and to increase people's knowledge through education in health issues.

#### **6.3.10 Mine Production Schedule**

Mining operations for all pits within the KIM concession is carried out by conventional open-pit mining method using truck and excavator combination. Mining of waste is outsourced to a third-party contractor, which are a common practice in Indonesia.

A Life of Mine (LOM) plan was completed by GEM's engineering team for the deposit and was provided to Salva Mining. The LOM plan included a production schedule and waste balance. Salva Mining has reviewed the mine plan and performed cross-checks to ensure that the operation is practical, achievable and has sufficient dumping room to contain all the waste mined in the final pit design. Waste haul distances were also estimated to adjust the waste mining costs for the operation.

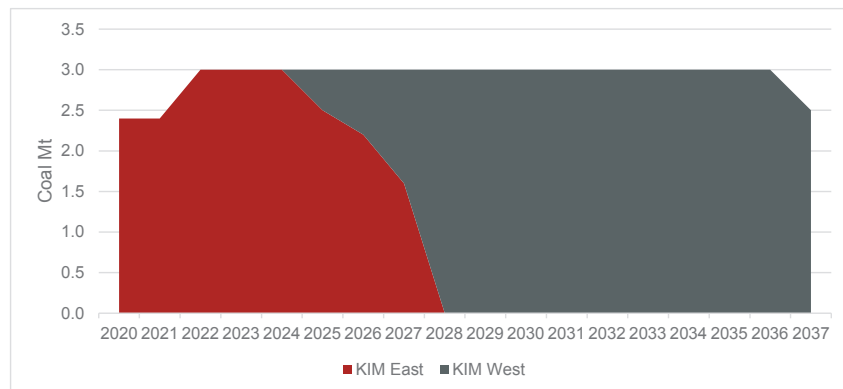
The mine plan targets a production rate up to 3 Mtpa for the remaining mine life. As per preliminary production schedule, the minable tonnes over the life of mine are expected to be 52 Mt, requiring waste mining of 458 Mbcm. The LOM stripping ratio is calculated to be at 8.8 bcm/t of coal mined. The schedule targeted production of 3 Mtpa from 2025 onwards (Figure 6:6).

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**Figure 6:6 Life of Mine Production Schedule**



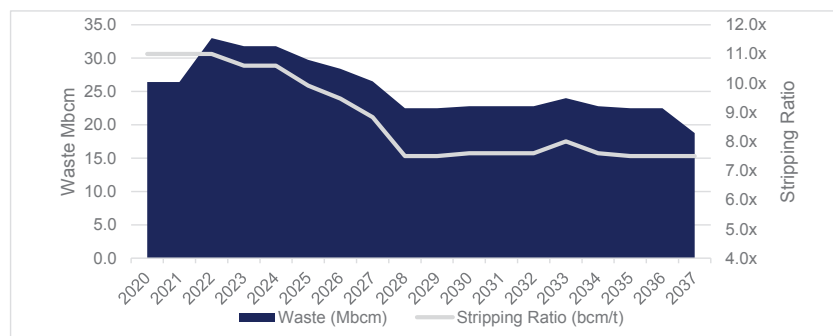
### 6.3.11 Top Soil Removal

It is necessary to clear land and remove topsoil to advance any open-pit mining operations. At KIM concession, land clearing and topsoil removal are undertaken by contractors. Natural Vegetation is cleared by using dozers. The vegetation is pushed into piles and moved to a suitable location. All necessary care is taken to minimize soil profile disturbances and the same process will be followed during the life of mine operations. Once the land is cleared, a fleet of trucks and excavators removes topsoil which is either preserved for final reclamation or directly dumped into final landform area (where coal is already mined out) for rehabilitation.

### 6.3.12 Waste Excavation

Waste material is mined using hydraulic excavators and loaded into standard rear tipping heavy duty haulage trucks for haulage to rock waste dumps which are either in close proximity to the pits or in-pit where possible. Diesel-powered hydraulic excavators in backhoe configuration are used. A swell factor of 1.2 was assumed for all waste dumping and handling calculations. The waste to be mined over the life of mine is shown in Figure 6:7.

**Figure 6:7 LOM Waste Excavations**



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#### 6.3.13 Processing Factors

The coal is to be sold unwashed so no processing factors have been applied.

#### 6.3.14 Capital Cost

Salva Mining estimates the total capital expenditure of \$ 31.6M which includes a contingency of \$ 4.1M. A contingency of 15% has been applied to the capital cost estimate. These estimates are considered to have an accuracy of  $\pm 15\%$ . In addition to the expansion capital of \$ 30M, Salva Mining has factored 2% of the invested capital as sustaining capital per annum for asset maintenance over the life of mine. While preparing these estimates, Salva Mining has relied on industry benchmarks, its internal database and expertise and internal studies on the KIM concessions. The Capital Cost estimates and the basis of its estimation are shown in Table 6:2. The cost estimate was prepared in US dollars (\$).

**Table 6:2 Capital Cost (Q4, 2022 Real Terms)**

Particulars	Direct Cost (\$M)	Contingency (\$M)	Total Cost (\$M)
Land Compensation	6.0	0.9	6.9
Mine Site Infrastructure	2.0	0.3	2.3
Contingency for Haul Road Construction	19.5	2.9	22.4
<b>Total Project Capital</b>	<b>27.5</b>	<b>4.1</b>	<b>31.6</b>

Salva Mining has compared these against the industry benchmarks and estimated these to be reasonable.

#### 6.3.15 Economic Factors

##### Royalty

The KIM project is held under a number of IUP concessions, amenable to be exploited by open pit mining method. The royalty rate is expected to be 5% as the air-dried energy of the coal product is greater than 5,100 kcal/kg and less than 6,100 kcal/kg. The revenue excluding barging and transshipping associated cost is applicable to coal sales from the KIM concession. This Government Regulation requires that all coal sales be made at a minimum (or benchmark) price that is defined by the Indonesian government on a monthly basis. The methodology for calculation of the minimum price is described in Regulation No. 515.K/32/DJB/2011 and Regulation No. 644.K/30/DJB/2013 issued by the Directorate General of Minerals and Coal (DGMC).

Salva Mining assumed that future benchmark prices for Royalty calculations will be equal to or lower than the forecast prices used in this study and thus the forecast coal price has been used for the calculating royalty payments.

##### Corporate Income Tax

In line with the prevailing corporate income tax regulation, an income tax rate of 25% is applied to the revenues from the concession.

##### Inflation

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Salva Mining has developed a cash flow model in real term for calculation of the assessment of project. Salva Mining has assumed the cost and revenue in US \$ in real terms.

#### Depreciation and Amortisation

Salva Mining has opted to apply straight-line depreciation rates depending on the type of asset and their useful life.

#### Working Capital

Salva Mining considers that the impact of working capital is minimal.

#### Value Added Tax (VAT)

The prevailing VAT law stipulates that supplies of coal and other natural resources taken directly from the source are not subjected to VAT. This means that there will not be any output VAT applicable to coal produced from the KIM Concession. As per prevailing VAT law, a variable component of contractor cost attracts a 10% VAT. Salva Mining has opted to apply VAT to all variable contractor cost and therefore a VAT rate of 10% is applied on all contractor cost.

### 6.3.16 Operating Cost

#### General

GEAR provided a “data sheet” of indicative unit costs and revenues relevant for this project which was subject to review and agreement with Salva Mining.

Salva Mining did an independent coal marketing study to review the coal prices forecast for reasonableness. Salva Mining also reviewed the costs for reasonableness against known current mining costs for similar mining conditions within Indonesia. Salva Mining developed an NPV based economic model to show that the project and reserves are “economic”. The model produced a positive NPV. These unit rates were then used to estimate the cost to deliver coal to domestic consumers. This allowed a break-even strip ratio to be estimated and the rates were also used to calibrate the optimiser software. The following points summarise the cost and revenue factors used for the estimate:

- All costs are in US dollars;
- Royalties of 5% of revenue less marketing costs have been allowed along with VAT of 10% and Contingency of 5%;
- Coal mining rate considered is \$0.69 per tonne; and
- Waste mining rate considered is \$2.01 per bank cubic metre.

#### Unit Costs

The Contractor and Owner unit costs used in the Lerchs Grossman optimiser for both Pits are detailed in Table 6:3 and Table 6:4.

**Table 6:3 Contractor Unit Rates (Real Terms)**

Cost Item	Unit	Rate
Land Clearing	\$/ha	1,400
Topsoil Removal	\$/bcm	2.00

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Waste Mining	\$/bcm	2.00
Waste Haulage	\$/bcm/km	0.35
Coal Mining	\$/t	0.69
Haul to ROM Stockpile	\$/t km	0.38
Haul to Customer – Road	\$/t km	0.06

*All quoted cost in local currency is adjusted for fuel price and exchange rate.*

**Table 6:4 Owner Unit Costs (Real Terms)**

Cost Item	Unit	Rate
ROM Coal Handling	\$/t	0.16
Mine Closure	\$/ha	4,200
Environmental and Rehabilitation	\$/t	0.05
Salary and Wages	\$/t	0.25
Medical & Community Development	\$/t	0.05
Local Govt Fee	\$/t	0.25
Corporate Overheads	\$/t	0.25

Royalty was estimated 5% based on the respective sale prices of the coal. A 10% VAT was also considered. These costs were used to create a series of waste and coal cost grids which were used to generate the optimiser nested pit shells.

#### Operating Cost

Total operating costs per tonne of coal product including royalty for the KIM Project has been estimated as \$46.28 per tonne over the life of the mine (Table 6:5).

**Table 6:5 Life of Mine - Average Unit Operating Cost (Real Terms)**

Cost Item	\$/t
Land Clearing & Topsoil Removal	\$0.04
Waste Mining	\$17.51
Waste Overhaul	\$2.45
Coal Mining	\$0.69
Haul to ROM Stockpile	\$1.46
ROM Coal Handling	\$0.16
Haul to Customer	\$16.43
Mine Closure	\$0.01
Environmental and Rehabilitation	\$0.05
Salary and Wages	\$0.25
Medical & Community Development	\$0.05
Corporate Overheads	\$0.25
Local Government Fees	\$0.25
VAT	\$3.86
<b>Operating Cost Excl. Royalty</b>	<b>\$43.46</b>
Royalty	\$2.81
<b>Operating Cost incl. Royalty</b>	<b>\$46.28</b>

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#### 6.3.17 Marketing, Pricing and Revenue Factors

The KIM Project produces coal which is sold in the domestic market. The sales price assumptions used in this study are based on domestic coal prices received for coal sold to the contracted paper and pulp mills.

The current domestic coal sales price for KIM Coal is linked with the Indonesian fuel Index (a proxy for diesel prices). Price forecast is based on the actual contracts which are being realized by the company at present.

Salva Mining has reviewed the latest actual purchase orders and sales contracts for coal sales. These sales' contracts are linked with the fuel index in Indonesia (which is a proxy for petrol and diesel prices in Indonesia).

After weighting by contract volumes, adjusting for actual CV produced and adjustment for the prevailing exchange rates, the historical contract rates and volume, the following base rates for sales prices of the KIM coal was determined as per Table 6:6.

**Table 6:6 Contracted Domestic Price - KIM Coal**

Year	Price (IDR)	Price (USD)*
2012	600,650	64.10
2013	631,088	60.51
2014	667,588	56.34
2015	673,004	50.22
2016	625,000	46.96
2017	645,374	48.24
2018	684,997	48.11
2019	719,930	50.91
2020	783,670	53.80
2021	821,696	57.42
2022	930,432	63.00

*\* based on the average FX rate for the year*

The KIM Mine has been supplying coal to the domestic users since project was commissioned. Salva Mining does not see any difficulties marketing the coal from the KIM project as domestic thermal coal. At Present, the primary markets for this coal are paper and pulp mills located in Sumatra. But in future, some of the coal produced from the KIM Project may go into nearby power plants which are currently under construction.

Salva Mining also reviewed the economics for export sales from the concession. It was found that with the current mining costs for the operation, the margins for export sales were lower than domestic sales for forecast coal prices. In future, this situation may change with the increase in coal prices.

Salva Mining has opted to use domestic prices to be on the conservative side. After reviewing the actual prices achieved in the past, Salva Mining has opted to use the average of the actual price achieved of \$56.28/t during the past 4 years (2019 – 2022) period as the long-term forecast price.

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#### **6.3.18 Financial Analysis**

The economic assessment model for the KIM Mine was developed in Microsoft Excel. Financial analysis of the operations has been derived from the analysis of cash flows calculated for the project over the life of mine (Table 6:7).

Salva Mining has adopted the following considerations in its financial model:

- The model is developed in real terms. All cost and prices were considered in real terms;
- The model assumes continuous cash in and outflows, which are reflected in mid-point discounting during a period;
- Sunk cost (including acquisition costs) is excluded; and
- All future cash flows were discounted using WACC discount rate of 10% real after tax.



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**Table 6:7 LOM Economic Analysis**

Units	LOM	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Coal Mined	Mt	52.3	0.0	2.4	2.4	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.5
Waste Mined	Mbcm	458.0	0.0	26.4	26.4	31.8	31.8	29.8	28.4	26.5	22.5	22.8	22.8	22.8	22.8	24.0	22.8	22.5	22.5	18.8
Stripping Ratio	bcm:t	8.8	0.0	11.0	11.0	10.6	10.6	9.9	9.5	8.8	7.5	7.5	7.6	7.6	7.6	8.0	7.6	7.5	7.5	7.5
Product	Mt	52.3	0.0	2.4	2.4	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.5
Revenue	\$M	2,943.4	0.0	135.1	168.8	168.8	168.8	168.8	168.8	168.8	168.8	168.8	168.8	168.8	168.8	168.8	168.8	168.8	168.8	140.7
Capital - Project	\$M	31.6	0.0	1.4	3.9	8.8	8.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital - Sustaining	\$M	7.5	0.0	0.0	0.0	0.2	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total Capital	\$M	39.1	0.0	1.4	3.9	9.0	9.1	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Operating Cost	\$M	2,273.6	0.0	116.0	145.0	142.0	142.0	137.4	134.4	130.4	122.4	123.1	123.1	123.1	123.1	126.2	123.1	122.4	122.4	102.0
Royalty	\$M	147.2	0.0	6.8	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	7.0
EBITDA	\$M	522.7	0.0	12.3	15.4	18.4	18.4	23.0	26.0	30.0	38.0	38.0	37.2	37.2	37.2	34.2	37.2	38.0	38.0	31.6
Cash Margin	%	10.0	0.0	5.1	5.1	6.1	6.1	7.7	8.7	10.0	12.7	12.7	12.4	12.4	12.4	11.4	12.4	12.7	12.7	12.7
Depreciation	\$M	31.3	0.0	0.0	0.2	0.6	1.0	1.4	1.5	1.5	1.6	1.7	1.7	1.8	2.0	2.1	2.4	2.9	8.7	0.0
Taxable Income	\$M	491.4	0.0	12.3	15.2	17.8	17.4	21.5	24.5	28.4	36.4	36.3	35.5	35.4	35.3	32.1	34.9	35.1	29.3	31.6
Corporate Tax	\$M	122.9	0.0	3.1	3.8	4.5	4.3	5.4	6.1	7.1	9.1	9.1	8.9	8.9	8.8	8.0	8.7	8.8	7.3	7.9
EARNING AFTER TAX	\$M	368.6	0.0	9.2	11.4	13.4	13.0	16.1	18.4	21.3	27.3	27.3	26.6	26.6	26.5	24.1	26.2	26.3	21.9	23.7
Depreciation	\$M	31.3	0.0	0.0	0.2	0.6	1.0	1.4	1.5	1.5	1.6	1.7	1.7	1.8	2.0	2.1	2.4	2.9	8.7	0.0
Working Capital Adj.	\$M	0	0.0	-3.7	0.0	-0.9	-0.2	0.0	-0.4	-0.3	-0.7	4.3	-4.2	-0.1	0.1	0.4	-0.4	3.5	17.7	-14.8
Capital Expenditure	\$M	39.1	0.0	1.4	3.9	9.0	9.1	9.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Unlevered Cash Flow	\$M	360.6	0.0	4.2	5.3	1.7	4.6	4.8	16.7	19.1	22.0	27.7	32.7	23.6	27.8	28.0	26.1	27.7	32.2	47.9
Discounted Cash Flow	\$M	132.4	0.0	4.0	4.6	1.3	3.3	3.1	9.9	10.3	10.8	12.3	13.2	8.7	9.3	8.5	7.2	6.9	7.3	9.9

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The financial analysis of the operations indicates the project to be economical viable with sufficient EBITDA cash margins.

#### 6.3.19 Product Quality

As previously stated, Salva Mining has assumed no moisture change in the product coal chain. Therefore, it is assumed that the final product will have the same quality of ROM coal which is summarised in Table 6:8.

**Table 6:8 Product Coal Quality**

Pits	RD (adb t/m <sup>3</sup> )	TM (arb %)	IM (adb)	Ash (adb %)	CV arb,(kcal/kg)	TS (adb %)
KIM East	1.38	24.4	11.8	16.8	4,717	1.19
KIM West	1.40	22.6	11.9	16.6	4,980	1.14
<b>KIM</b>	<b>1.39</b>	<b>23.3</b>	<b>11.9</b>	<b>16.7</b>	<b>4,877</b>	<b>1.16</b>

#### 6.3.20 Other Relevant Factors

Surface constraints to the mining operations at KIM projects are limited to the concession boundary and seam sub crops. Other constraints that were used to define the project were limits of exploration drilling, constraints due to river and variable land compensation rates. No significant surface features exist that would further constrain mining activities.

There are a number of planning issues which can impact on the future mining reserves. These include:

- updated geotechnical studies to confirm the overall slope angles and other parameters;
- ongoing coal quality data as well as detailed infill drilling and updates to the geological model;
- any land compensation issues; and
- any changes in the life of mine schedule, infrastructure constraints, coal transportation issues and due to changes in marketing and costing during the mining operation.

These issues can cause the pit shell and mining quantities to change in future Coal Reserve estimates.

Salva Mining is not aware of any other environmental, legal, marketing, social or government factors which may hinder the economic extraction of the Coal Reserves other than those disclosed in this Report. In the opinion of Salva Mining, the uncertainties in areas discussed in the report such as in structural and geotechnical area, use of public haul road for coal hauling etc. are not sufficiently material to prevent the classification of areas deemed Measured Resources to be areas of Proved Reserves for the purpose of this Report. Salva Mining also believes that the uncertainties in each of these areas also not sufficiently material to prevent the classification of areas deemed Indicated Resources to be areas of Probable Reserve.

Key project risk for the KIM Project emanates from the following factors in order of importance:

- Lower long-term coal prices or domestic coal demand;
- Higher life of mine operating costs and logistics issues: and
- Higher Capital costs

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Any downside to these factors will likely have a significant impact on the economic feasibility of this project.

#### **6.3.21 Optimisation Result**

##### **Determination of Open Cut Limits**

The geological models that were used as the basis for the estimation of the Coal Reserves are the MineScape geological models prepared by Salva Mining to compute the Coal Resources.

Potential open-cut reserves inside different blocks of the Project Area were identified with pit optimisation software utilising the Lerchs Grossman algorithm. By generating the financial value (positive or negative) for each mining block within a deposit and then applying the physical relationship between the blocks, the optimal economic pit can be determined.

This method is widely accepted in the mining industry and is a suitable method for determining economic mining limits in this type of deposit. The optimiser was run across a wide range of coal prices using a standard set of costs that was developed by Salva Mining and based on typical industry costs in similar operations. These costs were adjusted to suit the conditions for this project.

##### **Mined Out area in KIM East and KIM West**

Mining is being carried out in KIM East at present. The last surveyed topography as of 31 December 2022 for has been used as the surface for the optimisation for these Pits to exclude mined out tonnage from the current reserve estimate.

The optimiser produced a series of nested pit shells using the same cost parameters with a varying sale price of coal. The method starts with a very low discounted sale price following a high discount factor and moves toward higher sale prices by decreasing the discount on sale price. It estimates the net margin by subtracting the total cost from the revenue within a particular shell at a particular discount factor using the cost-revenue parameters and the physical quantities within the pit shell. As the method progresses, the incremental margin per ton of coal slowly drops down to zero at “zero” discount factor.

#### **6.3.22 Selection of Pit Shell**

GEAR is proposing to mine 2.4 Mtpa of coal from KIM coal concession blocks in 2023 and targeted to increase to 3.0 Mtpa from 2025 onwards. An economic model was prepared for the mining operation from each of the KIM coal concessions to determine the project breakeven or incremental stripping ratio. The pit optimisation results were examined and pit shells selected where the incremental stripping ratios were less than or equal to break even strip ratio determined at a point where the costs for mining and handling the coal equalled the revenue generated by the coal.

##### **Base Pit for Optimiser**

In addition to these constraints, the optimisers were mostly limited by a 3-dimensional shell which was built for each block following either a surface constraint or geological model extent. These constraints are detailed in Table 6:9. This pit shell effectively represented the maximum pit possible in the deposit that was reasonable for the estimation of Coal Reserves.

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**Table 6:9 Block wise Optimiser Base Pit limits**

Pit	North	South	East	West
KIM West	IUP & Geomodel	Subcrop & River	IUP & Geomodel	IUP, Geomodel & River
KIM East	Geomodel	IUP, Subcrop & Mined out area	IUP and Geomodel	IUP, River & Mined out area

#### Break Even Stripping Ratio

Table 6:10 summarises the calculation of the Break-Even Stripping Ratio. The methodology adopted involves taking the cost to mine a tonne of coal to the point of sale.

**Table 6:10 Break-even Stripping Ratio (BESR)**

Estimation of Break-Even Stripping Ratio	KIM West & KIM East
Coal Price, US\$/t	\$56.28
Total of Road haulage & Royalty, US\$/t	\$16.21
Price at Mine Head, US\$/t	\$40.07
Other mine related cost, US\$/t	\$7.22
Price ex mine, US\$/t	\$32.84
Cost of Coal Mining, US\$/t	\$0.69
Cost of Waste Mining, US\$/bcm	\$2.01
<b>Break-even Stripping Ratio bcm/t</b>	<b>16.0</b>

Total mineable quantities have been estimated based on the in-situ density of coal. The in-situ density of the coal has been estimated using the Preston-Sanders method to account for the difference between air-dried density and in-situ density. The formula and inputs were as follows:

$$RD2 = RD1 \times (100 - M1) / (100 + RD1 \times (M2 - M1) - M2)$$

Where

- RD2 = In-situ Relative Density (arb);
- RD1 = Relative density (adb);
- M1 = Inherent Moisture (adb); and
- M2 = Total Moisture (arb).

It should be noted that while the total moisture from laboratory measurements may not necessarily equal the in-situ moisture, this is considered to be the best estimate given the limited amount of data. Salva Mining has assumed that no moisture reduction takes place for the determination of product quality.

#### 6.4 Final Pit Design

##### 6.4.1 Pit Design Criteria

For the purposes of this Report, Salva Mining has limited the pit depth to the limit of exploration drilling within the limit applied to the Resource estimates. Other factors considered in the final optimum pit designs included:

- The location and proximity of coal to exploration data;
- Proximity to the concession boundary;
- Out of pit dumping room;

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- Geotechnical parameters; and
- Surface water management considerations.

The final pit designs closely followed the selected pit shell in most locations.

#### 6.4.2 Cut-off Parameters and Pit Limit

Overall low-wall slopes as per the basal seam dip, end-wall slopes and high-wall slopes for the final pit design were considered as per Table 6:11 below. The slope parameters are based on the geotechnical study carried out for KIM project.

**Table 6:11 Pit Design Parameters for KIM Project**

Pit Design Parameters	KIM Pits
Overall Highwall Slope	40 deg up to 90 m depth, 20 deg for depth up-to 200m depth
Bench Slope	60 deg
Bench Height	10 m
Highwall berm	10 m
Low wall slope	12 deg
Ramp Width	30 m
Maximum Ramp Grade	8%

#### 6.4.3 Final Pit Design

The coal seam distribution within the KIM Concession deposits resulted in the Optimiser identifying pits with the 300L basal seam. The pits were subjected to adjustments to form a practical pit design, which lead to the exclusion of the minor narrow pit shells and the resultant formation of Mineable Pit Shells, which formed the basis of the subsequent reserves estimate. The final pit design along with representative cross-sections for KIM west and KIM East are shown in Figures 6:8 to 6:14.

Optimised Pits for various blocks have been designed within the limits as defined by the pit optimisation analysis. These limits are rationalised to ensure access between floor benches and walls were straightened to generate mineable pits.

The overall high-wall batter angle approximately varies from 20 to 40 degrees as the ultimate pit depth ranges from a little more than 80 m to 150 m. This was done in accordance with the geotechnical study done on KIM projects.

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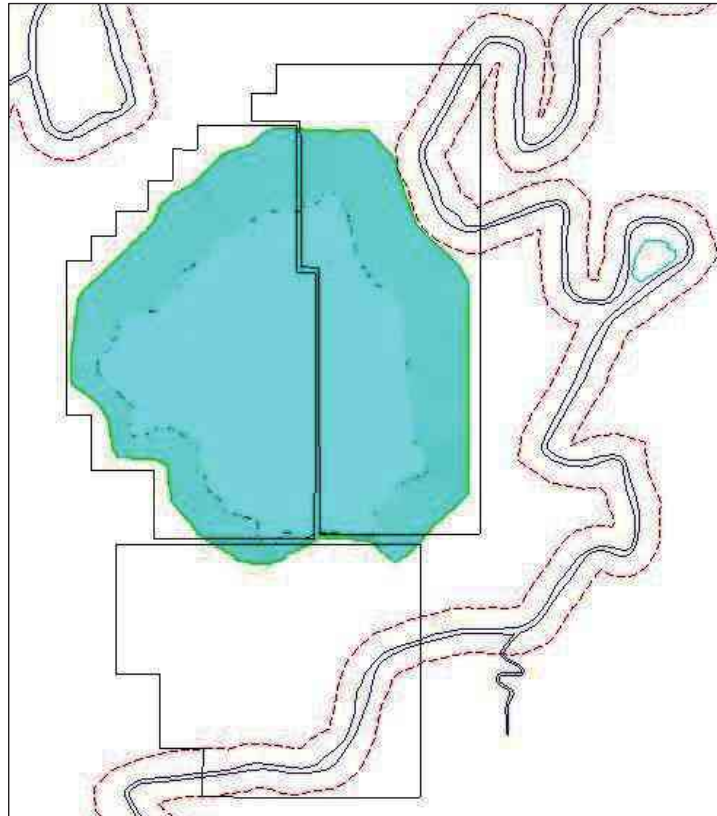
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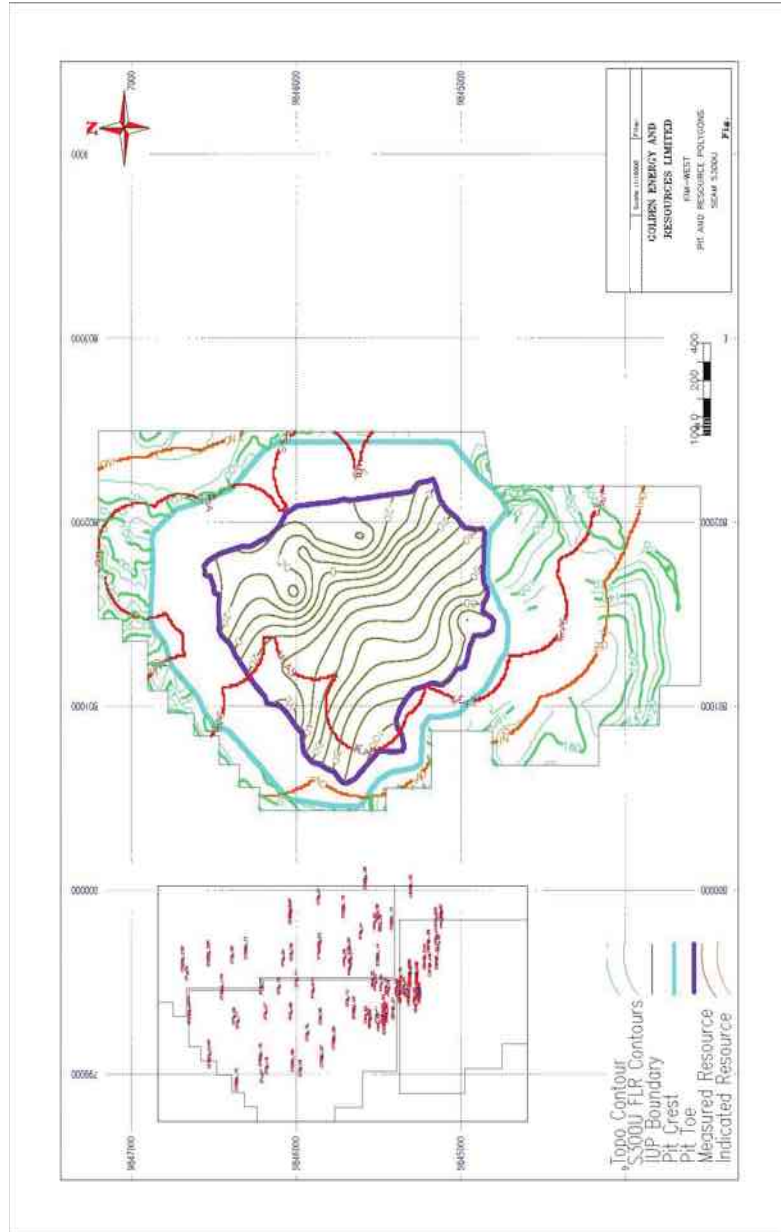
Figure 6:8 Final Pit Design - KIM West



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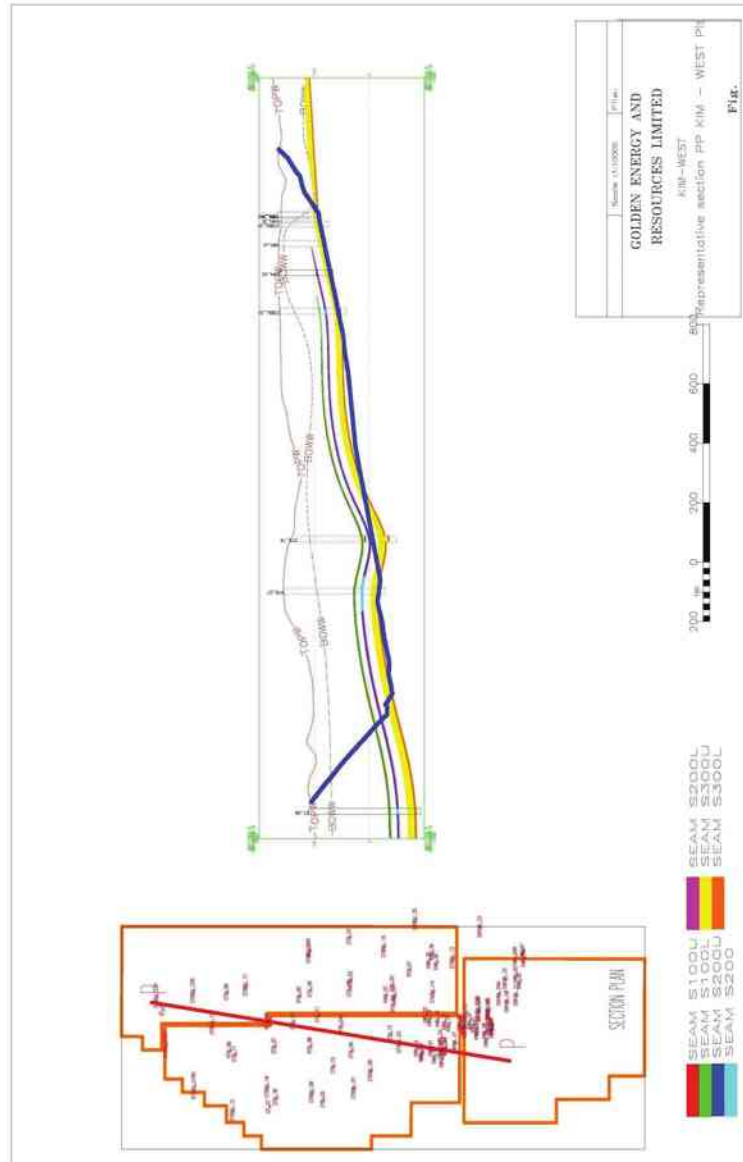
**Figure 6:9 Final Pit Design with Resource Polygons - KIM West**



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Figure 6:10 Representative Cross Section- KIM West

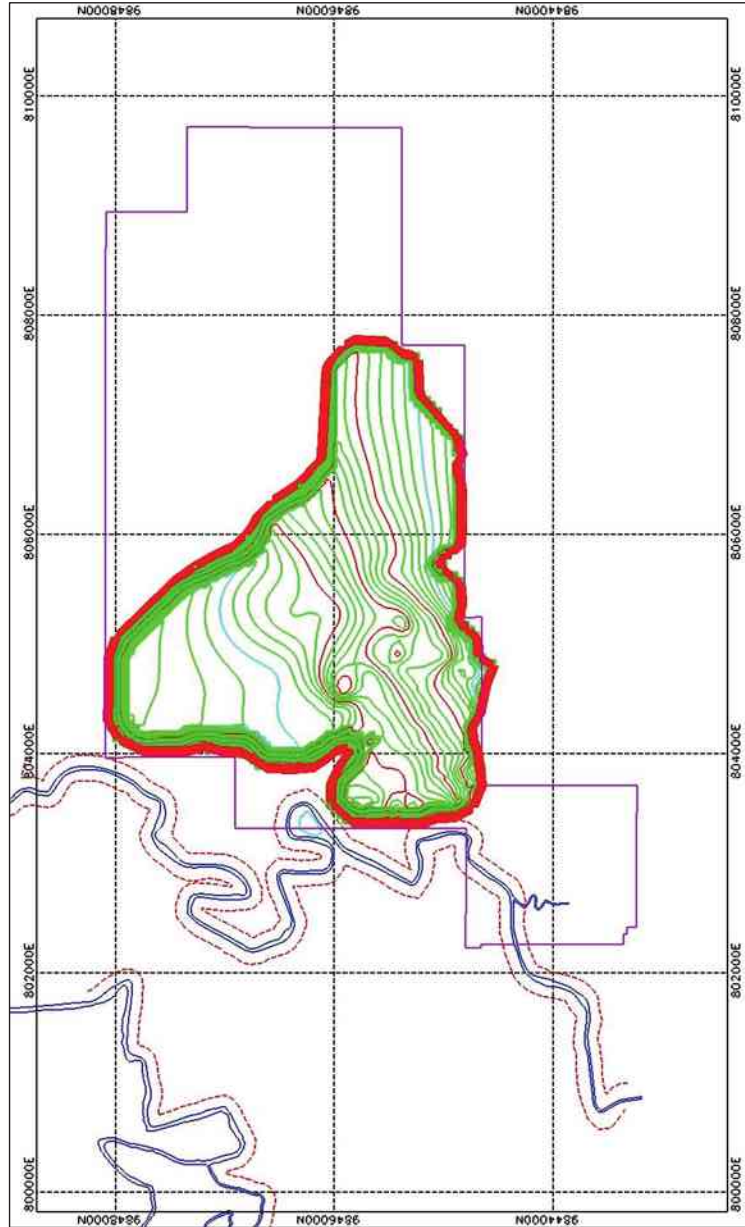




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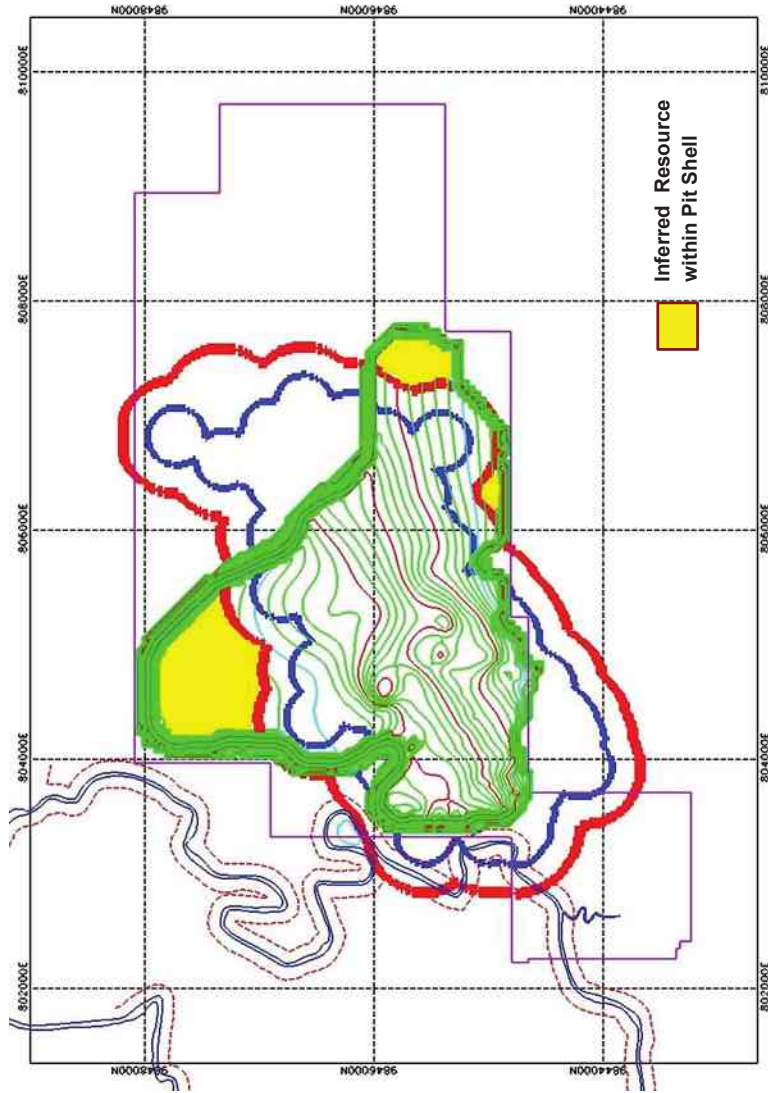
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Figure 6:11 Selected Optimiser Pit shell - KIM East



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Figure 6:12 KIM East Pit with 300U Measured & Indicated Resource Polygons

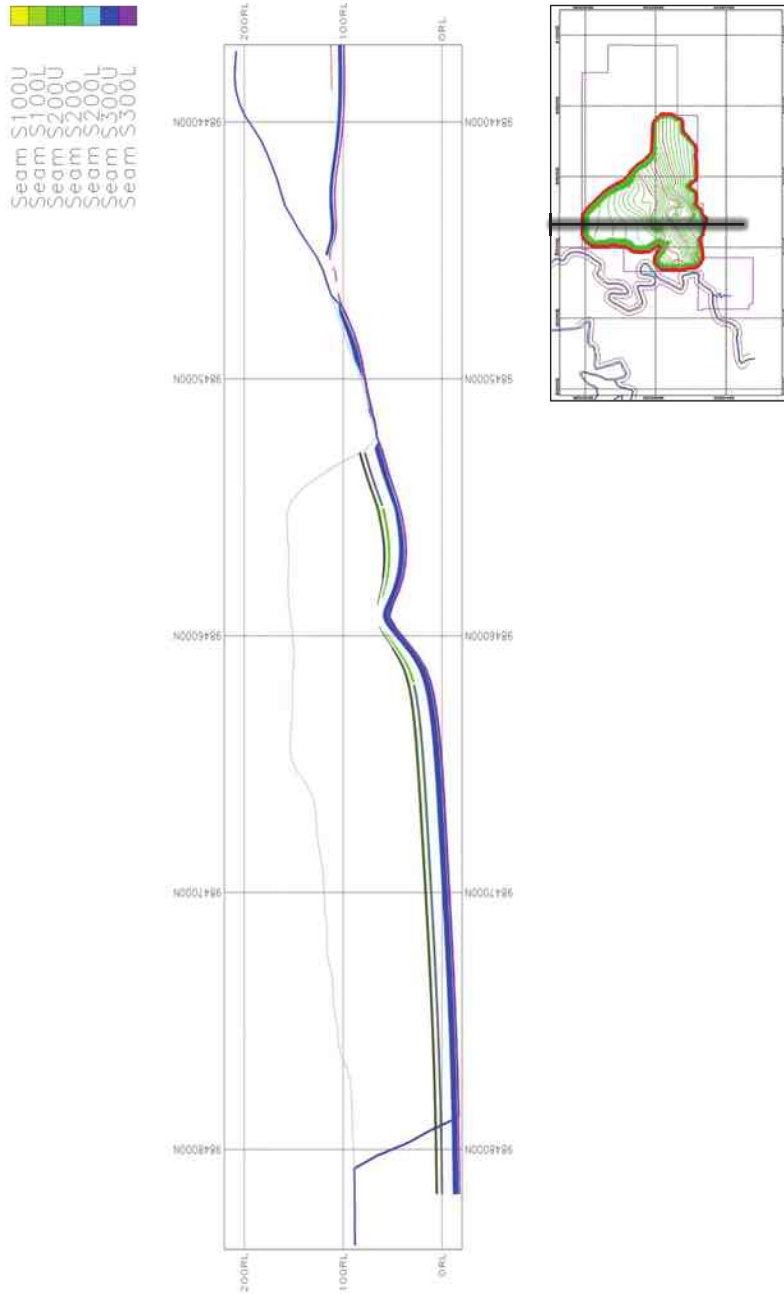


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Figure 6:13 Representative Cross Section 1 - KIM East

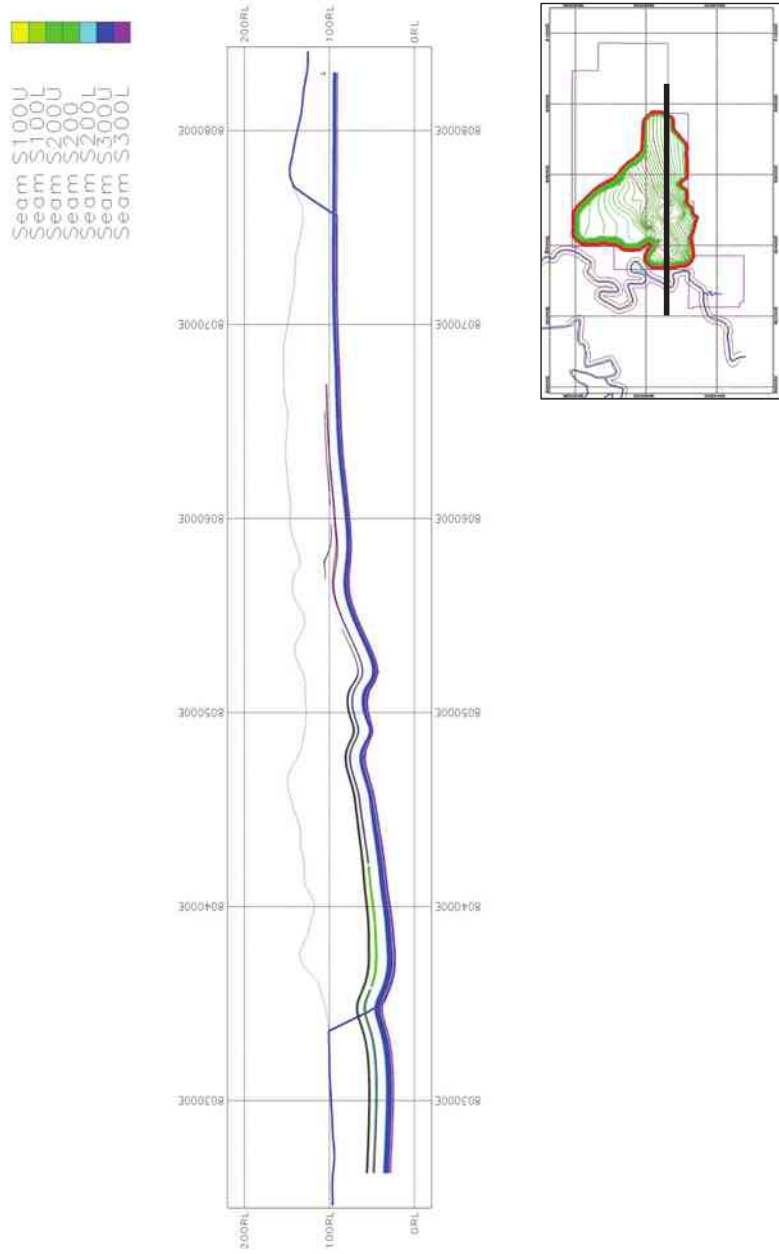


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Figure 6:14 Representative Cross Section 2 - KIM East



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#### 6.4.4 Mine Production

The actual production for 2022 was 1.9 Mt while the schedule targets production is 2.4 Mt for the year 2023 with a ramp-up to 3.0 Mtpa by the Year 2025 onwards with the recommissioning of KIM West Pit. There is no coal being produced from KIM West since 2014. The production history from KIM mines as shown in Table 6:12.

**Table 6:12 Historical Production from KIM Mines**

Pits	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
KIM East	0.5	0.9	0.6	0.9	1.3	0.7	0.8	2.3	2.3	2.1	2.3	2.2	1.2	2.0	2.4	1.9
KIM West	0.0	0.0	0.0	0.3	1.0	1.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.5	0.9	0.6	1.1	2.2	1.7	1.1	2.3	2.3	2.1	2.3	2.2	1.2	2.0	2.4	1.9

#### 6.5 Optimised Pit Shell

The optimised pit shells for KIM blocks as delineated in the final pit design do contain Inferred Resources which are excluded from the Coal Reserves reported for the KIM IUPs. Under the JORC Code, Inferred Resources cannot be converted to Reserves due to poor confidence in structural continuity and quality variables.

In-situ quantities and mine scheduled tonnes within an optimised pit shell along with Reserves are shown in Table 6:13.

**Table 6:13 In-situ & Scheduled Quantities & Reserves**

IUPs	In-situ			Mine Scheduled Tonnes within the Optimised Pit shell			Coal Reserves, Mt
	Waste, Mbcm	Coal, Mt	SR, bcm/t	Waste, Mbcm	Coal, Mt	SR, bcm/t	
KIM East	526	56	9.4	520	49.0	10.6	20.1
KIM West	266	41	6.5	252	33.0	7.6	32.2
Total, KIM	792	97	8.2	772	82.0	9.4	52.3

In the process of Reserve Estimation, Salva Mining has followed the process which aimed to minimize the quantity of Inferred Resources within the selected optimized pit shell included in the final pit designs. However, under certain circumstances, it was considered necessary to include this coal in mine plan as the exclusion of it would result in an impractical pit design. Typical situations where inclusions of Inferred Resources within the optimized pit shell were:

- Inferred Resources within an optimised pit shell located at the sub-crop but with Measured and Indicated coal located down-dip;
- Small areas of Inferred Resources within an optimised pit shell located close to the high-wall where exclusion would result in unrealistic high-wall shapes; and
- Thin seams in the stratigraphy where it is difficult to achieve sufficient core recovery or sufficient core for analysis to classify the coal as Measured or Indicated, but which are underlain or overlain by thicker seams with Measured and Indicated Resources.

Table 6:14 exhibits the percentage of Inferred Resource included in the optimized pit shell.

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**Table 6:14 Inferred Resource within Optimised Pit Shell**

IUPs	Scheduled Tonnes within Optimised Pit shell, Mt	Coal Reserves, Mt	Inferred Resource within Optimised Pit shell, Mt
KIM West	33	32.2	1
KIM East	49	20.1	28
<b>Total, KIM</b>	<b>82</b>	<b>52.3</b>	<b>29</b>

#### 6.6 Audits and Reviews

Checks were done to validate the Minex Coal Resources to Coal Reserves estimation by repeating it manually in an Excel spreadsheet. Other validation work included estimating the total volume of coal and waste in the pit shells using the separate industry-standard computer programs MineScape. As MineScape structure and quality grids were imported into Minex for optimisation work, volume and area checks were also carried out in Minex within the pit shells.

#### 6.7 Coal Reserves Classification

The mineable coal quantities within the final pit designs of the Mineable Pit Shells were then tested so that only Measured and Indicated Coal Resources were classified as Coal Reserves. Coal Reserves within the seams having Measured Resources are reported as Proved Reserves whereas seams having Indicated Resources are reported as Probable Reserves.

In the opinion of Salva Mining, the uncertainties in areas discussed in the Report are not sufficiently material to prevent the classification of areas deemed Measured Resources to be areas of Proved Reserves for the purpose of this Report. Salva Mining also believes that the uncertainties in each of these areas discussed under modifying factors also not sufficiently material to prevent the classification of areas deemed Indicated Resources to be areas of Probable Reserve.

The difference between the Proved and Probable Reserves with respect to Measured and Indicated Resources respectively is explained by the following:

- The Measured and Indicated Resource polygons extend beyond the Mineable Pit Shells;
- There are some Inferred tonnes in the pit shell which cannot be counted as Coal Reserves; and
- There are geological and mining losses and dilution gains in the coal reserve estimation.

#### 6.8 Reserves Classification

Under the JORC Code as shown below only Measured and Indicated Coal Resources can be considered for conversion to Coal Reserves after consideration of the “Modifying Factors” including mining, processing, infrastructure, economic, marketing, legal, environmental, and social and government factors.

To convert Resources to Reserves it must be demonstrated that extraction could be justified after applying reasonable investment assumptions. The highest confidence level establishes Proved Reserves from Measured Resources and a lesser confidence level establishes Probable Reserves from Indicated Resources. A level of uncertainty in any one or more of the Modifying Factors may result in Measured Resources converting to Probable Reserves depending on materiality. A high level of uncertainty in any one or more of the Modifying Factors may preclude the conversion of the affected Resources to Reserves.

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This classification is also consistent with the level of detail in the mine planning completed for KIM Coal concession deposits. Inferred Coal Resources in the mineable pit shell have been excluded from the Coal Reserves estimate.

In the opinion of Salva Mining, the uncertainties in most of these are not sufficiently material to prevent the classifications of areas deemed Measured Resources to be areas of Proved Reserves and areas deemed Indicated Resources to be the areas of Probable Reserves.

#### 6.9 Statement of Coal Reserves

The Statement of Coal Reserves has been prepared in accordance with the 2012 Edition of the JORC Code. Total ROM Coal Reserves for PT Kuansing Inti Makmur coal deposit (“KIM”) are summarised in Table 6:15 as of 31 December 2022. ROM coal reserves are the same as Marketable coal reserves.

**Table 6:15 ROM Coal Reserves for KIM as of 31 December 2022**

Pit	Reserve (Mt)			RD adb t/m <sup>3</sup>	TM arb %	IM adb %	Ash adb %	CV arb Kcal/kg	TS adb %
	Proved	Probable	Total						
KIM East	15.3	4.8	20.1	1.38	24.4	11.8	16.8	4,717	1.19
KIM West	24.6	7.6	32.2	1.40	22.6	11.9	16.6	4,980	1.14
<b>Total</b>	<b>39.9</b>	<b>12.4</b>	<b>52.3</b>	<b>1.39</b>	<b>23.3</b>	<b>11.9</b>	<b>16.7</b>	<b>4,879</b>	<b>1.16</b>

#### 6.10 JORC Table 1

This Report has been carried out in recognition of the 2012 JORC Code published by the Joint Ore Reserves Committee (“JORC”) in 2012. Under the report guidelines, all geological and other relevant factors for this deposit are considered in sufficient detail to serve as a guide to on-going development and mining.

In the context of complying with the Principles of the Code, Table 1 of the JORC Code (Appendix C) has been used as a checklist by Salva Mining in the preparation of this Report and any comments made on the relevant sections of Table 1 have been provided on an ‘if not, why not’ basis. This has been done to ensure that it is clear to an investor whether items have been considered and deemed of low consequence or have yet to be addressed or resolved.

#### 6.11 Interpretations and Conclusions

The geology of the KIM area is reasonably well understood. The deposit is structurally simple with shallow dips and a small number of thick parent coal seams with very little variability in quality.

The coal is classified as low sulphur, high volatile matter, mid CV gar and low ash content. Salva Mining does not see any difficulties marketing this coal from the area as a thermal coal.

The location of the KIM provides a very favourable logistics network with strong infrastructure in place. This will translate into lower operating and capital costs.

KIM is an operating mine since 2007 and having produced more than 1.9 Mt during FY2022. This places an additional level of confidence on the mine operations, logistics and planning aspects of the Project.

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The financial analysis conducted for this Technical Assessment demonstrates economic extraction can be reasonably justified.



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#### 7 References

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#### Appendix A: CVs

Person	Role
<b>Manish Garg (Director - Consulting)</b>	
Qualification	B. Eng. (Hons), MAppFin
Prof. Membership	MAusIMM; MAICD
Contribution	Overall Supervision, Economic Assessment (VALMIN 2005)
Experience	<p>Manish has more than 25 years' experience in the Mining Industry. Manish has worked for mining majors including Vedanta, Pasminco, WMC Resources, Oceanagold, BHP Billiton - Illawarra Coal and Rio Tinto Coal.</p> <p>Manish has been in consulting roles for past 10 years predominately focusing on feasibility studies, due diligence, valuations and M&amp;A area. A trusted advisor, Manish has qualifications and wide experience in delivering due diligence, feasibility studies and project evaluations for banks, financial investors and mining companies on global projects, some of these deals are valued at over US\$5 billion.</p>
<b>Sonik Suri (Principal Consultant - Geology)</b>	
Qualification	B. Sc. (Hons), M.Sc. (Geology)
Prof. Membership	MAusIMM
Contribution	Geology, Resource (JORC 2012)
Experience	<p>Sonik has more than 25 years of experience in most aspects of geology including exploration, geological modelling, resource estimation and mine geology. He has worked for coal mining majors like Anglo American and consulting to major mining companies for both exploration management and geological modelling. As a consultant, he has worked on audits and due diligence for companies within Australia and overseas. He has strong expertise in data management, QA/QC and interpretation; reviews/audits of geological data sets; resource models and resource estimates.</p>
<b>Dr Ross Halatchev (Principal Consultant - Mining)</b>	
Qualification	B. Sc. (Mining), M.Sc., PhD (Qld)
Prof. Membership	MAusIMM
Contribution	Mine Scheduling, Reserve (JORC 2012)
Experience	<p>Ross is a mining engineer with 30 years' experience in the mining industry across operations and consulting. His career spans working in mining operations and as a mining consultant primarily in the mine planning &amp; design role which included estimation of coal reserves, DFS/FS, due diligence studies, techno-commercial evaluations and technical inputs for mining contracts.</p> <p>Prior to joining Salva Mining, Ross was working as Principal Mining Engineer at Vale. To date, Ross has worked on over 20 coal projects around the world, inclusive of coal projects in Australia, as well as in major coalfields in Indonesia, Mongolia and CIS.</p>

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#### Appendix B: SGX Mainboard Appendix 7.5

*Cross-referenced from Rules 705(7), 1207(21) and Practice Note 6.3*

##### Summary of Mineral Reserves and Resources

Name of Asset / Country: Kuansing Inti Makmur / Indonesia

Category	Mineral Type	Gross (100% Project)		Net Attributable to GEAR		Remarks
		Tonnes (millions)	Grade	Tonnes (millions)	Grade	
<b>Reserves</b>						
Proved	Coal	40	Subbituminous B	25	Subbituminous B	
Probable	Coal	12	Subbituminous B	8	Subbituminous B	
<b>Total</b>	Coal	<b>52</b>	<b>Subbituminous B</b>	<b>33</b>	<b>Subbituminous B</b>	
<b>Resources*</b>						
Measured	Coal	105	Subbituminous B	66	Subbituminous B	
Indicated	Coal	55	Subbituminous B	35	Subbituminous B	
Inferred	Coal	92	Subbituminous B	57	Subbituminous B	
<b>Total</b>	Coal	<b>253</b>	<b>Subbituminous B</b>	<b>158</b>	<b>Subbituminous B</b>	

*\* Mineral Resources are reported inclusive of the Mineral Reserves.  
GEAR holds approximately 62.4997% of asset indirectly.*

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### Appendix C: JORC Table 1

Criteria	Explanation	Comment
Sampling techniques	<p>Nature and quality of sampling (e.g. cut channels, random chips etc.) and measures taken to ensure sample representivity.</p> <p>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</p> <p>Aspects of the determination of mineralisation that are Material to the Public Report.</p> <p>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m 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.</p>	<p>Chip samples were collected at every 1m for lithology logging. Sampled all cored coal, sampled separately any bands and taken 10cm of roof and floor for non-coal samples.</p>
Drilling techniques	<p>Drill type (e.g.. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka 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.).</p>	<p>Man-portable top drive hydraulic rigs, capable of HQ3 coring used for all coal quality. Open hole pilot hole drilled to ascertain coal seams and then drilled a cored drill hole for coal quality (coal quality point of observation). Geophysically logged open holes (percussion drilling) used for non-coal quality structural data points (structural points of observation).</p>
Drill sample recovery	<p>Whether core and chip sample recoveries have been properly recorded and results assessed.</p> <p>Measures taken to maximise sample recovery and ensure representative nature of the samples.</p> <p>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.</p>	<p>After the completion of each core run, core loss is determined by the on-site geologist and recorded in the drill hole completion sheet. If recovery is found to be less than 90% within a coal seam intersection, the hole is re-drilled in order to re-sample this seam with greater than 90% core recovery. All samples with less than 90% core recovery over the width of the seam intersection were excluded from the coal quality database.</p> <p>Followed drilling SOP's for loose and carbonaceous formations to achieve full sample recovery.</p>
Logging	<p>Whether core and chip samples have been logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</p> <p>Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography.</p>	<p>Detailed logging of chips and core. Core photographs were taken.</p>

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Criteria	Explanation	Comment
	The total length and percentage of the relevant intersections logged.	
Sub-sampling techniques and sample preparation	<p>If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether rifled, tube sampled, rotary split etc. and whether sampled wet or dry.</p> <p>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</p> <p>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</p> <p>Measures taken to ensure that the sampling is representative of the in situ material collected.</p> <p>Whether sample sizes are appropriate to the grainsize of the material being sampled.</p>	No sub-sampling of the core.
Quality of assay data and laboratory tests	<p>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</p> <p>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.</p> <p>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</p>	<p>PT Geoservices laboratories are accredited to ISO 17025 standards. Coal quality laboratory adheres to internal QAQC and inter-laboratory QAQC checks. ISO methods have been used for MHC tests. Australian Standards have been used for RD and American Society for testing and materials (ASTM) methods have been used for all other quality variables.</p> <p>Geophysical traces were observed to be generally of good quality.</p>
Verification of sampling and assaying	<p>The verification of significant intersections by either independent or alternative company personnel.</p> <p>The use of twinned holes.</p> <p>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</p> <p>Discuss any adjustment to assay data.</p>	<p>Coal quality sampling was undertaken by GEAR and is in-line with the coal quality being achieved during the actual mining operations.</p> <p>Twinned holes checked for the agreement of seam intersection depths and in most of the cases there was good agreement.</p>
Location of data points	<p>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.</p> <p>Specification of the grid system used.</p> <p>Quality and adequacy of topographic control.</p>	<p>Borehole collars have been surveyed using standard total station techniques employed by the survey contractors.</p> <p>Surveys have been validated by GEAR survey staff. The surveyed borehole locations for KIM match well with topographic data. The topography was generated by PT Surtech Utama across KIM project area using LIDAR remote sensing data.</p>

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Criteria	Explanation	Comment
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.	Data spacing sufficient to establish continuity in both thickness and coal quality. Data sets include topography and base of weathering as well as seam structure and coal quality. Ply sampling methodology use.  Sample compositing has been applied.
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.	Ply by Ply sampling used therefore the orientation of sampling not seen to introduce bias as all drilling is vertical.
Sample Security	The measures taken to ensure sample security.	Proper measures for sample security were taken.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	PTSMGC conducted a review of the drill hole database in 2013 for the historical data set and found it to be satisfactory.  Standard database checks also performed by Salva Mining as outlined in Section 5.4 prior to resource modelling and found it to be satisfactory.
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.	All tenure is secured and currently available.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	No exploration by other parties.
Geology	Deposit type, geological setting and style of mineralisation.	See Section 4.1 and Section 4.2 of the Report.

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Criteria	Explanation	Comment
Drill hole information	<p>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:</p> <ul style="list-style-type: none"> <li>• easting and northing of the drill hole collar</li> <li>• elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>• dip and azimuth of the hole</li> <li>• down hole length and interception depth</li> <li>• hole length.</li> </ul> <p>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.</p>	<p>This Report pertains to resource estimation, not exploration results. As such the details of the drill holes used in the estimate are too numerous to list in this Table.</p>
Data aggregation methods	<p>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations and cut-off grades are usually material and should be stated.</p> <p>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.</p> <p>The assumptions used for any reporting of metal equivalent values should be clearly stated.</p>	<p>All samples have been composited over full seam thickness and reported using Minescape modelling software.</p> <p>No metal equivalents used.</p>
Relationship between mineralisation widths and intercept lengths	<p>These relationships are particularly important in the reporting of Exploration Results.</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>If it is not known and only the down-hole lengths are reported, there should be a clear statement to this effect (e.g. 'downhole length, true width not known').</p>	<p>Ply sampling methodology prevents samples from crossing ply boundaries. Therefore, orientation of sampling not seen to introduce bias as all drilling is vertical and seams mostly gently dipping.</p>
Diagrams	<p>Where possible, maps and sections (with scales) and tabulations of intercepts should be included for any material discovery being reported if such diagrams significantly clarify the report.</p>	<p>See figures in the Report.</p>
Balanced reporting	<p>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practised to avoid misleading reporting of Exploration Results.</p>	<p>No reporting of exploration results.</p>
Other substantive exploration data	<p>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</p>	<p>Geophysical survey results were available for majority of the holes.</p>

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Criteria	Explanation	Comment
	and rock characteristics; potential deleterious or contaminating substances.	
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).	Further work will be necessary to improve the confidence levels of the deposits and understanding of the full seam stratigraphy.  No exploration plan has been proposed in this Report.
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 database for all blocks is considered an acceptable standard to report a Coal Resource. Drill hole data used to construct Minescape model. Checks against original downhole geophysics (LAS) files used to verify data during modelling.
Site Visits	Site Visits undertaken by the Competent Person and the outcome of these visits. If no site visits have been undertaken, indicate why this is the case	Regular site visit by Qualified Person and also Mining Engineer and geologist.
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.	A high degree of confidence in seam picks made using downhole geophysical data.  The KIM geological models created by Salva Mining are considered to accurately represent the deposits. No major faults have been reported.  Current Minescape model tonnes agree with the previous model by developed by HDR to within 5% error margin range.
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.	See figures in the Report.



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Criteria	Explanation	Comment
Estimation and modelling techniques	<p>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and a maximum distance of extrapolation from data points.</p> <p>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</p> <p>The assumptions made regarding the recovery of by-products.</p> <p>Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).</p> <p>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</p> <p>Any assumptions behind modelling of selective mining units.</p> <p>Any assumptions about the correlation between variables.</p> <p>Description of how the geological interpretation was used to control the resource estimates.</p> <p>Discussion of the basis for using or not using grade cutting or capping.</p> <p>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</p>	<p>FEM interpolator used for surface elevation, thickness and trend. Inverse distance squared used for coal quality throughout.</p> <p>Based on experience gained in the modelling of over 40 coal deposits around the world, the FEM interpolator is considered to be the most appropriate for the structure and inverse distance the most appropriate for coal quality.</p> <p>The grid cell size of 25m for the topographic model, 25m for the structural model.</p> <p>Visual validation of all model grids performed.</p> <p>Sulphur is below 1% on average for most seams.</p> <p>Reconciliation of mine production against the initial 2014 estimate shows agreement to within 10%.</p> <p>Geological control based on the correlation of seams; this is considered to be accurate as it is based on downhole geophysical logging.</p> <p>No cutting or capping used</p> <p>Visual validation of modelled grids against input points as well as comparison of reported qualities against input composites per seam.</p>
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 estimated on the air-dried basis.
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	The coal resources contained in this Report are confined within the concession boundary. The resources were limited to 250m below topography. A minimum ply thickness of 10cm and maximum thickness of 30cm was used for coal partings.
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It may not always be possible to make assumptions regarding mining methods and parameters when estimating Mineral Resources. Where no assumptions have been made, this should be reported.	The KIM East area is currently being mined as open-pit excavations by truck and shovel method.

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Criteria	Explanation	Comment
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It may not always be possible to make assumptions regarding metallurgical treatment processes and parameters when reporting Mineral Resources. Where no assumptions have been made, this should be reported.	N/A in situ air dried tonnes quoted
Environmental Factors	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 greenfield 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.	Portions of deposit are currently being mined with dedicated waste dumps and water management system. The company is progressively rehabilitating waste dumps.  Salva Mining is not aware of any environmental factors that may impact on eventual economic extraction.
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.	N/A as in situ air dried tonnes quoted.
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 computations, 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.	Classification distances based on an assessment of the variability of critical variables through statistical analysis and by an assessment of the degree of geological complexity. Classification radii for the three resource categories are:  Measured:250m Indicated:500m Inferred:2000m
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates.	None
Discussion of relative accuracy/confidence	Where appropriate a statement of the relative accuracy and/or confidence 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 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 or volumes, which should be relevant to technical and economic evaluation.	Spacing ranges for the three resource categories are considered to adequately reflect the degree of confidence in the underlying estimate on a global basis.  Local variation to estimated values may arise and will be addressed by adequate grade control procedures during mining operations.  Reconciliation of estimated vs actually mined tonnes for mining is within 6% difference.

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Criteria	Explanation	Comment
	<p>Documentation should include assumptions made and the procedures used.</p> <p>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</p>	
Mineral Resource Estimate for conversion to Ore Reserves	<p>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</p> <p>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</p>	<p>Basis of the estimates as of 31 December 2022.</p> <p>Coal resources are inclusive of Coal reserves.</p>
Site Visits	<p>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</p> <p>If no site visits have been undertaken indicate why this is the case.</p>	<p>Regular site visit by Qualified Person and also Mining Engineer and geologist between 2014 and 2019 on a regular basis.</p> <p>No material change in operating practices since the time of last visit.</p>
Study Status	<p>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</p> <p>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.</p>	<p>The Kim Mine is an operating mine. KIM East Pit is being currently mined. KIM West Pit was mined till the end of 2013 and is proposed to be recommissioned in 2025.</p>
Cut-off parameters	<p>The basis of the cut-off grade(s) or quality parameters applied</p>	<p>Refer Section 6.3 and Table 6:10 - Break even Stripping Ratio analysis</p>
Mining factors or assumptions	<p>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).</p> <p>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.</p> <p>The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc.), grade control and pre-production drilling.</p> <p>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</p> <p>The mining dilution factors used.</p> <p>The mining recovery factors used.</p> <p>Any minimum mining widths used.</p> <p>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</p>	<p>Refer Table 6:1 Modifying Factors and Pit Optimisation Parameters and Section 6:3 on Notes on Modifying Factors.</p> <p>The KIM Mine is an operating mine since 2007 (KIM East pit commenced production in 2007 while the KIM West pit started in 2010). The KIM Mine is operated as single mining operation; even though the production from the Kim West pit has been temporarily suspended as part of normal operation control. It is planned to resume production from the KIM West pit by 2025.</p> <p>Salva Mining considers the Modifying Factors to be valid for both pits. The Modifying Factors used are based on actual operations at the KIM Mine which were independently verified by the Salva Mining's subject specialist during the site visit.</p> <p>Therefore, it is considered valid to use Modifying Factors from the operating KIM mine to satisfy clause</p>

## APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS

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Criteria	Explanation	Comment
	The infrastructure requirements of the selected mining methods.	29 of the JORC Code. While JORC 2012 is not explicit with reference to operating mines, the guidance given in ASX FAQ no. 9 is considered relevant in this regard.  Further, Salva Mining has carried out independent life of Mine (LOM) Study to develop the mining schedule and its economic evaluation of the Mine.
Metallurgical Factors or assumptions	<p>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</p> <p>Whether the metallurgical process is well-tested technology or novel in nature.</p> <p>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</p> <p>Any assumptions or allowances made for deleterious elements.</p> <p>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the ore body as a whole.</p> <p>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications.</p>	<p>The coal is to be sold unwashed so no processing factors have been applied.</p> <p>Other than crushing to a 50mm top size no other beneficiation will be applied.</p>
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.	Refer Section 7.3.7, Permits and approvals & Section 7.3.8 Environmental Factors
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.	Discussed in Section 7.3.6 Mine Logistic Factors
Costs	<p>The derivation of, or assumptions made, regarding projected capital costs in the study.</p> <p>The methodology used to estimate operating costs. Allowances made for the content of deleterious elements.</p> <p>The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co-products.</p> <p>The source of exchange rates used in the study.</p> <p>Derivation of transportation charges.</p>	Discussed in Section 7.3.10 Capital Cost and Section 7.3.11 Operating Cost.

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Criteria	Explanation	Comment
	<p>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</p> <p>The allowances made for royalties payable, both Government and private.</p>	
Revenue Factors	<p>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.</p> <p>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products</p>	Discussed in Section 7.3.12 Marketing, Pricing and Revenue Factors.
Market Assessment	<p>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</p> <p>A customer and competitor analysis along with the identification of likely market windows for the product.</p> <p>Price and volume forecasts and the basis for these forecasts.</p> <p>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</p>	Discussed in Section 7.3.12 Marketing, Pricing and Revenue Factors.
Economic	<p>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.</p> <p>NPV ranges and sensitivity to variations in the significant assumptions and inputs</p>	Economic analysis done based on long term price outlook and the cost estimates (Contractor mining operation).
Social	The status of agreements with key stakeholders and matters leading to social licence to operate	Refer to Section 7.3.9 of this Report
Other	<p>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</p> <p>Any identified material naturally occurring risks.</p> <p>The status of material legal agreements and marketing arrangements.</p> <p>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 contingency.</p>	Discussed under Section 7.3.14, Other Factors

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Criteria	Explanation	Comment
Classification	<p>The basis for the classification of the Ore Reserves into varying confidence categories.</p> <p>Whether the result appropriately reflects the Competent Person's view of the deposit.</p> <p>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</p>	Discussed under Section 7.8, Reserve Classification.
Audit & Reviews	The results of any audits or reviews of Ore Reserve estimates.	Discussed under Section 7.6, Audits & Reviews.
Discussion of Relative accuracy/confidence	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>Sufficient points of observation and sampling distribution to assess coal resource and reserves with a high level of confidence.</p> <p>Statistical analysis was carried out for observations, sampling, core recovery &amp; survey accuracy were assessed including geostatistical assessment over the deposit which further increased the confidence level of the estimate.</p>

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**APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS**

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**BSL INDEPENDENT QUALIFIED PERSON’S REPORT**

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**Golden Energy and Resources Limited**  
**Barasentosa Lestari South Block Project**

**Independent Qualified Person’s Report**  
**January 2023**

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### BSL INDEPENDENT QUALIFIED PERSON’S REPORT

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#### Golden Energy and Resources Limited

#### Barasentosa Lestari South Block Project (“BSL”)

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Independent Qualified Person’s Report

#### Salva Mining Pty Limited

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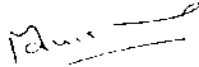
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**Effective Date: 31 December 2022**

**15 January 2023**

#### Independent Qualified Person:



Manish Garg  
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#### Subject Specialists:



Mr. Sonik Suri  
Principal Consultant – Geology  
Salva Mining- Brisbane Office



Dr. Ross Halatchev  
Principal Consultant – Mining  
Salva Mining - Brisbane Office



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# APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS

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## BSL INDEPENDENT QUALIFIED PERSON’S REPORT

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#### Key abbreviations

°	degrees
adb	Air-dried basis
AMSL	above mean sea level
ar	As received basis
ASR	Average stripping ratio
AusIMM	Australasian Institute of Mining and Metallurgy
Batter	The slope of Advancing Mine Strip
bcm	bank cubic metre
BD	bulk density
°C	degrees Celsius
CAPEX	capital expenditure
Coal Resource	A 'Coal Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Coal Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Coal Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
Coal Reserve	A 'Coal Reserve' is the economically mineable part of a Measured and/or Indicated Coal Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include the application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Reserves are defined, usually the point where the Coal is delivered to the processing plant must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.
GEAR	Golden Energy and Resources Limited
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code' or 'the Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves.
JORC Committee	Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
k	thousand
kg	kilogram
kt	thousand tonne
km	Kilometre(s)
km <sup>2</sup>	Square kilometre
m	metre
M	million

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m RL	metres reduced level
m <sup>3</sup>	cubic metre
mm	millimetre(s)
Mt	million tonnes
Mtpa	million tonnes per annum
NPV	net present value
OPEX	operating expenditure
OS	oversize
RD	Relative Density
ROM	run of mine
Salva Mining	Salva Mining Pty Limited
Stripping Ratio SR	Cubic Meters of waste/tonne of coal
t	tonne
tpa	tonnes per annum

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#### Executive Summary

Golden Energy and Resources Limited (“GEAR” or “Client”) has engaged Salva Mining Pty Limited (“Salva Mining”) to prepare an annual update to the Independent Qualified Person’s Report (“Report”) which includes Open Cut Coal Resources and Reserves for the South Block of Barasentosa Lestari Project (“BSL Mine” or “BSL Project”) located in South Sumatra, Indonesia.

Salva Mining understands that this Report will be included in a circular to shareholders of GEAR, in relation to, inter alia, the proposed distribution in-specie of shares in PT Golden Energy Mines Tbk (“GEMS”) to shareholders of GEAR as a major transaction pursuant to Rule 1014 of the Listing Manual. The Coal Resources and Reserves estimates contained within this Report has been reported in compliance with the requirements of the reporting guidelines of the 2012 Edition of the Australasian Code for the Reporting of exploration results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia (“The JORC Code”).

The effective date of this Report is 31 December 2022.

#### BSL Project in Indonesia

The BSL Project is located in the Musi Rawas, Musi Rawas Utara and Musi Rawas Baynuasin Regencies, South Sumatra, Indonesia. The project area is approximately equidistant (200-250 km by road) from the major cities of Palembang and Bengkulu.

The BSL Concession is held through the Generation II Coal Contract of Work (CCoW) by PT Barasentosa Lestari (“PT BSL”). GEAR has indirect interest in PT BSL. Salva Mining understands that PT BSL has received all exploitation and operations permits from the government.

The BSL Concession consists of two sub-blocks, namely North and South Blocks, covering a total area of 23,300Ha. North Block hasn’t been drilled extensively as such no Coal Resources or Reserves was delineated at the North Block.

4 key prospective areas were identified in the South Block. These sub-blocks are:

- Muara Lakitan (“ML”);
- Belani (“BL”),
- Batukucing (“BK”) and
- Ampalau coal deposits.

There is no resource drilling and coal resource estimate for the Ampalau coal deposit. This Report covers the Coal Resource and Reserves estimates for the ML, BL and BK sub-blocks in BSL South Block only.

#### Geology

The late Miocene to Pliocene Muara Enim Formation (“Muara Enim Fm”) is the main coal-bearing formation present in the South Sumatra Basin. The thickness of this formation, in the area around Muara Enim and Lahat, is around 500-700m. The thickness of individual coal seams varies with the thickness of the formation, typically varying between 10 m to 30 m in thickness, with shallow marine clays at the base, and shoreline and delta plain facies (sand, clay, coal) at the top. The coal present in most of the basin is of low rank.



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The coal seams within the ML deposit occur in Lower Muara Enim Formation of Miocene age. The deposit has multiple coal seams with up to ten seams identified (Seams 200 to 1050 in descending stratigraphic order) with multiple sub-seams and seam splits. The main seams are 870 and 950 with an average thickness of 6 m and 9 m respectively.

The Belani deposit has multiple coal seams with eleven different coal seams and their sub seams identified. These seams have a combined strike length of over 4km. The main seams out of the total package have been named as E420, E410, E720, E710, E820, E810, E920, E910, E1000 and E1100 (in descending stratigraphic order). Out of these coal seams, the two thickest seams, Seam 420 and Seam 910, have an average thickness of 5.27m and 12.05m respectively.

The Batukucing coal deposit is believed to be of Miocene age. A total of 16 seams have been identified with a number of plies (seam splits) identified. 13 of these plies have been identified as viable, within the Batukucing tenement, occurring over a strike length of over 4km. These coal plies have been named: B300, B420, B410, B500, B600, B720, B710, B820, B810, B920, B910, B1000 and B1100 (in descending stratigraphic order). Out of these, B600, B700, B810, and B910 average 2.7m, 2.4m, 2.7m, and 3.6m in thickness respectively, whilst other target seams typically range from 1.0m to 2.5m.

#### Coal Resource

Salva Mining has estimated total Coal Resources of 455 million tonnes (Mt) on an in-situ air-dried moisture basis. The total tonnes are comprised of 217 Mt of Measured, 150 Mt of Indicated and 88 Mt of Inferred Resources.

#### BSL Coal Resources as of 31 December 2022

Resource Classification	Mass Mt	TM (adb) (%)	IM (adb) (%)	Ash (adb) (%)	Volatile Matter (adb) %	Total Sulphur (adb) %	GCV (adb) kcal/kg	Relative Density (adb)
Measured	217	34.3	18.8	4.9	39.4	0.3	5,188	1.37
Indicated	150	33.5	17.7	5.3	39.9	0.3	5,277	1.37
Inferred	88	33.4	17.5	6.6	39.7	0.3	5,203	1.37
<b>TOTAL</b>	<b>455</b>	<b>33.8</b>	<b>18.2</b>	<b>5.4</b>	<b>39.6</b>	<b>0.3</b>	<b>5,223</b>	<b>1.37</b>

(Note: individual totals may differ due to rounding)

#### Mining Modification factors – Resource to Reserve

Coal Reserves were estimated by applying modifying factors including mining parameters and exclusion criteria to the Coal Resources. The mining factors (such as recovery and dilution) were defined based on the proposed open cut mining method and the coal seam characteristics. The exclusion criteria included the lease boundary and a minimum working section thickness. Minex “Optimiser” software was used to generate a series of incremental pit shells which reflect different economic scenarios and changes in the breakeven strip ratio.

An economic model was prepared for the mining operation to determine the project breakeven or incremental stripping ratio. The pit optimisation results were examined and pit shells selected where the incremental stripping ratios were equal to break even strip ratio determined at a point where the costs for mining and handling the coal equalled the revenue generated by the coal.

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#### Mining Method

The mining method can be described as “multi seam, moderate dip, open-cut coal mining using truck and shovel equipment in a haul back operation”.

#### Muara Lakitan deposit

The coal seam distribution within the Muara Lakitan deposit resulted in the Optimiser identifying two main pits where the main bottom seam is 970. Seams 800 group and 900 groups are well developed in both the northern and southern pits. The pits were subject to adjustments to form a practical pit design, which lead to the exclusion of the minor narrow pit shells and the resultant formation of two separate pit shells (Mineable Pit Shells), which formed the basis of the subsequent reserves estimate.

#### Batukucing deposit

The coal seam distribution within the Batukucing deposit resulted in the Optimiser identifying the main pit where the main basal seam is B910 well developed in the pit. The pit was subjected to adjustments to form a practical pit design, which led to the exclusion of the minor narrow pit shells and the resultant formation of the main pit shell, (Mineable Pit Shell), which formed the basis of the subsequent reserves estimate.

#### Belani deposit

The coal seam distribution within the Belani deposit resulted in the Optimiser identifying the main pit bottom seam as E1100. Seams E810 and E910 are well developed in the pit. The pit was subjected to adjustments to form a practical pit design, which led to the exclusion of the minor narrow pit shells and the resultant formation of the main pit shell, (Mineable Pit Shell), which formed the basis of the subsequent reserves estimate.

#### Coal Reserves

The Measured and Indicated confidence limits were overlaid on these pit shells and Inferred tonnes were excluded from the estimate. The Coal Reserves were then categorised into Proved and Probable based on the Coal Resources confidence and the level of detail in the mine planning. Based on this approach, a total of 189 Mt of Open Cut Coal Reserves were estimated at BSL coal deposit by Salva Mining of which 138 Mt of Coal Reserves are considered to be of Proved category and balance 51 Mt of Coal Reserves to be of Probable category. The estimate of Coal Reserves for BSL Project in Proved and Probable category is shown in the table below:

**Coal Reserves for BSL Coal Concession as of 31 December 2022**

Concession	Coal Reserve (Mt)			RD, adb t/m3	TM, arb %	IM adb %	Ash, adb %	CV, arb Kcal/kg	TS, adb %
	Proved	Probable	Total						
Muara Lakitan	93.8	30.9	124.7	1.41	36.3	20.6	6.5	3,936	0.30
Batukucing	9.6	0.6	10.2	1.37	32.7	14.0	7.3	4,300	0.49
Belani	34.3	19.4	53.7	1.34	27.7	15.9	6.0	4,645	0.37
<b>Total</b>	<b>137.7</b>	<b>50.9</b>	<b>188.6</b>	<b>1.39</b>	<b>33.6</b>	<b>18.8</b>	<b>6.4</b>	<b>4,159</b>	<b>0.33</b>

*(Note: individual totals may differ due to rounding)*

Coal Resources are reported inclusive of Coal Reserves. The coal will be sold as a run of mine (ROM) product; hence Marketable Reserves will equal Coal Reserves. The average estimated

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product coal quality based on the total Coal Reserves is Total Moisture TM (ar) 33.6%, Ash (adb) 6.4%, CV (gar), 4,159 Kcal/Kg and sulphur content 0.33%.

This Report may only be presented in its entirety. Parties wishing to publish or edit selected parts of the text, or use the Report for public reporting, must obtain prior written approval from Salva Mining and the signatories of this Report.

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### 1 Introduction

#### 1.1 Aim and Scope

Golden Energy and Resources Limited (“GEAR” or “Client”) has engaged Salva Mining Pty Limited (“Salva Mining”) to prepare an annual update to the Independent Qualified Person’s Report (“Report”) which includes Open Cut Coal Resources and Reserves for the South Block of Barasentosa Lestari Project (“BSL Mine” or “BSL Project”) located in South Sumatra, Indonesia.

The Coal Resources and Reserves estimates contained within this Report has been reported in compliance with the requirements of the reporting guidelines of the 2012 Edition of the Australasian Code for the Reporting of exploration results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia (“The JORC Code”).

The effective date of this Report is 31 December 2022.

#### 1.2 Approach

The principal data used in the preparation of this Report included:

- Previous geological report prepared by the qualified person;
- Collar, downhole logging, seam pick and coal quality information, provided by GEAR; and
- Latest Topographic data including any mined-out area.

The following approach was undertaken by Salva Mining to estimate Coal Resources.

- Salva Mining has reviewed the geological data set provided by GEAR for the coal block covered under the scope of the report;
- Using the existing borehole information provided to Salva Mining by GEAR, a geological model was created using stratigraphic modelling software. While creating the model, a thickness cut off limit of 0.1m was applied and is termed as an “in situ” model;
- This model and the underlying raw data such as Drill hole logs, coal quality reports and geophysical logs were reviewed by Salva Mining’s team of geologists.
- On the basis of confidence limits (as described in the Resource Classification Section), the in-situ geological model was then categorised into Measured, Indicated and Inferred categories according to the JORC Code (2012).
- Once these categories were ascertained, coal volume, tonnage and qualities were estimated to report coal reserves (if applicable).

#### 1.3 Data sources

This Report is based on the information provided by PT Barasentosa Lestari (“PT BSL”), GEAR, previous reports and technical reports of previous consultants.

Salva Mining has carried out its own independent assessment of the quality of the geological and mining data. Salva Mining has relied on GEAR’s advice regarding the status of agreements, royalties or concession standing pertaining to these assets.

In developing our assumptions for this Report, Salva Mining has relied upon information provided by the company and information available in the public domain. Key sources are outlined in this

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Report and all data included in the preparation of this Report has been detailed in the references section of this Report. Salva Mining has accepted all information supplied to it in good faith.

#### **1.4 Limitations**

After due enquiry in accordance with the scope of work and subject to the limitations of the Report hereunder, Salva Mining confirms that:

- The input, handling, computation and output of the geological data and Coal Resources and Reserves information has been conducted in a professional and accurate manner, to the high standards commonly expected within the mining professions.
- The interpretation, estimation and reporting of the Coal Resources and Reserves estimates have been conducted in a professional and competent manner, to the high standards commonly expected within the Geosciences and mining professions, and in accordance with the principles and definitions of the JORC Code (2012).
- In conducting this assessment, Salva Mining has addressed and assessed all activities and technical matters that might reasonably be considered relevant and material to such an assessment conducted to internationally accepted standards. Based on observations and a review of available documentation, Salva Mining has, after reasonable enquiry, been satisfied that there are no other relevant material issues outstanding.
- The conclusions presented in this Report are professional opinions based solely upon Salva Mining’s interpretations of the documentation received and other available information, as referenced in this Report. These conclusions are intended exclusively for the purposes stated herein.
- For these reasons, prospective investors must make their own assumptions and their own assessments of the subject matter of this Report.

Opinions presented in this Report apply to the conditions and features as noted in the documentation, and those reasonably foreseeable. These opinions cannot necessarily apply to conditions and features that may arise after the date of this Report, about which Salva Mining have had no prior knowledge nor had the opportunity to evaluate.

#### **1.5 Disclaimer and warranty**

This Report was commissioned by GEAR on a fee-for-service basis according to Salva Mining’s schedule of rates. Salva Mining’s fee is not contingent on the outcome of its valuation or the success or failure for the transaction for which the Report was prepared. None of Salva Mining’s partners (including Mr Garg), directors, substantial shareholders and their associates have (or had) a pecuniary or beneficial interest in/or association with any of the GEAR, or their directors, substantial shareholders, subsidiaries, associated companies, advisors and their associates prior to or during the preparation of this Report.

A draft version of this Report was provided to the directors of GEAR for comment in respect of omissions and factual accuracy. As recommended in Section 39 of the VALMIN Code, GEAR has provided Salva Mining with an indemnity under which Salva Mining is to be compensated for any liability and/or any additional work or expenditure, which:

- Results from Salva Mining’s reliance on information provided by GEAR and/or their Independent consultants that is materially inaccurate or incomplete, or
- Relates to any consequential extension of workload through queries, questions or public hearings arising from this Report.

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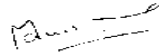
The conclusions expressed in this Report are as on the 31 December 2022, the date on which the Coal Resources and Reserves were estimated. The estimates are only appropriate for this date and may change in time in response to variations in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values outlined in this Report are expressed in US dollars (\$) unless otherwise stated. Salva Mining services exclude any commentary on the fairness or reasonableness of any consideration in relation to these assets.

#### **1.6 Independent Qualified Person’s Statement**

This Report has been written following the guidelines contained within the 2015 Edition of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Experts Reports (“the VALMIN Code”) and the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“the JORC Code”). It has been prepared under the supervision of Mr Manish Garg (Director – Consulting / Partner, Salva Mining) who takes overall responsibility for the Report and is an Independent Expert as defined by the VALMIN Code.

Sections of the Report which pertain to Coal Resources have been prepared by Mr Sonik Suri (Principal Consultant, Geology) who is a subject specialist and a Competent Person as defined by the JORC Code. Sections of the Report which pertain to Coal Reserves have been prepared by Dr Ross Halatchev (Principal Consultant, Mining) who is a subject specialist and a Competent Person as defined by the JORC Code.

This Report was prepared on behalf of Salva Mining by the signatory to this Report, assisted by the subject specialists’ competent persons whose qualifications and experience are set out in Appendix A of this Report.



Mr Manish Garg  
Director  
Salva Mining Pty Limited

#### **1.7 Statement of Independence**

This Report was commissioned by GEAR on a fee-for-service basis according to Salva Mining’s schedule of rates. Salva Mining’s fee is not contingent on the outcome of this Report. The above-mentioned person(s) have no interest whatsoever in the mining assets reviewed and will gain no reward for the provision of this techno-commercial assessment.

Mr Manish Garg, Mr Sonik Suri, Dr Ross Halatchev, Salva Mining’s partners (including Mr Garg), directors, substantial shareholders and their associates are independent of GEAR, its directors, substantial shareholders, advisers and their associates.

Neither Mr Manish Garg, Mr Sonik Suri, Dr Ross Halatchev nor any of the Salva Mining’s partners (including Mr. Garg), directors, substantial shareholders and their associates have (or had) a pecuniary or beneficial interest in/or association with any of the GEAR, or their directors, substantial shareholders, subsidiaries, associated companies, advisors and their associates prior to or during the preparation of this Report.

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## 2 Project Description

### 2.1 Property Description and Access

The BSL Project is an operating mine, located in the Musi Rawas, Musi Rawas Utara and Musi Rawas Baynuasin Regencies, South Sumatra, Indonesia (Figure 2:1). The BSL Project area is located almost equidistant (200 - 250 km by road) from the major cities of Sumatra Island, namely Palembang and Bengkulu.

**Figure 2:1 General Location Plan**



The BSL coal deposit is a part of the coal deposits held through Generation II Coal Contract of Work (PKP2P: 015/PK/PTBA-BL/1994) and is currently in the advanced development stage. These coal deposits were previously held by PT. Duta Sarana Internusa and PT Banpu Public Company Limited.

The BSL Project consists of two sub-blocks, namely north and south blocks, covering a total area of 23,300Ha.

Exploration to date has concentrated on the South Block (~ 3200 Ha) where four sub-blocks prospective for coal (Figure 2:2) have been identified:

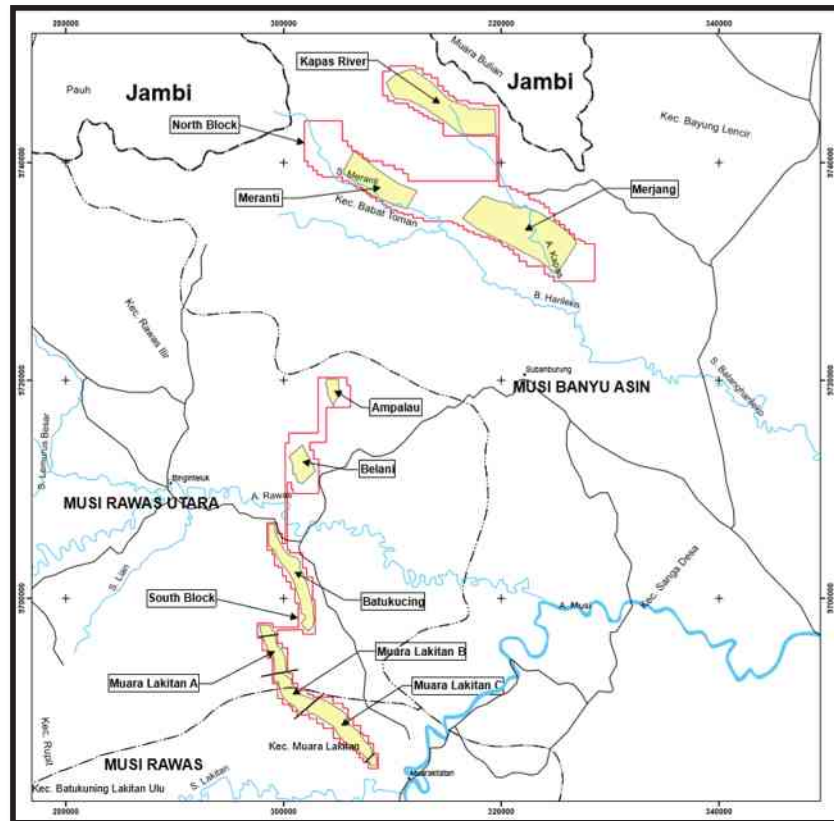
- Muara Lakitan (ML);
- Batukucing (BK);
- Belani (BL); and
- Ampalau.

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Figure 2:2 Project Location



**Muara Lakitan (ML Block)** is approximately 5 km north of the Musi River at its closest point and is approximately 400 km upstream from the offshore transshipment port at the mouth of the Musi River. Muara Lakitan covers an area of approximately 3,200 Ha. Most of the exploration drilling had been carried out on Muara Lakitan during 2004-09.

**Batukucing Block (BK Block)** covers an area of approximately 1,793 Ha. Batukucing is approximately 24 km north of the Musi River at its closest point and is approximately 400 km upstream from the offshore transshipment port at the mouth of the Musi River. Most of the exploration drilling had been carried out on BK Block during 2008-09 with infill drilling in 2020.

**Belani (BL Block)** which covers an area of approximately 1,574 Ha is approximately 3 km north of the Rawas River at its closest point and is approximately 400 km upstream from the offshore transshipment port at the mouth of the Musi River. Detailed exploration drilling was completed in 2009 at Belani North Block, and in 2010 at Belani South with infill drilling between 2018 and 2022.



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This Report only deals with the Coal Resources and Reserves estimates within the ML, BK and BL coal deposit within the BSL South Block Concession.

#### 2.2 Ownership

PT Barasentosa Lestari is the holder of a mining concession pursuant to the Coal Contract of Work dated 15 August 1994 entered into between the Company and PT Perusahaan Negara Tambang Batubara (as amended on 27 June 1997 and 14 November 2017) (the “CCoW”). The detail of the coal concession is given in Table 2:1.

**Table 2:1 BSL Concession Details**

Concession Number	Concession Type	Area (ha)	Status	Granted	Validity
015/PK/PTBA-BL/1994	Perjanjian Kerjasama Pengusahaan Pertambangan Batubara (CCoW)	23,300 ha	Granted	15-Aug-1994 Amended: 27 June 1997 and 14 Nov 2017	30 years

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### 3 Geology

#### 3.1 Regional Geology

The late Miocene to Pliocene Muara Enim Formation (“Muara Enim Fm”) is the main coal-bearing formation present in the South Sumatra Basin. The thickness of this formation, in the area around Muara Enim and Lahat, is around 500-700m. The thickness of individual coal seams varies with the thickness of the formation, typically varying between 10 m to 30 m in thickness, with shallow marine clays at the base, and shoreline and delta plain facies (sand, clay, coal) at the top. The coal present in most of the basin is of low rank.

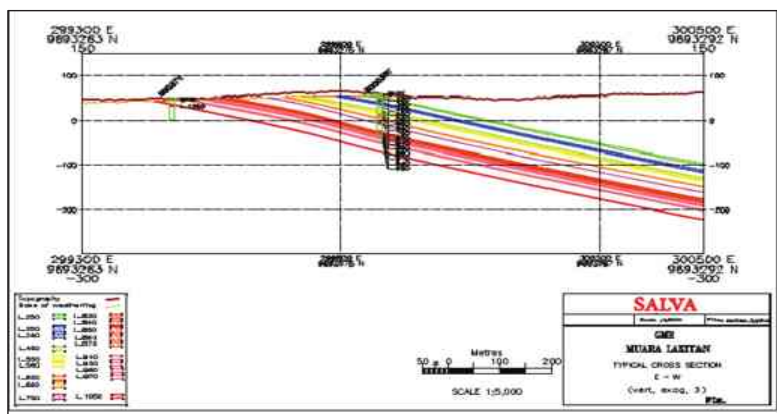
#### 3.2 Local Geology - Muara Lakitan (ML Block)

The coal resources occur in the Miocene age, Lower Muara Enim Formation. The deposit has multiple coal seams with up to ten seams identified from Seam 200 to Seam 1050, in descending stratigraphic order (denoted I\_200 to I\_1050 respectively for modelling purposes) with multiple sub-seams and seam splits. For modelling purposes, individual elements were modelled without the need for compound intervals.

The in-situ coal is of lignite rank, with high Total Moisture (average TM 36.2%), low Calorific Value (CV 5,015 kcal/kg air-dried basis), low ash (average 5.3%) and low sulphur (average 0.3%).

Seam dips are relatively consistent in Muara Lakitan and are typically of the order of 15 to 20 degrees to the northeast. The Muara Lakitan is bounded to the north and south by major northwest-trending transverse faults and is sub-divided into a number of sub-blocks by smaller-scale sub-parallel faults. A Typical EW cross-section across the deposit is shown in Figure 3:1.

Figure 3:1 ML Block - Typical E-W Cross Section



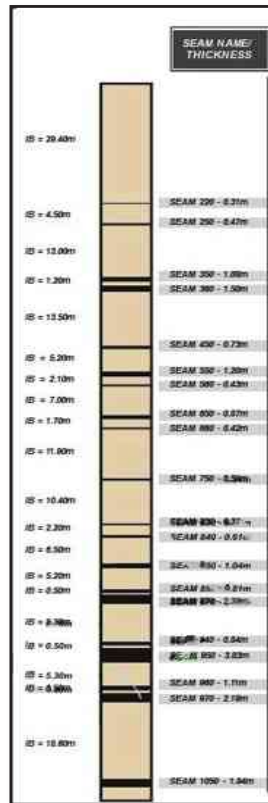
A generalised stratigraphic column is shown in Figure 3:2.

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**Figure 3:2 ML Block - Generalised Stratigraphic Column**



### 3.3 Local Geology – Belani (BL) Sub-block

The deposit has multiple coal seams with eleven different coal seams and their sub seams identified at Belani. These seams have a combined strike length of over 4km. The main seams out of the total package have been named as E420, E410, E660, E720, E710, E820, E810, E920, E910, E1000 & E1100 (in descending stratigraphic order). Out of these coal seams, the two thickest seams, Seam 420 and Seam 910, have an average thickness of 5.28m and 12.05m respectively. Seams E400, E800 and E900 show consistency in terms of seam thickness and splitting.

The in-situ coal is of the sub-bituminous rank of estimated product quality with high Total Moisture (average TM 28.0%), moderate Calorific Value (CV 5,607 kcal/kg air-dried basis, adb), low ash (average 5.1%) and low sulphur (average 0.3%).

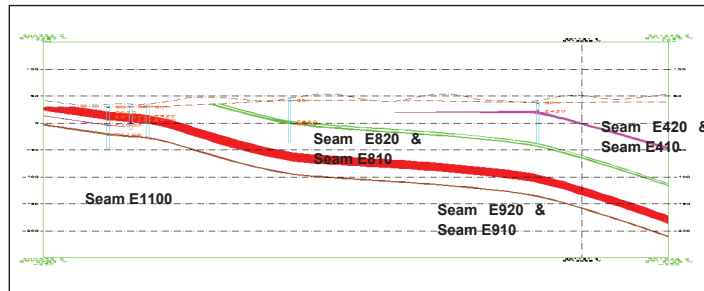
The Belani deposit is bounded to the north and south by major northwest trending transverse faults. Seams generally dip to the east at approximately 23 degrees. A typical cross-section across the deposit is shown in Figure 3:3.

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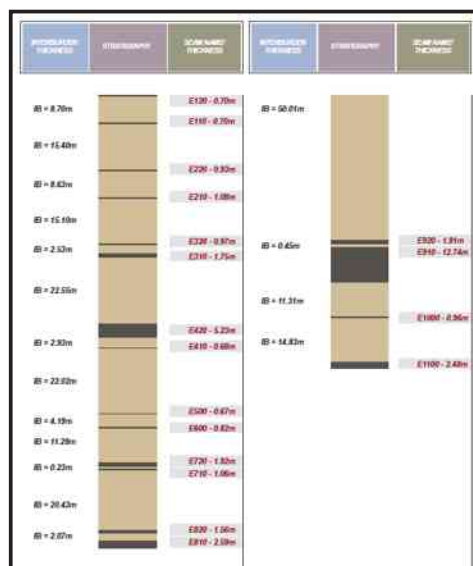
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**Figure 3:3 BL Block - Typical Cross Section**



A generalised stratigraphic column is shown in Figure 3:4.

**Figure 3:4 BL Block - Generalised Stratigraphic Column**



### 3.4 Local Geology – Batukucing (BK) Sub Block

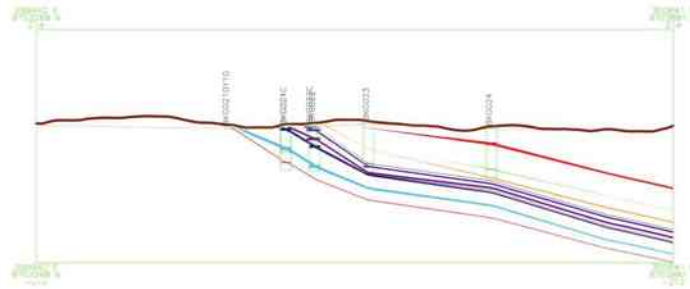
The Batukucing coal deposit is believed to be of Miocene age. The coal exists within the Maura Enim Formation. A total of 16 seams have been identified with a number of plies (seam splits) identified. 13 of these plies have been identified as viable, within the Batukucing tenement, occurring over a strike length of over 4km. These coal plies have been named: E300, E420, E410, E500, E600, E720, E710, E820, E810, E920, E910, E1000 and E1100 (in descending stratigraphic order). Out of these, B600, B710, B810 and B910 average 2.7m, 2.4m, 2.7m, and 3.6m in thickness respectively, whilst other target seams typically range from 1.0m to 2.5m. A typical cross-section across the deposit is shown in Figure 3:5.

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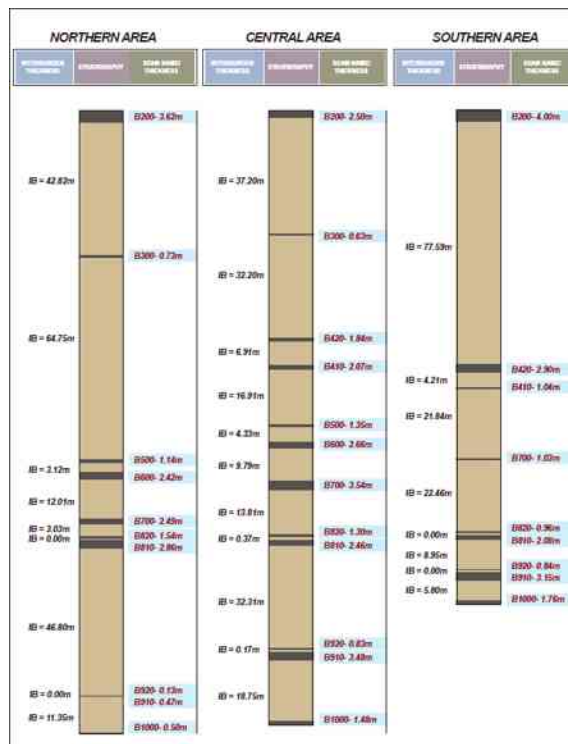
**Figure 3:5 BK Block - Typical NE-SW Cross Section**



The in-situ coal is of sub-bituminous rank, with average in situ coal quality as follows: Total Moisture (TM) as received is 32.4% (ar), Calorific Value (CV) gross as received is 5,433 kcal/kg (adb), Ash is 8.0% (adb) and Total Sulphur (TS) is 0.6% (adb).

A generalised stratigraphic column is shown in Figure 3:6.

**Figure 3:6 BK Block - Generalised Stratigraphic Column**



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#### 4 Geological Database and Modelling

##### 4.1 Muara Lakitan (ML)

##### 4.1.1 Geological Data

The geological data used in resource modelling was independently reviewed by Salva Mining’s geologists and is considered appropriate and reasonable for the purpose of estimating Coal Resources. Salva Mining conducted a detailed review of the geological data supplied, including geophysical log interpretation and verification of seam correlations.

The key outcomes from the data review are as follows

- a total of 452 drill holes were drilled;
- 164 drill holes (11,700 m) were drilled in 2004-2005 at Muara Lakitan by Banpu;
- holes were drilled on drill lines at 250 m spacing in Block B and at 500m drill spacing at Block C;
- out of 164, a total of 103 holes were “touch” cored;
- in addition to 164 drill holes, another 78 holes (16,100 m) were drilled by DSI in 2007;
- holes were drilled on infill drill lines at 250 m spacing in Block C and at 500m drill spacing at Block A;
- out of these additional 78 holes, a total of 6 holes were partly cored to obtain check samples for analyses;
- after 2008, additional 210 drill holes were drilled in which 129 were quality drill holes;
- coal samples were typically analysed for the following suite of analyses - Total Moisture, proximate Analysis, Total Sulphur, Calorific Value and RD,

**Table 4:1 ML Block – Summary of Drilling Data**

BH Series	No. of Holes	Type	Geophysical Logging	Quality
B	164	Old	152	103
ML	60	New	60	0
MLC	18	BKA	0	0
PI	67	After 2008	49	63
PS	132	After 2008	85	62
TW	5	After 2008	0	4
GT	6	After 2008	3	0
Total	452		349	232

Out of the total 452 drill holes, a total of 349 holes have been geophysically logged for Gamma, Density and Calliper. Selected holes were twinned and partly cored. Drilling depths for most of the drill holes are down to 120m depth. Previously drilled Banpu drill holes involved open hole drilling, geophysical logging and coring of intersected seams.

Salva Mining has verified seam picks against the geophysical logs provided. It should be noted that only a portion of the geophysical logs was supplied to Salva Mining, i.e., Salva Mining does not possess a complete set of geophysical logs for all holes which were in fact geophysically logged. This is not considered material to the validity of the estimate as the geophysical logs supplied were

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sufficient to check seam correlations, given the relatively consistent seam correlations between holes exhibited by the deposit.

In Salva Mining's opinion, the data is overall of a high standard, as all drill holes used in the geological model were geophysically logged with coal quality information.

#### 4.1.2 Survey

A detailed topographic survey has been conducted over the entire study area by aerial LiDAR survey. All drill holes have surveyed collar positions. An accurate topographic DTM model for the area was constructed by Salva Mining, from the topography uncut grid supplied by client. The drill hole collar file, seam pick and coal quality data files supplied by client were imported into Minescape Stratmodel to build the structural coal quality models.

#### 4.1.3 Coal Density

The coal quality data supplied by the client was used by Salva Mining to construct the coal quality model. The air-dried density contained within the composited raw coal quality for each seam was used to determine in situ tonnages per seam.

#### 4.1.4 Data Validation

All holes with geophysical data were reviewed for seam pick validation. Out of 242 holes, a total of 7 drill holes could not be used in the model due to the fact that seam pick information was not available for these holes.

Raw coal quality information, namely: TM, IM, ASH, VM, FC, SU, CV and RD was provided by the client.

#### 4.1.5 Coal Quality

A minimum of two coal quality data points with relatively consistent quality is considered minimum criteria for resource classification. The coal quality is consistent between Block A in the north and Block C in the south.

Samples were analysed for Total Moisture (TM), Inherent Moisture (IM), Ash Content (Ash), TS, CV and Relative Density (RD) and a significant number of samples were tested for Ash Fusion Temperature (AFT), Ash Analysis (AA) and Ultimate Analysis (UA). Sample preparation and sampling were done in accordance with the appropriate ASTM standards by PT Geoservices laboratories in Bandung, Indonesia.

DSI completed drilling of 6 partly cored holes to confirm the reliability of drill data by Banpu. The previous drill data was determined to be consistent with the recent results.

#### 4.2 Belani (BL)

During 2018, 33 in-fill drill holes were drilled. During the 2021 and 2022, additional 12 and 24 holes were drilled, core logged and coal quality analyzed respectively. All these touch-cored drill holes used in the geological model were geological and geo-physically logged and coal seams picked were analysed for coal quality.

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#### 4.2.1 Geological Data

The geological data used in resource modelling was independently reviewed by Salva Mining’s geologists and is considered appropriate and reasonable for the purpose of estimating Coal Resources. The data was reviewed by Salva Mining, validating seam picks and correlations based on geophysical logs. During model construction, as part of the QAQC requirements set out by the JORC Code (2012), data pertaining to some drill holes were rejected as not being suitable for resource modelling purposes (Table 4:2).

Most of the holes drilled were geophysically logged. However, three drill holes could not be geophysically logged because of hole collapse. Holes drilled during the 2008 - 2009 drilling programs have been geophysically logged for Gamma, Density and Calliper. Lithological logged depths have been corrected to geophysically logged depths to ensure consistency and perform correlations.

It should be noted that only a portion of the geophysical logs was supplied to Salva Mining, i.e. Salva Mining does not possess a complete set of geophysical logs for all holes which were in fact geophysically logged. This is not considered material to the validity of the estimate as the geophysical logs supplied were sufficient to check seam correlations, given the relatively consistent seam correlations between holes exhibited by the deposit.

#### 4.2.2 Survey

A detailed topographic survey has been conducted over the entire study area by aerial LiDAR survey instrument. All drill holes used have surveyed collar positions. An accurate topographic DTM model for the area was constructed by Salva Mining, from the topography uncut grid supplied by client. The drill hole collar file, seam pick file and coal quality data files supplied by client were imported into Minescape Stratmodel to build the structure and coal quality models.

#### 4.2.3 Coal Density

The coal quality data supplied by the client was used by Salva Mining to construct the coal quality model. The air-dried density contained within the composited raw coal quality for each seam was used to determine in situ tonnages per seam.

#### 4.2.4 Data Validation

All holes with downhole geophysical data were reviewed for seam picks. Out of 167 holes a total of 22 drill holes could not be used in the model (Table 4:2). The elevation values for CKBL series holes were calculated from the topography DTM, as obtained from Minex grid, as the collar RL values supplied did not match the topography model.

**Table 4:2 BL Block – Summary of Drilling Data**

Drill holes used in the structural model	Drill holes used in the structure model	Drill holes not used in the structure model	Total Drill holes with CQ data	Drill holes used in CQ model	Drill holes not used in CQ model
167	145	22	78	77	1



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Coal quality results could not be used for hole CKBL5 as this hole does not have correct seam correlations when compared with the surrounding holes. Most of the coal quality data contain samples representing compound seams instead of the elemental seams. The coal quality samples from CKBL5 were discarded due to correlation issues. The remainder of the samples representing compound seams were split proportionately to represent elemental seams. This resulted in a total of 41 drill holes in CQ model.

#### 4.2.5 Coal Quality

A total of nine “twin” cored drill-holes were drilled and detailed ply by ply sampling was conducted. Some seam outcrop coal quality data was used in the quality model. The CQ data from the outcrops were assigned a dummy hole status to be used in the structural model and thus contributing to the data for reporting the total resources. All samples were analysed for Total Moisture (TM), Inherent Moisture (IM), Ash Content (Ash), TS, CV and Relative Density (RD). Sample preparation and sampling were done in accordance with the appropriate ASTM standards by PT Geoservices laboratories in Bandung, Indonesia.

There are no significant quality variations from the north to the south within the deposit, although there is some quality variation between seams.

#### 4.3 Batukucing Block (BK)

The Batukucing block has been subject to drilling in two stages, initially on drill lines at 500 m spacing with infill on 250 m drill lines across the main target seams. Initial drilling was predominately open-hole drilling with all holes geophysically logged, with limited drilling of holes for coal quality sampling while the subsequent infill drilling was predominately touch-core drilling.

##### 4.3.1 Geological Data

The geological data used in modelling was independently reviewed by Salva Mining and is considered appropriate and reasonable for the purpose of estimating Coal Resources. The data reviewed by Salva Mining includes validating seam picks and correlations based on geophysical logs. During model construction, as part of the QAQC requirements set out by the JORC Code (2012), data pertaining to some drill holes was rejected as not being suitable for resource modelling purposes (Table 4:3).

All open holes drilled were geophysically logged. However, it should be noted that only a portion of the geophysical logs was supplied to Salva Mining, i.e. Salva Mining does not possess a complete set of geophysical logs for all holes which were in fact geophysically logged. This is not considered material to the validity of the estimate as the geophysical logs supplied were sufficient to check seam correlations, given the relatively consistent seam correlations between holes exhibited by the deposit.

The key outcomes from the database review are as follows:

- A total of 122 chip holes (were drilled at Batukucing by PT Rekasindo Guriang Tandang (RGT) on behalf of DSI;
- 14 Quality holes (906 m) were partly cored for coal quality sampling of the main seams;
- all open holes were geophysically logged and detailed seam correlations were carried out on the basis of the geophysical logs;
- drill-holes were typically drilled to a depth of >60 m with a maximum drill depth of 72.5 m;

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- holes were drilled on a total of 30 lines at 250 m spacing, except in a limited number of cases where local issues prevented drill access in which case drill line spacing is at 500 m;
- drill cores were sampled on a “ply-by-ply” basis based on geophysical logs and physical inspection of the cores; and
- coal sample depths and thicknesses were reconciled against geophysical logs.
- Further in-fill drilling during 2019-20 includes 49 touch-core drill holes with geophysical logging and coal quality.

Overall, the data used in the model is of a high standard, with the following observations:

- open-hole drilling supplemented by geophysical logging gives a sufficient order of accuracy for Coal Resource estimation,
- open hole and geophysical log data were supplemented by coring a number of representative coal quality holes for the main seams.
- geophysical logging was not conducted on all cored holes and in such instances, the geophysical log of an adjacent chip hole was used for coal sample reconciliation,
- some holes were removed from the model due to:
  - inability to reconcile survey with topography
  - poor quality or no geophysics available
  - large differences between core and pilot chip hole depths

#### 4.3.2 Survey

A detailed topographic survey has been conducted over the entire study area by an aerial LiDAR survey instrument. All drill holes used have surveyed collar positions. An accurate topographic DTM model for the area was constructed by Salva Mining from the topography uncut grid supplied by the client.

#### 4.3.3 Coal Density

The coal quality data supplied by the client was used by Salva Mining to construct the coal quality model. The air-dried density contained within the composited raw coal quality for each seam was used to determine in situ tonnages per seam.

#### 4.3.4 Data Validation

All holes with downhole geophysical data were reviewed for seam picks. Out of 136 holes a total of 75 drill holes could not be used in the model (Table 4:3). Holes that were not used in the structural model were discarded for a number of reasons:

- 53 holes were removed due to lack of necessary geophysics;
- 1 hole was removed due to poor LAS quality;
- 2 chip holes were removed in preference of their twinned core holes due to differences between them;
- 1 hole was removed due to a survey error;
- 1 borehole was removed for a lack of lithology.

Holes were excluded from the Coal Quality Model because they were either originally excluded from the structural model or the coal quality provided was a copy of another hole, i.e., default values were used.

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**Table 4:3 Batukucing Block - Summary of Drilling Data**

Total Drill holes available	Drill holes used in the structure model	Drill holes not used in the structure model	Total Drill holes with CQ data	Drill holes used in CQ model	Drill holes not used in CQ model
185	124	61	114	61	53

#### 4.3.5 Coal Quality

All samples were analysed for TM, Inherent Moisture (IM), Ash Content (Ash), TS, CV and Relative Density (RD). Sample preparation and sampling were done in accordance with the appropriate ASTM standards by PT Geoservices laboratories in Bandung, Indonesia.). There are no significant quality variations from the north to the south within the deposit, although there is significant quality variation between the upper seams (seams down to E410) and the lower series of seams (seam E500 down).

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## 5 Resource Modelling

### 5.1 Muara Lakitan (ML) Block

Data was loaded into Minescape Stratmodel (“Stratmodel”) to generate a structural model and coal quality model. The process involved the following steps:

- The structural model has been built using reliable drill holes, namely those which have verified seam pick information;
- Seam intersection data on a hole by hole basis was prepared as a lithology file. Collar and lithology files were imported into Stratmodel. The base of weathering was assumed to be 5 m below the topographic surface in all cases;
- An accurate topographic DTM model for the area was constructed by Salva Mining, from the topography uncut grid as supplied by the client. The drill hole collar file, seam pick file and coal quality data files were imported into Minescape Stratmodel to build the structural coal quality models.

Quality data loaded into Stratmodel has been composited on a ply basis. All samples in the data were provided on a ply basis, with one sample per ply, which allowed the quality model to run on the same basis as the structural model elements. Modelling parameters for quality are:

- Model – ml\_1305\_raw
- Model type – Minescape Table and Grid
- Interpolator – Inverse distance, Power 2

The Inverse distance interpolator was selected for modelling coal quality as it has been shown to perform adequately for all but the most variable coal quality attributes and it is also well suited to smaller data sets.

### 5.2 Belani (BL) Block

The current resource model for the Belani Block includes the recently completed in-filling drilling between 2018 and 2022.

Data was loaded into Minescape Stratmodel (“Stratmodel”) to generate a structural and coal quality models. The process involved the following steps:

- The structural model has been built using only a selected suite of reliable drill holes, namely those which have verified seam pick information;
- Seam intersection data on a hole by hole basis was prepared as a lithology file. Collar and lithology files were imported into Stratmodel. The base of weathering was assumed to be 5 m below the topographic surface in all cases based on previous work;
- An accurate topographic DTM model for the area was constructed by Salva Mining, from the uncut topography grid obtained from the previous Minex model supplied to the client. The drill hole collar file, seam pick file and coal quality data files were imported into Minescape Stratmodel to build the structure and coal quality models;
- A standard maximum search radius distance for all coal seams was set at 5000m.

Quality data loaded into Stratmodel has been composited on a seam basis. Since some of the samples were analysed on a parent seam rather than split seam basis, the data has been further processed to assign the parent seam quality to each of its splits, in order to create a quality model on the same basis as the structural model elements. Modelling parameters for quality are:

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- Model – belani\_raw
- Model type – MineScape Table and Grid
- Interpolator – Inverse distance, Power 2

The Inverse distance interpolator was selected for modelling coal quality as it has been shown to perform adequately for all but the most variable coal quality attributes and it is also well suited to smaller data sets.

#### **5.3 Batukucing (BK) Block**

Data was loaded into Minescape Stratmodel (“Stratmodel”) to generate a structural model and coal quality model. The process involved the following steps:

- The structural model has been built using only a selected suite of reliable drill holes, namely those which have verified seam pick information;
- Seam intersection data on a hole by hole basis was prepared as a lithology file with the base of weathering. Collar and lithology files were imported into Stratmodel. The base of weathering was assumed to be 5 m below the topographic surface in all cases;
- An accurate topographic DTM model for the area was constructed by Salva Mining, from the uncut topography grid obtained from the Minex model produced by Minarco, supplied to GMR.

Quality data loaded into Stratmodel has been composited on a ply basis. All samples in the data were provided on a ply basis, with one sample per ply, which allowed the quality model to run on the same basis as the structural model elements. Modelling parameters for quality are:

- Model – bt\_raw
- Model type – Minescape Table and Grid
- Interpolator – Inverse Distance, Power 2, radius 7,000 metres.

The Inverse distance interpolator was selected for modelling coal quality as it has been shown to perform adequately for all but the most variable coal quality attributes and it is also well suited to smaller data sets.

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## 6 Coal Resources

### 6.1 Geological Confidence and Resource Classification

Coal Resources present in the BSL coal deposit have been estimated in accordance with the JORC Code, 2012. The JORC Code identifies three levels of confidence in the reporting of resource categories. These categories are briefly explained below.

- **Measured** – “*That part of a Mineral Resources of which the tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence*”
- **Indicated** – “*...That part of a Mineral Resources of which the tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence*”.
- **Inferred** – “*...That part of a Mineral Resources of which the tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a low level of confidence*”.

For the purpose of coal resource classification according to JORC Code (2012) Code, Salva Mining has considered a drill hole with a coal quality sample intersection and core recovery above 90% over the sampled interval as a valid point of observation.

In terms of Coal Resource classification, Salva Mining is also guided by the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves (2014) (The Coal Guidelines) specifically referred to under clause 37 of the JORC Code (2012). Based on due consideration of the continuity of the coal seams as observed in the geological models for each of the three resource areas, the relative lack of evidence for significant faulting and the population statistics of the coal quality composites per seam, Salva Mining has sub-divided Coal Resources within the BSL concession into resource classification categories based on the following spacing's (expressed as a radius of influence around points of observation which is half of the spacing between points of observation):

**Table 6:1 Radius of Influence for Resource Classification**

Resource Classification	The radius of Influence (meters)		
	Belani	Muara Lakitan	Batukucing
Measured	350	500	500
Indicated	700	1,000	1,000
Inferred	1,000	2,000	2,000

It is furthermore a requirement of the JORC Code (2012) that the likelihood of eventual economic extraction is considered prior to the classification of coal resources. Therefore, given the average coal quality attributes of the coal, which makes it amenable to be marketed as a thermal coal for both domestic and export power generation purposes, Salva Mining considers that it is reasonable to define all coal seams within the classification distances discussed above, to a depth of 150 m below the topographic surface, as potential open-cut coal resources.

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#### 6.2 Coal Resource Statement

Coal resources have been estimated, classified and reported according to the guidelines of the JORC Code (2012) and the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves (2014). Coal Resources are presented below in Table 6:2 to Table 6:5.

**Table 6:2 BSL South Block Project - Coal Resources as of 31 December 2022**

Resource Classification	Mass Mt	TM (adb) (%)	IM (adb) (%)	Ash (adb) (%)	Volatile Matter (adb) %	Total Sulphur (adb) %	GCV (adb) kcal/kg	Relative Density (adb)
Measured	217	34.3	18.8	4.9	39.4	0.3	5,188	1.37
Indicated	150	33.5	17.7	5.3	39.9	0.3	5,277	1.37
Inferred	88	33.4	17.5	6.6	39.7	0.3	5,203	1.37
<b>TOTAL</b>	<b>455</b>	<b>33.8</b>	<b>18.2</b>	<b>5.4</b>	<b>39.6</b>	<b>0.3</b>	<b>5,223</b>	<b>1.37</b>

(Note: Inferred Resource rounded to nearest 1 Mt  
Individual totals may differ due to rounding)

**Table 6:3 Belani Coal Resources as of 31 December 2022**

Resource Classification	Mass Mt	TM (adb) (%)	IM (adb) (%)	Ash (adb) (%)	Volatile Matter (adb) %	Total Sulphur (adb) %	GCV (adb) kcal/kg	Relative Density (adb)
Measured	37	27.7	14.4	4.6	41.4	0.3	5680	1.33
Indicated	59	27.8	14.1	4.4	41.8	0.2	5712	1.33
Inferred	29	27.9	14.1	4.8	41.5	0.2	5715	1.33
<b>TOTAL</b>	<b>126</b>	<b>27.8</b>	<b>14.2</b>	<b>4.6</b>	<b>41.5</b>	<b>0.2</b>	<b>5,699</b>	<b>1.33</b>

(Note: Inferred Resource rounded to nearest 1 Mt  
Individual totals may differ due to rounding)

**Table 6:4 Muara Lakitan Coal Resources as of 31 December 2022**

Resource Classification	Mass Mt	TM (adb) (%)	IM (adb) (%)	Ash (adb) (%)	Volatile Matter (adb) %	Total Sulphur (adb) %	GCV (adb) kcal/kg	Relative Density (adb)
Measured	149	36.3	20.3	4.9	38.6	0.3	5,028	1.38
Indicated	78	36.2	20.2	5.4	38.3	0.3	5,023	1.39
Inferred	51	36.1	20.1	6.2	37.9	0.3	4,967	1.39
<b>TOTAL</b>	<b>278</b>	<b>36.2</b>	<b>20.2</b>	<b>5.3</b>	<b>38.4</b>	<b>0.3</b>	<b>5,015</b>	<b>1.38</b>

(Note: Inferred Resource rounded to nearest 1 Mt  
Individual totals may differ due to rounding)

**Table 6:5 Batukucing Coal Resources as of 31 December 2022**

Resource Classification	Mass Mt	TM (adb) (%)	IM (adb) (%)	Ash (adb) (%)	Volatile Matter (adb) %	Total Sulphur (adb) %	GCV (adb) kcal/kg	Relative Density (adb)
Measured	31	32.6	14.0	6.5	43.1	0.6	5545	1.36
Indicated	13	32.8	14.2	6.8	42.8	0.6	5512	1.36
Inferred	8	31.8	13.7	10.3	43.4	0.6	5277	1.38
<b>TOTAL</b>	<b>51</b>	<b>32.4</b>	<b>14.0</b>	<b>8.0</b>	<b>43.1</b>	<b>0.6</b>	<b>5,433</b>	<b>1.37</b>

(Note: Inferred Resource rounded to nearest 1 Mt  
Individual totals may differ due to rounding)

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#### 6.3 Comparison with Previous Estimates

The initial Coal Resources Estimate was prepared in 2008. These were subsequently revised by HDR in 2013 and Salva Mining since December 2017. Table 6:6 compares the Coal Resource with previous estimates.

**Table 6:6 Coal Resource - Comparison with the Previous Estimate**

Resource Category	Salva Mining Dec 2022	Salva Mining Dec 2021	Salva Mining Dec 2020	Salva Mining Dec 2019	Salva Mining Dec 2018	Salva Mining Dec 2017	Salva Mining Apr 2017	HDR 2013	Minarco 2008
Measured	217	219	221	198	199	175	175	174	72
Indicated	150	134	125	133	133	144	144	145	178
Inferred	88	89	80	87	87	74	74	74	132
<b>Total</b>	<b>455</b>	<b>443</b>	<b>427</b>	<b>418</b>	<b>419</b>	<b>393</b>	<b>393</b>	<b>393</b>	<b>382</b>

The total estimated resource tonnes along with Measured plus Indicated Resource category for the BSL Project has increased in this Report as compared to the one completed by Salva Mining in December 2021 principally as the result of the additional infill drilling at Belani.



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## 7 Reserve Estimate

### 7.1 Estimation Methodology

Salva Mining prepared the Coal Resource estimate for the BSL South Block deposit which was used as a basis for the Coal Reserves estimate. Coal Reserves quoted in this Report are inclusive of Coal Resources.

The Coal Reserves were prepared in this Report are based on the outcome of pit optimisation results and the Techno-economic study carried out by Salva Mining based at the current long-term coal prices and the existing contract costs and validated against the previous feasibility studies and actual mining operations data.

The Competent Person for Reserves considers the proposed mine plan and mining schedule is techno-economically viable and achievable. This has been done by reviewing all the modifying factors; estimating reserves in the pit shell and doing a strategic production schedule and economic model which confirms a positive cash margin using the cost and revenue factors as described below in this Report.

### 7.2 Modifying Factors

Table 7:1 outlines the factors used to run the mine optimisation and estimate the Coal Reserves Tonnage.

**Table 7:1 Modifying & Mine Optimisation Factors**

Factor	Chosen Criteria
Seam roof & floor coal loss of 0.025 m each	0.05m
Seam roof & floor dilution 0.025 m each	0.05m
Mining losses	2%
Minimum mining thickness minable coal seam	0.3m
Dilution default density	2.2bcm/t
Dilution default calorific value	1000 Kcal/kg
Dilution default ash	75%
Overall Highwall and Endwall slope	35°
Maximum Pit depth	150m (for Belani COSR 10:1)
Minimum Mining width at Pit bottom	25m
Mining, Coal handling and Transport Cost	Available & Used
Coal Selling Price for Break-even Stripping Ratio calculation	Muara Lakitan-US\$ 37.85/tonne Batukucing - US\$ 43.51/tonne Belani - US\$ 49.08/tonne
Government Documents/approvals Supplied by Client	√
Environment Report supplied by the client	√
Geotechnical Report supplied by the client	√
Hydrogeology Report supplied by the client	√

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#### 7.3 Notes on Modifying Factors

##### 7.3.1 Mining Factors

###### General

The mining limits are determined by considering physical limitations, mining parameters, economic factors and general modifying factors as above (See Table 7:1 above)

The mining factors applied to the Coal Resource model for deriving mining quantities were selected based on the use of suitably sized excavators and trucks. The assumptions are that due to the moderate to steep dip (15 -20 degree) of the coal, mining will need to occur in benches.

###### Cut-off Parameters and Pit Limit

Coal Resources are reported to a maximum depth of 150m for ML & BK block and for BL block, it is reported at cut off stripping ratio of 10:1 (waste: coal).

The mining factors (such as recovery and dilution) were defined based on the open cut mining method and the coal seam characteristics (Table 7:1). The exclusion criteria included the lease boundary and a minimum working section thickness. Through the application of mining factors, the coal resource model was converted to a ROM coal model. The industry standard Minex Optimiser software was used based on optimisation factors (Table 7:1) to generate a series of incremental pit shells on the long-term coal selling price at different discount rates. This is a three-dimensional approach which generates a series of pit shells where each increment reflects different economic scenarios such as changes to the depth, mining cost or coal price. It uses Lerch-Grossman algorithm which reviews the economic viability of the blocks.

An economic model was prepared for the mining operation to determine the project breakeven or incremental stripping ratio. The pit optimisation results were examined and pit shells selected where the incremental stripping ratios were equal to break even strip ratio determined at a point where the costs for mining and handling the coal equalled the revenue generated by the coal.

###### Muara Lakitan deposit

The coal seam distribution within the Muara Lakitan deposit resulted in the Optimiser identifying two main pits where the main bottom seam is 970. Seams 800 group and 900 groups are well developed in both the northern and southern pits. The pits were subject to adjustments to form a practical pit design, which lead to the exclusion of the minor narrow pit shells and the resultant formation of two separate pit shells (Mineable Pit Shells), which formed the basis of the subsequent reserves estimate.

###### Batukucing deposit

The coal seam distribution within the Batukucing deposit resulted in the Optimiser identifying the main pit where the main basal seam is B900 well developed in the pit. The pit was subjected to adjustments to form a practical pit design, which led to the exclusion of the minor narrow pit shells and the resultant formation of the main pit shell, (Mineable Pit Shell), which formed the basis of the subsequent reserves estimate.

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#### **Belani deposit**

The coal seam distribution within the Belani deposit resulted in the Optimiser identifying the main pit bottom seam is E1100. Seams E810 and E910 are well developed in the pit. The pit was subjected to adjustments to form a practical pit design, which led to the exclusion of the minor narrow pit shells and the resultant formation of the main pit shell (Mineable Pit Shell), which formed the basis of the subsequent reserves estimate.

#### **7.3.2 Geotechnical Factors**

The high wall batters (slope of advancing Highwall) adopted were those recommended by the Geotechnical Investigation for Muara Lakitan deposit in 2009. The main objective of this study was to assess the stability of the highwall at 35 degrees. The key findings of the study reasonably agree with the geo-technical test work done to conclude the consideration of the adequate factor of safety (FOS) for highwall at the overall slope of 35 degrees. Further, six number of Geotechnical boreholes have been drilled in the block to establish the geotechnical properties.

The current geotechnical study rules out the option of conventional strike advance strip mining with up-dip spoil dumping due to instability risk issues due to weak ground and adverse geological setting associated with in-pit spoil dumping due to the relatively higher strata dips. It advises for further mine planning/option studies to give due consideration of in-pit dump stability risks which can be resolved and managed through either ex-pit dumping or use of suitable mining methods.

#### **7.3.3 Hydrogeological Factors**

The client provided the report “Preliminary study on groundwater assessment for Muara Lakitan coal project” which was carried out by Australasian Groundwater and Environmental Consultants Pty PT BSL (AGE) in 2009.

This report addresses the groundwater regime of the site and provides an assessment of potential groundwater inflow to the pits for various stages of pit development. It has advised to come out with the most likely mining method in the scenario of current groundwater flow (hydraulic gradient) which is north to the south of the deposit. The volume of water that will need to be disposed of will depend on the length of the highwall exposed at any one time and the length of the base of the pit that needs to remain dry to maintain traffic-ability.

#### **7.3.4 Mining Method**

Open-cut mining by mining contractors, using suitably sized truck and excavator is proposed. The mining method can be described as a “multi seam, moderate to steep dip, open-cut coal mine using truck and shovel equipment in a combination of strip and haul back operations”.

#### **7.3.5 Processing Factors**

The coal is to be sold unwashed so no processing factors have been applied.

#### **7.3.6 Mine Logistics Factors**

The company has previously engaged specialist logistics consultants, Royal Haskoning DHV in 2013 to review and prepare detailed logistics options studies for transporting coal from Muara Lakitan, Batukucing and Belani deposits by the river (barges). Further work to assess road haulage was assessed in 2016. The Northern route was developed and commissioned during 2017.

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Two viable logistic routes were identified:

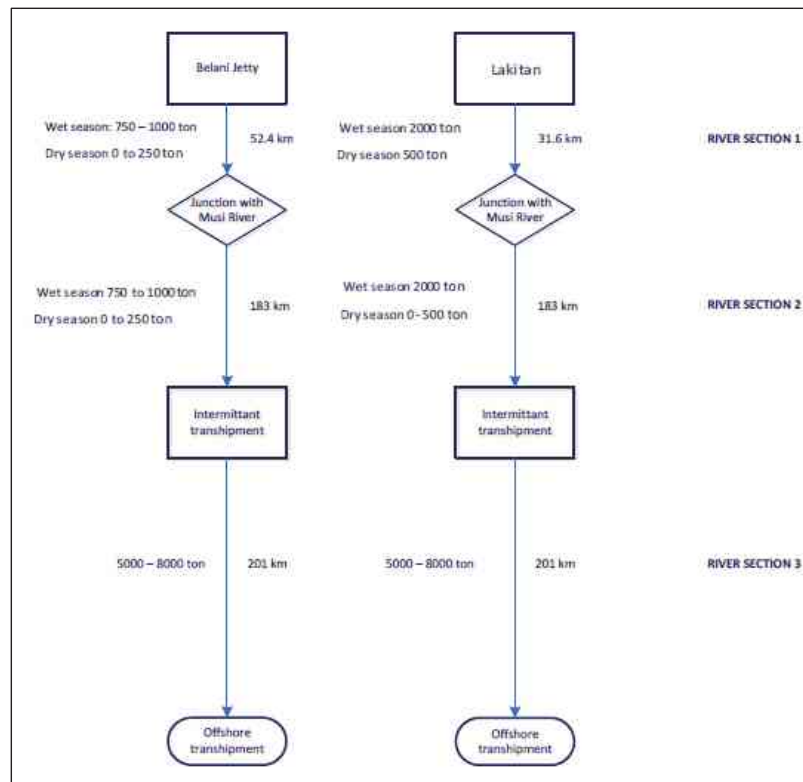
- Southern Barging Route; and
- Northern Road and Barge Route.

The brief summary for both the options of coal transport study has been discussed below.

#### Southern Connection – Coal transport by River

In this option, it is planned that the coal from predominately Muara Lakitan (ML) Pit along with some coal output from Batukucing Pit will be transported through the Musi River (Figure 7.1).

**Figure 7.1 Overview - Coal Transport by River**



(Source: Royal Haskoning DHV, 2013)

Coal from the Muara Lakitan Jetty (ML Jetty) is planned to be barged through Musi River by barges up to 2000t capacity to the intermittent stockpile at Muara Lematang located downstream on the Musi River. A barge loading terminal is currently under construction at Muara Lakitan, including a 700tph barge loading conveyor.

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Coal from the Batukucing Pit (and potentially Belani Pit) will be barged on the Rawas River via the confluence with Musi River to the intermittent stockpile at Muara Lematang located along the Musi River (Figure 7:2 and Figure 7:3).

**Figure 7:2 Coal Transport by River**



(Source: Royal Haskoning DHV, 2013)

The water level of the Musi River downstream of Muara Lematang does not vary much over the seasons, due to the relative proximity of the sea and the influence of tides; this results in river depths being much larger throughout the year.

A key issue is the size of barges suited to the upper reaches of the Musi River, including the impact of seasonal conditions on barge traffic-ability. The capacity of barges up-to-the intermittent stockpile at Muara Lematang will be dependent upon draft of the river due to seasonal flow of the river in the upper reaches. Depending on the draft, it is anticipated that barges of 1,000t to 2,000t will be able to work on the upper segment to the intermediate port at Maura Lematang.

Coal from the intermittent stockpile at Muara Lematang will be transported by the larger barges of 7500 t to the offshore trans-shipment port at the mouth of the Musi River (see section 3 of Fig 8:3) if required, however, PT BSL is planning to sell the coal at the river port for domestic power plant usage. Coal transport through barges has also considered the existing limitations (bridges over Musi River) for its capacity assessment (Fig 8:4).

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**Figure 7:3 Location of Ports and Bridges on Musi River**



(Source: Royal Haskoning DHV, 2013)

The maximum volume of coal that can be transported on the Musi and Rawas River is mainly governed by the navigation constraints on the upper sections of the rivers and the loading capacity of barge loading terminals. The upper section of the Musi and Rawas River is subject to the lowest drafts during the dry season. The river is also narrower in the upstream part and bends are much sharper due to higher current velocities. The capacity assessment is therefore made upon;

The river logistic study determined that the Maximum barging capacity is governed on both upstream sections of the narrow bends, sharp bends and narrow sections, which limits the export capacity of both mines to about 3 million m<sup>3</sup> which is approximately 4.2 Mt assuming the density of 1.4 t/m<sup>3</sup>.

For the purpose of this Report, Salva Mining has opted to be conservative and assumed maximum capacity of 4 Mtpa only.

#### **Northern Connection – Coal transport by Road**

In another option, it was proposed to transport coal from Belani and Batukucing pits by road to the Gorby Port which is located northeast of BSL concession. There will be total coal transport of ~130km from the Belani pit and ~170km from Muara Lakitan pits by road to the Gorby Port. Table 7:2 exhibits the various road sections and distances. This route was developed and commissioned in 2017.

Coal from Gorby port will be further transported by the 7,500t barges to the offshore trans-shipment port for coal export for a distance of ~120 km if required for export purpose, however, GEAR is planning to continue selling coal at river port for domestic power plant use.

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**Table 7:2 Road Logistics**

Section		Distance (km)
From	To	
Belani	Gorby road	9.8
Muara Lakitan	Gorby Road	53.5
Gorby Road	Government Road Junction	13.0
Government Road Junction	Macang Sakti Junction	7.6
Macang Sakti Junction	PT Bumi Persada Road	36.5
PT Bumi Persada Road	Pulia Gading Village	55.0
Pulia Gading Village	Gorby Port	6.1
Distance (km)		128 -171

The existing and proposed road network to the Gorby Port from Belani pit is presented in Fig 8:5 and from Muara Lakitan pit in Fig 8:6.

#### Summary of Logistics Options

BSL has proposed to use both Northern Connection (road to Gorby Port) and Southern Connection (small barge to Muara Lematang)

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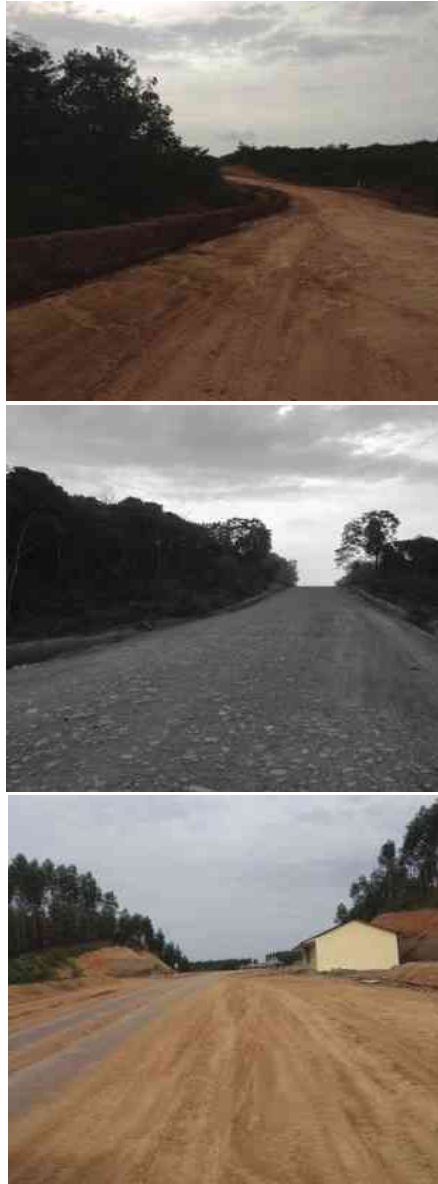
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**Figure 7:4 BSL – Road Logistics**

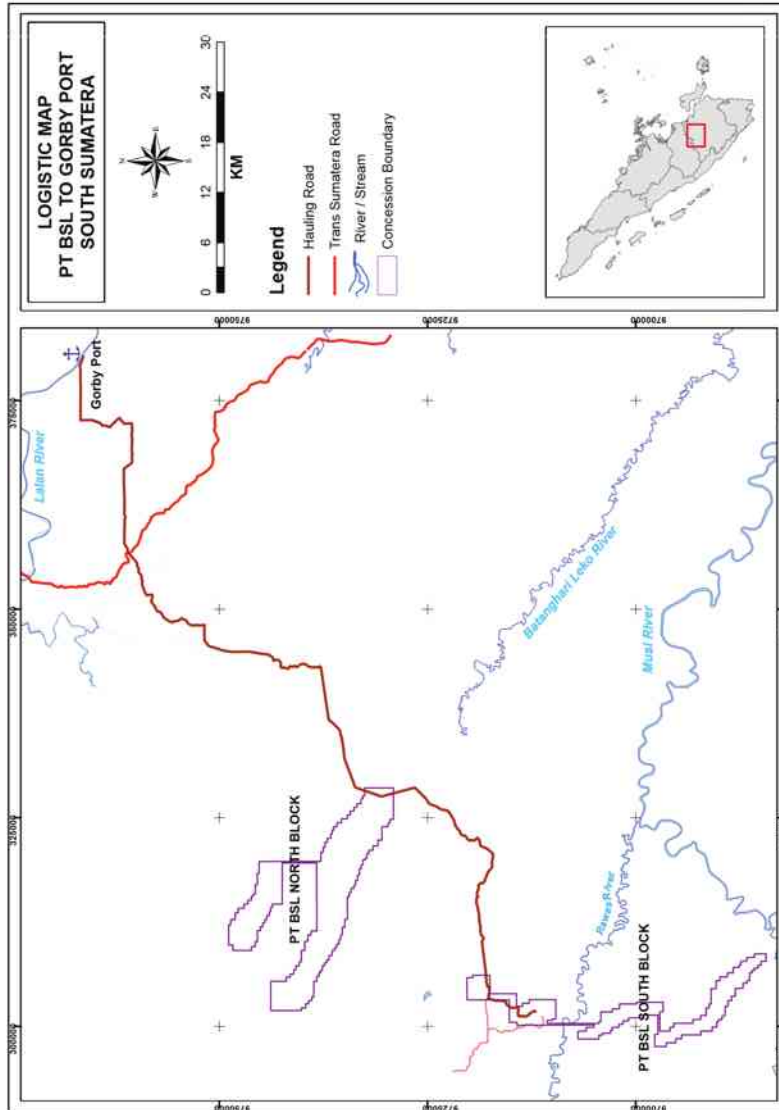




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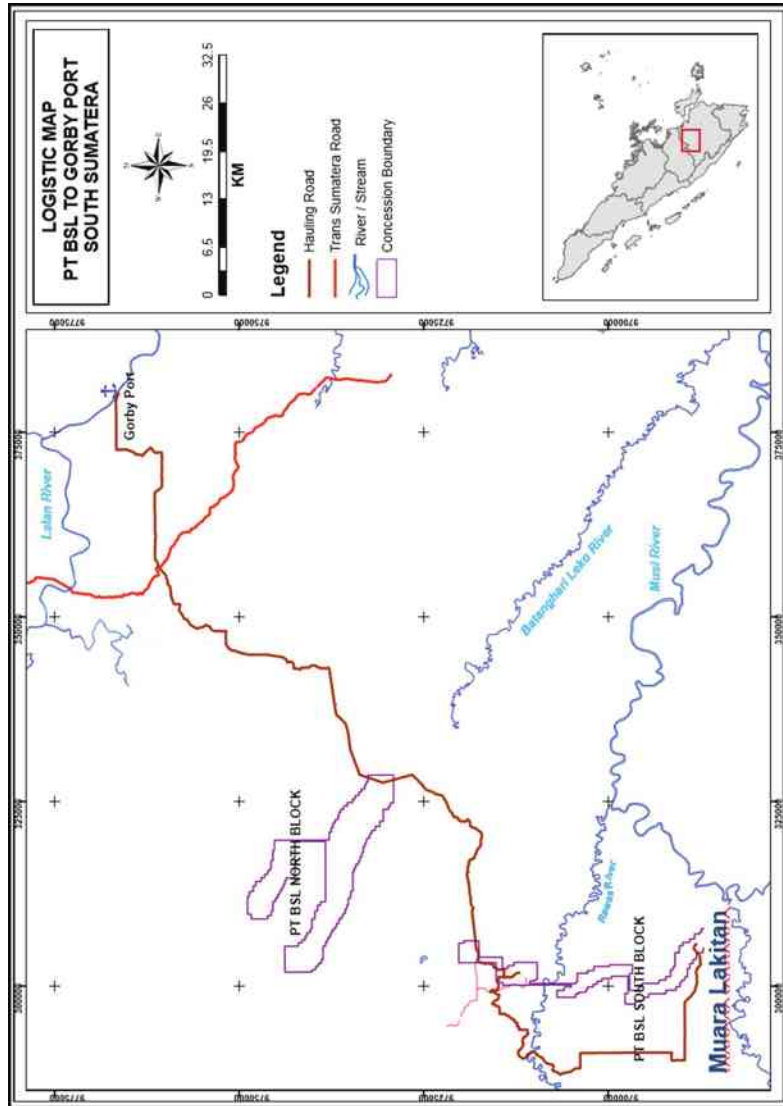
Figure 7:5 Coal Transport by Road from Belani Pit to Gorby Port



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Figure 7.6 Coal Transport by Road from Muara Lakitan to Gorby Port



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#### 7.3.7 Permits and Approvals

From discussions with GEARS, Salva Mining understands that most permits and approvals with regard to further activities in Muara Lakitan, Batukucing and Belani coal deposit have been obtained.

#### 7.3.8 Environment and Community Relations

A preliminary assessment of potential issues pertaining to environment and community relations who may impact the Reserves estimation was carried out by Salva Mining. These included the following activities:

- Review of environment management procedure at the site;
- Visit the GEAR Jakarta office and inspection of environmental management plans;
- Review of the Analisis Mengenai Dampak Lingkungan Hidup (AMDAL) - environment impact assessment and management plans; and
- Review of Corporate Social Responsibility Reports.

Salva Mining’s preliminary assessment did not reveal any issues related to environment and community relations that will adversely impact project valuation. However, it should be noted that Salva Mining’s assessment was only preliminary in nature and Salva Mining cannot provide any guarantee or warranty that significant environmental or community issues will not affect the operation. Key environmental and community relations issues are discussed below.

#### Environmental Aspects

Key issues which can have a potential impact on project are Water Run-off, noise, dust and rehabilitation.

#### Water Run-off from site

If sediment loads are high or if the water is acidic, water run-off from dumps, stockpiles, roads and water pumped from pits has the potential to pollute local rivers, creeks and vegetation. This is managed through the use of bunds, drains and sediment ponds of sufficient size to allow small particles to settle out of the water. Regular monitoring of water discharge points is required under government regulations.

#### Noise and Dust

Noise and Dust originating from mine operations haulage and coal handling have the potential to impact the local environment, particularly if villages and local communities are located within close proximity to mining and coal handling operations. Dust is generally managed by using water trucks on haul roads, and by spraying water or dust suppressant chemicals to minimise dust being airborne and suppressing it.

#### Rehabilitation

A large area of land will be already cleared as part of the BSL Belani mining operation. The disturbed area is generally rehabilitated by removing the topsoil prior to mining, storing the topsoil onsite during mining and covering the final landform with topsoil at the completion of mining. The area to be rehabilitated is then planted with suitable vegetation.

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Management at the BSL Project has established procedures and a nursery in place to prepare for revegetation to take place. To prevent the dust hazard, the company is currently using dust suppressant and water sprinkling system. Salva Mining notes that the current approved AMDAL for the BSL concessions allows the company to mine in expand to the proposed throughput.

Mine closure plans for the updated mine plan have yet to be completed; however, Salva Mining does not foresee any significant issues with this aspect of the operation. A reasonable allowance has been made in for environmental management, rehabilitation and mine closure.

#### **7.3.9 Social Aspects**

Maintaining a good relationship with local communities is a key requirement for the success of the BSL operation. Efforts must be made to continue the ongoing community development programs in coordination with the local government.

#### **Economy**

The economic development of the local community is set to include activities to assist with the economic development of the community by providing employment and business opportunities once mining operations have finished.

#### **Health**

It includes programs to improve health in the local communities and to increase people’s knowledge through education in health issues.

#### **7.3.10 Mine Schedule**

Mining operations for all pits within the BSL concession is carried out by conventional open-pit mining method using truck and excavator combination. Mining of waste is outsourced to a third-party contractor, which are a common practice in Indonesia.

A Life of Mine (LOM) plan was completed by GEM’s engineering team for the deposit and was provided to Salva Mining. The LOM plan included a production schedule and waste balance. Salva Mining has reviewed the mine plan and performed cross-checks to ensure that the operation is practical, achievable and has sufficient dumping room to contain all the waste mined in the final pit design. Waste haul distances were also estimated to adjust the waste mining costs for the operation.

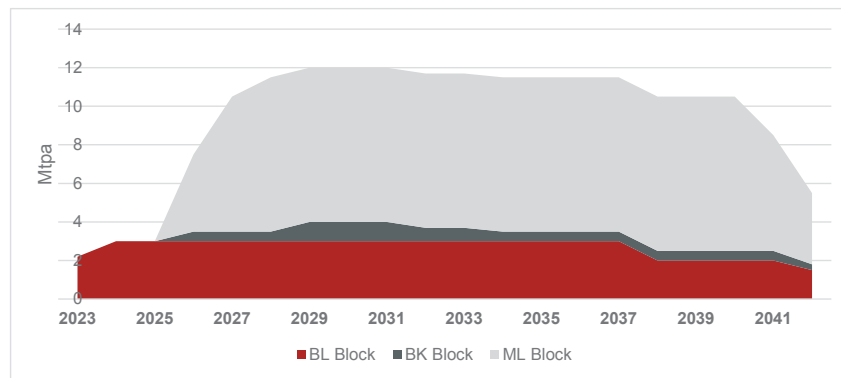
The mine plan targets a production rate up to 12 Mtpa for the remaining mine life. As per preliminary production schedule, the minable tonnes over the life of mine are expected to be 189 Mt, requiring waste mining of 1,144 Mbcm. The LOM stripping ratio is calculated to be at 6.06 bcm/t of coal mined. The schedule targeted production of 12 Mtpa from 2029 onwards (Figure 7:7).

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**Figure 7:7 Life of Mine Production Schedule**



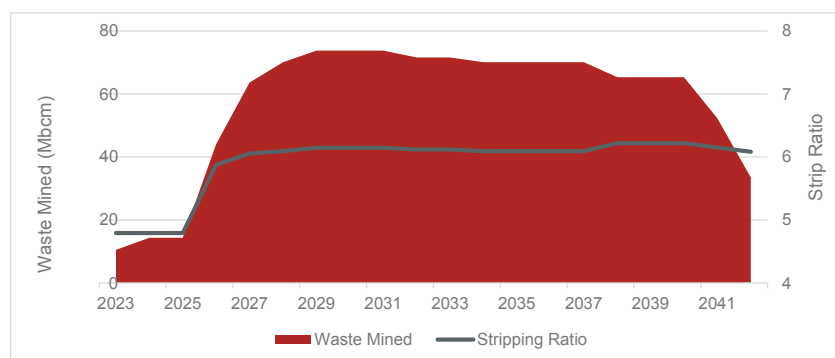
### 7.3.11 Top Soil Removal

It is necessary to clear land and remove topsoil to advance any open-pit mining operations. At BSL concession, land clearing and topsoil removal are undertaken by contractors. Natural Vegetation is cleared by using dozers. The vegetation is pushed into piles and moved to a suitable location. All necessary care is taken to minimize soil profile disturbances and the same process will be followed during the life of mine operations. Once the land is cleared, a fleet of trucks and excavators removes topsoil which is either preserved for final reclamation or directly dumped into final landform area (where coal is already mined out) for rehabilitation.

### 7.3.12 Waste Excavation

Waste material is mined using hydraulic excavators and loaded into standard rear tipping heavy duty haulage trucks for haulage to rock waste dumps which are either in close proximity to the pits or in-pit where possible. Diesel-powered hydraulic excavators in backhoe configuration are used. A swell factor of 1.2 was assumed for all waste dumping and handling calculations. The waste to be mined over the life of mine is shown in Figure 7:8.

**Figure 7:8 LOM Waste Excavations**



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#### 7.3.13 Processing Factors

The coal is to be sold unwashed so no processing factors have been applied.

#### 7.3.14 Capital Cost

As the client is planning to continue using local mining contractors, it is envisaged that no major capital expenditure shall be incurred at the mine site apart from land acquisition. Majority of the capital is associated with land acquisition and road upgrade (Table 7:3).

**Table 7:3 Estimation of Capital Cost**

Particulars	Direct Cost (\$M)	Contingency (\$M)	Total Cost (\$M)
Land Compensation	6.5	1.0	7.5
Land Compensation	6.5	1.0	7.5
Workshop, Office and Laboratory	1.0	0.2	1.2
Backup Power Generation	0.5	0.1	0.6
Coal Handling Equipment	1.0	0.2	1.2
Accommodation Camp	0.5	0.1	0.6
Fuel Storage	0.3	0.0	0.3
Water Supply and Sewage System	0.3	0.0	0.3
Communications	0.4	0.1	0.5
Mine Infrastructure	4.0	0.6	4.6
Road Upgrade Mine to Port	6.0	0.9	6.9
Port Stockpile and Jetty	5.0	0.8	5.8
Road & Port Facilities	11.0	1.7	12.7
<b>Total Project Cost</b>	<b>21.5</b>	<b>3.2</b>	<b>24.7</b>

#### 7.3.15 Economic Factors

##### Royalty

The BSL concession is a CCoW concession, amenable to be exploited by open-pit mining method. A royalty of 13.5% of revenue excluding barging and transshipping associated cost is applicable to coal sales from the BSL concession. This amount is defined in the PKP2B and subsequent agreements between BSL and the Indonesian Government Regulation No. 17 of 2010 issued by the Minister of Energy and Mineral Resources (MEMR) also requires that all coal sales be made at a minimum (or benchmark) price that is defined by the Indonesian government on a monthly basis. The methodology for calculation of the minimum price is described in Regulation No. 515.K/32/DJB/2011 and Regulation No. 644.K/30/DJB/2013 issued by the Directorate General of Minerals and Coal (DGMC).

Salva Mining assumed that future benchmark prices for Royalty calculations will be equal to or lower than the forecast prices used in this study and thus the forecast coal price has been used for the calculating royalty payments.

The agreement between BSL and the Indonesian Government appears to allow for the Government royalty to be calculated based on the coal sales price (or the benchmark coal price if it is higher) adjusted for the costs incurred past BSL's last loading facility. This effectively means

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that revenue can be calculated on the FOB, barge loading basis for the purpose of royalty calculation. Regulation No. 644.K/30/DJB/2013 defines the maximum costs that can be deducted from the sales price for the purpose of the royalty calculation. Salva Mining has used the lower of actual cost and maximum allowable allowance for barging and trans-shipped activity-related costs in the determination of royalty payable.

#### **Corporate Income Tax**

In line with the prevailing corporate income tax regulation, an income tax rate of 25% is applied to the revenues from the concession.

#### **Inflation**

Salva Mining has developed a cash flow model in real term for calculation of the assessment of project. Salva Mining has assumed the cost and revenue in US \$ in real terms.

#### **Depreciation and Amortisation**

Salva Mining has opted to apply straight-line depreciation rates depending on the type of asset and their useful life.

#### **Working Capital**

Salva Mining considers that the impact of working capital is minimal.

#### **Value Added Tax (VAT)**

The prevailing VAT law stipulates that supplies of coal and other natural resources taken directly from the source are not subjected to VAT. This means that there will not be any output VAT applicable to coal produced from the BSL Concession. As per prevailing VAT law, a variable component of contractor cost attracts a 10% VAT. Salva Mining has opted to apply VAT to all variable contractor cost and therefore a VAT rate of 10% is applied on all contractor cost.

### **7.3.16 Operating Cost**

#### **General**

The client provided a “data sheet” of indicative and actual unit costs and revenues relevant for this project which was subject to review. Salva Mining also reviewed the costs for reasonableness against known current mining costs for similar mining conditions within Indonesia. An in-house NPV based economic model was developed to show that the project and reserves are “economic”. These unit rates were then used to estimate the cost to deliver coal to a ship (FOB vessel). This allowed a break-even strip ratio to be estimated and the rates were also used to calibrate the Optimiser software. The following points summarise the cost and revenue factors used for the estimate (All costs are in US dollars).

- Royalties of 13.5% of revenue less marketing, barge and port costs have been allowed.
- Allowances were made for hauling, crushing, stockpiling, barge loading, barging and ship loading and royalty.
- Coal mining rate considered is US\$ 0.75 per tonne provided by the client.
- Waste mining rate considered is US\$ 1.70 per bank cubic metre provided by the client.

#### **Unit Costs**

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The Contractor and Owner unit costs used in the Lerchs Grossman optimiser for various blocks are detailed in Table 7:4 and Table 7:5. These costs were used to create a series of waste and coal cost grids which were used to generate the optimiser nested pit shells.

**Table 7:4 Contractor Unit Rates (Real Terms)**

Cost Item	Unit	Rate
Land Clearing	\$/ha	1,500
Topsoil Removal	\$/bcm	1.70
Waste Mining	\$/bcm	1.70
Waste Haulage	\$/bcm/km	0.30
Coal Mining	\$/t	0.75
Haul to ROM Stockpile	\$/t km	0.07
Haul to Port Stockpile – Road	\$/t km	0.07
Barging	\$/t km	0.045

*Note: All quoted cost in local currency is adjusted for fuel price and exchange rate*

**Table 7:5 Variable Owner Unit Costs (Real Terms)**

Cost Item	Unit	Rate
ROM Coal Handling	\$/t	0.50
Barge Unloading & Stockpile	\$/t	0.30
Mine Closure	\$/ha	6,000
Environmental and Rehabilitation	\$/t	0.20
Salary and Wages	\$/t	0.20
Corporate Overheads	\$/t	0.25
Local Government Fees	\$/t	0.25

Royalty was estimated at 13.5% based on the respective sale prices of the coal for each block. A 10% VAT has been applied to all services purchased.

Apart from the unit costs described in the above section, land compensation cost per Ha was also considered during optimisation. These land compensation costs were obtained from the GEAR technical team and verified by Salva Mining.

#### Operating Cost

Salva Mining prepared the operating costs for mining and other activities including coal hauling, barging and port handling charges, which was checked and validated against the actual operating cost. Salva Mining has further benchmarked the cost against other operations for reasonableness.

Total operating costs per tonne of coal product including royalty for the BSL Project has been estimated as US\$30.89 per tonne over the life of the mine. The operating cost for the BSL project has been summarised in Table 7:6.

**Table 7:6 Life of Mine - Average Unit Operating Cost (Real Terms)**

Cost Item	\$/t
Land Clearing	\$0.02
Waste Mining	\$10.59



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Cost Item	\$/t
Coal Mining	\$0.75
Haul to Stockpile – Road	\$6.86
Haul to Stockpile – Barging & Unloading	\$3.45
ROM Coal Handling	\$0.50
Environmental and Rehabilitation	\$0.26
Salary and Wages	\$0.20
Corporate Overheads	\$0.25
Local Government Fees	\$0.25
VAT	\$2.16
<b>Operating Cost Excl. Royalty</b>	<b>\$25.28</b>
Royalty	\$5.58
<b>Operating Cost incl. Royalty</b>	<b>\$30.87</b>

#### 7.3.17 Marketing, Pricing and Revenue Factors

PLN is proposing to build 18 coal power plants in South Sumatra along with 10 power plants in Jambi Region, which could be supplied by coal from the BSL Project. Figure 7:9 shows the location of the BSL project in relation to the planned coal-fired power stations and high voltage transmission lines. As seen in Figure 7:9, PLN is proposing to expand the power generation in the region significantly to meet the 80% increase in demand in the next 8 years.

**Figure 7:9 South Sumatra – Planned Electricity Network**



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To estimate the long-term price for different types of BSL coal, Salva Mining has adopted the latest brokers forecast for the Newcastle thermal coal prices ex Australia (USD/t, FOB) as a benchmark price. These data which was collected by KPMG in November 2022 include forecasts of future prices for coal of CV 6,322 kcal/kg (gar) over a long-term horizon from each expert (Table 7:7).

**Table 7:7 Newcastle Coal Index Forecast**

	Date of Forecast	2023 (nom.)	2024 (nom.)	2025 (nom.)	2026 (nom.)	Long Term (Real, Q4 2022)
Contributor 1	24-Oct-22	\$343.8	\$237.5	\$127.8	n/a	n/a
Contributor 2	17-Oct-22	\$242.5	\$176.3	n/a	n/a	n/a
Contributor 3	11-Oct-22	\$275.0	\$175.0	n/a	n/a	\$90.0
Contributor 4	7-Oct-22	\$287.0	\$126.0	\$105.0	n/a	n/a
Contributor 6	6-Oct-22	\$280.0	\$250.0	n/a	n/a	\$75.0
Contributor 7	6-Oct-22	\$281.0	\$150.0	\$104.0	\$100.0	\$100.9
Contributor 8	5-Oct-22	\$375.0	n/a	n/a	n/a	n/a
Contributor 9	4-Oct-22	\$200.0	\$120.0	\$110.0	\$100.0	\$100.0
Contributor 10	4-Oct-22	\$232.0	\$125.0	n/a	n/a	n/a
Contributor 12	4-Oct-22	\$250.0	\$150.0	n/a	n/a	\$80.0
Contributor 13	3-Oct-22	\$273.0	\$190.0	\$118.0	\$85.0	\$65.0
Contributor 14	2-Oct-22	\$160.0	n/a	n/a	n/a	\$90.0
Contributor 15	1-Oct-22	\$325.0	\$238.0	\$128.0	n/a	\$100.0
Contributor 16	30-Sep-22	\$366.0	\$292.0	n/a	n/a	\$85.0
Contributor 18	27-Sep-22	\$353.8	n/a	n/a	n/a	n/a
Contributor 19	21-Sep-22	\$152.0	\$121.0	\$106.0	\$95.0	\$75.0
<b>Average</b>		<b>\$274.8</b>	<b>\$180.8</b>	<b>\$114.1</b>	<b>\$95.0</b>	<b>\$86.1</b>
<b>Median</b>		<b>\$277.5</b>	<b>\$175.0</b>	<b>\$110.0</b>	<b>\$97.5</b>	<b>\$87.5</b>

Source: KPMG Coal Price & FX consensus forecast, November 2022

Salva Mining has adopted the median of the long-term price forecast (\$87.5/t) as a reasonable benchmark price for Newcastle Index.

The Indonesian Government, set by the Ministry of Energy and Mineral Resources (Menteri Energi dan Sumber Daya Mineral), publish a monthly coal price report – the ‘Harga Batubara Acuan’ (HBA) or the Indonesian Coal Price Reference. HBA is an average price of four specific Indonesian and Australian coals, which is derived from the Argus Indonesia Coal Index 1 (IC11), Platts Kalimantan 5900 gar, Newcastle Export Index (NEX), and the Global Coal Newcastle Index (GCNC) using the indices from the previous month, with the quality of CV = 6,322 kcal/kg gar, Total Moisture = 8%, Total Sulfur = 0.8% and Ash=15%. Given that the Indonesian HBA price oscillates close to the Newcastle Index, Salva Mining has used forecast price for Newcastle Index as a proxy to HBA coal price forecast. The ‘Harga Patokan Batubara’ (HPB) – Coal Bench Mark Price is the method used for price assessment for royalty purposes by the Indonesian Government for coal of any specification using the following formula:

$$\text{HPB} = (\text{HBA} \times \text{K} \times \text{A}) - (\text{B} + \text{U}) \text{ [US\$/tonne]}$$

Where:

HPB = The coal price reference calculated by adjusting the quality parameter

K = Calorific values of the coal / 6322 (gar)

A = (100 – Total Moisture) / (100 – 8)

B = (Sulphur – 0.8) \* 4 [US\$/t]

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$$U = (\text{Ash} - 15) * 0.4 \text{ [US\$/t]}$$

The long-term forecast price of the BSL coal was calculated as \$55.61/t for Belani, \$43.12/t for Muara Lakitan and \$47.86/t for Batukucing using the HPB conversation formula.

Salva Mining has further discounted this coal price forecast by \$3.00/t to account for Ex-Port sales location rather than FOB shipping location which is typically used for the purpose of benchmark coal sales. The price for export coal after the discount was calculated as 52.61/t for Belani, \$40.12/t for Muara Lakitan and \$44.86/t for Batukucing.

#### Domestic Marketing Obligation

To secure coal supply for domestic use, the new mining law allows for a Domestic Market Obligation (DMO) where the central government is able to control production and export of mining products. Regulation No. 34 of 2009 issued by the Ministry of Energy and Mineral Resources (ESDM) detailed the procedures for the DMO.

The Indonesian government introduced a decree (MEMR Decree No. 1395/K/30/MEM/2018) on 9 March 2018, which set a coal price cap for public electricity generation of \$70/t. This price cap is applicable for coal with a calorific value of 6,322 kcal/kg gar, total moisture of 8%, sulphur content of 0.8% and ash of 15%. For coals of any other specification, the applicable domestic price cap is to be calculated via a formula linked to this reference price of \$70/t. Salva Mining used this price cap formula for estimating the capped domestic price for Belani coal as \$45.54/t, Muara Lakitan as \$35.58/t and Batukucing as \$39.15/t.

Indonesia banned coal exports in January 2022 to prioritize domestic supplies as inventories ran low. The ban was eased on 20 January 2022 for 139 companies who had fulfilled their DMO, which requires them to supply 25% of their annual production locally at a capped price. However, Salva has assumed 50% domestic sales for the purpose of this Report. Table 7:8 summarises long term price forecast taken to estimate reserves.

**Table 7:8 Long Term Price Estimate**

Description	Long term Price (US\$/t)		
	Belani	Muara Lakitan	Batukucing
Export Coal Price	52.61	40.12	47.86
Domestic Coal Price	45.54	35.58	39.15
Weighted Average Coal Price (Assuming 50% domestic sales)	<b>49.08</b>	<b>37.85</b>	<b>43.51</b>

#### 7.3.18 Financial Analysis

The economic assessment model for the BSL Mine was developed in Microsoft Excel. Financial analysis of the operations has been derived from the analysis of cash flows calculated for the project over the life of mine (Table 7:9).

Salva Mining has adopted the following considerations in its financial model:

- The model is developed in real terms. All cost and prices were considered in real terms;
- The model assumes continuous cash in and outflows, which are reflected in mid-point discounting during a period;
- Sunk cost (including acquisition costs) is excluded; and
- All future cash flows were discounted using WACC discount rate of 10% real after tax.

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Table 7.9 LOM Economic Analysis

Units	LOM	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Coal Mined	Mt	189	2.2	3.0	3.0	7.5	10.5	11.5	12.0	12.0	11.7	11.7	11.5	11.5	11.5	11.5	10.5	10.5	10.5	8.5	5.5
Waste Mined	Mbcm	1144	11	14	14	44	64	70	74	74	72	72	70	70	70	70	65	65	65	52	33
Stripping Ratio	bcm:t	6.1	4.8	4.8	4.8	5.9	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.2	6.2	6.2	6.2	6.1
Product - BSL Coal	Mt	189	2	3	3	8	11	12	12	12	12	12	12	12	12	12	11	11	11	9	6
Revenue	\$M	7799	108	147	147	320	434	472	494	494	480	480	472	472	472	472	423	423	423	347	227
Total Capital	\$M	31	1	5	8	7	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Cost	\$M	4768	47	65	65	186	265	292	306	306	298	298	292	292	292	292	271	271	271	216	136
Royalty	\$M	1053	15	20	20	43	59	64	67	67	65	65	64	64	64	64	57	57	57	47	31
EBITDA	\$M	1978	47	62	62	91	111	116	121	121	118	118	116	116	116	116	95	95	95	85	60
Cash Margin	\$/t	10	21	21	21	12	11	10	10	10	10	10	10	10	10	10	9	9	9	10	11
Depreciation	\$M	23	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2	3
Taxable Income	\$M	1955	47	62	62	91	110	115	120	120	117	117	115	115	114	114	93	93	93	83	57
Corporate Tax	\$M	489	12	16	16	23	27	29	30	30	29	29	29	29	29	29	23	23	23	21	14
EARNING AFTER TAX	\$M	1466	35	47	47	68	82	86	90	90	87	87	86	86	86	86	70	70	70	62	42
Depreciation	\$M	23	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2	3
Working Capital Adj.	\$M	0	-7	-2	0	-10	-7	-1	0	0	1	0	0	0	0	0	3	0	0	3	22
Capital Expenditure	\$M	31	1	5	8	7	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unlevered Cash Flow	\$M	1459	27	43	42	51	70	81	89	90	89	88	87	87	87	87	74	71	71	66	67
Discounted Cash Flow	\$M	596	26	38	33	37	45	48	48	44	40	36	32	29	26	24	22	17	15	13	11

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The financial analysis of the operations indicates the project to be economical viable with sufficient EBITDA cash margins.

#### 7.3.19 Product Quality

As previously stated, Salva Mining has assumed no moisture change in the product coal chain. Therefore, it is assumed that the final product will have the same quality of ROM coal which is summarised in Table 7:10.

**Table 7:10 Product Coal Quality**

Block	RD adb t/m <sup>3</sup>	TM arb %	IM adb %	Ash adb %	CV (GAR) Kcal/Kg	TS adb %
Maura Lakitan	1.41	36.3	20.6	6.5	3,936	0.30
Batukucing	1.37	32.7	14.0	7.3	4,300	0.49
Belani	1.34	27.9	16.1	6.1	4,640	0.37
<b>Total</b>	<b>1.39</b>	<b>33.7</b>	<b>18.9</b>	<b>6.4</b>	<b>4,159</b>	<b>0.33</b>

#### 7.3.20 Other Relevant Factors

There are a number of planning issues which may impact on the stated mining reserves. These include:

- detailed geotechnical studies to confirm the overall slope angles and other parameters;
- detailed hydrogeological studies to know the water flow gradient and dewatering arrangement;
- more quality data as well as detailed drilling and updates to the geological model;
- an environmental study conducted and approval (AMDAL) granted;
- land acquisition and approval from the local landowners; and
- detailed mine planning, infrastructure design, transportation, marketing and costing studies before the project execution.

These issues may cause the pit shell and mining quantities to change in future JORC code compliant Coal Reserves. estimates

#### 7.4 Break Even Stripping Ratio

Table 7:11 summarises the calculation of the Break-Even Stripping Ratio. The methodology adopted involves taking the cost to mine a tonne of coal and adding all the costs associated with getting the coal to the point of sale.

**Table 7:11 Estimation of Break-even Stripping Ratio**

Estimation of Break-even Strip Ratio for BSL Blocks	ML	BK	BL
Coal Price, US\$/t	\$37.85	\$43.51	\$49.08
Total of Haul, Barging, Port & Royalty, US\$/t	\$17.07	\$18.21	\$17.37
Price at Mine Head, US\$/t	\$20.78	\$25.30	\$31.71
Other mine related cost, US\$/t	\$3.28	\$5.05	\$3.13
Price ex mine, US\$/t	\$17.50	\$20.25	\$28.58
Cost of mining (Coal), US\$/t	\$0.75	\$0.75	\$0.75
Cost of Mining (Waste), US\$/bcm	\$1.70	\$1.70	\$1.70

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Break-even stripping ratio, bcm/t	9.9	11.5	16.4
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#### 7.4.1 Mining Production

Historical production from BSL mines is shown below in Table 7:12.

**Table 7:12 Historical Production – BSL Mine (Mt, Coal)**

Pits	2017	2018	2019	2020	2021	2022
Belani	0.05	0.43	0.83	0.90	1.30	1.74
Total	<b>0.05</b>	<b>0.43</b>	<b>0.83</b>	<b>0.90</b>	<b>1.30</b>	<b>1.74</b>

#### 7.5 Optimised Pit Shell

The optimised pit-shells for BSL blocks as delineated in the final pit design do contain Inferred Resources which are excluded from the Coal Reserves reported for the BSL concession. Under the JORC Code, Inferred Resources cannot be converted to Reserves due to poor confidence in structural continuity and quality variables.

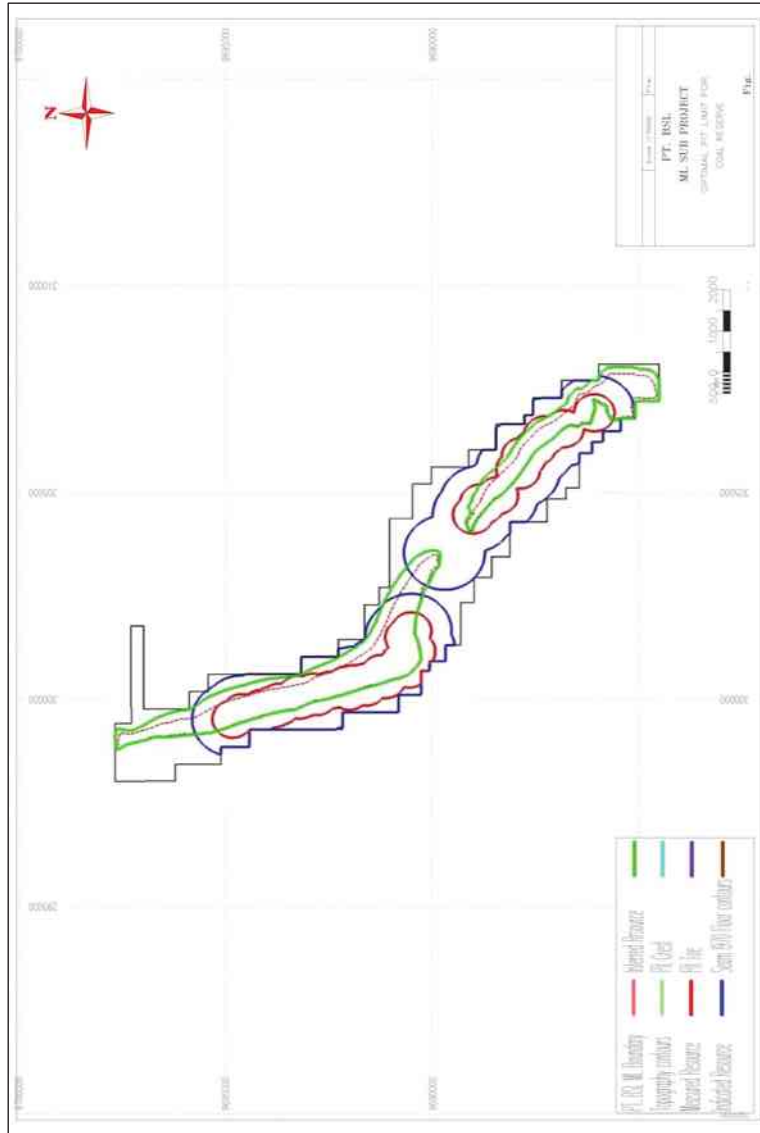
The ROM coal quantities within the Mineable Pit Shells were then tested so that only Measured and Indicated Coal Resources were classified as Coal Reserves. Coal Reserves within the seams having Measured Resources are reported as Proved Reserves whereas seams having Indicated Resources are reported as Probable Reserves.

The selected pit shells and associated cross-sections for estimating Coal Reserves for Muara Lakitan, Batukucing and Belani coal deposit are shown on Figures 7:10 to 7:16.

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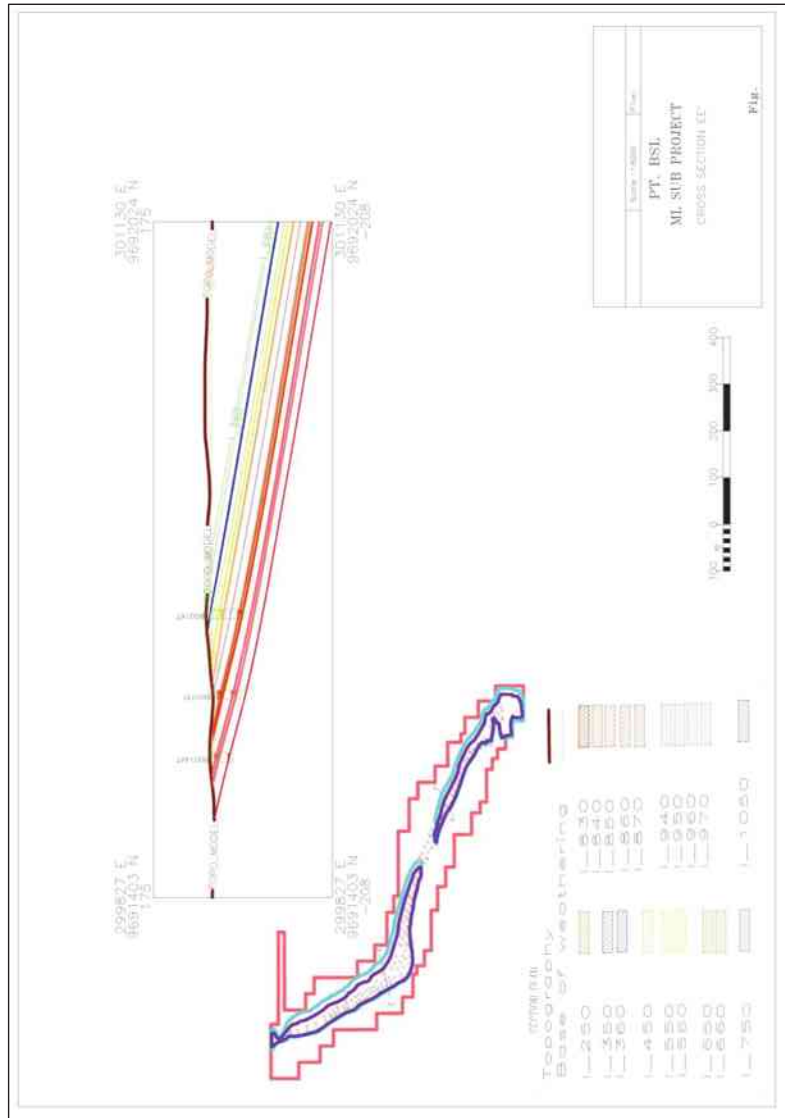
Figure 7:10 Final Pit Design, Muara Lakitan



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Figure 7-11 Cross Section 'E-E', Muara Lakitan

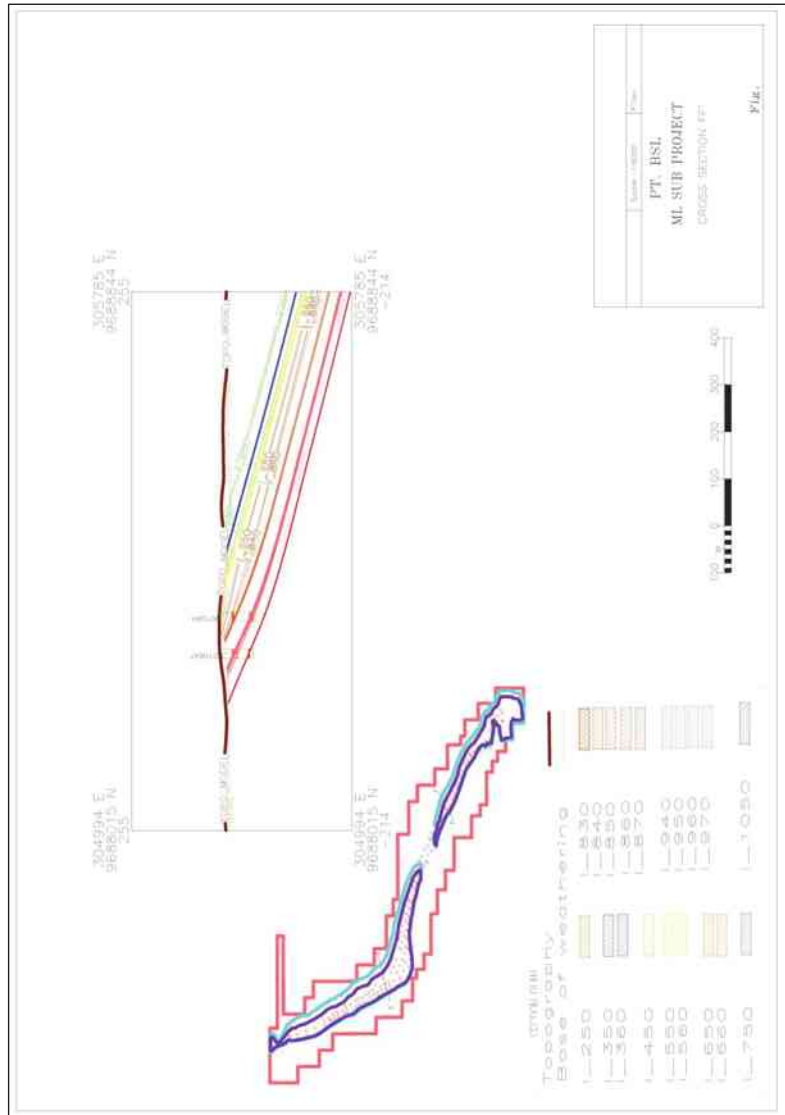




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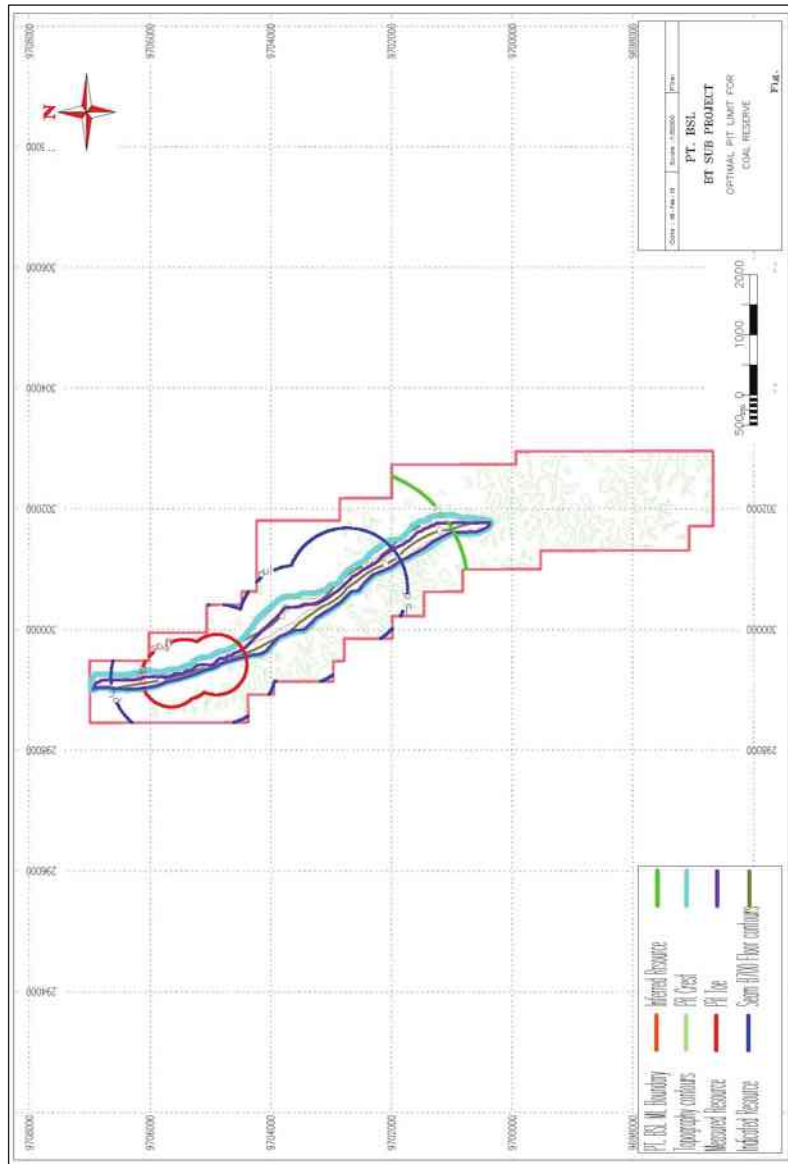
Figure 7-12 Cross Section 'F-F', Muara Lakitan



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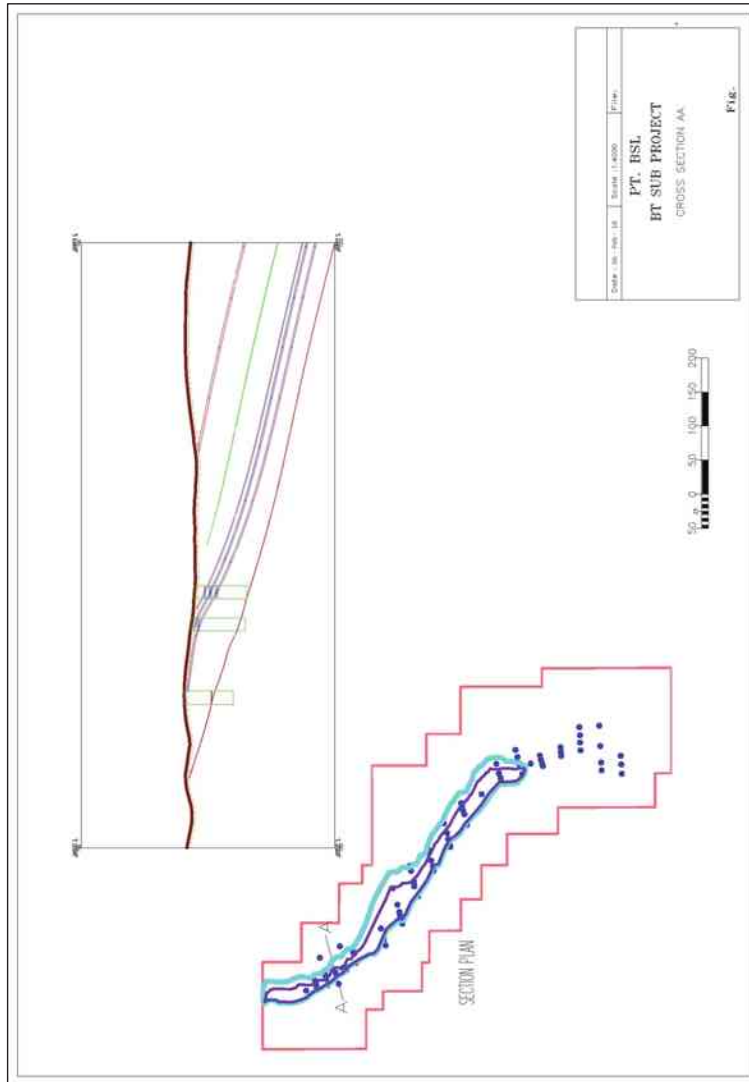
Figure 7-13 Final Pit Design, Batukucing



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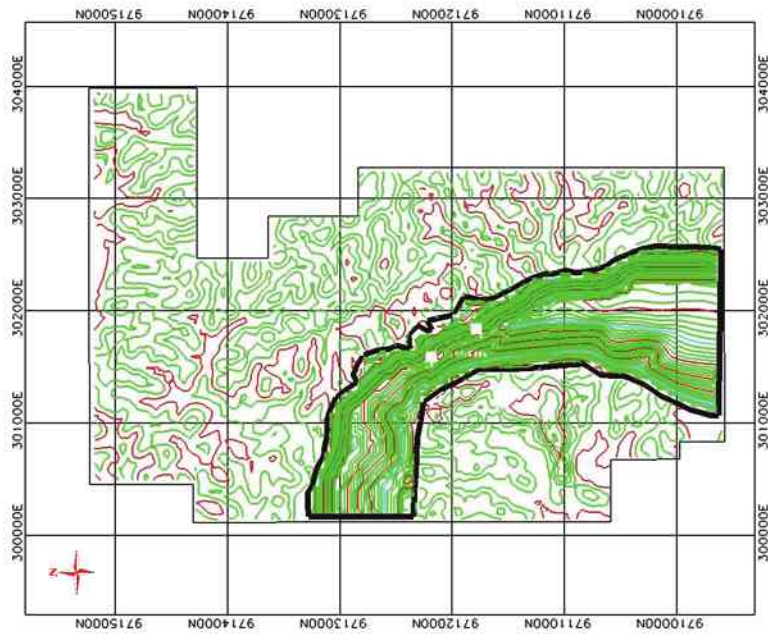
Figure 7:14 Cross Section 'A-A', Batukucing



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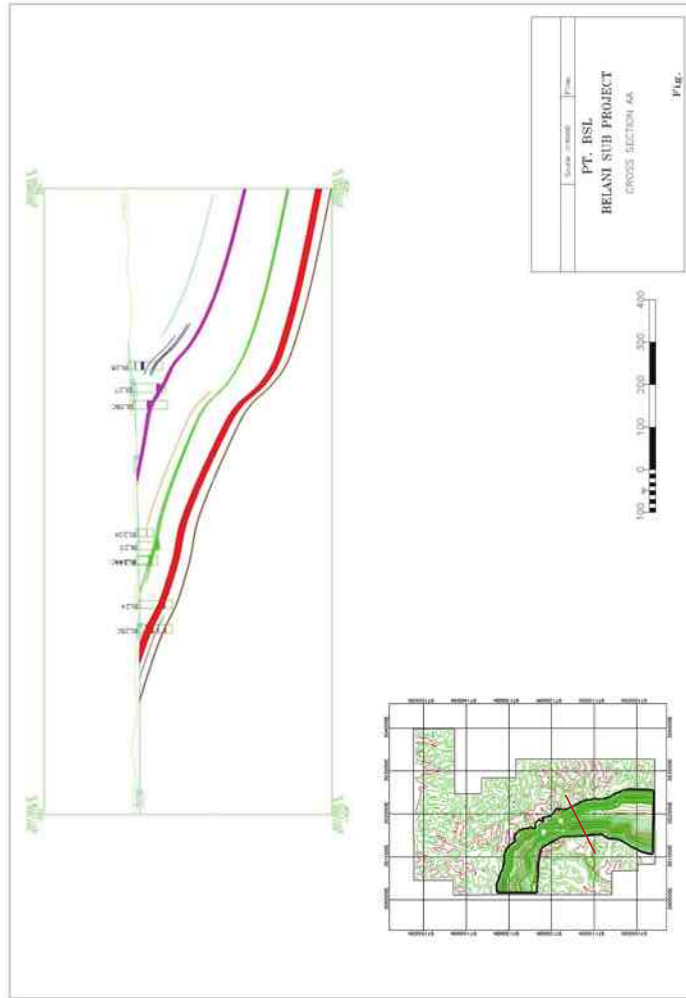
**Figure 7:15 Final Pit Design, Belani**



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Figure 7:16 Cross Section A-A’, Belani



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#### 7.6 Audits and Reviews - Discussion of Relative Accuracy and Confidence

Checks were done to validate the Minex Coal Resources to Coal Reserves estimation by repeating it manually in an Excel spreadsheet. Other validation work included estimating the total volume of coal and waste in the pit shells using the separate industry-standard computer programs Minescape. As Minescape structure and quality grids were imported into Minex for optimisation work, volume and area checks were also carried out in Minex within the pit shells.

#### 7.7 Reserves Classification

Under the JORC Code as shown below only Measured and Indicated Coal Resources can be considered for conversion to Coal Reserves after consideration of the “Modifying Factors” including mining, processing, economic, environmental, and social and governance factors.

To convert Resources to Reserves it must be demonstrated that extraction could be justified after applying reasonable investment assumptions. The highest confidence level establishes Proved Reserves from Measured Resources and a lesser confidence level establishes Probable Reserves from Indicated Resources. A level of uncertainty in any one or more of the Modifying Factors may result in Measured Resources converting to Probable Reserves depending on materiality. A high level of uncertainty in any one or more of the Modifying Factors may preclude the conversion of the affected Resources to Reserves.

This classification is also consistent with the level of detail in the mine planning completed for Muara Lakitan coal deposit. Inferred Coal Resources in the mineable pit shell have been excluded from the Coal Reserves estimate.

#### 7.8 Coal Reserve Statement

The Statement of Coal Reserves has been prepared in accordance with the 2012 Edition of the JORC Code. Total ROM coal Reserves for PT Barasentosa Lestari coal deposit (“BSL”) are summarised in Table 7:13 as of 31 December 2022, Total ROM coal reserves are same as total marketable coal reserves.

**Table 7:13 Coal Reserves for BSL Coal Concession as of 31 December 2022**

Concession	Coal Reserve (Mt)			RD, adb t/m3	TM, arb %	IM adb %	Ash, adb %	CV, arb Kcal/kg	TS, adb %
	Proved	Probable	Total						
Muara Lakitan	93.8	30.9	124.7	1.41	36.3	20.6	6.5	3,936	0.30
Batukucing	9.6	0.6	10.2	1.37	32.7	14.0	7.3	4,300	0.49
Belani	34.3	19.4	53.7	1.34	27.7	15.9	6.0	4,645	0.37
Total	137.7	50.9	188.6	1.39	33.6	18.8	6.4	4,159	0.33

(Note: individual totals may differ due to rounding)

#### 7.9 JORC Table 1

This Report has been carried out in recognition of the 2012 JORC Code published by the Joint Ore Reserves Committee (“JORC”) of the Australasian Institute of Mining and Metallurgy, the AIG and the Minerals Council of Australia in 2012. Under the report guidelines, all geological and other relevant factors for this deposit are considered in sufficient detail to serve as a guide to on-going development and mining.

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In the context of complying with the Principles of the Code, Table 1 of the JORC Code (Appendix A) has been used as a checklist by Salva Mining in the preparation of this Report and any comments made on the relevant sections of Table 1 have been provided on an ‘if not, why not’ basis.

#### **7.10 JORC Table 1**

This Report has been carried out in recognition of the 2012 JORC Code published by the Joint Ore Reserves Committee (“JORC”) of the Australasian Institute of Mining and Metallurgy, the AIG and the Minerals Council of Australia in 2012. Under the report guidelines, all geological and other relevant factors for this deposit

#### **7.11 Interpretations and Conclusions**

The geology of the BSL area is reasonably well understood. The deposit is structurally simple with shallow dips and a small number of thick parent coal seams with very little variability in quality.

The coal is classified as low sulphur, high volatile matter, low CV gar and low ash content. Salva Mining does not see any difficulties marketing this coal from the area as a thermal coal.

The location of the BSL provides a reasonable logistics network with strong infrastructure in place. This will translate into lower operating and capital costs.

BSL is an operating mine since 2017 and having produced more than 1.7 Mt during FY2022. This places an additional level of confidence on the mine operations, logistics and planning aspects of the Project.

The financial analysis conducted for this Technical Assessment demonstrates economic extraction can be reasonably justified.

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#### 8 References

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HDR - Statement of open-cut coal resources and reserves, 2013.

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#### Appendix A: CVs

Person	Role
Manish Garg (Director - Consulting)	
Qualification	B. Eng. (Hons), MAppFin
Prof. Membership	MAusIMM; MAICD
Contribution	Overall Supervision, Economic Assessment (VALMIN 2005)
Experience	<p>Manish has more than 25 years' experience in the Mining Industry. Manish has worked for mining majors including Vedanta, Pasminco, WMC Resources, Oceanagold, BHP Billiton - Illawarra Coal and Rio Tinto Coal.</p> <p>Manish has been in consulting roles for past 10 years predominately focusing on feasibility studies, due diligence, valuations and M&amp;A area. A trusted advisor, Manish has qualifications and wide experience in delivering due diligence, feasibility studies and project evaluations for banks, financial investors and mining companies on global projects, some of these deals are valued at over US\$5 billion.</p>
Sonik Suri (Principal Consultant - Geology)	
Qualification	B. Sc. (Hons), M.Sc. (Geology)
Prof. Membership	MAusIMM
Contribution	Geology, Resource (JORC 2012)
Experience	<p>Sonik has more than 25 years of experience in most aspects of geology including exploration, geological modelling, resource estimation and mine geology. He has worked for coal mining majors like Anglo American and consulting to major mining companies for both exploration management and geological modelling. As a consultant, he has worked on audits and due diligence for companies within Australia and overseas. He has strong expertise in data management, QA/QC and interpretation; reviews/audits of geological data sets; resource models and resource estimates.</p>
Dr Ross Halatchev (Principal Consultant - Mining)	
Qualification	B. Sc. (Mining), M.Sc., PhD (Qld)
Prof. Membership	MAusIMM
Contribution	Mine Scheduling, Reserve (JORC 2012)
Experience	<p>Ross is a mining engineer with 30 years' experience in the mining industry across operations and consulting. His career spans working in mining operations and as a mining consultant primarily in the mine planning &amp; design role which included estimation of coal reserves, DFS/FS, due diligence studies, techno-commercial evaluations and technical inputs for mining contracts.</p> <p>Prior to joining Salva Mining, Ross was working as Principal Mining Engineer at Vale. To date, Ross has worked on over 20 coal projects around the world, inclusive of coal projects in Australia, as well as in major coalfields in Indonesia, Mongolia and CIS.</p>

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#### Appendix B: SGX Mainboard Appendix 7.5

*Cross-referenced from Rules 705(7), 1207(21) and Practice Note 6.3*

##### Summary of Mineral Reserves and Resources

Name of Asset / Country: BSL / Indonesia

Category	Mineral Type	Gross (100% Project)		Net Attributable to GEAR		Remarks
		Tonnes (millions)	Grade	Tonnes (millions)	Grade	
<b>Reserves</b>						
Proved	Coal	138	Subbituminous B	86	Subbituminous B	
Probable	Coal	51	Subbituminous B	32	Subbituminous B	
<b>Total</b>	Coal	<b>189</b>	Subbituminous B	<b>118</b>	Subbituminous B	
<b>Resources*</b>						
Measured	Coal	217	Subbituminous B	135	Subbituminous B	
Indicated	Coal	150	Subbituminous B	94	Subbituminous B	
Inferred	Coal	88	Subbituminous B	55	Subbituminous B	
<b>Total</b>	Coal	<b>455</b>	Subbituminous B	<b>284</b>	Subbituminous B	

*\* Mineral Resources are reported inclusive of the Mineral Reserves.  
GEAR holds 62.4998% of asset indirectly.*

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#### Appendix B: JORC Table 1

Criteria	Explanation	Comment
Sampling techniques	Nature and quality of sampling (e.g. cut channels, random chips etc.) and measures are taken to ensure sample representivity.	Across all blocks (Muara Lakitan, Batukucing and Belani), Chip samples were collected at every 1m for lithology logging. Sampled all cored coal, sampled separately any bands and taken 10cm of roof and floor for non-coal samples.  Drill cores were sampled on a "ply-by-ply" basis based on geophysical logs and physical inspection of the cores;
Drilling techniques	Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka 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.).	Used man-portable top drive hydraulic rigs, capable of HQ3 coring for all sub-blocks.
Drill sample recovery	Whether core and chip sample recoveries have been properly recorded 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.	After the completion of each core run, core loss is determined by the on-site geologist and recorded in the drill hole completion sheet. If recovery is found to be less than 90% within a coal seam intersection, the hole is re-drilled in order to re-sample this seam with greater than 90% core recovery. All samples with less than 90% core recovery over the width of the seam intersection were excluded from the coal quality database.  Followed drilling, SOP's for loose and carbonaceous formations to achieve full sample recovery.
Logging	Whether core and chip samples have been 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.	Across all blocks, detailed logging of chips and core was done for almost all samples. This was supplemented with the photographs for the drill cores.  At Belani, three drill holes could not be geophysical logged because of hole collapse which results in only 98 drill holes were available for the Resource Model construction.
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.	

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Criteria	Explanation	Comment
	<p>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</p> <p>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</p> <p>Measures taken to ensure that the sampling is representative of the in-situ material collected.</p> <p>Whether sample sizes are appropriate to the grainsize of the material being sampled.</p>	<p>No sub-sampling of the core in any of the coal block.</p>
Quality of assay data and laboratory tests	<p>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</p> <p>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</p>	<p>Assay for the coal samples obtained at Muara Lakitan block was done at PT Geoservices (DSI &amp; Banpu period 2004-2007) and PT Intertek Utama Services (GMR period 2009) are accredited laboratories to ISO 17025 standards.</p> <p>Assay for the coal samples obtained at Batukucing and Belani blocks was done in accordance with the appropriate ISO 17025 standards by PT Geoservices laboratories in Bandung.</p> <p>PT. Geoservices laboratories are accredited to ISO 17025 standards. Coal quality laboratory adheres to internal QAQC and inter-laboratory QAQC checks. ISO methods have been used for MHC tests. Australian Standards have been used for RD and American Society for testing and materials (ASTM) methods have been used for all other quality variables.</p> <p>Geophysical traces were observed to be generally of good quality.</p>
Verification of sampling and assaying	<p>The verification of significant intersections by either independent or alternative company personnel.</p> <p>The use of twinned holes.</p>	<p>Coal quality sampling was undertaken by GMR Energy. Visual inspection on-site was carried out by site geologists.</p> <p>Twinned holes drilled in order to improve core recovery show good agreement in terms of intersection depths.</p>
Location of data points	<p>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.</p>	<p>Borehole collars have been surveyed using standard total station techniques employed by the survey contractors.</p> <p>For all three blocks (Muara Lakitan, Batukucing and Belani), surveys have been validated by GEAR survey staff. The</p>

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Criteria	Explanation	Comment
		surveyed borehole locations match well with topographic data.
	Quality and adequacy of topographic control.	The topography was generated for each of the project areas using LiDAR remote sensing data. All drill holes used for the Resources Models have surveyed collar positions
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.	Data spacing sufficient to establish continuity in both thickness and coal quality for all three blocks (Muara Lakitan, Batukucing and Belani),  These data sets include topography and base of weathering as well as seam structure and coal quality. Ply sampling methodology used.  Sample compositing has been applied at all three blocks.
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.	Ply by Ply sampling used therefore the orientation of sampling not seen to introduce bias as all drilling is vertical.
Sample Security	The measures are taken to ensure sample security	Proper measures for sample security were taken.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	No audits of sampling etc. done however comprehensive set of internal company procedures exist and are adhered to by all GMR and GEMS Staff.
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.	All tenure is secured and currently available.

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Criteria	Explanation	Comment
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	At Muara Lakitan, exploration was done in 2004-2005 by Banpu, in 2007 by DSI and in 2009 by GMR.  At Batukucing, PT Rekasindo Guriang Tandang carried out exploration on behalf of DSI in 2007.  At Belani, most of the exploration drilling was carried out by GMR in 2009 and by GEAR in 2018, 2021 and 2022.
Geology	Deposit type, geological setting and style of mineralisation.	The geology of individual blocks has been discussed in detail within the Report.
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 samples have been composited over full seam thickness and reported using Minescape modelling software.  No Metal equivalent used.
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 (e.g. 'downhole length, true width not known').	Ply sampling methodology prevents samples from crossing ply boundaries. Therefore, the orientation of sampling not seen to introduce bias as all drilling is vertical and seams mostly gently dipping.
Diagrams	Where possible, maps and sections (with scales) and tabulations of intercepts should be included for any material discovery being reported if such diagrams significantly clarify the report.	See figures and Appendices of this 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 practised to avoid misleading reporting of Exploration Results.	No reporting of exploration results.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results;	At Muara Lakitan, out of the total 452 drill-holes, a total of 349 holes have been geophysically logged.

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Criteria	Explanation	Comment
	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.	At Batukucing, out of 136 holes, 83 drill holes were geo-physically logged.  At Belani, out of 167 holes, 145 drill holes used were geo-physically logged.
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).	Further work will be necessary at all three blocks (Muara Lakitan, Batukucing and Belani), to improve the confidence levels of the coal quality estimate if inferred resources are present in areas planned for mining.  No exploration plan has been proposed in this Report.
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 database for all blocks is considered an acceptable standard to report a JORC Resource. Drillhole data used to construct Minescape model. Checks against original downhole geophysics (las) files used to verify data during modelling.
Site Visits	Site Visits undertaken by the Competent Person and the outcome of these visits.  If no site visits have been undertaken, indicate why this is the case	Frequent site visit by QP, Principal Geologist and Principal Mining Engineer between 2014 and 2019.  Geology had been well documented by CP during previous reports. Salva Mining has reviewed and discussed the available geological data in companies' office in Jakarta.
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.	A high degree of confidence in seam picks made using downhole geophysical data.  The geological models created for all of the blocks considered to accurately represent the deposits.  No major faults have been reported.  Current Minescape model tonnes agree with the previous model by HDR model to within 10% error margin, excluding the effect of different classification distances.
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.	See figures and Appendices in the Report.

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Criteria	Explanation	Comment
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, maximum distance of extrapolation from data points.	FEM interpolator used for surface elevation, thickness and trend. Inverse distance squared used for coal quality throughout.  Based on experience gained in the modelling of over 40 coal deposits around the world, the FEM interpolator is considered to be the most appropriate for the structure and inverse distance the most appropriate for coal quality.
	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 grid cell size of 20 m for the topographic model, 20 m for the structural model.  Additional model construction parameters in relevant sections of this Report.
	The assumptions made regarding recovery of by-products.	Visual validation of all model grids performed. Current Minescape model tonnes agree with the previous model by Minarco Minex model to within 10% error margin, excluding the effect of different classification distances.
	Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).	N. A
	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.	N. A
	Any assumptions about correlation between variables.  The process of validation, the checking process used, the comparison of model data to drillhole data, and use of reconciliation data if available.	
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 estimated on air-dried basis as no MHC do Preston Sanders. This results in around 15% overestimation as opposed to using in-situ moisture basis
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	The coal resources contained in this Report are confined within the concession boundary. The resources were limited to 150m below topography. A minimum ply thickness of 10cm and maximum thickness of 30cm was used for coal partings.



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Criteria	Explanation	Comment
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It may not always be possible to make assumptions regarding mining methods and parameters when estimating Mineral Resources. Where no assumptions have been made, this should be reported.	Mining has commenced at Belnai. It is proposed to mine the Batukucing and Muara Lakitan pit as open-pit excavations by truck and excavator method.
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It may not always be possible to make assumptions regarding metallurgical treatment processes and parameters when reporting Mineral Resources. Where no assumptions have been made, this should be reported.	N/A in situ air dried tonnes quoted.
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.	Environmental approvals including AMDEL in place.
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.	N/A in situ air dried tonnes quoted.
Classification	<p>The basis for the classification of the Mineral Resources into varying confidence categories.</p> <p>Whether appropriate account has been taken of all relevant factors. i.e. relative confidence in tonnage/grade computations, confidence in continuity of geology and metal values, quality, quantity and distribution of the data.</p> <p>Whether the result appropriately reflects the Competent Person(s) view of the deposit.</p>	<p>Classification distances based on an assessment of the variability of critical variables through statistical analysis and by an assessment of the degree of geological complexity. Classification radii for the three resource categories are:</p> <p>Measured: 350 or 500m</p> <p>Indicated: 700 or 1000m</p> <p>Inferred: 1000 or 2000m</p>
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates.	Reconciliation exercises between planned and actual mining is planned on an ongoing basis.

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Criteria	Explanation	Comment
Discussion of relative accuracy/confidence	<p>Where appropriate a statement of the relative accuracy and/or confidence 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 which could affect the relative accuracy and confidence of the estimate.</p> <p>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages or volumes, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</p> <p>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</p>	<p>Spacing ranges for the three resource categories are considered to adequately reflect the degree of confidence in the underlying estimate on a global basis.</p> <p>Significant local variation to estimated values may arise which should be addressed by adequate grade control procedures.</p>
Mineral Resource Estimate for conversion to Ore Reserves	<p>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</p> <p>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</p>	<p>Basis of the estimates is JORC Coal Resources as of 31 December 2022.</p> <p>Coal resources is inclusive of Coal reserves.</p>
Site Visits	<p>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</p> <p>If no site visits have been undertaken indicate why this is the case.</p>	<p>Frequent site visit by QP and Principal Mining Engineer between 2014 and 2019.</p>
Study Status	<p>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</p> <p>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.</p>	<p>Mining has commenced at BL Pit. It is proposed to mine all the pits as open-pit excavations by truck and excavator method.</p> <p>The mine has prepared a detailed Life of Mine (LOM) plan for the mining operations.</p>
Cut-off parameters	<p>The basis of the cut-off grade(s) or quality parameters applied.</p>	<p>Refer Table 7:1 – Modifying factors for pit optimisation in Section 7.2 and Table 7:11, Break-even Stripping Ratio analysis</p>
Mining factors or assumptions	<p>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</p>	<p>Refer Table 7:1 Modifying Factors and Pit Optimisation Parameters and Section 7.3 on Notes on Modifying Factors.</p>

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Criteria	Explanation	Comment
	<p>by application of appropriate factors by optimisation or by preliminary or detailed design).</p> <p>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.</p> <p>The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc.), grade control and pre-production drilling.</p> <p>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</p> <p>The mining dilution factors used.</p> <p>The mining recovery factors used.</p> <p>Any minimum mining widths used.</p> <p>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</p> <p>The infrastructure requirements of the selected mining methods.</p>	<p>Salva Mining has used the modifying factors based on the life of mine study carried out for the Batukucing and Muara Lakitan block which was independently verified by the Salva Mining’s subject specialist. Modifying factors for Belani Pit are based on actual mining operations.</p> <p>In Salva Mining’s opinion, the Modifying Factors for the BSL concessions are appropriately defined.</p>
Metallurgical Factors or assumptions	<p>Whether the metallurgical process is well-tested technology or novel in nature.</p> <p>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</p> <p>Any assumptions or allowances made for deleterious elements.</p> <p>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.</p> <p>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</p>	<p>The coal is to be sold unwashed so no processing factors have been applied. Other than crushing to a 50-mm top size no other beneficiation will be applied.</p>
Environmental	<p>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.</p>	<p>Discussed in Section 8.3.7, Permits and Approvals and Section 8.3.8, Environment and Community Relations.</p>

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Criteria	Explanation	Comment
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.	Discussed in Section 8.3.6 Mine Logistic Factors
Costs	<p>The derivation of, or assumptions made, regarding projected capital costs in the study.</p> <p>The methodology used to estimate operating costs.</p> <p>Allowances made for the content of deleterious elements.</p> <p>The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.</p> <p>The source of exchange rates used in the study.</p> <p>Derivation of transportation charges.</p>	Discussed in Section 8.3.10 Capital Cost and Section 8.3.11 Operating Cost.
	<p>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</p> <p>The allowances made for royalties payable, both Government and private.</p>	
Revenue Factors	<p>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.</p> <p>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</p>	Discussed in Section 8.3.12 Marketing, Pricing and Revenue Factors and Section 8.3.13 Product Specifications.
Market Assessment	<p>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</p> <p>A customer and competitor analysis along with the identification of likely market windows for the product.</p> <p>Price and volume forecasts and the basis for these forecasts.</p> <p>For industrial minerals, the customer specification, testing and acceptance requirements prior to a supply contract.</p>	Discussed in Section 8.3.12 Marketing, Pricing and Revenue Factors.
Economic	The inputs to the economic analysis to produce the net present value (NPV) in the study, the source	

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Criteria	Explanation	Comment
	<p>and confidence of these economic inputs including estimated inflation, discount rate, etc.</p> <p>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</p>	Economic analysis done based on long term price outlook and the cost estimates (Contractor mining operation)
Social	The status of agreements with key stakeholders and matters leading to social licence to operate.	Discussed in Section 8.3.7, Permits and approvals
Other	To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:	Discussed under Section 8.3.14, Other Factors
	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.	
Classification	The basis for the classification of the Ore Reserves into varying confidence categories.	Discussed under Section 8.7, Reserve Classification.
	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).	
Audit & Reviews	The results of any audits or reviews of Ore Reserve estimates.	Discussed under Section 8.6, Audits & Reviews.
Discussion of Relative accuracy/confidence	<p>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.</p> <p>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</p>	Discussed under Section 8.6, Audits and Reviews.

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Criteria	Explanation	Comment
	<p>should include assumptions made and the procedures used.</p> <p>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.</p> <p>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.</p>	

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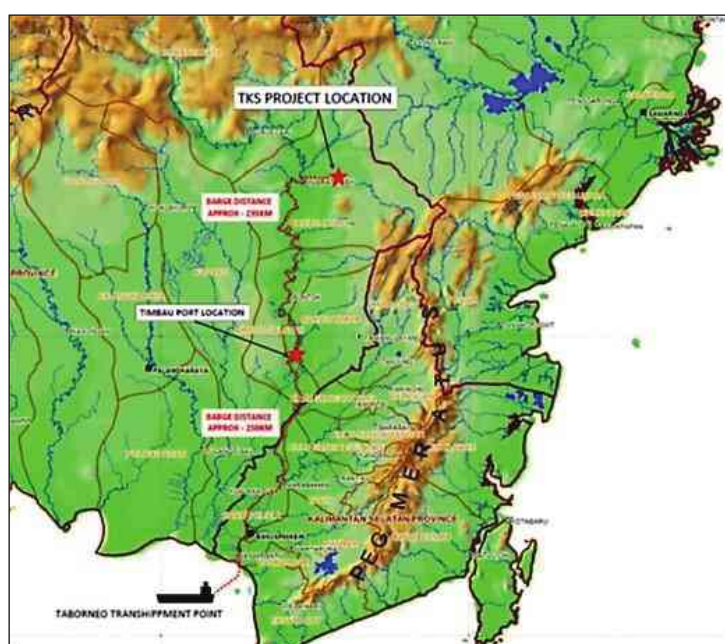
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**Golden Energy and Resources Limited**  
**Trisula Kencana Sakti Concession**

**Independent Qualified Person’s Report**  
**January 2023**

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#### Golden Energy and Resources Ltd

Trisula Kencana Sakti Concession

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Independent Qualified Person’s Report

**Salva Mining Pty Ltd**

300 Adelaide Street, Brisbane, QLD 4000, Australia

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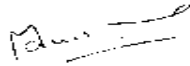
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Phone: +61 (0) 407 771 528

**31 January 2023**

**Effective Date: 31 December 2022**

#### Independent Qualified Person:



Mr. Manish Garg  
Director  
Salva Mining Pty Ltd.

#### Subject Specialist:



Mr. Sonik suri  
Principal Consultant – Geology  
Salva Mining Pty Ltd.



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#### Key Abbreviations

\$ or USD	United States Dollar
adb	Air-dried basis, a basis on which coal quality is measured
AMSL	Above Mean Sea Level
AMDAL	Analisis Mengenai Dampak Lingkungan Hidup- Environmental Impact Assessment (EIA), which contains three sections, the ANDAL, the RKL and the RPL
ANDAL	Analisis Dampak Lingkungan Hidup, a component of the AMDAL that reports the significant environmental impacts of the proposed mining activity
arb	As received basis
AS	Australian Standards
ASR	Average stripping ratio
AusIMM	Australasian Institute of Mining and Metallurgy
bcm	bank cubic meter
BD	Bulk density
CCoW	Coal Contract of Work
CV	Calorific value
Coal Resource	A 'Coal Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, quality, and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, quality, continuity and other geological characteristics of a Coal Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Coal Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
DGMC	Directorate General of Minerals and Coal within the Ministry of Energy and Mineral Resources
Danmar	PT Danmar Exploroindo
FC	Fixed Carbon
gar	gross as received, a basis on which coal quality is measured
GEAR	Golden Energy and Resource Ltd
gm	Gram
h	Hour
ha	Hectare(s)
IM	Inherent Moisture
IPPKH	'Izin Pinjam Pakai Kawasan Hutan' which translates to borrow to use permit in a production forest
IUP or IUPOP	'Izin Usaha Pertambangan' which translates to 'Mining Business Licence'
JORC	2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia
k	Thousand
kcal/kg	Unit of energy (kilocalorie) per kilogram

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kg	Kilogram
km	Kilometres (s)
km <sup>2</sup>	Square kilometre(s)
kt	kilo tonne (one thousand tonnes)
L	Litre
m	Meter
lcm	loose cubic metre
lcm	lcm loose cubic metre
M	Million
Mbcm	Million bank cubic metres
Mbcm <sub>pa</sub>	Million bank cubic metres per annum
MEMR	Ministry of Energy and Mineral Resources within the central government
m RL	metres reduced level
m <sup>3</sup>	cubic metre
m/s	metres per second
Mt	Millions of tonnes
NAR	Net as received
Opex	operating expenditure
PKP2B	'Perjanjian Kerjasama Pengusahaan Pertambangan Batubara' – same as CCoW
RD	Relative density
RKL	'Rencana Pengelolaan Lingkungan' - environmental management plan
ROM	Run of Mine
RKL	Relative Level - survey reference for the height of landforms above a datum level
RPL	'Rencana Pemantauan Lingkungan' - environmental monitoring plan
Salva Mining	Salva Mining Pty Ltd
SE	Specific Energy
SR	Strip ratio (of waste to ROM coal) expressed as bcm per tonne
t	Tonne
tkm	Tonne kilometre
tpa	Tonnes per annum
TKS	PT Trisula Kencana Sakti
TM	Total Moisture (%)
TS	Total Sulphur (%)
VALMIN	2015 Edition of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
VM	VM Volatile Matter (%)

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#### Executive Summary

Golden Energy and Resources Limited (“GEAR” or “Client”) has engaged Salva Mining Pty Ltd (“Salva Mining”) to prepare an Independent Qualified Person’s Report (“Report”) to estimate Open Cut Coal Resources for the Trisula Kencana Sakti coal concession (“TKS” or “TKS Mine” or “TKS Concession”) located in the North Barito Regency of the Central Kalimantan Province, Indonesia.

Salva Mining understands that this Report will be included in a circular to shareholders of GEAR, in relation to, inter alia, the proposed distribution in-specie of shares in PT Golden Energy Mines Tbk (“GEMS”) to shareholders of GEAR as a major transaction pursuant to Rule 1014 of the Listing Manual. The estimate of Coal Resources as of the 31 December 2022 contained within this Report has been reported in accordance to the 2012 Edition of the Australasian Code for the Reporting of exploration results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia (“The JORC Code”).

#### Trisula Kencana Sakti (TKS) Concession in Indonesia

The TKS Concession is comprised of two contiguous IUPs. These IUPs are located at 58 km east of the town of Muara Teweh in the Central Kalimantan province of Indonesia. The nearest villages close to the TKS Concession are Malateken, Gandring and Panaendan Liang Buah.

Access to the concession from the city of Muara Teweh is mainly via public regency roads, heading east and then via a private logging road owned by PT Austral Byna, and is of 1.5 hrs to 2 hours’ drive.

The nearest town, Muara Teweh is serviced by light commercial aircraft both from Balikpapan and from Banjarmasin (the capital city of East and South Kalimantan, respectively). A sealed provincial road connects Muara Teweh with the city of Banjarmasin, a 220km road journey of approximately eight hours. Banjarmasin has regular commercial flights to Jakarta and other Indonesian centres.

GEAR holds the mining rights of the TKS Concession through its subsidiary PT Trisula Kencana Sakti (“PT TKS”). GEAR has 43.7499% holding in the concession through PT TKS. PT TKS is the beneficial holder of three Operation and Production IUPs, two of which are the subject of this Report (IUP 188.45/207/2010 and 188.45/208/2010).

The concession tenure is held under an IUP-Operation and Production granted on 26 April 2010.

#### Geology

The TKS Concession lies in the Barito Basin of Central Kalimantan, one of the largest coal-producing regions of Indonesia. According to the published geology, the lease is within an anticlinal structure containing the Tanjung and Montelat formations and Warukin Formations. These rocks are Eocene to Middle Miocene in age and are well known to contain extensive seams of thermal coal. Based on the work to date, a more likely interpretation of the regional geology is that the deposit area is in a syncline where relatively thick seams of Warukin age coal, are surrounded by hills containing older coal seams of the Montelat Formation. This would better explain why the coal in the central part of the deposit is relatively lower grade and these coal seams are surrounded by higher grade coal, around the edges of the basin.

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The main features in the concession is a syncline structure over the main deposit area with relatively flat dips and younger sediments in the central part of the deposit and steeper dips in relatively older sediments, around the outer edges.

#### Previous Exploration

The TKS Concession has been subject to detailed exploration since 2005 onwards. In total, 605 vertical drill hole has been drilled within the concession. Other exploration activities conducted on TKS concession include topographic mapping (2010 and 2011), core and outcrop sampling (2010 and 2011) and geological mapping (March 2011).

#### Resource Model Construction

Out of 605 drill holes, 111 holes from the historical exploration programs were excluded as there was insufficient information to validate these drill holes. Remaining, 494 holes have been validated and information from 492 holes was used (2 holes rejected due to insufficient data) to prepare the geological model. Total cumulative depth of the drilling (494 validated drill-holes) is 40,168m with an average depth of 80m for each hole.

After completion of the previously detailed QA/QC processes, the available valid lithological and coal quality data was then imported into the geological software to generate structural model and coal quality models for each of the resource areas.

Coal quality data has been composited on a seam basis. The Inverse distance interpolator was selected for modelling coal quality as it has been shown to perform adequately for most coal quality attributes.

#### Coal Resource

Salva Mining has estimated total Coal Resources of 75 million tonnes (Mt) on an in-situ air-dried moisture basis (adb), to a maximum depth of 100 m. The total tonnes are comprised of 25 Mt of Measured, 26 Mt of Indicated and 24 Mt of Inferred Resources.

#### Coal Resources Estimate as of 31 December 2022

Resource Classification	Mass (Mt)	TM (arb) (%)	IM (adb) %	Ash (adb) (%)	Volatile Matter (adb) %	Total Sulphur (adb) %	GCV (adb) kcal/kg	Relative Density (adb)
Measured	24.7	21.9	13.7	11.0	38.4	2.0	5,726	1.38
Indicated	26.0	20.4	13.1	12.4	38.5	1.8	5,714	1.39
Inferred	24.0	21.9	13.7	11.0	38.4	2.0	5,726	1.38
<b>TOTAL</b>	<b>74.7</b>	<b>21.4</b>	<b>13.5</b>	<b>11.5</b>	<b>38.4</b>	<b>2.0</b>	<b>5,726</b>	<b>1.39</b>

(Note: individual totals may differ due to rounding, final Inferred Resource rounded to nearest 1 Mt)

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### 1 Introduction

#### 1.1 Aim and Scope

Golden Energy and Resources Limited (“GEAR” or “Client”) has engaged Salva Mining Pty Limited (“Salva Mining”) to prepare an Independent Qualified Person’s Report (“Report”) to estimate Open Cut Coal Resources for the Trisula Kencana Sakti coal concession ( “TKS” or “TKS Mine” or “TKS Concession”) located in the North Barito Regency of the Central Kalimantan Province, Indonesia.

The estimate of Coal Resources as of the 31 December 2022 contained within this Report has been reported in compliance with the requirements of the reporting guidelines of the 2012 Edition of the Australasian Code for the Reporting of exploration results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia (“The JORC Code”).

The TKS Concession is beneficially owned and controlled by GEAR. The effective date of this Report is 31 December 2022, the date on which the Resource was estimated.

#### 1.2 Approach

The principal data used in the preparation of this Report included:

- Previous geological report prepared by the qualified person;
- A JORC Resource Report titled “Qualified Person’s Report of Coal Resources, “dated 15 January 2015, Prepared by PT Denmar Exloroindo;
- Collar, downhole logging, seam pick and coal quality information, provided by GEAR; and
- Latest Topographic data including any mined-out area.

The following approach was undertaken by Salva Mining to estimate Coal Resources.

- Salva Mining has reviewed the geological data set provided by GEAR for the coal block covered under the scope of the report;
- Using the existing borehole information provided to Salva Mining by GEAR, a geological model was created using stratigraphic modelling software. While creating the model, a thickness cut off limit of 0.1m was applied and is termed as an “in situ” model;
- This model and the underlying raw data such as Drill hole logs, coal quality reports and geophysical logs were reviewed by Salva Mining’s team of geologists headed by Mr Davies.
- On the basis of confidence limits (as described in the Resource Classification Section), the in-situ geological model was then categorised into Measured, Indicated and Inferred categories according to the JORC Code (2012).

#### 1.3 Data sources

This review is based on the information provided by GEAR, the technical reports of consultants and previous explorers, as well as other published and unpublished data relevant to the area. Salva Mining has carried out, to a limited extent, its own independent assessment of the quality of the geological data. The status of agreements, royalties or concession standing pertaining to the assets was advised by GEAR to be in good standing and was relied upon by Salva Mining.



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In developing our assumptions for this Report, Salva Mining has relied upon information provided by the company and information available in the public domain. Key sources are outlined in this Report and all data included in the preparation of this Report has been detailed in the references section of this Report. Salva Mining has accepted all information supplied to it in good faith as being true, accurate and complete, after having made due enquiry as of 31 December 2022.

#### 1.4 Limitations

Opinions presented in this Report apply to the conditions and features as noted in the documentation, and those reasonably foreseeable. These opinions cannot necessarily apply to conditions and features that may arise after the date of this Report, about which Salva Mining have had no prior knowledge nor had the opportunity to evaluate.

#### 1.5 Disclaimer and warranty

This Report was commissioned by GEAR on a fee-for-service basis according to Salva Mining’s schedule of rates. Salva Mining’s fee is not contingent on the outcome of its Report or the success or failure for the purpose for which the Report was prepared.

A draft version of this Report was provided to the directors of GEAR for comment in respect of omissions and factual accuracy. As recommended in Section 39 of the VALMIN Code, GEAR has provided Salva Mining with an indemnity under which Salva Mining is to be compensated for any liability and/or any additional work or expenditure, which:

- Results from Salva Mining’s reliance on information provided by GEAR and/or Independent consultants that are materially inaccurate or incomplete, or
- Relates to any consequential extension of workload through queries, questions or public hearings arising from this Report.

The conclusions expressed in this Report are appropriate as of 31 December 2022. The Report is only appropriate for this date and may change in time in response to variations in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values outlined in this Report are expressed in United States dollars (\$) unless otherwise stated. Salva Mining services exclude any commentary on the fairness or reasonableness of any consideration in relation to this concession.

#### 1.6 Independent Qualified Persons Statement

The Coal Resources within this Report has been reported following the guidelines contained within the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“the JORC Code”) and the 2015 Edition of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Experts Reports (“the VALMIN Code”). It has been prepared under the supervision of Mr Manish Garg (Director – Consulting / Partner, Salva Mining) who takes overall responsibility for the Report and is an Independent Expert as defined by the VALMIN Code.

Sections of the Report which pertain to Coal Resources have been prepared by Mr Sonik Suri (Principal Consultant, Geology) who is a subject specialist and a Competent Person as defined by the JORC Code.

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This Report was prepared on behalf of Salva Mining by the signatory to this Report, assisted by the subject specialists' competent persons whose qualifications and experience are set out in Appendix A of this Report.



Mr. Manish Garg  
Director  
Salva Mining Pty Limited



Mr. Sonik Suri  
Principal Consultant – Geology  
Salva Mining Pty Limited

#### 1.7 Statement of Independence

This Report was commissioned by GEAR on a fee-for-service basis according to Salva Mining's schedule of rates. Salva Mining's fee is not contingent on the outcome of this Report. The above-mentioned person(s) have no interest whatsoever in the mining assets reviewed and will gain no reward for the provision of this Report.

Mr Manish Garg, Mr Sonik Suri, Salva Mining's partners (including Mr Garg), directors, substantial shareholders and their associates are independent of GEAR, its directors, substantial shareholders, advisers and their associates.

Neither Mr Manish Garg, Mr Sonik Suri nor any of the Salva Mining's partners (including Mr Garg), directors, substantial shareholders and their associates have (or had) a pecuniary or beneficial interest in/or association with any of the GEAR, or their directors, substantial shareholders, subsidiaries, associated companies, advisors and their associates prior to or during the preparation of this Report.

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## TKS INDEPENDENT QUALIFIED PERSON’S REPORT

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### 2 Project Description

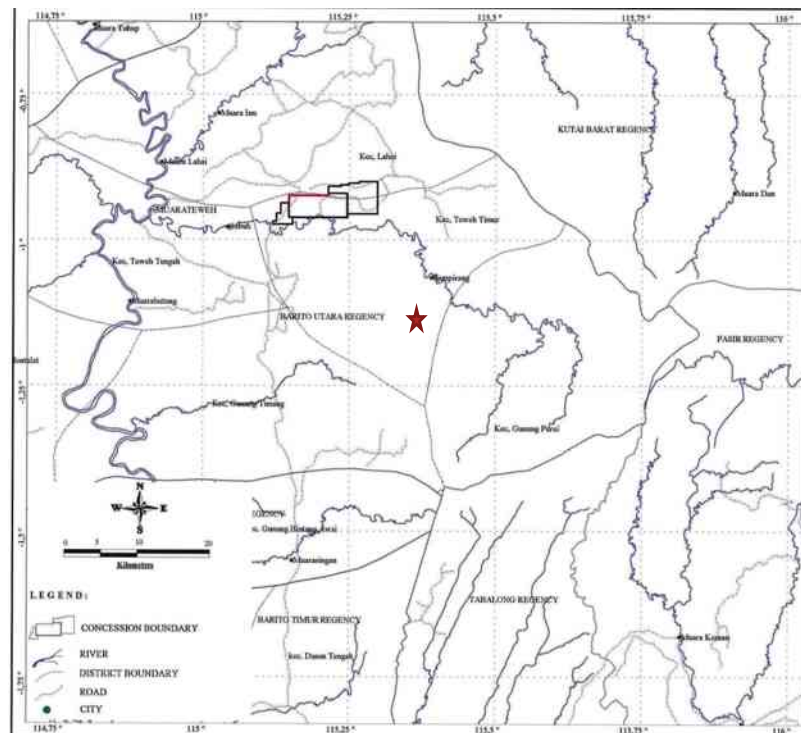
#### 2.1 Location and Access

The TKS project is comprised of two contiguous IUPs - Operation and Production. These IUPs are located at 58 km east of the town of Muara Teweh in the Central Kalimantan province of Indonesia. The nearest villages close to the project are Malateken, Gandring and Panaendan Liang Buah. The TKS project is a greenfield project.

Access to the project area from the city of Muara Teweh is mainly via public regency roads, heading east and then via a private logging road owned by PT Austral Byna, and is of 1.5 hours to 2 hours' drive.

The nearest town Muara Teweh is serviced by light commercial aircraft both from Balikpapan and from Banjarmasin (the capital city of East and South Kalimantan, respectively). A sealed provincial road connects Muara Teweh with the city of Banjarmasin, a 220km road journey of approximately eight hours. Banjarmasin has regular commercial flights to Jakarta and other Indonesian centres. The project location and concession plan have been shown in Figure 2:1.

**Figure 2:1 Location of TKS Project**



Source: Modified after PT Danmar Explorindo, January 2015

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#### 2.2 Ownership and Tenure

Golden Energy and Resources Limited (GEAR) holds the mining rights to the TKS Concession through its subsidiary PT Trisula Kencana Sakti (PT TKS). The detail of the coal Concessions is given in Table 2:1.

**Table 2:1 TKS Concession Details**

Concession Number	Concession Type	Area (ha)	Status	Granted	Expiry Date	GEAR Net Holding*
TKS Coal Indonesia – 188.45/207/2010	IUP- Operation and Production	4,748	Granted	26 April 2010	26 April 2026	43.7499%
TKS Coal Indonesia – 188.45/208/2010	IUP- Operation and Production	4,959	Granted	26 April 2010	26 April 2028	43.7499%

\*GEMS have 70% shares in TKS and GEAR has 62.4998% shares in GEMS

#### 2.3 Social, Environment and Community Relations

A preliminary assessment of potential issues pertaining to Social, environment and community relations who may impact the exploration activities was carried out by Salva Mining.

Salva Mining’s preliminary assessment did not reveal any issues related to social, environment and community relations that will adversely impact exploration in the area. However, it should be noted that Salva Mining’s assessment was only preliminary in nature and Salva Mining cannot provide any guarantee or warranty that significant environmental or community issues will not affect the operation.

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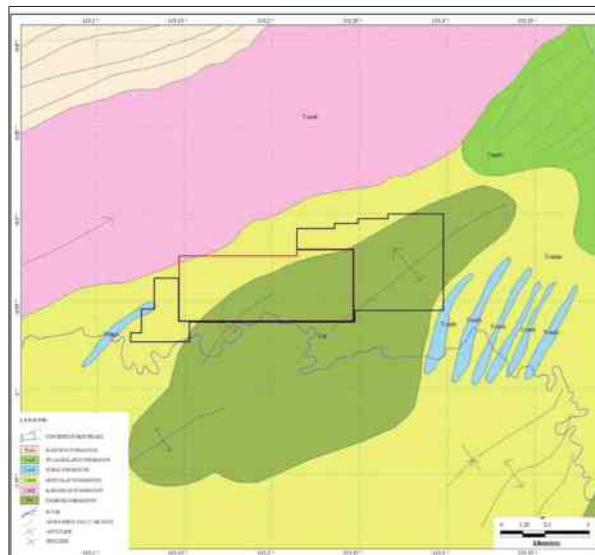
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## 3 Geology and Exploration

### 3.1 Regional Geology

The concessions lie in the Barito Basin of Central Kalimantan. The Barito Basin is defined by the Meratus Mountains to the east and separated from the Kutai Basin to the north by a flexure parallel to the WNW-ESE orientated Adang Fault. The Barito Basin began to develop in the Late Cretaceous following a micro-continental collision between the Paternoster and the SW Borneo microcontinents (Darman and Sidi, 2000). Early Tertiary extensional deformation occurred as a tectonic consequence of that oblique convergence, producing a series of NW-SE trending rifts.

**Figure 3:1 Regional Geology- TKS Concessions**



Source: Modified after PT Danmar Explorindo, January 2015

### 3.2 Local Geology

Field Exploration identified lower quality Warukin coal seams in the core of a syncline, grading to higher quality Montalat coal seams toward the outer edges of the structure. The Tanjung Formation geology within the TKS Concessions is less well understood because exploration has been limited to coal outcrop mapping. It is expected that coal seams discovered in the older Tanjung Formation will have a higher calorific value and generally better quality characteristics than the younger Warukin and Montalat coal seams.

The main features in the concessions are a syncline structure over the main deposit area with relatively flat dips and younger sediments in the central part of the deposit and steeper dips in relatively older sediments, around the outer edges. Major faults are interpreted surrounding the deposit and controlling the boundaries of the coal to the north, south and east.

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#### 3.3 Exploration History

The TKS Concession has been subject to detailed exploration since 2005 onwards. The exploration activities were targeted to confirm the occurrences of coal seams found by initial exploration campaigns. Following sections detail the previous exploration activities conducted on the concessions.

##### 3.3.1 Exploration Drilling (2005 and 2010)

In total, 605 vertical drill hole has been drilled within the concession. Out of 605 drill holes, 111 holes from the historical exploration programs were excluded as there was insufficient information to validate the holes. Remaining, 494 holes have been validated and information from 492 holes was used (2 holes rejected due to insufficient data) to prepare the geological model.

Total cumulative depth of the drilling (494 validated drill-holes) is 40,168m with an average depth of 80m for each hole. To ensure the most accurate and reliable results from the drilling downhole geophysical logging was used. The tool measures gamma-ray and density and produces an electronic signature of the geology intersected in each drill hole (Figure 3:2).

**Figure 3:2 Exploration drilling and down the hole geophysical logging**



Source: PT Danmar Explorindo, January 2015

##### 3.3.2 Topographic Mapping (2010 and 2011)

Detailed topographic mapping using airborne LiDAR survey method to a 1:1000 scale was carried out over the entire 9,711 Ha which completely covers the area of coal potential delineated in the initial drilling area.

All drill hole collars were also picked up by ground survey using total station survey equipment. To tie the survey into the Indonesian national grid a geodetic survey including 21 permanent benchmarks were established for survey reference. The overall topography in the main coal deposit area is characterized by relatively low relief.

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#### 3.3.3 Core and Outcrop Sampling (2010 and 2011)

709 samples from drill holes were analysed to determine the coal quality at the TKS Concession. In addition, 30 outcrop samples were also tested during the mapping program. The drill hole and coal outcrop locations have been shown in Figure 3:4.

#### 3.3.4 Geological Mapping (March 2011)

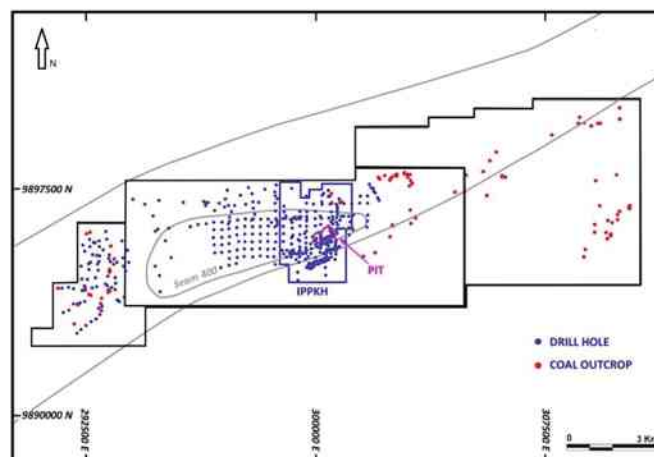
Geological mapping within the concession was carried out targeting areas where there was no previous exploration work done. The mapping work was used to determine the overall geological structure of the concession and to optimise the positioning of potential future drill holes. The coal outcrop mapping included 200 observations and analysis of 30 samples (Figure 3:3).

**Figure 3:3 Geological Mapping**



Source: PT Danmar Explorindo, January 2015

**Figure 3:4 Drill hole and coal outcrop locations**



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#### 3.4 Coal Seam Occurrences

Drilling has confirmed that there are twenty-three (23) coal seams within the Warukin and Montalat Formations within the TKS IUPs. Seam S400 is the basal seam of the Warukin Formation and S1200 the basal seam of the Montalat Formation. The S100, S200, S300 and S400 seams are the most significant economic grouping with an average of 5m of combined coal thickness. The main seam is S200 with an average thickness of 1.80m. Interburden sediments are generally mudstone. A massive 37m thick sandstone unit marks the end of Montalat sedimentation period.

The deposit at TKS Concession contains approximately 19 modelled coal seams (Table 3:1) of which 4 have been split into upper and lower plies. The cumulative coal average thickness is 14.85 m in 19 seams.

The coal seams dip shallowly in the centre of the syncline to 5 degrees and up to 20 degrees around the edges. Steeper old sediments, containing higher-grade coal seams occur around the edges of the deposit where the geological structure is complicated by possible faulting.

**Table 3:1 Seam Splitting Relationships**

Master Seam	1st Phase Splitting
S10	
S20	
S30	
S40	
S50	
S100	S100U S100L
S200	S200U S200L
S300	
S400	
S500	
S550	
S600	S600U S600L
S700	S700U S700L
S800	
S850	
S900	
S1000	
S1100	
S1200	



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#### 4 Geological Data, QAQC and Resource Modelling

##### 4.1 Data Supplied

The geological data provided by GEAR for the TKS Concession was independently reviewed by Salva Mining’s geologists and is considered appropriate and reasonable for the purpose of estimating Coal Resources. This data, used by Salva Mining for the purpose of resource estimation, includes but is not limited to:

- Drill hole collar information inclusive of total depth drilled per hole;
- Drill hole lithological data inclusive of seam picks identified and correlated on the basis of down-hole geophysics;
- Coal sample table and associated raw coal qualities per sample;
- Drill hole completion reports for most of the holes drilled containing details of core recoveries achieved;
- Down-hole geophysical data in the form of both LAS files and drill hole databases;
- Complete drill hole database including grids of seam roofs, floors, the topographic surface and the base of the weathered horizon surface.

##### 4.2 Lithological Data

In total, 494 holes have been validated but 492 drill holes were used in this Report after rejecting 2 drill holes due to lack of complete information. Total cumulative depth of the validated drilling for these 494 drill holes is 40,168m with an average depth of 80m.

230 holes were interpreted from softcopy geophysical logs (LAS) while 241 holes were interpreted manually from a hardcopy of the geophysics. 21 holes had no geophysical logs and these holes were only used as reference points for coal in the model but no thickness or other dimensions were used from these holes.

96% of the holes have been logged using down-hole geophysics. Down-hole geophysical data is predominantly comprised of gamma, density and calliper logs and has allowed for accurate identification of coal seams in each hole (seam picks) and the correlation of coal seams between holes.

##### 4.3 Topographic Survey and base of weathering (BOW)

A topographic survey was carried out using both Total Station and Airborne Lidar. The overall topography in the main coal deposit area is characterised by relatively low relief. Some low-lying areas in the central part of the lease, and a series of linear ridges (interpreted as bedding lineaments) surrounding the outer edges of the main deposit. Relatively higher grade coal occurs in this area.

The resulting topographic map, which was mainly done by airborne laser scanning from 21 benchmark locations covers approximately 9,711 Ha and is of sufficient detail and accuracy for estimating coal Resources.

A 'non-conformable' base of weathering (W\_S) surface was supplied by GEAR along with the drill hole data. This surface was imported into a structural model and incorporated into the tks\_2017 schema and thus used in the resource model.

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#### 4.4 Core Sampling

At the completion of each run, core lengths were checked in the splits for recovery to ensure coal seams have been recovered as required. A target core recovery of 90% has been applied throughout all drilling phases. The core was also photographed routinely and logged in the splits by a geologist before being sampled. For open holes, chip samples were collected at 1 m intervals for lithological logging purposes.

All the drill rigs used during each phase of exploration were operated by experienced personnel and drilling was supervised by fully qualified geologists working in shifts. A sampling of the coal seams was conducted by the rig geologist in accordance with the specific sampling procedure.

The coal quality sampling technique used is considered by Salva Mining to adequately address the QAQC requirements of coal sampling. As a further coal quality validation step prior to importing coal quality sample results for coal quality modelling purposes, Salva Mining constructed spreadsheets which compare the sampled intervals against the logged seam intervals in order to ensure that sampled intervals match the seam pick intervals.

#### 4.5 Down-hole Geophysics and Seam Picks

Down-hole geophysical logs were completed during each drilling program by PT Surtec Indonesia.

#### 4.6 Coal Quality

Coal quality sampling was undertaken by PT TKS and contract geologists, with the analysis testing being completed by PT Geoservices laboratories in Banjarbaru near Banjarmasin. PT Geoservices laboratories are accredited to ISO 17025 standards.

#### 4.7 Coal Density

No information on in situ moisture was obtained from the laboratory, resulting in the fact that the Preston and Sanders equation could not be applied to obtain in situ relative densities. As a result, all resource tonnages are quoted on an in-situ air-dried density basis, as volumes are calculated on an in-situ basis and density on an air-dried basis.

#### 4.8 Mineral Processing and Metallurgical Testing

No testing is completed. It is anticipated that the any potential product will be sold as Run of Mine Coal.

#### 4.9 Resource Structural Model

After completion of the previously detailed QA/QC processes, the available valid lithological and coal quality data was then imported into the geological software to generate structural and coal quality models for each of the five resource areas.

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### 5 Coal Resources

#### 5.1 Prospects for Eventual Economic Extraction and Resource Classification

Coal Resources present in the TKS concession have been reported in accordance with the JORC Code, 2012. The JORC Code identifies three levels of confidence in the reporting of resource categories. These categories are briefly explained below.

**Measured** – “...That part of a Mineral Resources for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow for the application of Modifying Factors to support detailed mine planning and financial evaluation”;

**Indicated** – “...That part of a Mineral Resources for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow for the application of Modifying Factors in sufficient detail to support mine planning and evaluation”; and

**Inferred** – “...That part of a Mineral Resources for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling.”.

In terms of Coal Resource classification, Salva Mining is also guided by the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves (2014) (The Coal Guidelines) specifically referred to under clause 37 of the JORC Code (2012).

Resource classification is based on an assessment of the variability of critical variables (raw ash% and seam thickness) through statistical analysis and by an assessment of the geological continuity and input data quality.

Consequently, Salva Mining has sub-divided Coal Resources within the TKS Concession into resource classification categories based on the following spacing's (expressed as a radius of influence around points of observation which is half of the spacing between points of observation):

- The measured radius of influence of 250 m;
- The indicated radius of influence of 450 m;
- The inferred radius of influence of 850 m.

##### 5.1.1 Assessing Confidence

Several factors outlined in Section 5 of the Coal Guidelines (2014), were considered when assessing confidence in the estimate and classifying the Coal Resource in accordance with the JORC Code (2012). A summary of factors considered is shown below in Table 5:1.

A qualitative review of modelled seam floor elevation and thickness contours, statistical analysis of thickness and coal quality attributes, domaining and general geological setting all show that the seams within the TKS deposit appear to display a relatively high degree of continuity, allowing for a lower level of drilling density for the same level of confidence as compared to a more complex/less continuous coal deposits. The main risk factor in terms of confidence in the resource estimate is considered to be coal quality. There is an estimated 15% overestimation of tonnes due to the use of an air-dried density instead of an in-situ density as discussed in section 6.5.

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**Table 5:1 Criteria considered to assess confidence in the Resource Estimates**

Assessing Confidence	Comment	Assessment Summary	Risk Rating (H, M, L)
<i>Critical assessment of local, geographical and geological settings</i>	<i>In general, the coal seams within the TKS deposit are characterised by a high degree of lateral continuity, allowing for confidence in the correlation between holes. There is no evidence of major faulting in the tenement.</i>	High continuity, benign structure.	L
<i>Identifying critical data</i>	<i>Seam thickness and raw ash are seen as critical data, the thickness is the main factor determining coal volume and raw ash being directly related to both relative density and product coal yield.</i>	Raw ash was seen as more variable than the thickness and hence determining factor for classification.	M
<i>Data Analysis, error and verification</i>	<i>Internal standards and procedures used for drilling logging and sampling. Lab uses internal QAQC standards and is ISO 17025 accredited.</i>	Salva Mining used internal checks to data (histograms, global statistics, scatter plots) during modelling to verify data. Apart from some low core recoveries which were evaluated and found to be a true reflection of the input data and no evidence of coal quality bias resulting from poor core recovery was observed.	L
<i>Domaining</i>	<i>Raw ash% histograms, floor and thickness contours used to investigate domaining</i>	Domains adequately addressed by modelling parent and daughter seams were present and assigning coal quality accordingly.	L
<i>Statistical Analysis</i>	<i>Global statistics for thickness and all raw coal quality attributes generated as well as raw ash histograms</i>	Global statistics were prepared and reviewed. It shows values in expected normal ranges.  Classification spacings used for this estimate are in line with those used previously by Salva Mining for other coal deposits elsewhere in the Central Kalimantan basin.	L

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Assessing Confidence	Comment	Assessment Summary	Risk Rating (H, M, L)
Geological Modelling	3D geological model constructed using dedicated stratigraphic modelling software.	The geological model appears to be a good representation of the input drill hole intercept data.	L

#### 5.1.2 Eventual Economic Extraction

It is furthermore a requirement of the JORC Code (2012) that the likelihood of eventual economic extraction is considered prior to the classification of coal resources.

The average coal quality attributes of the coal seams considered are sufficient to be marketed as a medium CV thermal coal for domestic power generation purposes. Therefore, Salva Mining considers that it is reasonable to define all coal seams within the classification distances discussed above, to a depth of 100m below the topographic surface, as potential open-cut coal resources.

#### 5.2 Coal Resource Statement

The Coal Resources which have been estimated, have been classified and reported according to the JORC Code (2012) and the Australian Guidelines for Estimating and Reporting of Inventory Coal Resources as of 31 December 2022 are detailed in Table 5:2 and Table 5:3.

**Table 5:2 Coal Resources as of 31 December 2022**

Resource Classification	Mass (Mt)	TM (arb) (%)	IM (adb) %	Ash (adb) (%)	Volatile Matter (adb) %	Total Sulphur (adb) %	GCV (adb) kcal/kg	Relative Density (adb)
Measured	24.7	21.9	13.7	11.0	38.4	2.0	5,726	1.38
Indicated	26.0	20.4	13.1	12.4	38.5	1.8	5,714	1.39
Inferred	24.0	21.9	13.7	11.0	38.4	2.0	5,726	1.38
<b>TOTAL</b>	<b>74.7</b>	<b>21.4</b>	<b>13.5</b>	<b>11.5</b>	<b>38.4</b>	<b>2.0</b>	<b>5,726</b>	<b>1.39</b>

(Note: individual totals may differ due to rounding)  
Final Inferred Resource rounded to nearest 1 Mt.

**Table 5:3 Coal Resource by Seam as of 31 December 2022**

Seam	Resource (Mt)			
	Measured	Indicated	Inferred	Total
S20	0.1	0.5	0.6	1.2
S30	0.6	0.7	0.6	1.9
S40	0.2	0.7	1.4	2.2
S50	0.0	0.8	0.7	1.5
S100U	0.8	0.3	0.0	1.2
S100	5.6	5.5	4.6	15.8
S100L	0.7	0.3	0.0	1.0
S200U	1.3	1.3	1.1	3.7
S200	6.5	3.8	1.9	12.1
S200L	1.2	1.3	1.2	3.6

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Seam	Resource (Mt)			
	Measured	Indicated	Inferred	Total
S300	3.8	3.2	2.7	9.8
S400	1.3	2.2	3.3	6.9
S600U	0.1	0.2	0.4	0.7
S600L	0.1	0.2	0.5	0.8
S700U	1.2	2.0	2.1	5.3
S700	0.0	0.0	0.0	0.0
S700L	1.0	1.6	1.9	4.4
S900	0.0	0.8	0.5	1.3
S1000	0.0	0.5	0.3	0.8
S1100	0.2	0.1	0.2	0.6
<b>TOTAL</b>	<b>24.7</b>	<b>26.0</b>	<b>24.0</b>	<b>74.7</b>

*(Note: individual totals may differ due to rounding)  
Final Inferred Resource rounded to nearest 1 Mt.*

### 5.3 Comparison with Previous Estimates

The total estimated resource tonnes for the TKS Concession in the current Report is similar to the one completed previously by Salva Mining and also by PT Danmar in 2015.

The amount of Measured plus Indicated Resource is similar to the previously reported number. However, the amount of Measured Resource is less than previously reported by PT Danmar – Salva Mining has adopted the guidelines from both JORC 2012 and Coal Guidelines 2014 and the point of observation for each seam is defined to have both structure and coal quality associated with that point of observation.

Table 5:4 below shows a breakdown of the difference in resource tonnes against previous estimates.

**Table 5:4 Coal Resources - Comparison with the Previous Estimates**

Resource Category	Salva Mining Dec 2022 (Mt)	Salva Mining Dec 2016 (Mt)	PT Danmar Jan 2015 (Mt)
Measured	25	25	40
Indicated	26	26	12
<b>Total M&amp;I</b>	<b>51</b>	<b>51</b>	<b>52</b>
Inferred	24	24	25
<b>Total</b>	<b>75</b>	<b>75</b>	<b>77</b>

### 5.4 JORC Table 1

In the context of complying with the Principles of the Code, Table 1 of the JORC Code (Appendix C) has been used as a checklist by Salva Mining in the preparation of this Report and any comments made on the relevant sections of Table 1 have been provided on an 'if not, why not' basis.

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#### **5.5 Interpretations and Conclusions**

The geology of the TKS area is reasonably well understood. The deposit is structurally simple with shallow dips and a small number of thick parent coal seams with very little variability in quality.

The coal is classified as moderate sulphur, high volatile matter, high CV gar and moderate ash content. Salva Mining does not see any difficulties marketing this coal from the area as a thermal coal for blending purpose. No Ore Reserves has been reported.

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#### References

JORC, 2012. Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code – 2012 Edition [online], The Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia.

Panggabean, Hermes, (1991) Tertiary source rocks, coals and reservoir potential in the Asem Asem and Barito Basins, South-eastern Kalimantan, Indonesia, Doctor of Philosophy thesis, Department of Geology – Faculty of Science, University of Wollongong, <http://ro.uow.edu.au/theses/2113>.

Salva Mining, “Qualified Person’s Report”, December 2019, December 2018, December 2017 and December 2016.

PT. Danmar Explorindo, “Qualified Person’s Report of Coal Resources”, 15 January 2015.

CSA Global, “Qualified Person’s Report”, 15 January 2015.



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#### Appendix A: CVs

Person	Manish Garg (Director)
Qualification	B. Eng. (Hons), MAppFin
Prof. Membership	MAusIMM
Contribution	Overall Supervision, Economic Assessment (VALMIN 2015)
Experience	Manish has more than 25 years' experience in the Mining Industry. Manish has worked for mining majors including Vedanta, Pasmaenco, WMC Resources, Oceanagold, BHP Billiton - Illawarra Coal and Rio Tinto Coal. Manish has been in consulting roles for past 10 years predominately focusing on due diligence, valuations and M&A area. A trusted advisor, Manish has qualifications and wide experience in delivering due diligence, feasibility studies and project evaluations for banks, financial investors and mining companies on global projects, some of these deals are valued at over US\$5 billion.
Sonik Suri (Principal Consultant - Geology)	
Qualification	B. Sc. (Geology), M.Sc. (Geology)
Prof. Membership	MAusIMM
Contribution	Geology, Resource (JORC 2012)
Experience	Sonik has more than 25 years of experience in most aspects of geology; including exploration, geological modelling, resource estimation and open cut mine geology. He has worked on several coal projects including mining majors like Anglo American and Hancock. As a consultant, he has worked on resource estimation, audits and due diligence for companies within Australia, Indonesia, Mongolia, Mozambique and Colombia. He has strong expertise in data management, QA/QC and interpretation; reviews/audits of data sets, models and resource estimates.

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#### Appendix B: SGX Mainboard Appendix 7.5

*Cross-referenced from Rules 705(7), 1207(21) and Practice Note 6.3*

##### Summary of Mineral Reserves and Resources

Name of Asset / Country: TKS Concession / Indonesia

Category	Mineral Type	Gross (100% Project)		Net Attributable to GEAR**		Remarks
		Tonnes (millions)	Grade	Tonnes (millions)	Grade	
<b>Reserves</b>						
Proved	Coal	0	Subbituminous B	0	Subbituminous B	
Probable	Coal	0	Subbituminous B	0	Subbituminous B	
<b>Total</b>	<b>Coal</b>	<b>0</b>	<b>Subbituminous B</b>	<b>0</b>	<b>Subbituminous B</b>	
<b>Resources</b>						
Measured	Coal	24.7	Subbituminous B	10.8	Subbituminous B	
Indicated	Coal	26.0	Subbituminous B	11.4	Subbituminous B	
Inferred	Coal	24.0	Subbituminous B	10.5	Subbituminous B	
<b>Total</b>	<b>Coal</b>	<b>74.7</b>	<b>Subbituminous B</b>	<b>32.7</b>	<b>Subbituminous B</b>	

\*\* GEAR holds 43.7499% of PT TKS Indirectly.  
(Note: individual totals may differ due to rounding)

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### Appendix C: JORC Table 1

Criteria	Explanation	Comment
Sampling techniques	<p>Nature and quality of sampling (e.g. cut channels, random chips etc.) and measures taken to ensure sample representivity.</p> <p>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</p> <p>Aspects of the determination of mineralisation that are Material to the Public Report.</p> <p>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m 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.</p>	<ul style="list-style-type: none"> <li>Wire-line touch core drilling, in a systematic drill grid and coring of coal seams with geophysical logging</li> <li>Properly calibrated downhole logging tools</li> <li>Seam thickness was determined by geophysical logs and coal quality assets by the certified lab using ASTM methods</li> <li>Process of sampling included a sample from roof sediments, main seam body, roof coal, floor coal and floor sediment for very detailed coverage of coal quality within each seam</li> <li>Samples collected were sealed in a plastic bag and stored appropriately before sending to the lab.</li> </ul>
Drilling techniques	<p>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka 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.).</p>	<ul style="list-style-type: none"> <li>Drilled pilot hole to ascertain coal seams and then drilled a cored drill hole.</li> </ul>
Drill sample recovery	<p>Whether core and chip sample recoveries have been properly recorded and results assessed.</p> <p>Measures taken to maximise sample recovery and ensure representative nature of the samples.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>After the completion of each core run, core loss is determined by the on-site geologist and recorded in the drill hole completion sheet. If recovery is found to be less than 90% within a coal seam intersection, the hole is re-drilled in order to re-sample this seam with greater than 90% core recovery. All samples with less than 90% core recovery over the width of the seam intersection were excluded from the coal quality database.</li> <li>Followed drilling SOP's for loose and carbonaceous formations to achieve full sample recovery.</li> </ul>
Logging	<p>Whether core and chip samples have been logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</p> <p>Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography.</p> <p>The total length and percentage of the relevant intersections logged.</p>	<ul style="list-style-type: none"> <li>Logging by geologists is appropriate for resource estimation</li> <li>The geotechnical report documented for 5 holes (GT) by Soilens and analysed approx. 25 other drill holes</li> <li>Graphic logs are recorded after reconciliation with geophysical logs</li> <li>Logging was adequately recorded but lacking detail indicating quantitative work by good site geologists, adequate for coal work</li> <li>Cores were apparently photographed but not seen by the CP as they have not yet been provided by the client</li> <li>40,168m drilled and 96% of relevant intersections were logged by geologists &amp; down-hole geophysics.</li> </ul>

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Criteria	Explanation	Comment
Sub-sampling techniques and sample preparation	<p>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.</p> <p>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</p> <p>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</p> <p>Measures taken to ensure that the sampling is representative of the in-situ material collected.</p> <p>Whether sample sizes are appropriate to the grainsize of the material being sampled.</p>	<ul style="list-style-type: none"> <li>No sub-sampling of Core was done</li> </ul>
Quality of assay data and laboratory tests	<p>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</p> <p>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.</p> <p>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</p>	<ul style="list-style-type: none"> <li>PT Geoservices laboratories are accredited to ISO 17025 standards. Coal quality laboratory adheres to internal QAQC and inter-laboratory QAQC checks. ISO methods have been used for MHC tests. Australian Standards have been used for RD and American Society for testing and materials (ASTM) methods have been used for all other quality variables.</li> <li>Geophysical traces were observed to be generally of good quality.</li> </ul>
Verification of sampling and assaying	<p>The verification of significant intersections by either independent or alternative company personnel.</p> <p>The use of twinned holes.</p> <p>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</p> <p>Discuss any adjustment to assay data.</p>	<ul style="list-style-type: none"> <li>Coal quality sampling was undertaken by PT TKS and is in-line with the coal quality being achieved during the actual trial mining operations.</li> <li>No twin holes drilled</li> </ul>
Location of data points	<p>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.</p> <p>Specification of the grid system used.</p> <p>Quality and adequacy of topographic control.</p>	<ul style="list-style-type: none"> <li>Borehole collars have been surveyed using standard total station techniques employed by the survey contractors.</li> <li>Surveys have been validated by GEAR survey staff. The surveyed borehole locations for TKS match well with topographic data. (+/- 1m between survey &amp; LiDAR considered acceptable)</li> <li>The topography was generated by PT Surtech Utama across TKS Concession area using LiDAR remote sensing data.</li> </ul>
Data spacing and Distribution	<p>Data spacing for reporting of Exploration Results.</p> <p>Whether the data spacing and distribution are sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</p> <p>Whether sample compositing has been applied.</p>	<ul style="list-style-type: none"> <li>250 x250 m grid for exploration results at most of the places.</li> <li>Data spacing sufficient to establish continuity in both thickness and coal quality. Data sets include topography and base of weathering as well as seam structure and coal quality. Ply sampling methodology use.</li> <li>Sample compositing has been applied. Composite samples were taken for each</li> </ul>

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Criteria	Explanation	Comment
		coal seam from roof, floor and body coal samples.
The 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.	<ul style="list-style-type: none"> <li>Ply by Ply sampling used therefore the orientation of sampling not seen to introduce bias as all drilling is vertical.</li> <li>Drill line was oriented perpendicular to the strike of coal</li> </ul>
Sample Security	The measures are taken to ensure sample security.	<ul style="list-style-type: none"> <li>Proper measures for sample security was taken.</li> </ul>
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	<ul style="list-style-type: none"> <li>Salva Mining conducted a review of the drill hole database and found it to be satisfactory.</li> <li>Standard database checks also performed by Salva Mining as outlined in Section 5.4.4 prior to resource modelling and found it to be satisfactory.</li> </ul>
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.	<ul style="list-style-type: none"> <li>All tenure is secured and currently available.</li> <li>Two mining licenses (IUP's) for operation and production valid till 2026 &amp; 2028.</li> </ul>
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	<ul style="list-style-type: none"> <li>5 contractors for drilling, exploration, Geotech &amp; 5 previous studies including JORC 2012 Resources Estimates.</li> </ul>
Geology	Deposit type, geological setting and style of mineralisation.	<ul style="list-style-type: none"> <li>The main features in the concession is a syncline structure over the main deposit area with relatively flat dips and younger sediments in the central part of the deposit and steeper dips in relatively older sediments, around the outer edges. Major faults are interpreted surrounding the deposit and controlling the boundaries of the coal to the north, south and east.</li> <li>Sub-bituminous Coal</li> </ul>
Drill hole	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: <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul>	<ul style="list-style-type: none"> <li>Relatively good drill database</li> <li>This Report pertains to resource estimation, not exploration results. As such the details of the drill holes used in the estimate are too numerous to list in this Table.</li> </ul>

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Criteria	Explanation	Comment
	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.	
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations 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.	<ul style="list-style-type: none"> <li>All samples have been composited over full seam thickness and reported using geological modelling software.</li> <li>No metal equivalents used.</li> </ul>
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 (e.g. 'downhole length, true width not known').	<ul style="list-style-type: none"> <li>Ply sampling methodology prevents samples from crossing ply boundaries. Therefore, the orientation of sampling not seen to introduce bias as all drilling is vertical and seams mostly gently dipping.</li> <li>Coal thickness intercepts in the data appear to support this and consistent coal seam thickness is normal in this area. Steeper dips (up to 20degrees) are assumed to occur near the edge of the basin and dummy points in the model have used the true thickness of the coal in this area</li> </ul>
Diagrams	Where possible, maps and sections (with scales) and tabulations of intercepts should be included for any material discovery being reported if such diagrams significantly clarify the report.	<ul style="list-style-type: none"> <li>See the figures in the Report.</li> </ul>
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 practised to avoid misleading reporting of Exploration Results.	<ul style="list-style-type: none"> <li>No reporting of exploration results.</li> </ul>
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.	<ul style="list-style-type: none"> <li>471 drill holes were geophysically logged.</li> <li>Other data is listed in the Report, the data where appropriate has been used but often the older data was less well recorded and not complete and for this reason was not used in the geological model.</li> </ul>
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).	<ul style="list-style-type: none"> <li>Further work will be necessary to improve the confidence levels of the deposits further and understanding of the full seam stratigraphy as part of on-going mining activity.</li> </ul>

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Criteria	Explanation	Comment
		<ul style="list-style-type: none"> <li>No proposed exploration plan has been proposed in this Report.</li> </ul>
Database integrity	<p>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.</p> <p>Data validation procedures used.</p>	<ul style="list-style-type: none"> <li>The database for all blocks is considered an acceptable standard to report a Coal Resource.</li> <li>Checks against original downhole geophysics (las) files used to verify data during modelling.</li> </ul>
Site Visits	<p>Site Visits undertaken by the Competent Person and the outcome of these visits.</p> <p>If no site visits have been undertaken, indicate why this is the case</p>	<ul style="list-style-type: none"> <li>Salva Mining’s geologist is well aware of the geological setting of the area and has reviewed and discussed the available geological data with the company in their Jakarta office.</li> <li>No Geological site visit not conducted due to the fact that the geology had been well documented by previous consultants and no further information would be gained by the site visit.</li> </ul>
Geological interpretation	<p>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</p> <p>Nature of the data used and of any assumptions made.</p> <p>The effect, if any, of alternative interpretations on Mineral Resource estimation.</p> <p>The use of geology in guiding and controlling Mineral Resource estimation.</p> <p>The factors affecting continuity both of grade and geology.</p>	<ul style="list-style-type: none"> <li>A high degree of confidence in seam picks made using downhole geophysical data.</li> <li>The TKS geological models created by Salva Mining are considered to accurately represent the deposits. No major faults have been reported within the tenements concerned</li> <li>Mass (tonnage) from the current resource estimate agrees with the previous model by developed by Danmar to within 5% error margin range.</li> </ul>
Dimensions	<p>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.</p>	<ul style="list-style-type: none"> <li>See the figures in the Report.</li> </ul>
Estimation and modelling techniques	<p>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.</p> <p>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</p> <p>The assumptions made regarding recovery of by-products.</p> <p>Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).</p> <p>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</p> <p>Any assumptions behind modelling of selective mining units.</p>	<ul style="list-style-type: none"> <li>FEM interpolator used for surface elevation, thickness and trend. Inverse distance squared used for coal quality throughout.</li> <li>Based on experience gained in the modelling of over 40 coal deposits around the world, the FEM interpolator is considered to be the most appropriate for the structure and inverse distance the most appropriate for coal quality.</li> <li>The grid cell size of 50m for the topographic model, 50 m for the structural model.</li> <li>Table 5:1 contains additional model construction parameters. Visual validation of all model grids performed.</li> </ul>

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Criteria	Explanation	Comment
	<p>Any assumptions about correlation between variables.</p> <p>Description of how the geological interpretation was used to control the resource estimates.</p> <p>Discussion of basis for using or not using grade cutting or capping.</p> <p>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</p>	<ul style="list-style-type: none"> <li>TKS has some high sulphur seams (&gt;2%) coal product quality will have to be managed to maintain saleable products.</li> </ul>
Moisture	Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	<ul style="list-style-type: none"> <li>All tonnages estimated on the air-dried basis, Total moisture has been measured by weight under laboratory conditions</li> </ul>
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	<ul style="list-style-type: none"> <li>The coal resources contained in this Report are confined within the concession boundary. The resources were limited to 100m below topography</li> <li>A minimum ply thickness of 10cm and maximum parting thickness of 30cm was used.</li> </ul>
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It may not always be possible to make assumptions regarding mining methods and parameters when estimating Mineral Resources. Where no assumptions have been made, this should be reported.	<ul style="list-style-type: none"> <li>The TKS Concession is proposed to be mined as open-pit excavations by truck and shovel method by contractors.</li> </ul>
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It may not always be possible to make assumptions regarding metallurgical treatment processes and parameters when reporting Mineral Resources. Where no assumptions have been made, this should be reported.	<ul style="list-style-type: none"> <li>N/A in situ air dried tonnes quoted</li> </ul>
Environmental	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 greenfield 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.	<ul style="list-style-type: none"> <li>Salva Mining is not aware of any environmental factors that may impact on eventual economic extraction.</li> </ul>
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.	<ul style="list-style-type: none"> <li>See discussion on density with regard to moisture basis.</li> </ul>
Classification	The basis for the classification of the Mineral Resources into varying confidence categories.	<ul style="list-style-type: none"> <li>Classification distances based on an assessment of the variability of critical variables through statistical analysis and</li> </ul>



## APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS

### TKS INDEPENDENT QUALIFIED PERSON’S REPORT

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Criteria	Explanation	Comment
	<p>Whether the appropriate account has been taken of all relevant factors i.e. relative confidence in tonnage/grade computations, confidence in continuity of geology and metal values, quality, quantity and distribution of the data.</p> <p>Whether the result appropriately reflects the Competent Person(s)' view of the deposit.</p>	<p>by an assessment of the degree of geological complexity. Classification radii for the three resource categories are: Measured: 225m Indicated: 450m Inferred: 850m</p>
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates.	<ul style="list-style-type: none"> <li>Check between the current geological model and the previous model shows high agreement.</li> </ul>
Discussion of relative accuracy/confidence	<p>Where appropriate a statement of the relative accuracy and/or confidence 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 which could affect the relative accuracy and confidence of the estimate.</p> <p>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages or volumes, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</p> <p>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</p>	<ul style="list-style-type: none"> <li>Spacing ranges for the three resource categories are considered to adequately reflect the degree of confidence in the underlying estimate on a global basis.</li> <li>Local variation to estimated values may arise and will be addressed by adequate grade control procedures during mining operations.</li> </ul>

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### TKS AMPAH INDEPENDENT QUALIFIED PERSON’S REPORT

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**Golden Energy and Resources Limited**  
**Trisula Kencana Sakti Ampah Concession**

**Independent Qualified Person’s Report**  
January 2023

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## APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS

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### TKS AMPAH INDEPENDENT QUALIFIED PERSON’S REPORT

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#### Golden Energy and Resources Limited

Trisula Kencana Sakti Ampah Concession

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Independent Qualified Person’s Report

#### Salva Mining Pty Limited

300 Adelaide Street, Brisbane, QLD 4000, Australia

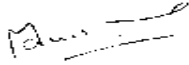
Email: [info@salvamining.com.au](mailto:info@salvamining.com.au)

Phone: +61 (0) 407 771 528

31 January 2023

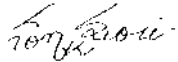
Effective Date: 31 December 2022

#### Independent Qualified Person:

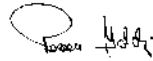


Mr. Manish Garg  
Director  
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#### Subject Specialists:



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Salva Mining- Brisbane Office



Dr. Ross Halatchev  
Principal Consultant – Mining  
Salva Mining - Brisbane Office

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#### Key Abbreviations

\$ or USD	United States Dollar
adb	Air-dried basis, a basis on which coal quality is measured
AMSL	Above Mean Sea Level
AMDAL	Analisis Mengenai Dampak Lingkungan Hidup- Environmental Impact Assessment (EIA), which contains three sections, the ANDAL, the RKL and the RPL
ANDAL	Analisis Dampak Lingkungan Hidup, a component of the AMDAL that reports the significant environmental impacts of the proposed mining activity
arb	As received basis
AS	Australian Standards
ASR	Average stripping ratio
AusIMM	Australasian Institute of Mining and Metallurgy
bcm	bank cubic meter
BD	Bulk density
CCoW	Coal Contract of Work
CV	Calorific value
Capex	Capital Expenditure
Coal Resource	A 'Coal Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, quality, and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, quality, continuity and other geological characteristics of a Coal Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Coal Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
DGMC	Directorate General of Minerals and Coal within the Ministry of Energy and Mineral Resources
FC	Fixed Carbon
gar	gross as received, a basis on which coal quality is measured
GEAR	Golden Energy and Resource Limited
gm	Gram
h	Hour
ha	Hectare(s)
IM	Inherent Moisture
IPPKH	'Izin Pinjam Pakai Kawasan Hutan' which translates to borrow to use permit in a production forest
IUP or IUPOP	'Izin Usaha Pertambangan' which translates to 'Mining Business Licence'
JORC	2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia
k	Thousand
kcal/kg	Unit of energy (kilocalorie) per kilogram

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kg	Kilogram
km	Kilometres (s)
km <sup>2</sup>	Square kilometre(s)
kt	kilo tonne (one thousand tonnes)
L	Litre
m	Meter
lcm	loose cubic metre
lcm	lcm loose cubic metre
M	Million
Mbcm	Million bank cubic metres
Mbcm <sub>pa</sub>	Million bank cubic metres per annum
MEMR	Ministry of Energy and Mineral Resources within the central government
m RL	metres reduced level
m <sup>3</sup>	cubic metre
m/s	metres per second
Mt	Millions of tonnes
NAR	Net as received
Opex	operating expenditure
RD	Relative density
RKL	'Rencana Pengelolaan Lingkungan' - environmental management plan
ROM	Run of Mine
RKL	Relative Level - survey reference for the height of landforms above a datum level
RPL	'Rencana Pemantauan Lingkungan' - environmental monitoring plan
Salva Mining	Salva Mining Pty Limited
SE	Specific Energy
SR	Strip ratio (of waste to ROM coal) expressed as bcm per tonne
t	Tonne
tkm	Tonne kilometre
tpa	Tonnes per annum
TKS	PT Trisula Kencana Sakti
TM	Total Moisture (%)
TS	Total Sulphur (%)
VALMIN	2015 Edition of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
VM	VM Volatile Matter (%)

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### TKS AMPAH INDEPENDENT QUALIFIED PERSON’S REPORT

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#### Executive Summary

Golden Energy and Resources Limited (“GEAR” or “Client”) has engaged Salva Mining Pty Limited (“Salva Mining”) to prepare an annual update to the Independent Qualified Person’s Report (“Report”) to estimate Open Cut Coal Resources and Reserves for the Trisula Kencana Sakti Ampah Coal Concession (“TKS Ampah Mine” or “TKS Ampah Concession”) located in the East Barito Regency of the Central Kalimantan Province, Indonesia.

Salva Mining understands that this Report will be included in a circular to shareholders of GEAR, in relation to, inter alia, the proposed distribution in-specie of shares in PT Golden Energy Mines Tbk (“GEMS”) to shareholders of GEAR as a major transaction pursuant to Rule 1014 of the Listing Manual. The Coal Resources and Reserves estimates as of the 31 December 2022 contained within this Report has been reported in accordance to the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia (“The JORC Code”).

#### Trisula Kencana Sakti (TKS) Project in Indonesia

The TKS Ampah project is located in the East Barito District, Central Kalimantan Province. The project can be accessed by four-wheeled and two-wheeled vehicles with travel time, approximately 4 hours from Ampah city.

GEAR holds the mining rights of the TKS concession through its subsidiary PT Trisula Kencana Sakti (PT TKS). PT TKS is the beneficial holder of an Operation and Production IUP (IUPOP).

#### Geology

The TKS Ampah coal concession area lies in the Barito Basin of Central Kalimantan, one of the largest coal-producing regions of Indonesia. According to the published geology, the lease is within an anticlinal structure containing the Tanjung and Montelat formations and Warukin Formations. These rocks are Eocene to Middle Miocene in age and are well known to contain extensive seams of thermal coal. Based on the work to date, a more likely interpretation of the regional geology is that the deposit area is in a syncline where relatively thick seams of Warukin age coal, are surrounded by hills containing older coal seams of the Montelat Formation.

Published geological maps identify coal outcrops of the Montelat Formation and Beraí Formation within the TKS Ampah concession. The main features in the concession is a syncline structure over the main deposit area with relatively flat dips and younger sediments in the southern part of the deposit and steeper dips in relatively older sediments in the northern part of the deposit.

#### Previous Exploration

The TKS Ampah concession has been subject to detailed exploration since 2010 onwards. The exploration activities were targeted to confirm the occurrences of coal seams found by initial exploration campaigns. In total, 234 drill holes have been drilled within the concession. Other exploration activities conducted on TKS Ampah concession include topographic mapping, core and outcrop sampling and geological mapping.

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#### Resource Model Construction

Out of 234 drill holes, 155 holes from the historical exploration programs were excluded as there was insufficient information to validate these drill holes. Remaining, 80 holes have been validated and information used to prepare the geological model.

After completion of the previously detailed QA/QC processes, the available valid lithological and coal quality data was then imported into the geological software to generate the structural model and coal quality models for each of the resource areas (TKS Ampah North and TKS Ampah South).

Coal quality data has been composited on a seam basis. The Inverse distance interpolator was selected for modelling coal quality as it has been shown to perform adequately for most coal quality attributes.

#### Coal Resource

Salva Mining has estimated total Coal Resources of 7.6 million tonnes (Mt) on an in-situ air-dried moisture basis (adb), to a maximum depth of 70 m. The total tonnes are comprised of 1.9 Mt of Measured, 3.4 Mt of Indicated and 2.3 Mt of Inferred Resources.

##### TKS Ampah North - Coal Resources as of 31 December 2022

Resource	Mass (Mt)	Ash adb%	CVR ar kcal/kg	IM adb%	RD ad	TM ar%	TS adb%	VM adb%
Measured	1.1	10.3	6,852	3.3	1.34	5.6	1.4	41.4
Indicated	2.4	9.2	6,964	3.2	1.33	5.6	1.5	42.6
Inferred	1.2	16.6	6,570	2.0	1.37	3.4	1.8	41.1
<b>Total</b>	<b>4.7</b>	<b>11.3</b>	<b>6,837</b>	<b>2.9</b>	<b>1.34</b>	<b>5.0</b>	<b>1.6</b>	<b>41.9</b>

(Note: individual totals may differ due to rounding)

##### TKS Ampah South - Coal Resources as of 31 December 2022

Resource	Mass (Mt)	Ash adb%	CVR ar kcal/kg	IM adb%	RD ad	TM ar%	TS adb%	VM adb%
Measured	0.8	4.5	6,729	7.1	1.38	10.6	2.2	41.7
Indicated	1.0	4.8	6,759	7.1	1.38	10.6	2.2	41.9
Inferred	1.1	4.5	6,748	7.1	1.38	10.7	2.2	41.8
<b>Total</b>	<b>2.9</b>	<b>4.6</b>	<b>6,770</b>	<b>7.1</b>	<b>1.38</b>	<b>10.7</b>	<b>2.2</b>	<b>41.9</b>

(Note: individual totals may differ due to rounding)

#### Mining Operations

The mining operation at TKS Ampah commenced during 2018 and uses standard truck and excavator method which is a common practice in Indonesia. Waste material is mined using hydraulic excavators and loaded into standard rear tipping off-highway trucks and hauled to dumps in close proximity to the pits or to in-pit dumps where possible. For the Reserve Statement, it is proposed that contractors will be used for mining and haulage operations over the life of mine, and the unit costs used for the Reserve estimate reflect this style of mining.

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#### **Mining Modification factors – Resource to Reserve**

This Coal Reserve estimate uses the most recent geological model and the Coal Resources estimate prepared by Salva Mining as of 31 December 2022. Potential open-cut reserves inside different blocks of the project area were identified with pit optimisation software utilising the Lerchs Grossman algorithm. The optimiser was run across a wide range of coal prices using a set of site-specific costs (waste removal, land compensation, coal removal, haulage costs, etc.). These costs were adjusted to suit the conditions for this project.

An economic model was prepared for the mining operation from the TKS Ampah North Block to determine the project breakeven or incremental stripping ratio. No mine plans were developed for the TKS Ampah South Block due to the limited size of Coal Resource.

The pit optimisation results were examined and pit shells selected where the incremental stripping ratios were less than or equal to break even strip ratio determined at a point where the costs for mining and handling the coal equalled the revenue generated by the coal. Life of mine plan was completed based on the final pit design. This was done to ensure that the proposed mining method would be practical and achievable and that the proposed dumping strategy would be able to contain the waste mined in the final pit design. The mining schedule targeted production of 0.2 Mt in a year from the TKS Ampah North Pit.

Pre-feasibility studies were completed before applying for the mining operations permit. These studies were accepted as part of the AMDAL approval process from the Govt. of Indonesia prior to being granted mining operations approval (CCoW). This study was further updated in early 2018. Salva Mining has used modifying factors based on the latest feasibility study which were independently validated for reasonableness by Salva Mining’s subject specialist.

The coal price estimate was based on Salva Mining’s view on the outlook for global thermal coal fundamentals and including the demand and supply outlook for the sector.

The optimised pit shells for TKS Ampah North Block as delineated in the final pit design do contain Inferred Resources which are excluded from the Coal Reserves reported for the TKS Ampah concession. Under the JORC Code, Inferred Resources cannot be converted to Reserves due to poor confidence in structural continuity and quality variables.

#### **Coal Reserves**

Coal Reserves were estimated by applying appropriate modifying factors and exclusion criteria to the Coal Resources. Surface water management, infrastructure and the location of the IUP boundary were considered when determining the surface constraints for the mining operation. Coal Reserves were estimated by applying appropriate density adjustment and mining loss and dilution parameters to the Measured and Indicated Coal Resources inside the final pit design. All the final pits used for the Reserve estimate were designed following the existing geotechnical recommendations and operating practices.

Coal Reserves have been reported in Proved and Probable categories to reflect the reliability of the estimate. The total Coal Reserve for the TKS Ampah North Block as of 31 December 2022 is estimated as 0.6 Mt comprising of 0.2 Mt Proved and 0.4 Mt Probable categories. ROM Coal Reserves for TKS Ampah coal concession along with the estimated quality is presented in the table below.

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### TKS AMPAH INDEPENDENT QUALIFIED PERSON’S REPORT

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**TKS Ampah Coal Concession - Coal Reserves as of 31 December 2022**

TKS Ampah Pits	Proved Reserves Mt	Probable Reserves Mt	Total Reserves Mt	RD Insitu	Ash adb%	IM adb%	TM ar%	CV (gar) Kcal/kg	TS adb%
North Pit	0.2	0.4	0.6	1.34	8.8	3.9	6.9	6,829	1.31
<b>TKS Ampah</b>	<b>0.2</b>	<b>0.4</b>	<b>0.6</b>	<b>1.34</b>	<b>8.8</b>	<b>3.9</b>	<b>6.9</b>	<b>6,829</b>	<b>1.31</b>

*Note: individual totals may differ due to rounding  
This table must be presented with the entire JORC Reserve Statement*

No beneficiation of coal product is planned as such marketable coal is the same as the Run of Mine (ROM) coal.

This Report may only be presented in its entirety. Parties wishing to publish or edit selected parts of the text, or use the Report for public reporting, must obtain prior written approval from Salva Mining and the signatories of this Report.

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# APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS

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## TKS AMPAH INDEPENDENT QUALIFIED PERSON’S REPORT

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### 1 Introduction

#### 1.1 Aim and Scope

Golden Energy and Resources Limited (“GEAR” or “Client”) has engaged Salva Mining Pty Limited (“Salva Mining”) to prepare an annual update to the Independent Qualified Person’s Report (“Report”) to estimate Open Cut Coal Resources and Reserves for the Trisula Kencana Sakti Ampah Coal Concession (“TKS Ampah Mine” or “TKS Ampah Concession”) located in the East Barito Regency of the Central Kalimantan Province, Indonesia.

The estimate of Coal Resources and Reserves as of the 31 December 2022 contained within this Report has been reported in compliance with the requirements of the reporting guidelines of the 2012 Edition of the Australasian Code for the Reporting of exploration results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia (“The JORC Code”).

The TKS Ampah concession is beneficially owned and controlled by GEAR. The effective date of this Report is 31 December 2022, the date on which the Resource was estimated.

#### 1.2 Approach

The principal data used in the preparation of this Report included:

- Previous geological report prepared by the qualified person;
- Collar, downhole logging, seam pick and coal quality information, provided by GEAR; and
- Latest Topographic data including any mined-out area.

The following approach was undertaken by Salva Mining to estimate Coal Resources.

- Salva Mining has reviewed the geological data set provided by GEAR for the coal block covered under the scope of the report;
- Using the existing borehole information provided to Salva Mining by GEAR, a geological model was created using stratigraphic modelling software. While creating the model, a thickness cut off limit of 0.1m was applied and is termed as an “in situ” model;
- This model and the underlying raw data such as Drill hole logs, coal quality reports and geophysical logs were reviewed by Salva Mining’s team of geologists.
- On the basis of confidence limits (as described in the Resource Classification Section), the in-situ geological model was then categorised into Measured, Indicated and Inferred categories according to the JORC Code (2012).
- Once these categories were ascertained, coal volume, tonnage and qualities were estimated to report coal reserves (if applicable).

#### 1.3 Data sources

This review is based on the information provided by GEAR and PT TKS, the technical reports of consultants and previous explorers, as well as other published and unpublished data relevant to the area. Salva Mining has carried out, to a limited extent, its independent assessment of the quality of the geological data. The status of agreements, royalties or concession standing pertaining to the assets was advised by GEAR to be in good standing and was relied on by Salva Mining.

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In developing our assumptions for this Report, Salva Mining has relied upon information provided by the company and information available in the public domain. Key sources are outlined in this Report and all data included in the preparation of this Report has been detailed in the references section of this Report. Salva Mining has accepted all information supplied to it in good faith as being true, accurate and complete, after having made due enquiry as of 31 December 2022.

#### 1.4 Limitations

After due enquiry in accordance with the scope of work and subject to the limitations of the Report hereunder, Salva Mining confirms that:

- The input, handling, computation and output of the geological data and Coal Resource information has been conducted in a professional and accurate manner, to the high standards commonly expected within the mining professions;
- The interpretation, estimation and reporting of the Coal Resource Statement has been conducted in a professional and competent manner, to the high standards commonly expected within the Geosciences and mining professions, and in accordance with the principles and definitions of the JORC Code (2012);
- In conducting this assessment, Salva Mining has addressed and assessed all activities and technical matters that might reasonably be considered relevant and material to such an assessment conducted to internationally accepted standards. Based on observations and a review of available documentation, Salva Mining has, after reasonable enquiry, been satisfied that there are no other relevant material issues outstanding;
- The conclusions presented in this Report are professional opinions based solely upon Salva Mining's interpretations of the documentation received and other available information, as referenced in this Report. These conclusions are intended exclusively for the purposes stated herein;
- For these reasons, prospective investors must make their assumptions and their assessments of the subject matter of this Report.

Opinions presented in this Report apply to the conditions and features as noted in the documentation, and those reasonably foreseeable. These opinions cannot necessarily apply to conditions and features that may arise after the date of this Report, about which Salva Mining have had no prior knowledge nor had the opportunity to evaluate.

#### 1.5 Disclaimer and warranty

This Report was commissioned by GEAR on a fee-for-service basis according to Salva Mining's schedule of rates. Salva Mining's fee is not contingent on the outcome of this Report or the success or failure for the purpose for which the Report was prepared. Neither Mr Manish Garg nor any of the Salva Mining's partners (including Mr Garg), directors, substantial shareholders and their associates have (or had) a pecuniary or beneficial interest in/or association with any of the GEAR or their directors, substantial shareholders, subsidiaries, associated companies, advisors and their associates prior to or during the preparation of this Report.

Mr Manish Garg, Salva Mining's partners (including Mr Garg), directors, substantial shareholders and their associates are independent of GEAR, its directors, substantial shareholders, advisers and their associates.



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A draft version of this Report was provided to the directors of GEAR for comment in respect of omissions and factual accuracy. As recommended in Section 39 of the VALMIN Code, GEAR has provided Salva Mining with an indemnity under which Salva Mining is to be compensated for any liability and/or any additional work or expenditure, which:

- Results from Salva Mining’s reliance on information provided by GEAR and/or Independent consultants that are materially inaccurate or incomplete, or
- Relates to any consequential extension of workload through queries, questions or public hearings arising from this Report.

The conclusions expressed in this Report are appropriate as of 31 December 2022. The Report is only appropriate for this date and may change in time in response to variations in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values outlined in this Report are expressed in United States dollars (\$) unless otherwise stated. Salva Mining services exclude any commentary on the fairness or reasonableness of any consideration in relation to this acquisition.

#### 1.6 Independent Qualified Person’s Statement

This Independent Qualified Person’s Report including reporting of Coal Resources and Reserves has been written following the guidelines contained within the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“the JORC Code”) and the 2015 Edition of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Experts Reports (“the VALMIN Code”). It has been prepared under the supervision of Mr Manish Garg (Director – Consulting / Partner, Salva Mining) who takes overall responsibility for the Report and is an Independent Expert as defined by the VALMIN Code.

Sections of the Report which pertain to Coal Resources have been prepared by Mr Sonik Suri (Principal Consultant, Geology) who is a subject specialist and a Competent Person as defined by the JORC Code. Sections of the Report which pertain to Coal Reserves have been prepared by Dr Ross Halatchev (Principal Consultant, Mining) who is a subject specialist and a Competent Person as defined by the JORC Code.

This Report was prepared on behalf of Salva Mining by the signatory to this Report, assisted by the subject specialists’ competent persons whose qualifications and experience are set out in Appendix A of this Report.



Mr Manish Garg  
Director  
Salva Mining Pty Limited

#### 1.7 Statement of Independence

This Report was commissioned by GEAR on a fee-for-service basis according to Salva Mining’s schedule of rates. Salva Mining’s fee is not contingent on the outcome of this Report. The above-mentioned person(s) have no interest whatsoever in the mining assets reviewed and will gain no reward for the provision of this Report.

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Mr Manish Garg, Mr Sonik Suri, Dr Ross Halatchev, Salva Mining’s partners (including Mr Garg), directors, substantial shareholders and their associates are independent of GEAR, its directors, substantial shareholders, advisers and their associates.

Neither Mr Manish Garg, Mr Sonik Suri, Dr Ross Halatchev nor any of the Salva Mining’s partners (including Mr Garg), directors, substantial shareholders and their associates have (or had) a pecuniary or beneficial interest in/or association with any of the GEAR, or their directors, substantial shareholders, subsidiaries, associated companies, advisors and their associates prior to or during the preparation of this Report.

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## TKS AMPAH INDEPENDENT QUALIFIED PERSON’S REPORT



### 2 Project Description

#### 2.1 Location and Access

The TKS Ampah project is located in the East Barito District, Central Kalimantan Province. The TKS Ampah project has been previously mined and currently in care and maintenance.

The project can be accessed by four-wheeled and two-wheeled vehicles with travel time, approximately 4 hours from Ampah city.

**Figure 2:1 Location of TKS Project**



The TKS Ampah Project is located between 115 ° 13' 07" - 115 ° 16' 27.80" East Longitude and -01 ° 50' 33" - -01 ° 53' 28.3" South Latitude. Concession co-ordinates are shown in Table 2:1.

**Table 2:1 TKS Concession Co-ordinates**

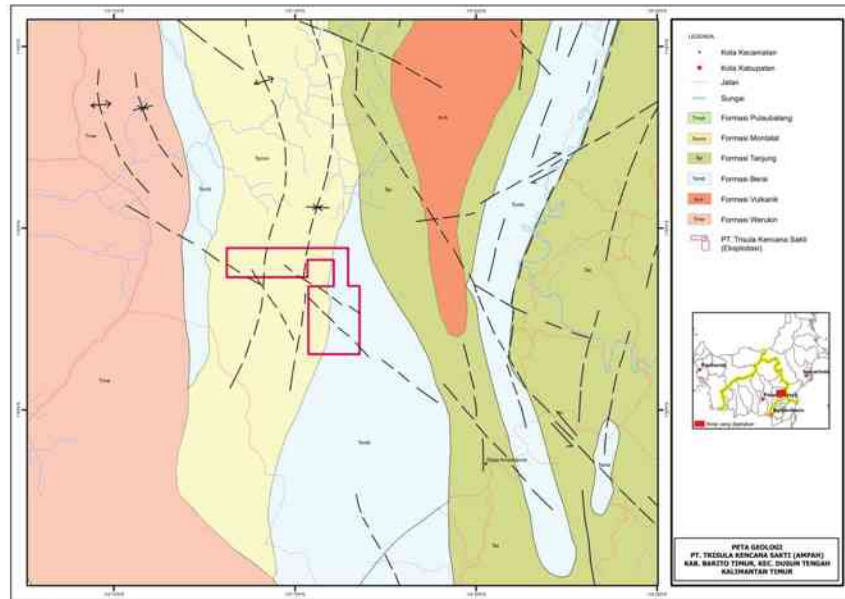
Point No.	Longitude (BT)			Latitude (LS)		
	Degree	Minute	Seconds	Degree	Minute	Seconds
1	115	13	7	1	50	33
2	115	17	18	1	50	33
3	115	17	18	1	52	9
4	115	18	55	1	52	9
5	115	18	55	1	54	0
6	115	14	55	1	54	0
7	115	14	55	1	51	21.25
8	115	13	7	1	51	21.25

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Figure 2:2 TKS Ampah Concession



### 2.2 Ownership and Tenure

GEAR holds the mining rights to the TKS Ampah concession through its subsidiary PT Trisula Kencana Sakti (PT TKS).

Tenure at the TKS Ampah concession is held under the Izin Usaha Pertambangan Operation and Production (IUP-OP) license. The IUPOP was originally executed on 13 August 2009 for 10 years. PT TKS was granted 1<sup>st</sup> extension to August 2026. The detail of the coal concession is given in Table 2:2.

Table 2:2 TKS Ampah Concession Details

Concession Number	Concession Type	Area (ha)	Status	Expiry Date	GEAR Holding*
TKS Coal Indonesia – 570/2009	IUP- Operation and Production	1,748	Granted 1 <sup>st</sup> Extension	13 August 2019 14 August 2026	43.7499%

\*GEMS have 70% shares in TKS and GEAR has 62.4998% shares in GEMS

GEAR has advised that TKS Ampah has complied with all applicable environmental regulations and there are no pending investigations by government agencies on environmental issues.

# APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS

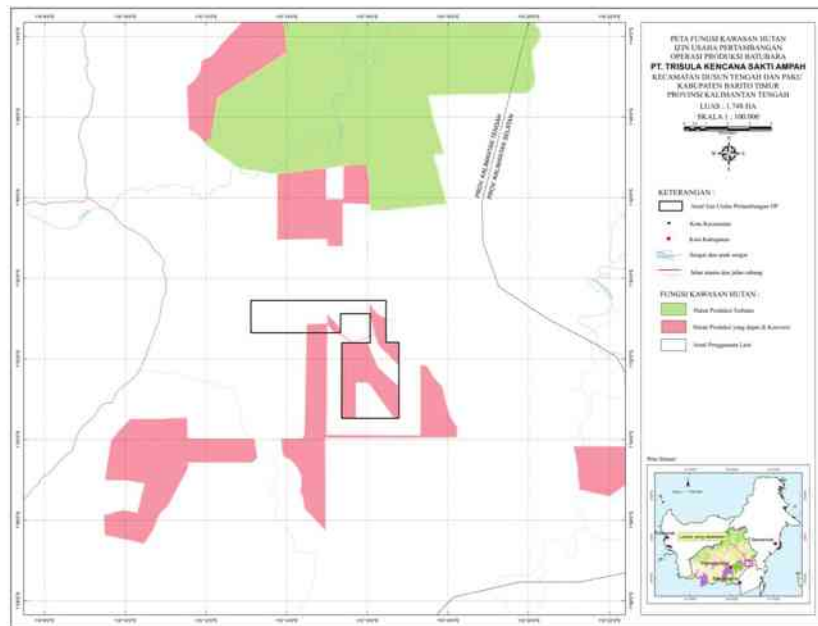
## TKS AMPAH INDEPENDENT QUALIFIED PERSON’S REPORT



### 2.3 Forestry Status

Parts of the TKS Ampah concession are within a designated Production Forest (Figure 2:3) that can be converted, and therefore a Forestry Borrow and Use Permit (IPPKH) is required for mining operations. GEAR has advised that these permits are in place for areas surrounding immediate production areas.

Figure 2:3 Forestry Status, TKS Ampah Concession



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### 3 Geology

#### 3.1 Regional Geology

The concession lies in the Barito Basin of Central Kalimantan. The Barito Basin is a Tertiary-aged basin located in the southeastern part of Swahner Shield in South Kalimantan. The Barito Basin is defined by the Meratus Mountains to the east and separated from the Kutai Basin to the north by a flexure parallel to the WNW-ESE orientated Adang Fault. The Barito Basin began to develop in the Late Cretaceous following a micro-continental collision between the Paternoster and the SW Borneo microcontinents (Darman and Sidi, 2000). Early Tertiary extensional deformation occurred as a tectonic consequence of that oblique convergence, producing a series of NW-SE trending rifts.

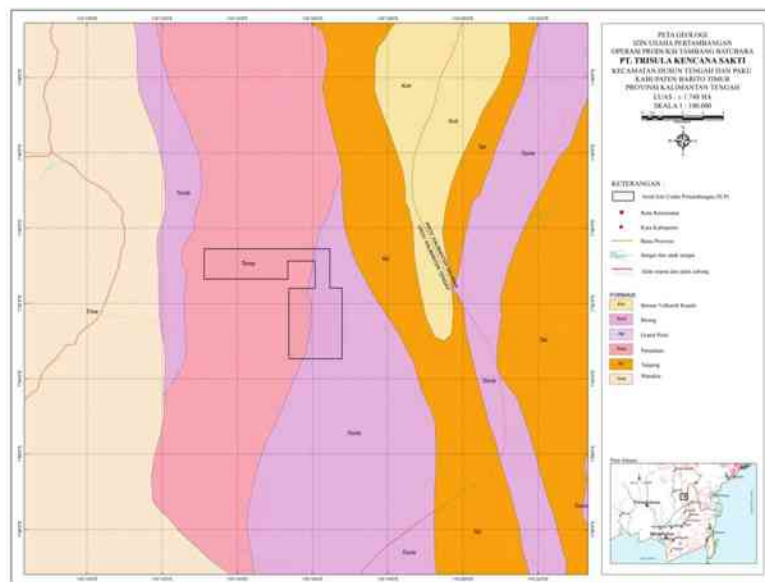
In general, the stratigraphy of the Barito Basin from young to old in the sequence is the Dahor Formation, the Warukin Formation, the Berai Formation, the Montalat Formation, and the Tanjung Formation.

#### 3.2 Local Geology

Published 1:250,000 scale geological maps identify coal outcrops of the Montalat Formation and Berai Formation within the TKS Ampah concession (Figure 3:1).

The main features in the concession is a syncline structure over the main deposit area with relatively flat dips and younger sediments in the southern part of the deposit and steeper dips in relatively older sediments in the northern part of the deposit.

Figure 3:1 TKS Ampah - Local Geology



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#### 4 Exploration History

In investigating the potential of minerals, the concession was divided into two blocks, namely:

- TKS Ampah North Block; and
- TKS Ampah South Block.

##### 4.1 Previous Exploration

The TKS Ampah concession has been subject to detailed exploration since 2010 onwards. The exploration activities were targeted to confirm the occurrences of coal seams found by initial exploration campaigns. Following sections detail the previous exploration activities conducted on the concessions.

###### 4.1.1 Geological Mapping

Geological mapping within the concession was carried out targeting areas where there was no previous exploration work done. The mapping work was used to determine the overall geological structure of the concession and to optimise the positioning of potential future drill holes.

###### 4.1.2 Early Exploration Drilling

Before 2012, a total of 184 vertical drill hole have been drilled within the concession (144 in TKS Ampah South area and 40 in TKS Ampah North area) (Figure 4:1).

**Figure 4:1 TKS Ampah – Historical Drilling Location**



Out of 184 drill holes, 151 holes (144 in TKS Ampah South and 7 in TKS Ampah North) from the historical exploration programs were excluded from this resource estimation as there was insufficient information to validate the holes.

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#### 4.2 Recent Exploration Drilling

A total of 50 drill hole have been drilled within the concession since 2017 (19 in TKS Ampah South area and 31 in TKS Ampah North area). To ensure the most accurate and reliable results from the drilling downhole geophysical logging was used to validate coal seam pick.

Figure 4:2 TKS Ampah – Recent Drilling



#### 4.2.1 Topographic Mapping

Detailed topographic mapping using airborne LiDAR survey method to a 1:1000 scale was carried out. All drill hole collars were also picked up by ground survey using total station survey equipment.

#### 4.3 TKS Ampah Sub Blocks – North & South

TKS Ampah North Block is located in the northern part of the TKS concession, the coal layer is a fold of anticline and syncline with a slope of 15° - 30°. The number of coal seams in this block is 17 layers with thicknesses ranging from 0.25 - 1.5 meters.

TKS Ampah South Block is located in the southern part of the TKS concession, the coal layer is an enlarged subduction syncline fold. In this block, there are 5 layers of coal with 1 layer namely seam 3 separated into 2 layers on the outcrop side.



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#### 4.3.1 Coal Seam Occurrences – TKS Ampah North

The deposit at TKS Ampah North contains 17 modelled coal seams (Table 4:1) of which 4 have been split into upper and lower plies. The coal layer is a fold of anticline and syncline with a slope of 15 ° - 30 °. The S100, S200 and S250 seams are the most significant economic grouping with an average of 2.5 m of combined coal thickness.

**Table 4:1 TKS Ampah North - Seam Splitting Relationships**

Master Seam	1st Phase Splitting	2nd Phase Splitting
Seam 40		
Seam 50	50U	
	50L	
Seam 100	100U	
	100L	
Seam 120		
Seam 130		
Seam 140		
Seam 150		
Seam 200	200U	200UU
	200L	200UL
Seam 240		
Seam 250		
Seam 300	300U	
	300L	
Seam 400		

#### 4.3.2 Coal Seam Occurrences – TKS Ampah South

The deposit at TKS Ampah South contains 5 modelled coal seams (Table 4:2) of which 1 have been split into upper and lower plies. The S3 and S4 seams are the most significant economic grouping with an average of 1.2-1.3 m of combined seam thickness.

**Table 4:2 TKS Ampah South - Seam Splitting Relationships**

Master Seam	1st Phase Splitting
Seam 1	
Seam 2	
Seam 3	Seam 3U
	Seam 3L
Seam 4	
Seam 5	

Figure 4:3 shows the diagrammatic cross-sections to demonstrate the geological structure.

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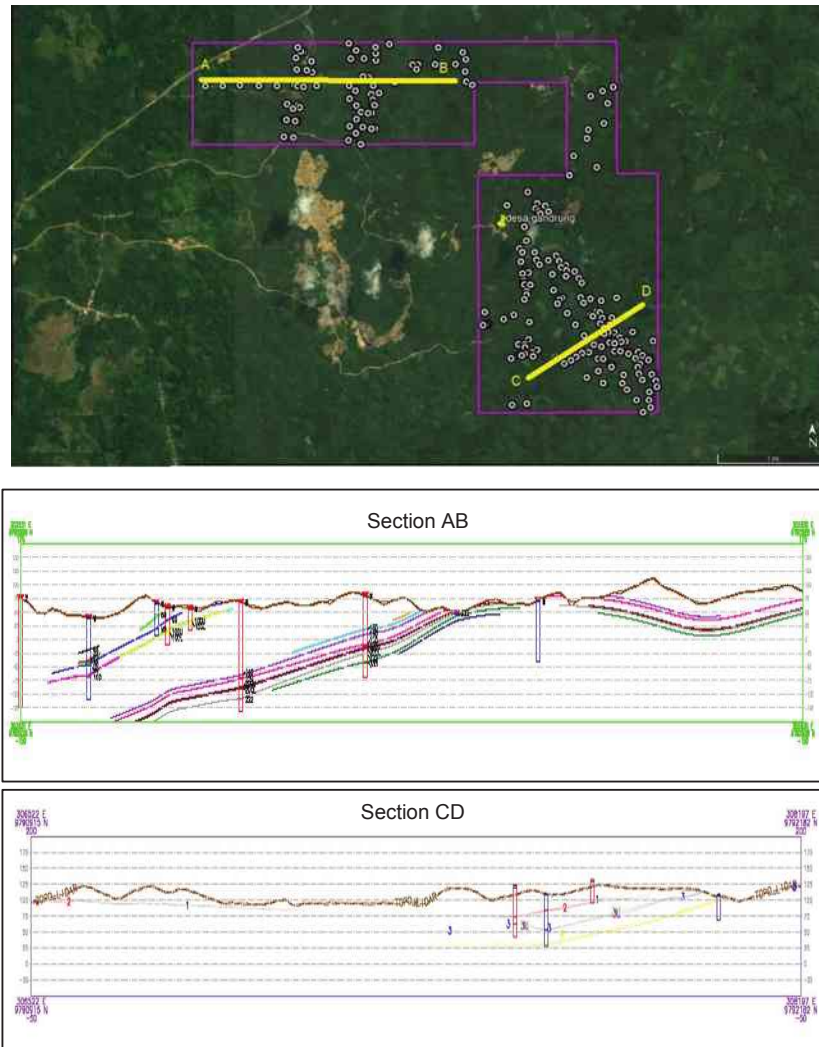
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Figure 4:3 TKS Ampah – Coal Seam Cross Section



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## 5 Resource Modelling

The geological data provided by PT TKS for the TKS Ampah concession was independently reviewed by Salva Mining’s geologists and is considered appropriate and reasonable for estimating Coal Resources.

### 5.1 Lithological Data

In total, 234 holes have been validated but only 80 drill holes were used in this Report after rejecting 154 drill holes due to lack of complete information (Table 5:1).

**Table 5:1 TKS Ampah – Drilling**

	Drilling - Pre-2012	Drilling - New	Drill holes - Total	Drill holes - Rejected	Drill holes - Used
North	40	31	71	7	64
South	144	19	163	147	16
<b>Total</b>	<b>184</b>	<b>50</b>	<b>234</b>	<b>154</b>	<b>80</b>

Drill holes were interpreted from softcopy geophysical logs (LAS). 100% of the holes used in resource modelling have been logged using down-hole geophysics. Down-hole geophysical data acquired by PT TKS is predominantly comprised of gamma, density and calliper logs and has allowed for accurate identification of coal seams in each hole (seam picks) and the correlation of coal seams between holes.

### 5.2 Topographic Survey

A topographic survey was carried out using both Total Station and Airborne Lidar. The drill collar survey and the LiDAR showed some difference which was adjusted to match the LiDAR which meant an overall average adjustment of approximately +1m in elevation.

### 5.3 Data Quality Assurance and Quality Control (QAQC) Measures

#### 5.3.1 Core Sampling

At the completion of each run, core lengths were checked in the splits for recovery to ensure coal seams have been recovered as required. A target core recovery of 90% has been applied throughout all drilling phases. The core was also photographed routinely and logged in the splits by a geologist before being sampled. For open holes, chip samples were collected at 1 m intervals for lithological logging purposes. The coal quality sampling technique detailed above is considered by Salva Mining to adequately address the QAQC requirements of coal sampling. As a further coal quality validation step prior to importing coal quality sample results for coal quality modelling purposes, Salva Mining constructed spreadsheets which compare the sampled intervals against the logged seam intervals in order to ensure that sampled intervals match the seam pick intervals.

#### 5.3.2 Down-hole Geophysics and Seam Picks

Down-hole geophysical logs were completed during each drilling program by PT Surtech Indonesia. Logging was performed on the drill holes (including cored and open holes) used in the development of the current resource model and 100% of drill holes have geophysical data. Seam picks and lithologies have all been corrected for geophysics.

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#### 5.3.3 Coal Quality

Coal quality sampling was undertaken by PT TKS and contract geologists, with the analysis testing being completed by PT Geoservices laboratories in Banjarbaru near Banjarmasin. PT Geoservices laboratories are accredited to ISO 17025 standards.

#### 5.3.4 Data validation by Salva Mining before geological model construction

Prior to using the lithological (seam pick) and coal quality data for geological model construction purposes, Salva Mining performed the following data validation and verification checks on the data;

- Checking of seam picks against the down-hole geophysics in selected instances in order to validate seam pinch outs or correlations during structural model construction.
- Validation of coal quality sample intervals against seam pick intervals
- Scatter plots of raw coal quality data pairs were constructed in order to determine outliers. In a few cases, spurious data values were identified and removed from the quality data set prior to importing the data.
- In cases where RD (adb) data was not determined for a sample, linear regression equations determined from the RD-ash scatter plot constructed from the rest of the raw coal quality data set were used to determine the RD value for the sample concerned from the ash value for that sample.
- Core recovery percentages per core run were compiled and merged with the coal quality sample data set to determine if any samples in the coal quality data set are from coal seam intersections with less than 90% core recovery over the seam width. Core recovery was observed to be satisfactory with over 90% recovery within the coal horizon although less than 90% recovery is often seen in the immediate roof or floor to the coal seam.
- During the importation of coal quality samples and associated raw coal quality data into the geological modelling software, a few instances of overlapping samples were identified and these were corrected and the samples re-imported
- After compositing the coal quality samples over the seam width on a seam by seam basis, histograms were constructed of the composited raw coal quality for each seam. Analysis of these histograms shows that in a few instances, raw ash% outliers are present as a result of the excessive overlap of the coal quality sample into the seam roof or floor. In the majority of such instances, the proportion of outlier composite samples is very small compared to the total number of samples per seam and hence the presence of these outliers has no material impact on the modelled raw coal quality for affected seams.

#### 5.4 Coal Density

No information on in situ moisture was obtained from the laboratory, resulting in the fact that the Preston and Sanders equation could not be applied to obtain in situ relative densities. As a result, all resource tonnages are quoted on an in-situ air-dried density basis, as volumes are calculated on an in-situ basis and density on an air-dried basis. However, the density of in situ coal is in reality not at an air-dried basis but higher moisture in situ moisture basis. The estimate of resources on an air-dried basis will, therefore, result in a higher tonnage as compared to the equivalent in situ moisture basis calculation. This effect has been accounted for to a large extent in the reserving process, where the total moisture has been used as a proxy for the in-situ moisture and a Preston Sanders calculation has been made on this basis. However, given the unknown accuracy of this

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approximation, this calculation was not done at the resource stage, preferring rather use the more accurately known air-dried density and state the moisture basis used in the resource.

#### 5.5 Coal Quality Data

Within the TKS Ampah concession, Warukin and Montelat Formation coals are classified as a high energy bituminous class A coal (ASTM – Guidebook of Thermal Coal page 35).

#### 5.6 Mineral Processing and Metallurgical Testing

No testing is completed. It is anticipated that the any potential product will be sold as Run of Mine Coal.

#### 5.7 Resource Modelling

##### 5.7.1 Structural Model

After completion of the previously detailed QA/QC processes, the available valid lithological and coal quality data was then imported into the geological software to generate structural and coal quality models for each of the five resource areas.

The topographic model for each block was constructed by importing the cap topography grid models for each area. The lithological data was then modelled to create structural grids. The schema, stored within the Stratmodel module of the geological software controls the modelling of seam elements and their structural relationships, grid model cell size, interpolators and other parameters. Within the modelling schema, all of the stratigraphic intervals were modelled with pinched continuity. This is applied in areas where intervals are missing in a drill hole. In this situation, the modelling algorithm stops the interpolation of the missing interval halfway between the two drill holes between which it ceases to be present.

##### 5.7.2 Structural Model Validation

Structural and thickness contours were generated and inspected to identify any irregularities, bulls-eyes, unexpected discontinuities etc. Cross-sections were also generated to identify any further structures such as faulting and any areas where seams were modelled as being discontinuous due to short drilling.

#### 5.8 Coal Quality Model

Coal quality data has been composited on a seam basis. The Inverse distance interpolator was selected for modelling coal quality as it has been shown to perform adequately for most coal quality attributes and it is also less likely to introduce spurious trends into the data. Testing indicated that a power value of two and a search radius of 2500 metres are the most suitable inverse distance interpolation parameters for modelling of the TKS coal deposits.

#### 5.9 Quality Model Validation

After the completion of quality model gridding, selected qualities for selected seams were contoured and inspected to ensure that quality models had been gridded correctly. As a second validation measure, average qualities reported during resource reporting for all seams were compared against the average qualities of the input data to ensure consistency between input and output data sets.

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## 6 Coal Resources

### 6.1 Resource Classification and Prospects for Eventual Economic Extraction

Coal Resources present in the TKS Ampah concession have been reported in accordance with the JORC Code, 2012. The JORC Code identifies three levels of confidence in the reporting of resource categories. These categories are briefly explained below.

**Measured** – “...That part of a Mineral Resources for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow for the application of Modifying Factors to support detailed mine planning and financial evaluation”;

**Indicated** – “...That part of a Mineral Resources for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow for the application of Modifying Factors in sufficient detail to support mine planning and evaluation”; and

**Inferred** – “...That part of a Mineral Resources for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling.”.

In terms of Coal Resource classification, Salva Mining is also guided by the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves (2014) (The Coal Guidelines) specifically referred to under clause 37 of the JORC Code (2012). Resource classification is based on an assessment of the variability of critical variables (raw ash% and seam thickness) through statistical analysis and by an assessment of the geological continuity and input data quality.

Consequently, Salva Mining has sub-divided Coal Resources within the TKS Ampah concession into resource classification categories based on the following spacing's (expressed as a radius of influence around points of observation which is half of the spacing between points of observation):

- The measured radius of influence of 250 m;
- The indicated radius of influence of 500 m;
- The inferred radius of influence of 750 m.

#### 6.1.1 Assessing Confidence

Several factors outlined in Section 5 of the Coal Guidelines (2014), were considered when assessing confidence in the estimate and classifying the Coal Resource in accordance with the JORC Code (2012). A summary of factors considered is shown below in Table 6:1.

A qualitative review of modelled seam floor elevation and thickness contours, statistical analysis of thickness and coal quality attributes, domaining and general geological setting all show that the seams within the TKS Ampah concession appear to display a relatively moderate degree of continuity, allowing for a moderate level of drilling density for the same level of confidence as compared to a more complex/less continuous coal deposit. The main risk factor in terms of confidence in the resource estimate is considered to be coal quality. There is an estimated 15% overestimation of tonnes due to the use of an air-dried density instead of an in-situ density as discussed in section 5.5.

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**Table 6:1 Criteria considered to assess confidence in the Resource Estimate**

Assessing Confidence	Comment	Assessment Summary	Risk Rating (H, M,L)
<i>Critical assessment of local, geographical and geological settings</i>	<i>In general, the coal seams within the TKS Ampah deposit are characterised by a high degree of lateral continuity, allowing for confidence in the correlation between holes. There is no evidence of major faulting in the tenement.</i>	Moderate continuity, benign structure.	M
<i>Identifying critical data</i>	<i>Seam thickness and raw ash are seen as critical data, the thickness being the main factor determining coal volume and raw ash being directly related to both relative density and product coal yield.</i>	Raw ash was seen as more variable than the thickness and hence determining factor for classification.	L
<i>Data Analysis, error and verification</i>	<i>Internal standards and procedures used for drilling logging and sampling. Lab uses internal QAQC standards and is ISO 17025 accredited.</i>	Salva Mining used internal checks to data (histograms, global statistics, scatter plots) during modelling to verify data. Apart from some low core recoveries which were evaluated and found to be a true reflection of the input data and no evidence of coal quality bias resulting from poor core recovery was observed.	L
<i>Domaining</i>	<i>Raw ash% histograms, floor and thickness contours used to investigate domaining</i>	Domains adequately addressed by modelling parent and daughter seams were present and assigning coal quality accordingly.	L
<i>Statistical Analysis</i>	<i>Global statistics for thickness and all raw coal quality attributes generated as well as raw ash histograms</i>	Global statistics were prepared and reviewed. It shows values in expected normal ranges.  Classification spacings used for this estimate are in line with those used previously by Salva Mining for other coal deposits elsewhere in the Central Kalimantan basin.	L

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Assessing Confidence	Comment	Assessment Summary	Risk Rating (H, M,L)
Geological Modelling	3D geological model constructed using dedicated stratigraphic modelling software.	The geological model appears to be a good representation of the input drill hole intercept data.	L

#### 6.1.2 Eventual Economic Extraction

It is furthermore a requirement of the JORC Code (2012) that the likelihood of eventual economic extraction is considered prior to the classification of coal resources.

TKS Ampah is an operating mine where coal production commenced in 2018. The average coal quality attributes of the coal seams considered are sufficient to be marketed as a premium high CV thermal coal (but with high Sulphur) for power generation and cement industry usage purposes. Therefore, Salva Mining considers that it is reasonable to define all coal seams within the classification distances discussed above, to a depth of 70m below the topographic surface, as potential open-cut coal resources.

#### 6.2 Coal Resources

The Coal Resources which have been estimated, have been classified and reported according to the JORC Code (2012) and the Australian Guidelines for Estimating and Reporting of Inventory Coal Resources as of 31 December 2022 are detailed in Table 6.2 and Table 6.3.

**Table 6:2 TKS Ampah North - Coal Resources as of 31 December 2022**

Resource	Mass (Mt)	Ash adb%	CVR ar kcal/kg	IM adb%	RD ad	TM ar%	TS adb%	VM adb%
Measured	1.1	10.3	6,852	3.3	1.34	5.6	1.4	41.4
Indicated	2.4	9.2	6,964	3.2	1.33	5.6	1.5	42.6
Inferred	1.2	16.6	6,570	2.0	1.37	3.4	1.8	41.1
<b>Total</b>	<b>4.7</b>	<b>11.3</b>	<b>6,837</b>	<b>2.9</b>	<b>1.34</b>	<b>5.0</b>	<b>1.6</b>	<b>41.9</b>

(Note: individual totals may differ due to rounding)

**Table 6:3 TKS Ampah South - Coal Resources as of 31 December 2022**

Resource	Mass (Mt)	Ash adb%	CVR ar kcal/kg	IM adb%	RD ad	TM ar%	TS adb%	VM adb%
Measured	0.8	4.5	6,729	7.1	1.38	10.6	2.2	41.7
Indicated	1.0	4.8	6,759	7.1	1.38	10.6	2.2	41.9
Inferred	1.1	4.5	6,748	7.1	1.38	10.7	2.2	41.8
<b>Total</b>	<b>2.9</b>	<b>4.6</b>	<b>6,770</b>	<b>7.1</b>	<b>1.38</b>	<b>10.7</b>	<b>2.2</b>	<b>41.9</b>

(Note: individual totals may differ due to rounding)

#### 6.3 Comparison with Previous Estimates

Table 6:4 shows a breakdown of the difference in resource tonnes for the TKS Ampah concession between the latest and the previous estimates. The increase in Resource between December 2019 and December 2020 is due to the additional drilling.



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**Table 6:4 Coal Resources - Comparison with the Previous Estimate**

Resource Category	Salva Mining Dec 2022 (Mt)	Salva Mining Dec 2021 (Mt)	Salva Mining Dec 2020 (Mt)	Salva Mining Dec 2019 (Mt)
Measured	1.9	1.9	1.9	1.6
Indicated	3.4	3.4	3.4	3.0
Total M&I	<b>5.3</b>	<b>5.3</b>	<b>5.3</b>	<b>4.6</b>
Inferred	2.3	2.3	2.3	1.9
Total	<b>7.6</b>	<b>7.6</b>	<b>7.6</b>	<b>6.5</b>

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## 7 Reserves Estimation

### 7.1 Estimation Methodology

Salva Mining prepared the Coal Resource estimate for TKS Ampah Concession coal deposit as of 31 December 2022 which is used as a basis for the Coal Reserve estimate.

The Coal Reserves estimates presented in this Report are based on the outcome of pit optimisation results and the Techno-economic study carried out by Salva Mining (based on previously completed feasibility studies) and the current operating practices. The mining schedule for the TKS Ampah concession blocks includes an open-cut mine with a target coal production of 0.2 Mtpa.

Salva Mining considers the mine plan and mining schedule is techno-economically viable and achievable. This has been done by reviewing all the modifying factors, estimating reserves in the pit shell and developing a strategic production schedule and economic model which confirms a positive cash margin using the cost and revenue factors as described below in this Report.

### 7.2 Mine Operations

The TKS Ampah Project is designed as a source for supplying coal to power and cement plants. TKS Ampah Mine was commissioned in 2018 and is planned to have a peak capacity of 0.2 Mtpa. Mine was placed on care and maintenance in 2019.

The purpose of the mine plan was to create a mining sequence that ensures reliable delivery of the coal product to the ROM stockpile from road haulage to the barging point. The mine plan scenario has targeted ramping up production rates for 5 years of mining operation based on the direct input from TKS Ampah. The annual coal supply was optimised based on the minimum required energy of 6,322 kcal/kg (gar) within the mined Coal Reserve tonnage. This plan had to be accounting for the practical mining constraints to ensure the sufficient working room and the dump capacity to accommodate all waste material mined at each stage plan. Monthly and quarterly fluctuations in waste removal, coal exposure and inventory levels will need to be managed through the short term planning process.

Coal is proposed to be sold to international coal traders on the River Jetty stockpile basis.

### 7.3 Mining Method

Based on the observations made on the characteristic of the TKS Ampah coal deposit in the previous section, it is assumed that an “open cut, multi seams and low degree dips with a standard truck and excavator in a haul back operational system” will be most appropriate and selected for TKS Ampah coal project. This method is well proven and has become a common mining practice in Indonesia.

Initial box-cut will be developed by mining the waste material using relatively small-sized (50t operating weight) hydraulic excavators, loaded onto standard rear tipping off-highway trucks then hauled to ex-pit dumps in close proximity to the pits. After sufficient mined out space created, the mined waste will be subsequently dumped in-pit using haul back methodology and the ex-pit dump area is then rehabilitated. Coal mining will be undertaken by small-sized (34 – 40t) excavators with flat-bladed buckets to ensure the minimum dilution and greater mining recovery.

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Given the shallow nature of the deposit, the underground mining method is not considered for this study, hence the term “Open Cut” Coal Reserve Statement. The contractor is proposed to be used for carrying out the mining operations over the life of mine. The unit costs assumption used for the Reserve estimate reflect this style of mining.

**Figure 7:1 TKS Ampah – South Pit**



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#### 7.4 Mine Production

The historical production from the TKS Ampah Mine is shown in Table 7:1.

**Table 7:1 Production from TKS Ampah Mine (Mtpa)**

Pits	2018	2019
South Pit	0.05	0.07
Total	0.05	0.07

#### 7.5 Previous Studies

Various studies have been completed at the TKS Ampah project including a detailed feasibility study. Table 7:2 outlines the previous studies completed.

**Table 7:2 Previous Studies**

Studies / Factors	Year
Study for the award of IUPOP	2005
Environmental Impact Study (ANDAL)	2005
Pre-Feasibility Study	2010
Topographical Survey Study	2017
Geotechnical Study for Pit Design	2018
Hydrology & Hydro-geological Study	2018
Feasibility Studies	2018

##### 7.5.1 Hydrological Studies and Surface Water Management

A detailed Hydrological and geohydrological studies for the deposit was completed to address water coming from rainwater, runoff and groundwater as part of the feasibility studies.

In that study, rainfall data was analysed on a monthly and seasonal basis and wet season at the site was identified to occur between November and April.

Pit water management is of critical importance to the effective operation of the mine. Dewatering will require well-constructed pit sumps and efficient drainage from operating areas into the sump. The overall strategy for water management over the life of mine will be to:

1. Minimise surface water entering the pit by:
  - Building dams and drains to divert water from external catchments away from pits; and
  - Profiling dumps so that water is diverted away from the pits.
2. Removing water from excavations by:
  - Constructing the main sump at the deepest point of each pit and draining all in-pit water to that sump; and
  - Installing sufficient pumps and pipes of a suitable size to pump water from the pit. Two-stage pumping will be required in deeper areas in the later years of the mine life.

It is planned that the dewatering pumps will be designed to handle the peak dewatering requirements. Two centrifugal pumps of 230 kW power capacity were recommended as part of this hydrological study.

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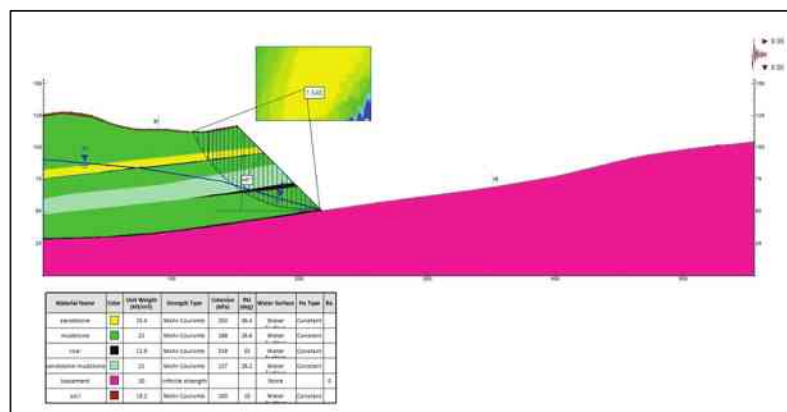
#### 7.5.2 Geotechnical Studies

##### Highwall

A detailed geotechnical study for the deposit was completed as part of feasibility studies. The geotechnical testing produced data on material properties to be used for mine planning, especially in determining the safe dimensions of slopes (angles, heights, and widths) for coal extraction (both highwall and low-wall) and overburden slopes.

Figure 7:2 below describes the summary of the pit and disposal geometry study result, and for more detailed information.

**Figure 7:2 Geotechnical simulation for the slope of 45°, a Safety factor of 1.54**



Based on this study, Salva Mining has designed practical pits with overall slope angle less than the slope of 40° using benches of 10 m height, 6m berm width and individual bench slope of maximum 60°.

##### Low wall

The constituent rocks under the coal layer are mudstone layers that line with siltstone and sandstone with a tilt of 10° - 17°. The slope condition of the rock layer is categorised as a slope, so the potential for landslides occurs. However, the potential for landslides to occur is low. Geotechnical simulation results produce a safety factor number of 2.6.

#### 7.5.3 Feasibility Study – Mining Fleet, Site Infrastructure & Logistics

A feasibility study was completed in 2018. Proposed site infrastructure was studied in detail in that report. The mining operation is planned to be contractual in nature for the life of the mine and thus most of the mine infrastructure is established by the mining contractor. Following is the general description of the major infrastructures and facilities during the mining operations.

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#### **Mining Fleet**

An experienced mining contractor is employed to carry out the removal of topsoil, overburden and coal. Labour can be sourced locally including some skilled labour for heavy equipment operation.

The mining is a 'free dig' with D8 or equivalent size dozers supporting an excavator fleet by ripping the overburden and preparing it for removal. 40 t class excavators are used for overburden removal and 20 t excavators are used for coal mining. Matching articulated dump trucks are used to remove the overburden. Waste, which is mainly claystone, sandstone and siltstone, is currently stored in out of pit dumps until sufficient space is available for in-pit dumping to back-filling the pits.

Coal is hauled to ROM stockpile using 6x4 rigid trucks with 20 t capacity. Haul distances will vary from less than 1 km to a few km as the pit is a laterally extensive strip mine. The mining sequence will consider drainage in its design so that working faces can be free draining where ever possible and the need for pumping can be minimised.

#### **Office, Accommodation and Associated Facilities**

The facilities are located near the ROM area to accommodate all employees working on site. The facilities comprise of a dining mess, office buildings, training facilities and a dedicated emergency or first-aid room.

#### **Workshops and Stores**

These facilities are also located near the ROM area. The workshop is required for regular maintenance of heavy equipment. Appropriate storage is maintained for spare parts and materials on site.

#### **Waste Facilities**

A building for the storage of hazardous waste ("Limbah B3"), as well as oil products, is constructed to handle potentially hazardous material on site.

#### **Water Supply**

The water is sourced from the river nearby or from local water supply dam that exists in the North Block of the TKS Ampah concession under a mutual agreement with a local provider.

#### **Blasting**

Some of the overburden waste at the TKS Ampah Project has a high hardness which may warrant the use of explosive in the future.

#### **Design of In-pit Ramp Access**

Waste and coal haul roads at the mine would be designed and constructed to be three times wider of the largest size haul truck planned to be used on site. It is proposed to use HD465 (Komatsu Brand) or equivalent for this project. This truck has an overall width of 5.4 m and typically requires 30 m haul road width (including the ditches and safety berms on each side of the road) for operating safely. The in-pit ramp would be constructed to a maximum gradient of 8%, although 10% is reasonably acceptable for short term ramps or short sections of the ramp.

- Width of pit ramp operating 22 m
- 8% ramp gradient

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- 1 m sewer width

#### **Waste Dump**

The waste dump is planned to be constructed at the low-wall end (eastern side) for the North Pit. The waste dump is designed to handle waste for the first 6 years of operations. As the pit progresses, a significant portion of waste will be dumped within the mined area itself (in-pit dumping).

- Dump stopes
  - The overall slope of 30°
  - 3 m high
  - 3 m berm width
  - Slope of 30°

#### **Pit to ROM Coal Haulage Road**

Coal haulage road is constructed from pit to the ROM stockpile. The road length is estimated to be 4 km from the TKS Ampah North Pit to the ROM stockpile location. The construction is undertaken to the appropriate grades, a radius of curvature and formation camber appropriate to the haulage equipment and haulage velocities selected.

The biggest truck proposed to be used for coal hauling operation is P124CB (Scania Brand) tipper trucks. This truck typically requires a haul road of 11 m width in total for operating safely.

- Mine roads
  - Total width of 24 m
  - The width of the road surface is 22 m
  - 1 m sewer width
  - The maximum gradient of 8%
  - Super-elevation of 4%
  - Turning radius of 25 m

#### **ROM Area**

The ROM area for this project includes coal stockpile, office and accommodation, workshop and stores, waste facilities, water supply and other related facilities. This area is estimated to occupy around 20 ha and is located in the eastern corner of the Northern Pit.

#### **Coal Logistics**

PT TKS Ampah project has very simple coal production chain where coal is cleaned and mined at the pit using small-sized excavators (a combination of PC200 or equivalent) and hauled by a combination of P124CB and CWB520 classes or equivalent (rigid body off-highway) coal trucks to ROM stockpiles. The average haul distance from the coal face to the ROM is approximately 4 km over the mine life.

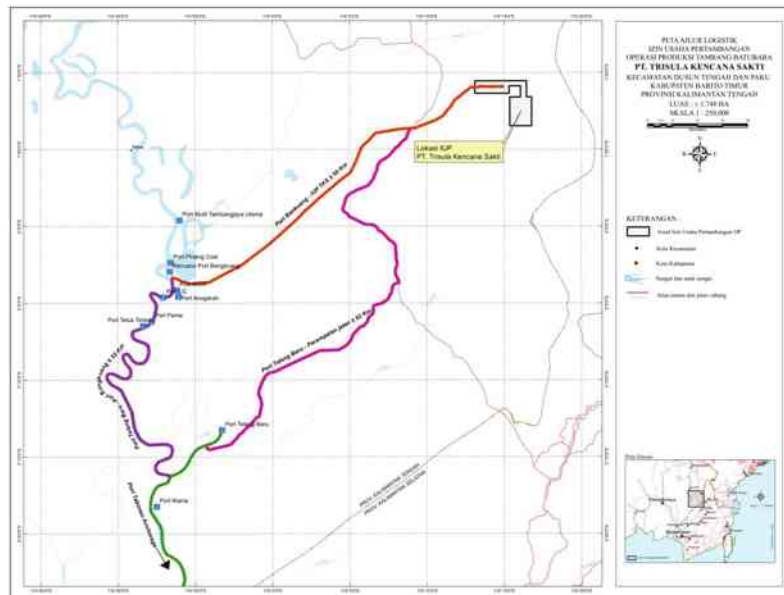
Coal will be hauled on-highway trucks for approximately 50 km to the river jetty located at the Port Bankuang on the Barito River (Figure 7:3).

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Figure 7:3 Mine to River Port Logistics



GEAR has also identified Port Telang Baru at a distance of approximately 62 km as an alternative river jetty port and point of sale. Road haulage track for this route has been identified.

#### River Jetty Stockpile

A coal stockpile has been constructed with a maximum capacity of 20 kt or equates to 5.2 weeks of coal supply, accounting for the production level of TKS Ampah (0.2 Mtpa). The stockpiles area is planned to be covered in the future to optimize the moisture levels in the coal and maintain the product quality.

Coal will be sold from the stockpile area in an uncrushed form (as mined), hence no crushing facilities are planned to be constructed at River Jetty for TKS Ampah project. The stockpiles will be the coal selling point where the ownership of the coal transfers from TKS Ampah to customer.

#### 7.6 Modifying Factors

Feasibility studies have been completed prior to the commencement of mining operations. These studies were accepted as part of the AMDAL approval process from the Govt. of Indonesia prior to being given mining operations approval (IUPOP).

TKS Ampah concession is a relatively new project (commissioned in 2018) to support the coal supply for the power and cement plants. A pre-feasibility study has been carried out for TKS Ampah block detailing its mining method, mining strategy, logistic requirement along with the financial modelling. Where an entity is a greenfield project, its Pre-Feasibility or Feasibility level study is required for the whole range of inputs to meet the requirement in Clause 29 for the Ore Reserve to



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continue that classification. Salva Mining has used modifying factors based on actual operating practices or Pre-feasibility study carried out for TKS Ampah concession. In Salva’s opinion, the modifying factors discussed in detail for TKS Ampah block are better than that at the Pre-Feasibility stage.

Table 7:3 outlines the factors used to run the mine optimisation and estimate the Coal Reserve Tonnage.

**Table 7:3 Modifying & Mine Optimisation Factors**

Factor	Chosen Criteria
Seam roof & floor coal loss	0.10 m
Seam roof & floor dilution	0.02 m
Geological & Mining loss including the loss in transportation and handling	2%
Minimum mining thickness minable coal seam	0.2 m
Dilution default density	2.2 bcm/t
Dilution default calorific value	1500 Kcal/kg
Dilution default ash	70%
Overall Highwall and Endwall slope	40 deg
Maximum Pit depth	70m
Minimum Mining width at Pit bottom	30m
Exclusion of Mining lease (CCOW) and offset from Pit crest	50m
Offset from the village/road	150m
Mining, Coal handling and Transport Cost	Available and Used
Coal Selling Price for Break-even Stripping Ratio calculation	US\$ 77.8/t
Government Documents/approvals	Available and Used
Environment Report	Available and Used
Geotechnical Report	Available and Used
Hydrogeology Report	Available & Used

### 7.7 Notes on Modifying Factors

#### 7.7.1 Mining Factors

##### General

The mining limits are determined by considering physical limitations, mining parameters, economic factors and general modifying factors as above (Table 7:3). The mining factors applied to the Coal Resource model for deriving mining quantities were selected based on the use of suitably sized excavators and trucks. The assumptions are that due to the shallow to the moderate dip of the coal, mining will need to occur in strips and benches.

The mining factors (such as recovery and dilution) were defined based on the proposed open cut mining method and the coal seam characteristics. The exclusion criteria included the lease boundary, a safe buffer zone from the village and road and a minimum working section thickness.

- The geometry of Final Pit Stope

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- Overall slope height (overall slope) 30 - 70 m
- Overall slope (overall slope) 5° - 45°

#### Determination of Open Cut Limits

The geological models that were used as the basis for the estimation of the Reserves are the MineScape geological models prepared by Salva Mining to compute the Resources.

Potential open-cut reserves inside different blocks of the Project Area were identified with pit optimisation software utilising the Lerchs Grossman algorithm. By generating the financial value (positive or negative) for each mining block within a deposit and then applying the physical relationship between the blocks, the optimal economic pit can be determined.

This method is widely accepted in the mining industry and is a suitable method for determining economic mining limits in this type of deposit. The optimiser was run across a wide range of coal prices using a standard set of costs that was developed by Salva Mining and based on typical industry costs in similar operations. These costs were adjusted to suit the conditions for this project.

#### Physical Limits for Optimiser

In addition to the mining and economic constraints, the optimisers were mostly limited by a 3-dimensional shell which was built for each block following either a surface constraint or geological model extent. These constraints are detailed in Table 7:4. This pit shell effectively represented the maximum pit possible in the deposit that was reasonable for the estimation of Coal Reserves.

**Table 7:4 Block wise Optimiser Base Pit limits**

Block Name	North	South	East	West
North Pit	IUP Lease	IUP Lease	Sub-crop	Optimised Pit Shell

#### 7.7.2 Limitations to Drilling

The Resource is limited to 70 m depth below topography in all the TKS Ampah concession coal blocks.

#### 7.7.3 Permits and Approvals

Salva Mining understands that the permits and approvals concerning further mining activities in the TKS Ampah Coal Concession deposits are in good standing.

#### 7.7.4 Environment and Community Relations

A preliminary assessment of potential issues pertaining to environment and community relations who may impact the Reserves estimation was carried out by Salva Mining. These included the following activities:

- Review of environment management procedure at the site;
- Visit the GEAR Jakarta office and inspection of environmental management plans;
- Review of the Analisis Mengenai Dampak Lingkungan Hidup (AMDAL) - environment impact assessment and management plans; and
- Review of Corporate Social Responsibility Reports.

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Salva Mining’s preliminary assessment did not reveal any issues related to environment and community relations that will adversely impact project valuation. However, it should be noted that Salva Mining’s assessment was only preliminary in nature and Salva Mining cannot provide any guarantee or warranty that significant environmental or community issues will not affect the operation. Key environmental and community relations issues are discussed below.

#### **Environmental Aspects**

Key issues which can have a potential impact on project are Water Run-off, noise, dust and rehabilitation.

#### **Water Run-off from site**

If sediment loads are high or if the water is acidic, water run-off from dumps, stockpiles, roads and water pumped from pits has the potential to pollute local rivers, creeks and vegetation. This is managed through the use of bunds, drains and sediment ponds of sufficient size to allow small particles to settle out of the water. Regular monitoring of water discharge points is required under government regulations.

#### **Noise and Dust**

Noise and Dust originating from mine operations, haulage and coal handling have the potential to impact the local environment, particularly if villages and local communities are located within close proximity to mining and coal handling operations. Dust is generally managed by using water trucks on haul roads, and by spraying water or dust suppressant chemicals to minimise dust being airborne and suppressing it.

#### **Rehabilitation**

The company plans to rehabilitate disturbed land progressively. Disturbed area is generally rehabilitated by removing the topsoil prior to mining, storing the topsoil onsite during mining and covering the final landform with topsoil at the completion of mining. The area to be rehabilitated is then planted with suitable vegetation.

Management at the TKS Ampah Project has established procedures to prepare for revegetation to take place. To prevent the dust hazard, the company is currently using dust suppressant and water sprinkling system. Salva Mining notes that the current approved AMDAL for the TKS Ampah concessions allows the company to mine in expand to the proposed throughput.

Mine closure plans for the updated mine plan have yet to be completed; however, Salva Mining does not foresee any significant issues with this aspect of the operation. A reasonable allowance has been made in for environmental management, rehabilitation and mine closure.

#### **7.7.5 Social Aspects**

Maintaining a good relationship with local communities is a key requirement for the success of the TKS Ampah operation. Efforts must be made to continue the ongoing community development programs in coordination with the local government.

#### **Economy**

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The economic development of the local community is set to include activities to assist with the economic development of the community by providing employment and business opportunities once mining operations have finished.

#### Health

It includes programs to improve health in the local communities and to increase people’s knowledge through education in health issues.

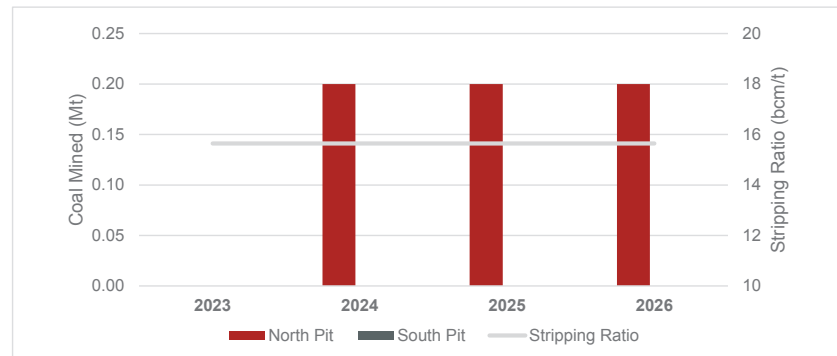
#### 7.7.6 Mine Schedule

Mining operations for all pits within the TKS Ampah concession is carried out by conventional open-pit mining method using truck and excavator combination. Mining of waste and coal is outsourced to a third-party contractor, which are a common practice in Indonesia. Mining operation commenced in 2018 at the South Pit. However, the Pit is currently under care and maintenance.

A Life of Mine (LOM) plan was completed by GEM’s engineering team for the deposit and was provided to Salva Mining. The LOM plan included a production schedule and waste balance. Salva Mining has reviewed the mine plan and performed cross-checks to ensure that the operation is practical, achievable and has sufficient dumping room to contain all the waste mined in the final pit design. Waste haul distances were also estimated to adjust the waste mining costs for the operation.

The mine plan targets a production rate of 0.2 Mtpa for the remaining mine life. As per preliminary production schedule, the minable tonnes over the life of mine are expected to be 0.6 Mt, requiring waste mining of 9.4 Mbcm. The LOM stripping ratio is calculated to be at 15.65 bcm/t of coal mined. The schedule targeted production of 0.2 Mtpa from 2024 onwards (Figure 7:4).

Figure 7:4 Life of Mine Schedule



#### 7.7.7 Top Soil Removal

It is necessary to clear land and remove topsoil to advance any open-pit mining operations. At TKS AMPAH concession, land clearing and topsoil removal are undertaken by contractors. Natural Vegetation is cleared by using dozers. The vegetation is pushed into piles and moved to a suitable location. All necessary care is taken to minimize soil profile disturbances and the same process will be followed during the life of mine operations. Once the land is cleared, a fleet of small trucks and

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excavators removes topsoil which is either preserved for final reclamation or directly dumped into final landform area (where coal is already mined out) for rehabilitation.

#### 7.7.8 Drilling and Blasting

Most of the coal mining operations in Indonesia do not require drilling and blasting of overburden material to expose the coal. The overburden is free digging which is not typical in countries outside Indonesia. It is generally possible to mine waste up to 150 m by either free digging with an excavator or ripping with dozers. However, in some large operations, it is more efficient to drill and blast waste overburden or inter-burden before handling by the excavator as blasting significantly improves excavator productivity.

Based on the geotechnical studies of the waste rock, some drilling and blasting may be required in the North Pit of TKS Ampah concession to achieve production target. Drilling will likely be undertaken using standard downhole drill rig with hole diameters up to 165 mm. Drill hole depth is limited to 11m (including 1 m of subgrade drilling) for a bench size of 10 m. Explosives will be stored in magazines on the site and mixed and loaded into blast holes by mobile mixing units.

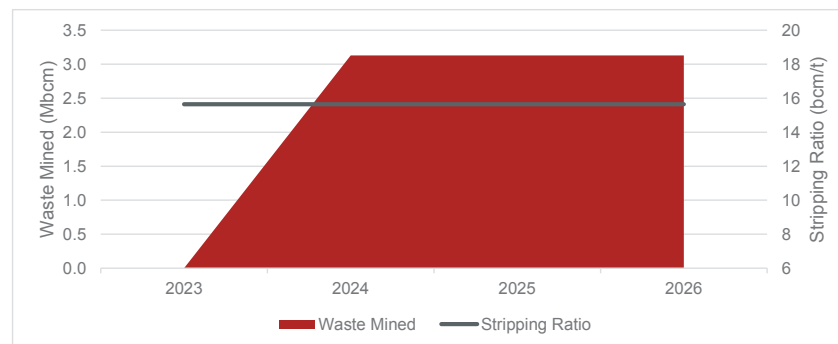
Salva Mining has assumed that drilling and blasting will be required for approximately 50% of the waste rocks. In line with the standard practice in Indonesia, drilling and blasting will be part of the mining contractor’s responsibilities.

#### 7.7.9 Waste Excavation

Waste material is mined using hydraulic excavators and loaded into standard rear tipping off-highway trucks for haulage to rock waste dumps which are either in close proximity to the pits or in-pit where possible. Diesel-powered hydraulic excavators in backhoe configuration are used. The new bench will be opened as 5m height which will be subsequently converted into a 10m bench.

Waste will be dumped in lifts with a typical height of 10m with dozers pushing waste and ensuring the dump area is clean and that safety berms are maintained. A swell factor of 1.2 was assumed for all waste dumping and handling calculations. The waste to be mined over the life of mine is shown in Figure 7:5.

Figure 7:5 LOM Waste Excavations



#### 7.7.10 Coal Mining

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TKS Ampah South Pit was opened in 2018. Land clearance and waste overburden removal are carried by contractors. Coal mining has been carried out by smaller size excavators (PC200-PC400 Komatsu excavators) with 30-40 t trucks.

#### 7.7.11 Processing Factors

The coal is to be sold unwashed so no processing factors have been applied.

#### 7.7.12 Capital Cost

PT TKS Ampah has engaged contractors for mining operations at TKS Ampah concession pits. It is envisaged that no major capital expenditure shall be incurred towards the mining equipment but major capital will be required for land acquisition and future infrastructure upgrades.

Salva Mining estimates the total capital expenditure of US\$2.0M which includes a contingency of US\$0.3M to commence North Pit. A contingency of 15% has been applied to the capital cost estimate. These estimates are considered to have an accuracy of  $\pm 15\%$ .

In addition to the expansion capital of US\$2.0M, Salva Mining has factored 2% of the invested capital as sustaining capital per annum for asset maintenance over the life of mine. While preparing these estimates, Salva Mining has relied on industry benchmarks, its internal database and expertise and internal studies on the TKS Ampah concessions.

The Capital Cost estimates and the basis of its estimation are shown in Table 7:5. The cost estimate was prepared at the end of Q4 2022 in US dollars (\$).

**Table 7:5 Northern Pit - Capital Cost (Real Terms)**

Particulars	Direct Cost (\$M)	Contingency (\$M)	Total Cost (\$M)
Land Compensation	0.7	0.1	0.8
Road from Pit to ROM Stockpile	0.8	0.1	0.9
Explosive Storage	0.3	0.0	0.3
<b>Total Project Capital</b>	<b>1.8</b>	<b>0.3</b>	<b>2.0</b>

Salva Mining has compared these against the industry benchmarks and estimated these to be reasonable.

#### 7.7.13 Economic Factors

##### Royalty

The TKS Ampah concession is an IUP concession with planned coal production of >6,100 kcal/kg coal grade (air-dried basis), amenable to be exploited by open-pit mining method. A royalty of 7% of revenue excluding barging and transshipping associated cost is applicable to coal sales from the TKS Ampah concession. Regulation No. 17 of 2010 issued by the Minister of Energy and Mineral Resources (MEMR) also requires that all coal sales be made at a minimum (or benchmark) price (HBA/HPB coal prices) that is defined by the Indonesian government on a monthly basis. The methodology for calculation of the minimum price is described in Regulation No. 515.K/32/DJB/2011 and Regulation No. 644.K/30/DJB/2013 issued by the Directorate General of Minerals and Coal (DGMC).

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Salva Mining assumed that future benchmark prices for Royalty calculations will be equal to or lower than the forecast prices used in this study and thus the forecast coal price has been used for the calculating royalty payments.

#### **Corporate Income Tax**

In line with the prevailing corporate income tax regulation, an income tax rate of 25% is applied to the revenues from the concession.

#### **Inflation**

Salva Mining has developed a cash flow model in real term for calculation of the assessment of project. Salva Mining has assumed the cost and revenue in US \$ in real terms.

#### **Depreciation and Amortisation**

Salva Mining has opted to apply straight-line depreciation rates depending on the type of asset and their useful life.

#### **Working Capital**

Salva Mining considers that the impact of working capital is minimal, as such hasn't considered any change in working capital for project assessment.

#### **Value Added Tax (VAT)**

The prevailing VAT law stipulates that supplies of coal and other natural resources taken directly from the source are not subjected to VAT. This means that there will not be any output VAT applicable to coal produced from the TKS Ampah Concession. As per prevailing VAT law, a variable component of contractor cost attracts a 10% VAT. Salva Mining has opted to apply VAT to all variable contractor cost and therefore a VAT rate of 10% is applied on all contractor cost.

### **7.7.14 Cost Factors**

#### **General**

PT TKS Ampah provided a "data sheet" of indicative unit costs and revenues relevant for this project. Salva Mining also reviewed the costs for reasonableness against known current mining costs for similar mining conditions within Indonesia. An in-house NPV based economic model was developed to show that the project and reserves are "economic". These unit rates were then used to estimate the cost to deliver coal to ROM Stockpile. This allowed a break-even strip ratio to be estimated and the rates were also used to calibrate the Optimiser software.

The following points summarise the cost and revenue factors used for the estimate:

- All costs are in US dollars;
- Long term coal price of US\$77.80 per tonne (ex. Riverport jetty);
- Royalties of 7% of revenue less any barging and marketing cost;
- Drilling and blasting cost of US\$0.15 per bank cubic metre;
- Waste mining cost (excluding waste overhaul) of US\$1.75 per bank cubic metre;
- Coal mining cost of US\$0.75 per tonne;
- Allowances were made for coal hauling, quality control, stockpile and environmental and rehabilitation cost which totalled approximately \$7.82 per tonne;

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- A contingency of 5% on all cost items;
- Costs have been allowed along with VAT of 10%;

#### Unit Costs

The Contractor and Owner unit costs used in the Lerchs Grossman optimiser are detailed in Table 7:6 and Table 7:7. These costs were used to create a series of waste and coal cost grids which were used to generate the optimiser nested pit shells.

**Table 7:6 Contractor Unit Rates (Real Terms)**

Cost Item	Unit	Rate
Land Clearing	\$/ha	1,700
Mine Rehabilitation	\$/ha	8,500
Drill & Blast	\$/bcm	0.15
Waste Mining	\$/bcm	1.75
Waste Haulage (above 1 km)	\$/bcm/km	0.30
Coal Mining	\$/t	0.75
Coal Haul to ROM Stockpile	\$/t km	0.15
Road Haulage to Jetty	\$/t km	0.10

*Note: All quoted cost in local currency is adjusted for fuel price and exchange rate*



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**Table 7:7 Variable Owner Unit Costs (Real Terms)**

Cost Item	Unit	Rate
Stockpile Management	\$/t	0.30
Environmental Management	\$/t	0.10
Salary and Wages	\$/t	0.10
Local Government Fees	\$/t	0.25
Corporate Overheads	\$/t	0.25

Royalty was estimated 5% based on the respective sale prices of the coal. A 10% VAT has been applied to all services purchased.

#### 7.7.15 Operating Cost

PT TKS Ampah and the previous Feasibility study provided the estimates of the operating costs for mining and other activities including coal hauling, barging and port handling charges, which Salva Mining has checked for reasonableness and compared with actual operating conditions and comparable other operations.

Total operating costs per tonne of coal product including royalty for the TKS Ampah – North Pit has been estimated as US\$48.01 per tonne over the life of the mine. The updated operating cost for the TKS Ampah projects has been summarised in Table 7:8.

**Table 7:8 Life of Mine North Pit – Weighted Average Unit Operating Cost**

Operating Cost Elements	US \$/t
Land Clearing	0.06
Topsoil Removal	0.18
Drill & Blast	2.35
Waste Mining	27.38
Waste Haulage	0.94
Coal Mining	0.75
Haul to ROM Stockpile	0.60
ROM Coal Handling	0.30
Haul to Port Stockpile – Road	5.00
Mine Closure	0.28
Environmental and Rehabilitation	0.10
Salary and Wages	0.10
Corporate Overheads	0.25
Local Government Fees	0.25
VAT	3.49
Contingency	2.10
Operating Cost Excl. Royalty	<b>44.12</b>
Royalty	3.89
Operating Cost incl. Royalty	<b>48.01</b>

#### 7.7.16

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#### 7.7.17 Marketing, Pricing & Revenue

It is proposed that PT TKS Ampah will sell coal from the concession to coal traders on the Barito River-jetty stockpile basis for blending and onward sales to Power and Cement plants (both international and domestic). To estimate the long-term price for TKS Ampah coal, Salva Mining has adopted the latest brokers forecast (Nov 2022) for Newcastle Thermal Coal Index prices (USD/t, FOB) as a benchmark price. These data which was collected by KPMG include forecasts of future prices for coal of CV 6,322 kcal/kg (gar) over a long-term horizon from each expert.

**Table 7:9 Newcastle Coal Index Forecast**

	Date of Forecast	2023 (nom.)	2024 (nom.)	2025 (nom.)	2026 (nom.)	Long Term (Real, Q4 2022)
Contributor 1	24-Oct-22	\$343.8	\$237.5	\$127.8	n/a	n/a
Contributor 2	17-Oct-22	\$242.5	\$176.3	n/a	n/a	n/a
Contributor 3	11-Oct-22	\$275.0	\$175.0	n/a	n/a	\$90.0
Contributor 4	7-Oct-22	\$287.0	\$126.0	\$105.0	n/a	n/a
Contributor 6	6-Oct-22	\$280.0	\$250.0	n/a	n/a	\$75.0
Contributor 7	6-Oct-22	\$281.0	\$150.0	\$104.0	\$100.0	\$100.9
Contributor 8	5-Oct-22	\$375.0	n/a	n/a	n/a	n/a
Contributor 9	4-Oct-22	\$200.0	\$120.0	\$110.0	\$100.0	\$100.0
Contributor 10	4-Oct-22	\$232.0	\$125.0	n/a	n/a	n/a
Contributor 12	4-Oct-22	\$250.0	\$150.0	n/a	n/a	\$80.0
Contributor 13	3-Oct-22	\$273.0	\$190.0	\$118.0	\$85.0	\$65.0
Contributor 14	2-Oct-22	\$160.0	n/a	n/a	n/a	\$90.0
Contributor 15	1-Oct-22	\$325.0	\$238.0	\$128.0	n/a	\$100.0
Contributor 16	30-Sep-22	\$366.0	\$292.0	n/a	n/a	\$85.0
Contributor 18	27-Sep-22	\$353.8	n/a	n/a	n/a	n/a
Contributor 19	21-Sep-22	\$152.0	\$121.0	\$106.0	\$95.0	\$75.0
<b>Average</b>		<b>\$274.8</b>	<b>\$180.8</b>	<b>\$114.1</b>	<b>\$95.0</b>	<b>\$86.1</b>
<b>Median</b>		<b>\$277.5</b>	<b>\$175.0</b>	<b>\$110.0</b>	<b>\$97.5</b>	<b>\$87.5</b>

Source: KPMG Coal Price & FX consensus forecasts, Nov 2022

Salva Mining has adopted the median of the long-term price forecast (\$87.50/t) as a reasonable benchmark price for Newcastle Index.

The Indonesian Government, set by the Ministry of Energy and Mineral Resources (Menteri Energi dan Sumber Daya Mineral), publish a monthly coal price report – the ‘Harga Batubara Acuan’ (HBA) or the Indonesian Coal Price Reference. HBA is an average price of four specific Indonesian and Australian coals, which is derived from the Argus Indonesia Coal Index 1 (IC11), Platts Kalimantan 5900 gar, Newcastle Export Index (NEX), and the Global Coal Newcastle Index (GCNC) using the indices from the previous month, with the quality of CV = 6,322 kcal/kg gar, Total Moisture = 8%, Total Sulfur = 0.8% and Ash=15%.

Given that the Indonesian HBA price oscillates close to the Newcastle Index over the long term, Salva Mining has used forecast price for Newcastle Index as a proxy to HBA coal price forecast. The ‘Harga Patokan Batubara’ (HPB) – Coal Bench Mark Price is the method used for price assessment for royalty purposes by the Indonesian Government for coal of any specification using the following formula:

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$$\text{HPB} = (\text{HBA} \times \text{K} \times \text{A}) - (\text{B} + \text{U}) \text{ [US\$/tonne]}$$

Where:

HPB = The coal price reference calculated by adjusting the quality parameter

K = Calorific values of the coal / 6322 (gar)

A = (100 – Total Moisture) / (100 – 8)

B = (Sulphur – 0.8) \* 4 [US\$/t]

U = (Ash - 15) \* 0.4 [US\$/t]

The long-term forecast price of the TKS Ampah coal was calculated as \$96.09/t (9.9% premium) using the HPB conversation formula for coal of average quality of CV = 6,829 kcal/kg gar, Total Moisture = 6.9%, Total Sulfur = 1.31% and Ash = 8.8%.

#### Domestic Marketing Obligation

To secure coal supply for domestic use, the new mining law allows for a Domestic Market Obligation (DMO) where the central government is able to control production and export of mining products. Regulation No. 34 of 2009 issued by the Ministry of Energy and Mineral Resources (ESDM) detailed the procedures for the DMO.

The Indonesian government introduced a decree (MEMR Decree No. 1395/K/30/MEM/2018) on 9 March 2018, which set a coal price cap for public electricity generation of \$70/t. This price cap is applicable for coal with a calorific value of 6,322 kcal/kg gar, total moisture of 8 %, sulphur content of 0.8 % and ash of 15 %. For coals of any other specification, the applicable domestic price cap is to be calculated via a formula linked to this reference price of \$70/t. Salva Mining used this price cap formula for estimating the domestic price for TKS Ampah coal as \$76.96/t.

Indonesia banned coal exports in January 2022 to prioritize domestic supplies as inventories ran low. The ban was eased on 20 January 2022 for 139 companies who had fulfilled their DMO, which requires them to supply 25% of their annual production locally at a capped price. Salva has assumed 25% domestic sales for the purpose of this Report in line with the DMO.

Salva Mining has further discounted this coal price forecast by \$13.50/t to account for Ex-River Jetty sales location rather than FOB shipping location which is typically used for purpose of benchmark coal sales. Table 7:10 summarises long term price forecast taken to estimate reserves.

**Table 7:10 Long Term Price Estimate**

Description	Long term Price Ex Jetty Stockpile (US \$/t)
Export Coal Price	96.09
Domestic Coal Price	76.96
Weighted Average Coal Price (assuming DMO obligations)	91.30
Ex. Jetty Sales Discount	13.50
TKS Ampah Coal Price (Ex. Jetty)	77.80

#### 7.7.18 Financial Analysis

The economic assessment model for the TKS Ampah Mine was developed in Microsoft Excel. Financial analysis of the operations has been derived from the analysis of cash flows calculated for the project over the life of mine (Table 7:11).

Salva Mining has adopted the following considerations in its financial model:

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- The model is developed in real terms. All cost and prices were considered in real terms;
- The model assumes continuous cash in and outflows, which are reflected in mid-point discounting during a period;
- Sunk cost (including acquisition costs) is excluded; and
- All future cash flows were discounted using WACC discount rate of 10% real after tax.

**Table 7:11 LOM Economic Analysis**

	Units	LOM	2023	2024	2025	2026
Coal Mined	Mt	0.6		0.2	0.2	0.2
Waste Mined	Mbcm	9.4		3.1	3.1	3.1
Stripping Ratio	bcm:t	15.6		15.6	15.6	15.6
Product - Coal	Mt	0.6		0.2	0.2	0.2
Revenue	\$M	46.7	0.0	15.6	15.6	15.6
Capital - Land	\$M	0.8	0.3	0.3	0.2	0.0
Capital - Project	\$M	1.2	0.7	0.5	0.0	0.0
Total Capital	\$M	2.0	1.0	0.8	0.2	0.0
Operating Cost	\$M	26.6	0.0	8.9	8.9	8.9
Royalty	\$M	3.3	0.0	1.1	1.1	1.1
EBITDA	\$M	16.8	0.0	5.6	5.6	5.6
Cash Margin	\$/t	28.0		28.0	27.9	28.0
Depreciation	\$M	1.2	0.0	0.1	0.1	1.0
Taxable Income	\$M	15.6	0.0	5.5	5.4	4.7
Corporate Tax	\$M	3.9	0.0	1.4	1.4	1.2
EARNING AFTER TAX	\$M	11.7	0.0	4.1	4.1	3.5
Add back Depreciation	\$M	1.2	0.0	0.1	0.1	1.0
Capital Expenditure	\$M	2.0	1.0	0.8	0.2	0.0
Cash Flow	\$M	10.9	-1.0	3.4	4.0	4.4
Discounted Cash Flow @ 10%	\$M	8.4	-1.0	3.0	3.2	3.2

The financial analysis of the operations indicates the project to be economical viable with sufficient EBITDA cash margins.

### 7.8 Optimisation Result

The optimiser produced a series of nested pit shells using the same cost parameters with a varying sale price of coal. The method starts with a very low discounted sale price following a high discount factor and moves toward higher sale prices by decreasing the discount on sale price. It estimates the net margin by subtracting the total cost from the revenue within a particular shell at a particular discount factor using the cost-revenue parameters and the physical quantities within the pit shell. As the method progresses, the incremental margin per tonne of coal slowly drops down to zero at “zero” discount factor and then goes negative as the pit shells go deeper following higher sale prices. As a result of the cumulative margin slowly rises to a maximum level at “zero” discount factor and then starts dropping off. Thus the pit shell (OPT000) which represents the “zero” discount factor is called the optimum pit shell as any smaller or bigger shell will have a lower cumulative margin (“value”). The goal in this process is intended to have economic pit sensitivity.

#### 7.8.1 Selection of Pit Shell

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PT TKS Ampah is proposing to mine 0.2 Mtpa of coal from TKS Ampah Project. An economic model was prepared for the mining operation to determine the project breakeven or incremental stripping ratio. The pit optimisation results were examined and pit shells selected where the incremental stripping ratios were less than or equal to break even strip ratio determined at a point where the costs for mining and handling the coal equalled the revenue generated by the coal.

#### Break Even Stripping Ratio

Table 7:12 summarises the calculation of the Break-Even Stripping Ratio for TKS Ampah – North Block. The methodology adopted involves taking the cost to mine a tonne of coal and adding all the costs associated with getting the coal to the point of sale.

**Table 7:12 Break-even Stripping Ratio (BESR)**

	TKS Ampah - North Pit
Coal Price, US\$/t, Ex River Jetty Stockpile	\$77.80
Royalty, US \$/t	\$3.89
Overheads, US \$/t	\$10.09
Offsite Cost, US \$/t	\$5.90
Coal Mining, US \$/t	\$0.75
Waste Mining (US\$/bcm)	\$1.75
Break-Even Strip Ratio	32.7

For reserve estimation, total moisture was considered to be equal to in-situ moisture for determination of in-situ relative density as in-situ moisture values were not available. The in-situ density of the coal has been estimated using the Preston-Sanders method to account for the difference between air-dried density and in-situ density. The formula and inputs were as follows:

$$RD2 = RD1 \times (100 - M1) / (100 + RD1 \times (M2 - M1) - M2)$$

Where

- RD2 = In-situ Relative Density (arb)
- RD1 = Relative density (adb)
- M1 = Inherent Moisture (adb)
- M2 = Total Moisture (arb)

It should be noted that while the total moisture from laboratory measurements may not necessarily equal the in-situ moisture, this is considered to be the best estimate given the limited amount of data. Salva Mining has assumed that no moisture reduction takes place for the determination of product quality.

#### 7.8.2 Coal Product Quality

The final product will have the same quality of ROM coal which is summarised in Table 7:13.

**Table 7:13 Product Coal Quality**

Block	RD insitu t/m3	TM arb %	IM adb %	Ash adb %	CV (GAR) Kcal/Kg	TS adb %
North Pit	1.34	6.9	3.9	8.8	6,829	1.31
Total	1.34	6.9	3.9	8.8	6,829	1.31

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#### 7.9 Final Pit Design

For this Report, Salva Mining has limited the pit depth to the limit of exploration drilling within the limit applied to the Resource estimates. Other factors considered in the final optimum pit designs included:

- The location and proximity of coal to exploration data;
- Proximity to the concession boundary;
- Out of pit dumping room;
- Geotechnical parameters; and
- Surface water management considerations.

The final pit designs closely followed the selected pit shell in most locations.

##### 7.9.1 Cut-off Parameters and Pit Limit

Overall low-wall slopes as per the basal seam dip, endwall slopes and highwall slopes for the final pit design were considered as per Table 7:14.

**Table 7:14 Pit Design Parameters for TKS Ampah blocks**

Pit Design Parameters	North
Overall Highwall Slope	40 deg up to 70m depth
Bench Slope	60 deg
Bench Height	10 m
Highwall berm	5 m
Low wall slope	5-7 deg
Ramp Width	24 m
Maximum Ramp Grade	8-10%

##### 7.9.2 Pit Designs

The coal seam distribution within the TKS Ampah – Northern Section resulted in the Optimiser identifying several pits with the different basal seams. The pits were subjected to adjustments to form a practical pit design, which lead to the exclusion of the minor narrow pit shells and the resultant formation of Mineable Pit Shells, which formed the basis of the subsequent reserves estimate (Figure 7:6).

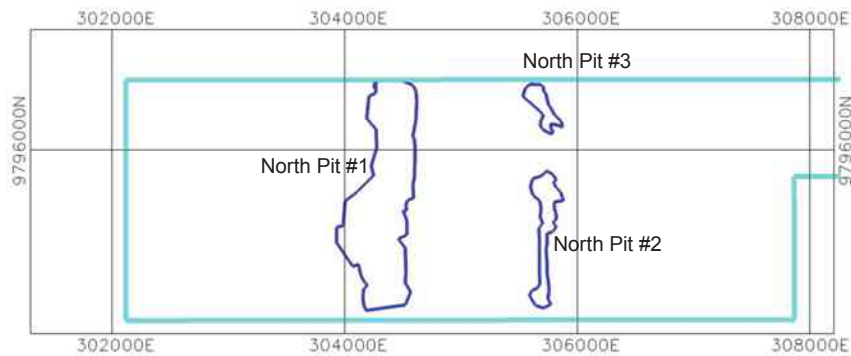
Pits have been designed within the limits as defined by the pit optimisation analysis. These limits are rationalised to ensure access between floor benches and walls were straightened to generate mineable pits.

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**Figure 7:6 Pit Selection – TKS Ampah North Section**



Pits have been designed such that low walls commenced at the sub-crops and followed the coal floors. The overall highwall batter angle is 40 degrees as the ultimate pit depth ranges from a little more than 60 m. This was done in accordance with the geotechnical study which was completed in 2018.

#### Optimised Pit Shell

The optimised pit shells for TKS Ampah North Block as delineated in the final pit design do contain Inferred Resources which are excluded from the Coal Reserves reported for the TKS Ampah concession. Under the JORC Code, Inferred Resources cannot be converted to Reserves due to poor confidence in structural continuity and quality variables. Insitu quantities and mine scheduled tonnes within an optimized pit shell are shown in Table 7:15.

**Table 7:15 Insitu & Scheduled Quantities & Reserves, TKS Ampah**

Area	Insitu			Mine Scheduled Tonnes within Optimized Pit shell		
	Waste, Mbcm	Coal, Mt	SR, bcm/t	Waste, Mbcm	Coal, Mt	SR, bcm/t
TKS Ampah North	22	1.5	14.5	22	1.4	15.6
TKS Ampah	22	1.5	14.5	22	1.4	15.6

The ROM coal quantities within the Mineable Pit Shells were then tested so that only Measured and Indicated Coal Resources were classified as Coal Reserves. Coal Reserves within the seams having Measured Resources are reported as Proved Reserves whereas seams having Indicated Resources are reported as Probable Reserves.

The final pit designs and representative cross-section of mining blocks at TKS Ampah concessions have been shown from Figure 7:7 to 7:8.

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Figure 7:7 TKS Ampah North Pits

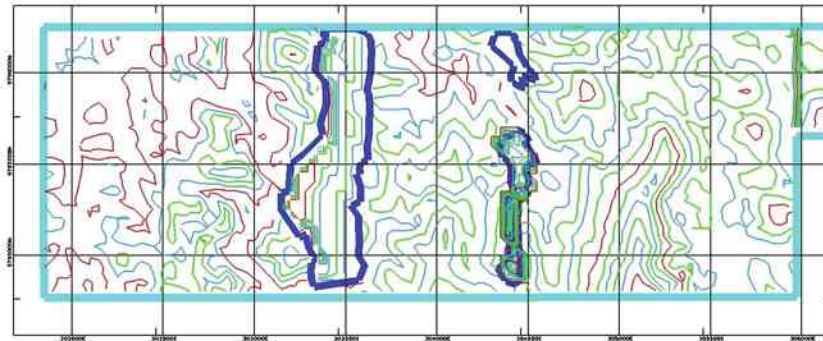
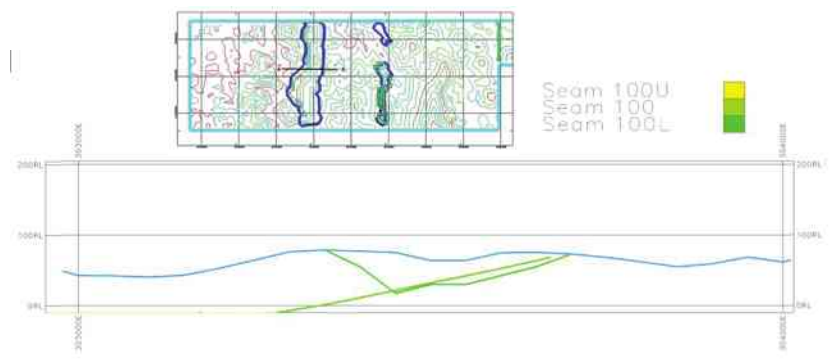


Figure 7:8 Representative Cross Section TKS Ampah North - West Pit



### 7.10 Audits and Reviews

Checks were done to validate the Minex Coal Resources to Coal Reserves estimation by repeating it manually in an Excel spreadsheet. Other validation work included estimating the total volume of coal and waste in the pit shells using the separate industry-standard computer programs MineScape. As MineScape structure and quality grids were imported into Minex for optimisation work, volume and area checks were also carried out in Minex within the pit shells.

The difference between the Proved and Probable Reserves with respect to Measured and Indicated Resources respectively is explained by the following:

- The Measured and Indicated Resource polygons extend beyond the Mineable Pit Shells;
- There are some Inferred tonnes in the pit shell which cannot be counted as Coal Reserves; and
- There are geological and mining losses and dilution gains in the coal reserve estimation.



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#### 7.11 Reserves Classification

Under the JORC Code as shown below only Measured and Indicated Coal Resources can be considered for conversion to Coal Reserves after consideration of the “Modifying Factors” including mining, processing, economic, environmental, and social and governance factors. In the opinion of Salva Mining, the uncertainties in most of these are not sufficiently material to prevent the classifications of areas deemed Measured Resources to be areas of Proved Reserves and areas deemed Indicated Resources to be the areas of Probable Reserves.

#### 7.12 Coal Reserves

The Statement of Coal Reserves has been prepared in accordance with the 2012 Edition of the JORC Code. Total ROM Coal is summarised in Table 7:16 as of 31 December 2022. ROM Coal Reserves are same as total Marketable Coal Reserves.

**Table 7:16 TKS Ampah - Coal Reserves as of 31 December 2022**

TKS Ampah Pits	Proved Reserves Mt	Probable Reserves Mt	Total Reserves Mt	RD Insitu	Ash adb%	IM adb%	TM ar%	CV (gar) Kcal/kg	TS adb%
North Pit	0.2	0.4	0.6	1.34	8.8	3.9	6.9	6,829	1.31
<b>TKS Ampah</b>	<b>0.2</b>	<b>0.4</b>	<b>0.6</b>	<b>1.34</b>	<b>8.8</b>	<b>3.9</b>	<b>6.9</b>	<b>6,829</b>	<b>1.31</b>

(Note: individual totals may differ due to rounding)

#### 7.13 Seam by Seam Coal Reserve

Total ROM Coal Reserves for the TKS Ampah North coal concession is reported by seam and is presented in Table 7:17.

**Table 7:17 Coal Reserves – North Pit (Seam by Seam) as of 31 December 2022**

Seams	Proved Reserves Mt	Probable Reserves Mt	Total Reserves Mt	RD, adb	Ash %	IM %	TM %	CV, GAR (Kcal/kg)	TS %
100U	0.0	0.1	0.1	1.32	5.0	4.8	8.4	6,998	1.05
100	0.1	0.1	0.2	1.30	3.3	4.6	8.0	7,186	1.13
100L	0.0	0.1	0.1	1.32	4.9	4.8	8.4	7,005	1.04
200UU	0.0	0.0	0.1	1.41	20.6	1.8	3.0	6,237	1.31
200UL	0.0	0.0	0.0	1.46	25.8	1.8	3.1	5,771	1.05
200L	0.0	0.0	0.0	1.43	18.9	1.7	2.6	6,342	4.03
<b>Total</b>	<b>0.2</b>	<b>0.4</b>	<b>0.6</b>	<b>1.34</b>	<b>8.8</b>	<b>3.9</b>	<b>6.9</b>	<b>6,829</b>	<b>1.31</b>

(Note: individual totals may differ due to rounding)

#### 7.14 JORC Table 1

The reported in this Report has been carried out in recognition of the 2012 JORC Code published by the Joint Ore Reserves Committee (“JORC”) of the Australasian Institute of Mining and Metallurgy, the AIG and the Minerals Council of Australia in 2012.

Under the report guidelines, all geological and other relevant factors for this deposit are considered in sufficient detail to serve as a guide to on-going development and mining. In the context of complying with the Principles of the Code, Table 1 of the JORC Code (Appendix C) has been used as a checklist by Salva Mining in the preparation of this Report and any comments made on the relevant sections of Table 1 have been provided on an ‘if not, why not’ basis.

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### TKS AMPAH INDEPENDENT QUALIFIED PERSON’S REPORT

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#### **7.15 Interpretations and Conclusions**

The geology of the TKS Ampah area is reasonably well understood. The deposit is structurally simple with shallow dips and a small number of thick parent coal seams with very little variability in quality.

The coal is classified as moderate sulphur, high volatile matter, high CV gar and moderate ash content. Salva Mining does not see any difficulties marketing this coal from the area as a thermal coal for blending purpose.

The location of the TKS Ampah provides a favourable existing logistics network with good infrastructure in place. This should translate into a lower operating and capital costs when the project is restarted.

The mining operation at TKS Ampah was commenced during 2018 and placed in care and maintenance in 2019. The financial analysis conducted for this Technical Assessment demonstrates economic extraction can be reasonably justified.

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#### References

JORC, 2012. Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code – 2012 Edition [online], The Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia.

Darman, H., and Sidi, FH, 2000, An Outline of the Geology of Indonesia, Association of Indonesian Geologists, Jakarta

PT TKS Ampah Feasibility Study, 2018

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#### Appendix A: CVs

Person	Role
<b>Manish Garg (Director - Consulting)</b>	
Qualification	B. Eng. (Hons), MAppFin
Prof. Membership	MAusIMM; MAICD
Contribution	Overall Supervision, Economic Assessment (VALMIN 2015)
Experience	<p>Manish has more than 25 years' experience in the Mining Industry. Manish has worked for mining majors including Vedanta, Pasminco, WMC Resources, Oceanagold, BHP Billiton - Illawarra Coal and Rio Tinto Coal.</p> <p>Manish has been in consulting roles for past 10 years predominately focusing on feasibility studies, due diligence, valuations and M&amp;A area. A trusted advisor, Manish has qualifications and wide experience in delivering due diligence, feasibility studies and project evaluations for banks, financial investors and mining companies on global projects, some of these deals are valued at over US\$5 billion.</p>
<b>Sonik Suri (Principal Consultant - Geology)</b>	
Qualification	B. Sc. (Hons), M.Sc. (Geology)
Prof. Membership	MAusIMM
Contribution	Geology, Resource (JORC 2012)
Experience	<p>Sonik has more than 25 years of experience in most aspects of geology including exploration, geological modelling, resource estimation and mine geology. He has worked for coal mining majors like Anglo American and consulting to major mining companies for both exploration management and geological modelling. As a consultant, he has worked on audits and due diligence for companies within Australia and overseas. He has strong expertise in data management, QA/QC and interpretation; reviews/audits of geological data sets; resource models and resource estimates.</p>
<b>Dr Ross Halatchev (Principal Consultant - Mining)</b>	
Qualification	B. Sc. (Mining), M.Sc., PhD (Qld)
Prof. Membership	MAusIMM
Contribution	Mine Scheduling, Reserve (JORC 2012)
Experience	<p>Ross is a mining engineer with 30 years' experience in the mining industry across operations and consulting. His career spans working in mining operations and as a mining consultant primarily in the mine planning &amp; design role which included estimation of coal reserves, DFS/FS, due diligence studies, techno-commercial evaluations and technical inputs for mining contracts.</p> <p>Prior to joining Salva Mining, Ross was working as Principal Mining Engineer at Vale. To date, Ross has worked on over 20 coal projects around the world, inclusive of coal projects in Australia, as well as in major coalfields in Indonesia, Mongolia and CIS.</p>

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#### Appendix B: SGX Mainboard Appendix 7.5

*Cross-referenced from Rules 705(7), 1207(21) and Practice Note 6.3*

##### Summary of Mineral Reserves and Resources

Name of Asset / Country: PT TKS Ampah/ Indonesia

Category	Mineral Type	Gross (100% Project)		Net Attributable to GEAR**		Remarks
		Tonnes (millions)	Grade	Tonnes (millions)	Grade	
<b>Reserves</b>						
Proved	Coal	0.2	Bituminous A	0.1	Bituminous A	
Probable	Coal	0.4	Bituminous A	0.2	Bituminous A	
<b>Total</b>	<b>Coal</b>	<b>0.6</b>	<b>Bituminous A</b>	<b>0.3</b>	<b>Bituminous A</b>	
<b>Resources</b>						
Measured	Coal	1.9	Bituminous A	0.8	Bituminous A	
Indicated	Coal	3.4	Bituminous A	1.5	Bituminous A	
Inferred	Coal	2.3	Bituminous A	1.0	Bituminous A	
<b>Total</b>	<b>Coal</b>	<b>7.6</b>	<b>Bituminous A</b>	<b>3.3</b>	<b>Bituminous A</b>	

*\*\* GEAR holds 43.7499% of PT TKS Ampah Indirectly (GEAR holds 62.4998% of GEMS which holds 70% of PT TKS).*

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#### Appendix C: JORC Table 1

Criteria	Explanation	Comment
Sampling techniques	<p>Nature and quality of sampling (e.g. cut channels, random chips etc.) and measures taken to ensure sample representivity.</p> <p>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</p> <p>Aspects of the determination of mineralisation that are Material to the Public Report.</p> <p>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m 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.</p>	<ul style="list-style-type: none"> <li>• Wire-line touch core drilling, in a systematic drill grid and coring of coal seams with geophysical logging.</li> <li>• Properly calibrated downhole logging tools.</li> <li>• Seam thickness was determined by geophysical logs and coal quality assets by the certified lab using ASTM methods.</li> <li>• Process of sampling included a sample from roof sediments, main seam body, roof coal, floor coal and floor sediment for very detailed coverage of coal quality within each seam.</li> <li>• Samples collected were sealed in a plastic bag and stored appropriately before sending to the lab.</li> </ul>
Drilling techniques	<p>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka 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.).</p>	<ul style="list-style-type: none"> <li>• Drilled pilot hole to ascertain coal seams and then drilled a touched cored drill hole.</li> </ul>
Drill sample recovery	<p>Whether core and chip sample recoveries have been properly recorded and results assessed.</p> <p>Measures taken to maximise sample recovery and ensure representative nature of the samples.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• After the completion of each core run, core loss is determined by the on-site geologist and recorded in the drill hole completion sheet. If recovery is found to be less than 90% within a coal seam intersection, the hole is re-drilled in order to re-sample this seam with greater than 90% core recovery. All samples with less than 90% core recovery over the width of the seam intersection were excluded from the coal quality database.</li> <li>• Followed drilling SOP's for loose and carbonaceous formations to achieve full sample recovery.</li> </ul>
Logging	<p>Whether core and chip samples have been logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</p> <p>Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography.</p> <p>The total length and percentage of the relevant intersections logged.</p>	<ul style="list-style-type: none"> <li>• Logging by geologists is appropriate for resource estimation.</li> <li>• The geotechnical report documented for 5 holes (GT) and analysed.</li> <li>• Graphic logs are recorded after reconciliation with geophysical logs (All 71-drill hole used has geophysical LAS log files).</li> <li>• Logging was adequately recorded but lacking detail indicating quantitative work by good site geologists, adequate for coal work.</li> <li>• Cores were photographed but not seen by the CP as they have not yet been provided by the client.</li> </ul>

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Criteria	Explanation	Comment
		<ul style="list-style-type: none"> <li>7,173m drilled and relevant intersections were logged by geologists &amp; down-hole geophysics.</li> </ul>
Sub-sampling techniques and sample preparation	<p>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.</p> <p>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</p> <p>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</p> <p>Measures taken to ensure that the sampling is representative of the in-situ material collected.</p> <p>Whether sample sizes are appropriate to the grainsize of the material being sampled.</p>	<ul style="list-style-type: none"> <li>No sub-sampling of Core was done</li> </ul>
Quality of assay data and laboratory tests	<p>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</p> <p>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.</p> <p>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</p>	<ul style="list-style-type: none"> <li>PT Geoservices laboratories are accredited to ISO 17025 standards. Coal quality laboratory adheres to internal QAQC and inter-laboratory QAQC checks. ISO methods have been used for MHC tests. Australian Standards have been used for RD and American Society for testing and materials (ASTM) methods have been used for all other quality variables.</li> <li>Geophysical traces were observed to be generally of good quality.</li> </ul>
Verification of sampling and assaying	<p>The verification of significant intersections by either independent or alternative company personnel.</p> <p>The use of twinned holes.</p> <p>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</p> <p>Discuss any adjustment to assay data.</p>	<ul style="list-style-type: none"> <li>Coal quality sampling was undertaken by GEAR and is in-line with the coal quality being achieved during the actual trial mining operations.</li> <li>No twin hole sampling was used, only pilot holes with partial coring zones where coal seam depth was predicted. Checked for the agreement of seam intersection depths and in most of the cases, there was a good agreement.</li> </ul>
Location of data points	<p>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.</p> <p>Specification of the grid system used.</p> <p>Quality and adequacy of topographic control.</p>	<ul style="list-style-type: none"> <li>Borehole collars have been surveyed using standard total station techniques employed by the survey contractors.</li> <li>Surveys have been validated by GEAR survey staff. The surveyed borehole locations for TKS match well with topographic data. (+/- 1m mis-close between survey &amp; LiDAR considered acceptable)</li> <li>The topography was generated by PT Surtech Utama across TKS Ampah project area using LiDAR remote sensing data.</li> </ul>
Data spacing and Distribution	<p>Data spacing for reporting of Exploration Results.</p> <p>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade</p>	<ul style="list-style-type: none"> <li>Data spacing sufficient to establish continuity in both thickness and coal quality. Data sets include topography</li> </ul>

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Criteria	Explanation	Comment
	<p>continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</p> <p>Whether sample compositing has been applied.</p>	<p>and base of weathering as well as seam structure and coal quality. Ply sampling methodology use.</p> <ul style="list-style-type: none"> <li>Sample compositing has been applied. Composite samples were taken for each coal seam from roof, floor and body coal samples.</li> </ul>
Orientation of data in relation to geological structure	<p>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>Ply by Ply sampling used therefore the orientation of sampling not seen to introduce bias as all drilling is vertical.</li> <li>Drill line was oriented perpendicular to the strike of coal</li> </ul>
Sample Security	The measures taken to ensure sample security.	<ul style="list-style-type: none"> <li>Proper measures for sample security was taken.</li> </ul>
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	<ul style="list-style-type: none"> <li>Salva Mining conducted a review of the drill hole database and found it to be satisfactory.</li> <li>Standard database checks also performed by Salva Mining as outlined in Chapter 5 prior to resource modelling and found it to be satisfactory.</li> </ul>
Mineral tenement and land tenure status	<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>All tenure is secured and currently available.</li> <li>Mining licenses (IUP's) for operation and production already approved.</li> </ul>
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	<ul style="list-style-type: none"> <li>Contractors used for drilling, exploration, Geotech &amp; previous studies including feasibility studies.</li> </ul>
Geology	Deposit type, geological setting and style of mineralisation.	<ul style="list-style-type: none"> <li>The main features in the concession is a syncline structure over the main deposit area with relatively flat dips and younger sediments in the central part of the deposit and steeper dips in relatively older sediments, around the outer edges.</li> <li>Bituminous Coal.</li> </ul>
Drill hole	<p>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:</p> <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul>	<ul style="list-style-type: none"> <li>Relatively good drill database.</li> <li>This Report pertains to resource estimation, not exploration results. As such the details of the drill holes used in the estimate are too numerous to list in this Table.</li> </ul>



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Criteria	Explanation	Comment
	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.	
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations 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.	<ul style="list-style-type: none"> <li>All samples have been composited over full seam thickness and reported using geological modelling software.</li> <li>No metal equivalents used.</li> </ul>
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 (e.g. 'downhole length, true width not known').	<ul style="list-style-type: none"> <li>Ply sampling methodology prevents samples from crossing ply boundaries. Therefore, the orientation of sampling not seen to introduce bias as all drilling is vertical and seams mostly gently dipping.</li> <li>Coal thickness intercepts in the data appear to support this and consistent coal seam thickness is normal in this area.</li> </ul>
Diagrams	Where possible, maps and sections (with scales) and tabulations of intercepts should be included for any material discovery being reported if such diagrams significantly clarify the report.	<ul style="list-style-type: none"> <li>See the figures in the Report.</li> </ul>
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 practised to avoid misleading reporting of Exploration Results.	<ul style="list-style-type: none"> <li>No reporting of exploration results.</li> </ul>
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.	<ul style="list-style-type: none"> <li>71 drill holes were geophysically logged by PT Surtech Indonesia.</li> <li>Other data are listed in the Report, the data where appropriate has been used but often the older data was less well recorded and not complete and for this reason was not used in the geological model.</li> </ul>
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).	<ul style="list-style-type: none"> <li>Further work will be necessary to improve the confidence levels of the deposits further and understanding of the full seam stratigraphy as part of on-going mining activity.</li> <li>No proposed exploration plan has been proposed in this Report.</li> </ul>

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Criteria	Explanation	Comment
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.	<ul style="list-style-type: none"> <li>The database for both blocks is considered an acceptable standard to report a Coal Resource.</li> <li>Checks against original downhole geophysics (las) files used to verify data during modelling.</li> </ul>
Site Visits	Site Visits undertaken by the Competent Person and the outcome of these visits. If no site visits have been undertaken, indicate why this is the case	<ul style="list-style-type: none"> <li>A site visit was last completed in October 2019 by Independent Qualified person.</li> <li>The geology had been well documented by previous consultants. Salva Mining's staff has reviewed and discussed the available geological data in the company's office in Jakarta.</li> </ul>
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.	<ul style="list-style-type: none"> <li>A high degree of confidence in seam picks made using downhole geophysical data.</li> <li>The TKS Ampah geological models created by Salva Mining are considered to accurately represent the deposits. No major faults have been reported within the tenements concerned</li> <li>Mass (tonnage) from the current resource estimate agrees with the previous model by developed internally by GEAR to within 5% error margin range.</li> </ul>
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.	<ul style="list-style-type: none"> <li>See the figures in the Report.</li> </ul>
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.  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.	<ul style="list-style-type: none"> <li>Planar interpolator used for thickness and trend. FEM interpolator used for surface elevation, thickness and trend. Inverse distance squared used for coal quality throughout.</li> <li>Based on experience gained in the modelling of over 40 coal deposits around the world, the FEM interpolator is considered to be the most appropriate for the structure and inverse distance the most appropriate for coal quality.</li> <li>The grid cell size of 50m for the topographic model, 50 m for the structural model.</li> <li>Visual validation of all model grids performed.</li> <li>TKS has high sulphur seams (&gt;1%) coal product quality will have to be managed to maintain saleable products.</li> </ul>

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**SALVA**  
Mining Consultants

Criteria	Explanation	Comment
	<p>Discussion of basis for using or not using grade cutting or capping.</p> <p>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</p>	
Moisture	Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	<ul style="list-style-type: none"> <li>All tonnages estimated on the air-dried basis, Total moisture has been measured by weight under laboratory conditions</li> </ul>
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	<ul style="list-style-type: none"> <li>The coal resources contained in this Report are confined within the concession boundary. The resources were limited to 70m below topography.</li> <li>A minimum ply thickness of 20cm and a maximum parting thickness of 30cm was used.</li> </ul>
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It may not always be possible to make assumptions regarding mining methods and parameters when estimating Mineral Resources. Where no assumptions have been made, this should be reported.	<ul style="list-style-type: none"> <li>The TKS Ampah block is proposed to be mined as open-pit excavations by truck and shovel method by contractors.</li> </ul>
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It may not always be possible to make assumptions regarding metallurgical treatment processes and parameters when reporting Mineral Resources. Where no assumptions have been made, this should be reported.	<ul style="list-style-type: none"> <li>N/A in situ air dried tonnes quoted</li> </ul>
Environmental	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 greenfield 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.	<ul style="list-style-type: none"> <li>Salva Mining is not aware of any environmental factors that may impact on eventual economic extraction.</li> </ul>
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.	<ul style="list-style-type: none"> <li>See discussion on density concerning moisture basis.</li> </ul>
Classification	<p>The basis for the classification of the Mineral Resources into varying confidence categories.</p> <p>Whether appropriate account has been taken of all relevant factors i.e. relative confidence in tonnage/grade computations, confidence in continuity</p>	<ul style="list-style-type: none"> <li>Classification distances based on an assessment of the variability of critical variables through statistical analysis and by an assessment of the degree of geological complexity. Classification</li> </ul>

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Criteria	Explanation	Comment
	<p>of geology and metal values, quality, quantity and distribution of the data.</p> <p>Whether the result appropriately reflects the Competent Person(s)' view of the deposit.</p>	<p>radii for the three resource categories are:</p> <p>Measured: 250m Indicated: 500m Inferred: 750m</p>
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates.	<ul style="list-style-type: none"> <li>Check between the current geological model and the previous internal model shows high agreement.</li> </ul>
Discussion of relative accuracy/confidence	<p>Where appropriate a statement of the relative accuracy and/or confidence 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 which could affect the relative accuracy and confidence of the estimate.</p> <p>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages or volumes, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</p> <p>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</p>	<ul style="list-style-type: none"> <li>Spacing ranges for the three resource categories are considered to adequately reflect the degree of confidence in the underlying estimate on a global basis.</li> <li>Local variation to estimated values may arise and will be addressed by adequate grade control procedures during mining operations.</li> </ul>
Mineral Resource Estimate for conversion to Ore Reserves	<p>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</p> <p>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</p>	<ul style="list-style-type: none"> <li>Basis of the estimates is "TKS Ampah JORC Resource Statement" as of 31 December 2022.</li> <li>Coal resources are inclusive of Coal reserves.</li> </ul>
Site Visits	<p>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</p> <p>If no site visits have been undertaken indicate why this is the case.</p>	<ul style="list-style-type: none"> <li>A site visit was last completed in October 2019 by Independent Qualified person.</li> <li>Salva Mining's consultants are well versed in the localised mining settings and have reviewed and discussed the available data in the company's office in Jakarta.</li> </ul>
Study Status	<p>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>Feasibility Study for TKS Ampah was completed in early 2018. The FS study has dealt in detail with mining method, geotechnical investigations, hydrology &amp; hydro-geological, logistics and economic issues for the TKS Ampah pits.</li> <li>Environmental Study (AMDAL) has been completed in 2005.</li> </ul>
Cut-off parameters	The basis of the cut-off grade(s) or quality parameters applied	<ul style="list-style-type: none"> <li>Refer Table 7:3 – Modifying factors for pit optimisation; and</li> <li>Table 7:11, Break-even Stripping Ratio analysis.</li> </ul>

## APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS

### TKS AMPAH INDEPENDENT QUALIFIED PERSON’S REPORT



Criteria	Explanation	Comment
Mining factors or assumptions	<p>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).</p> <p>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.</p> <p>The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc.), grade control and pre-production drilling.</p> <p>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</p> <p>The mining dilution factors used.</p> <p>The mining recovery factors used.</p> <p>Any minimum mining widths used.</p> <p>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</p> <p>The infrastructure requirements of the selected mining methods.</p>	<ul style="list-style-type: none"> <li>Refer Table 7:3 Modifying Factors and Pit Optimisation Parameters and Section 7:7 on Notes on Modifying Factors.</li> <li>Feasibility studies have been completed for TKS Ampah concession in 2018 while the pre-feasibility study was completed in 2010.</li> <li>These studies were accepted as part of the AMDAL approval process from the Govt. of Indonesia prior to being given mining operations approval (IUPOP). For the greenfield project like TKS Ampah block, modifying factors at Pre-Feasibility study level is expected to contain information appropriate for the whole range of inputs to meet the requirement in Clause 29 for the Ore Reserve to continue that classification.</li> <li>Salva Mining has used the modifying factors based on the Feasibility study level for TKS Ampah which were independently verified by the Salva Mining's subject specialist.</li> <li>In Salva Mining's opinion, the Modifying Factors at the concession are appropriately defined.</li> </ul>
Metallurgical Factors or assumptions	<p>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</p> <p>Whether the metallurgical process is well-tested technology or novel in nature.</p> <p>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</p> <p>Any assumptions or allowances made for deleterious elements.</p> <p>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the ore body as a whole.</p> <p>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications.</p>	<ul style="list-style-type: none"> <li>The coal is to be sold unwashed so no processing factors have been applied.</li> </ul>
Environmental	<p>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.</p>	<ul style="list-style-type: none"> <li>Amdal (EIS) in place with a rehabilitation program and environmental monitoring program in place.</li> <li>Mining operations and production approval are in place (IUPOP).</li> <li>Progressive staged land acquisition covering the pit, dump and other mine infrastructure in place.</li> </ul>

## APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS

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Criteria	Explanation	Comment
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.	<ul style="list-style-type: none"> <li>The area is very accessible from the regional road.</li> <li>Water is available in abundance.</li> <li>Labour can be sourced locally including some skilled labour for machine operation.</li> </ul>
Costs	<p>The derivation of, or assumptions made, regarding projected capital costs in the study.</p> <p>The methodology used to estimate operating costs. Allowances made for the content of deleterious elements.</p> <p>The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co-products.</p> <p>The source of exchange rates used in the study.</p> <p>Derivation of transportation charges.</p> <p>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</p> <p>The allowances made for royalties payable, both Government and private.</p>	<ul style="list-style-type: none"> <li>Discussed in Section 7:7:4 Cost and Revenue factors.</li> </ul>
Revenue Factors	<p>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.</p> <p>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products</p>	<ul style="list-style-type: none"> <li>Discussed in Section 7:7:4 Cost and Revenue factors</li> </ul>
Market Assessment	<p>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</p> <p>A customer and competitor analysis along with the identification of likely market windows for the product.</p> <p>Price and volume forecasts and the basis for these forecasts.</p> <p>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</p>	<ul style="list-style-type: none"> <li>Discussed in Section 7:7:7 Marketing &amp; Pricing Factors</li> </ul>
Economic	<p>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.</p> <p>NPV ranges and sensitivity to variations in the significant assumptions and inputs</p>	<ul style="list-style-type: none"> <li>Economic analysis (NPV) done based on long term price outlook and the cost estimates (Contractor mining operation).</li> </ul>

## APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS

### TKS AMPAH INDEPENDENT QUALIFIED PERSON’S REPORT



Criteria	Explanation	Comment
Social	The status of agreements with key stakeholders and matters leading to social licence to operate	<ul style="list-style-type: none"> <li>Progressive staged land acquisition covering the pit, dump and other mine infrastructure in place.</li> <li>The total area required would be approx 90Ha. Most of this land is covered by small local rubber and palm oil farmers which will require compensation (which has been factored in capital cost).</li> </ul>
Other	<p>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</p> <p>Any identified material naturally occurring risks.</p> <p>The status of material legal agreements and marketing arrangements.</p> <p>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 contingency.</p>	<ul style="list-style-type: none"> <li>Discussed under Section 2:2</li> </ul>
Classification	<p>The basis for the classification of the Ore Reserves into varying confidence categories.</p> <p>Whether the result appropriately reflects the Competent Person's view of the deposit.</p> <p>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</p>	<ul style="list-style-type: none"> <li>Discussed under Section 7:11, Reserve Classification</li> </ul>
Audit & Reviews	The results of any audits or reviews of Ore Reserve estimates.	<ul style="list-style-type: none"> <li>Discussed under Section 7:10, Audits &amp; Reviews.</li> </ul>
Discussion of Relative accuracy/confidence	<p>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.</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>Sufficient points of observation and sampling distribution to assess coal resource and reserves with a high level of confidence.</li> <li>Statistical analysis was carried out for observations, sampling, core recovery &amp; survey accuracy were assessed including geostatistical assessment over the deposit which further increased the confidence level of the estimate.</li> </ul>

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## APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS

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Criteria	Explanation	Comment
	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.	



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**APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS**

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**WRL INDEPENDENT QUALIFIED PERSON’S REPORT**

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**Golden Energy and Resources Limited  
Wahana Rimba Lestari Concession (“WRL”)**

**Independent Qualified Person’s Report  
January 2023**

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## APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS

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### WRL INDEPENDENT QUALIFIED PERSON’S REPORT

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### Golden Energy and Resources Limited

#### Wahana Rimba Lestari Concession

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Independent Qualified Person’s Report

**Salva Mining Pty Limited**

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**31 January 2023**

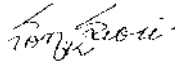
**Effective Date: 31 December 2022**

### Independent Qualified Person:

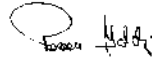


Mr. Manish Garg  
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Salva Mining Pty Limited

### Subject Specialists:



Mr. Sonik Suri  
Principal Consultant – Geology  
Salva Mining- Brisbane Office



Dr. Ross Halatchev  
Principal Consultant – Mining  
Salva Mining - Brisbane Office

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# APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS

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## WRL INDEPENDENT QUALIFIED PERSON’S REPORT

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### Key Abbreviations

\$ or USD	United States Dollar
adb	Air-dried basis, a basis on which coal quality is measured
AMSL	Above Mean Sea Level
AMDAL	Analisis Mengenai Dampak Lingkungan Hidup- Environmental Impact Assessment (EIA), which contains three sections, the ANDAL, the RKL and the RPL
ANDAL	Analisis Dampak Lingkungan Hidup, a component of the AMDAL that reports the significant environmental impacts of the proposed mining activity
arb	As received basis
AS	Australian Standards
ASR	Average stripping ratio
AusIMM	Australasian Institute of Mining and Metallurgy
Batter	The slope of Advancing Mine Strip
bcm	bank cubic meter
BD	Bulk density
CCoW	Coal Contract of Work
CHPP	Coal Handling and Processing Plant
CV	Calorific value
Capex	Capital Expenditure
Coal Resource	A 'Coal Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, quality, and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, quality, continuity and other geological characteristics of a Coal

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	Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Coal Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
Coal Reserve	A 'Coal Reserve' is the economically mineable part of a Measured and/or Indicated Coal Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include the application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.  The reference point at which Reserves are defined, usually, the point where the Coal is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.
DGMC	Directorate General of Minerals and Coal within the Ministry of Energy and Mineral Resources
FC	Fixed Carbon
gar	gross as received, a basis on which coal quality is measured
GEAR	Golden Energy and Resource Limited
GEMS	PT. Golden Energy Mines Tbk
gm	Gram
h	Hour
ha	Hectare(s)
HDR	HDR Pty Limited
IM	Inherent Moisture
IPPKH	'Izin Pinjam Pakai Kawasan Hutan' which translates to borrow to use permit in a production forest
IUP or IUPOP	'Izin Usaha Pertambangan' which translates to 'Mining Business Licence'
JORC	2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia
k	Thousand
kcal/kg	Unit of energy (kilocalorie) per kilogram
kg	kilogram
km	Kilometres (s)
km <sup>2</sup>	Square kilometre(s)
kt	kilo tonne (one thousand tonnes)
L	Litre
m	Meter
lcm	loose cubic metre
LOM	Life of Mine
lcm	lcm loose cubic metre
M	Million
Mbcm	Million bank cubic metres
Mbcmpa	Million bank cubic metres per annum



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MEMR	Ministry of Energy and Mineral Resources within the central government
m RL	metres reduced level
m <sup>3</sup>	cubic metre
m/s	metres per second
Mt	Millions of tonnes
Mtpa	Millions of tonnes per annum
MW	Megawatt
NAR	Net as received
Opex	operating expenditure
PKP2B	'Perjanjian Kerjasama Pengusahaan Pertambangan Batubara' – same as CCoW
RD	Relative density
RKL	'Rencana Pengelolaan Lingkungan' - environmental management plan
ROM	Run of Mine
RKL	Relative Level - survey reference for the height of landforms above a datum level
RPL	'Rencana Pemantauan Lingkungan' - environmental monitoring plan
Salva Mining	Salva Mining Pty Limited
SE	Specific Energy
SR	Strip ratio (of waste to ROM coal) expressed as bcm per tonne
t	Tonne
tkm	Tonne kilometre
tpa	Tonnes per annum
TM	Total Moisture (%)
TS	Total Sulphur (%)
VALMIN	2015 Edition of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
VM	VM Volatile Matter (%)

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#### Executive Summary

Golden Energy and Resources Limited (“GEAR” or “Client”) commissioned Salva Mining Pty Limited (Salva Mining) to prepare an annual update to the Independent Qualified Person’s Report (“Report”) covering an estimate of Coal Resources and Reserves for the Wahana Rimba Lestari (“WRL”) coal concession area located in Sumatra, Indonesia.

Salva Mining understands that this Report will be included in a circular to shareholders of GEAR, in relation to, inter alia, the proposed distribution in-specie of shares in PT Golden Energy Mines Tbk (“GEMS”) to shareholders of GEAR as a major transaction pursuant to Rule 1014 of the Listing Manual. The estimate of Coal Resources and Reserves as of the 31 December 2022 contained within this Report has been reported in accordance to the guidelines to the 2012 Edition of the Australasian Code for the Reporting of exploration results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia (“The JORC Code”).

#### Wahana Rimba Lestari (WRL) Project in Indonesia

The WRL concession is located in the Regency of Musi Banyuasin, in the Province of South Sumatra, Indonesia.

Mining rights for the concession are held under an Izin Usaha Pertambangan Operation and Production (“IUPOP”) license covering a total area of 4,739 ha.

The concession is listed in the official list of clean and clear concessions. The “Clean and Clear” Certificate is listed in the official list with recommendation letter no. 540/543/DISPERTAMBEN/2014 from the provincial government of South Sumatra. There are no protected forests or nature reserves within the project area boundaries that prohibit surface mining. The area is classified as non-forest and available for other uses.

#### Geology

The WRL concession area is found within the South Sumatra Basin. The WRL concession area is found in the Sumatra back-arc basin located along the island of Sumatra. This basin was formed by back-arc extension and is filled with Eocene to Pliocene aged terrestrial and marine sediments. Two phases of coal seam accumulation are found within this sequence, the first is an older Oligocene phase related to fluvial-deltaic sedimentation (Talang Akar Formation) during initial rifting and deposition of a transgressive sedimentary sequence. After the mid-Miocene plate collision and commencement of subduction off the west Sumatra coast, a regressive sedimentary sequence commenced from mid-Miocene to Pliocene times. This resulted in a return to a fluvial-deltaic environment, from the previously dominant deep marine sedimentation. This gave rise to the Muara Enim Formation, the dominant coal-bearing unit within the South Sumatra Basin.

Coals found within the WRL concession occur in the Miocene age Muara Enim Formation. The late Miocene to Pliocene Muara Enim Formation (“Muara Enim Fm”) is the main coal-bearing formation present in the South Sumatra Basin. Seams within the WRL concession area are generally fairly shallow dipping (less than 10 degrees) to the northeast.

There have been a number of phases of exploration completed in the WRL coal concession area over the past 10 years. The first phase involved generally shallow drilling and field mapping. In-fill

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drilling and deeper stratigraphic drilling to depths of up to 150 m followed in phase two, in order to allow for more accurate definition of the structural geology and coal quality characteristics of the deposit. A total of 54 drill holes were used by Salva Mining to construct a geological model for an estimate of Coal Resource within the WRL concession area.

#### Coal Resource

Salva Mining has estimated total Coal Resources of 316 million tonnes (Mt) on an in situ air-dried moisture basis (adb), to a maximum depth of 100 m. The total tonnes are comprised of 55 Mt of Measured, 100 Mt of Indicated and 161 Mt of Inferred Resources.

**Coal Resources Estimate as of 31 December 2022**

Resource Classification	Mass (Mt)	TM (arb) (%)	IM (adb) (%)	Ash (adb) (%)	Volatile Matter (adb) %	Total Sulphur (adb) %	GCV (adb) kcal/kg	Relative Density (adb)
Measured	55	53.8	16.0	5.7	42.3	0.22	5,218	1.39
Indicated	100	53.5	15.7	5.4	41.9	0.22	5,265	1.39
Inferred	161	53.3	16.0	6.0	42.1	0.23	5,190	1.40
<b>TOTAL</b>	<b>316</b>	<b>53.4</b>	<b>15.9</b>	<b>5.7</b>	<b>42.1</b>	<b>0.22</b>	<b>5,219</b>	<b>1.39</b>

*Mineral Resources are reported inclusive of the Mineral Reserves  
(Note: individual totals may differ due to rounding)*

#### Mining Operations

The mining operation at WRL will use a standard truck and excavator method which is a common practice in Indonesia. Waste material is mined using hydraulic excavators and loaded into standard rear tipping off-highway trucks and hauled to dumps in close proximity to the pits or to in-pit dumps where possible. For the purpose of this Reserve Statement, it is proposed that contractors will be used for mining and haulage operations over the life of mine, and the unit costs used for the Reserve estimate reflect this style of mining.

#### Mining Modification factors – Resource to Reserve

This Coal Reserve estimate uses the most recent geological model and the Coal Resources estimate prepared by Salva Mining as of 31 December 2022. Potential open-cut reserves inside different blocks of the project area were identified with pit optimisation software utilising the Lerchs Grossman algorithm. The optimiser was run across a wide range of coal prices using a set of site-specific costs (waste removal, land compensation, coal removal, haulage costs, etc.). These costs were adjusted to suit the conditions for this project.

An economic model was prepared for the mining operation to determine the project breakeven or incremental stripping ratio. The pit optimisation results were examined and pit shells selected where the incremental stripping ratios were less than or equal to break even strip ratio determined at a point where the costs for mining and handling the coal equalled the revenue generated by the coal.

Life of mine plan was completed based on the final pit design. This was done to ensure that the proposed mining method would be practical and achievable and that the proposed dumping strategy would be able to contain the waste mined in the final pit design. The mining schedule targeted production of 3 Mt in year 3 and ramping up to target production of 5.5 Mt from year 8 onwards.

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Pre-feasibility studies were completed prior to applying for the mining operations permit. These studies were accepted as part of the AMDAL approval process from the Govt. of Indonesia prior to being granted mining operations approval (CCoW). This study was further updated in May 2016. Salva Mining has used modifying factors based on the latest pre-feasibility study which were independently validated for reasonableness by Salva Mining’s subject specialist.

The coal price estimate was based on an average of the various Brokers/Analyst view on the outlook for thermal coal. Salva has assumed 100% coal sales to domestic power generators as such applied the lower capped coal price under domestic market obligations.

The optimised pit shells for WRL blocks as delineated in the final pit design do contain Inferred Resources which are excluded from the Coal Reserves reported for the WRL concession. Under the JORC Code, Inferred Resources cannot be converted to Reserves due to poor confidence in structural continuity and quality variables.

#### Coal Reserves

Coal Reserves were estimated by applying appropriate modifying factors and exclusion criteria to the Coal Resources. Surface water management, infrastructure and the location of the IUP boundary were considered when determining the surface constraints for the mining operation. Coal Reserves were estimated by applying appropriate density adjustment and mining loss and dilution parameters to the Measured and Indicated Coal Resources inside the final pit design. All the final pits used for the Reserve estimate were designed following the existing geotechnical recommendations and operating practices.

Coal Reserves have been reported in Proved and Probable categories to reflect the reliability of the estimate. The total Coal Reserve for WRL coal deposit as of 31 December 2022 is estimated as 87.2 Mt comprising of 33.8 Mt Proved and 53.4 Mt Probable categories. No beneficiation of coal product is planned as such marketable coal is the same as the Runoff Mine (ROM) coal. ROM Coal Reserves for WRL coal concession along with the estimated quality is presented in table below.

**Coal Reserves Estimate as of 31 December 2022**

WRL Pits	Proved Reserves Mt	Probable Reserves Mt	Total Reserves Mt	RD Insitu	Ash adb%	IM adb%	TM ar%	CV (gar) Kcal/kg	TS adb%
North Pit	18.2	33.5	51.7	1.19	6.5	15.8	52.5	2,939	0.19
South Pit	15.6	19.9	35.5	1.20	6.4	16.4	52.9	2,835	0.23
<b>WRL</b>	<b>33.8</b>	<b>53.4</b>	<b>87.2</b>	<b>1.19</b>	<b>6.5</b>	<b>16.0</b>	<b>52.7</b>	<b>2,897</b>	<b>0.21</b>

*Note: individual total may differ due to rounding  
This table must be presented with the entire JORC Reserve Statement*

The coal will be sold as a ROM product; hence Marketable Reserves will equal ROM Coal Reserves.

This Report may only be presented in its entirety. Parties wishing to publish or edit selected parts of the text, or use the Statement for public reporting, must obtain prior written approval from Salva Mining and the signatories of this Report.

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## WRL INDEPENDENT QUALIFIED PERSON’S REPORT

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### 1 Introduction

#### 1.1 Aim and Scope

Golden Energy and Resources Limited (“GEAR” or “Client”) commissioned Salva Mining Pty Limited (Salva Mining) to prepare an annual update to the Independent Qualified Person’s Report (“Report”) covering an estimate of Coal Resources and Reserves for the Wahana Rimba Lestari (WRL) coal concession area located in Sumatra, Indonesia.

The estimate of Coal Resources and Reserves as of the 31 December 2022 contained within this Report has been reported in compliance with the requirements of the reporting guidelines of the 2012 Edition of the Australasian Code for the Reporting of exploration results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia (“The JORC Code”).

#### 1.2 Approach

The principal data used in the preparation of this Report included:

- Previous geological report prepared by the qualified person;
- Collar, downhole logging, seam pick and coal quality information, provided by GEAR; and
- Latest Topographic data including any mined-out area.

The following approach was undertaken by Salva Mining to estimate Coal Resources.

- Salva Mining has reviewed the geological data set provided by GEAR for the coal block covered under the scope of the report;
- Using the existing borehole information provided to Salva Mining by GEAR, a geological model was created using stratigraphic modelling software. While creating the model, a thickness cut off limit of 0.1m was applied and is termed as an “in situ” model;
- This model and the underlying raw data such as Drill hole logs, coal quality reports and geophysical logs were reviewed by Salva Mining’s team of geologists.
- On the basis of confidence limits (as described in the Resource Classification Section), the in-situ geological model was then categorised into Measured, Indicated and Inferred categories according to the JORC Code (2012).
- Once these categories were ascertained, coal volume, tonnage and qualities were estimated to report coal reserves (if applicable).

#### 1.3 Data Sources

This review is based on the information provided by PT Wahana Rimba Lestari (PT WRL), GEAR, the technical reports of other consultants and previous explorers, as well as other published and unpublished data relevant to the area. Salva Mining has carried out, to a limited extent, its own independent assessment of the quality of the geological data. The status of agreements, royalties or concession standing pertaining to the assets was provided by the company.

In developing our assumptions for this Statement, Salva Mining has relied upon information provided by the company and information available in the public domain. Key sources are outlined in this Report and all data included in the preparation of this Report has been detailed in the references section of this Report. Salva Mining has accepted all information supplied to it in good

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faith as being true, accurate and complete, after having made due enquiry as of 31 December 2022.

The principal data used in the preparation of this Report included:

- JORC Resource and Reserve Report titled “Independent Resource & Reserve Report, PT Wahana Rimba Lestari”, 31 December 2018, Prepared by Salva Mining;
- Collar, downhole logging, seam pick and coal quality information, provided by PT. WRL;
- Latest Topographic data including any mined-out area;
- PT Prasetya Abdi Persada, “Geotechnical and Hydrology-Hydrogeology Study Final Report of PT Wahana Rimba Lestari”, May 2016;
- PT Wahana Rimba Lestari, “Studi Kelayakan Eksplorasi Batubara Plakat Tinggi dan Sundai Keruh, Kabupaten Musi Banyuasin Sumatra Selatan”, September 2007;
- PT Wahana Rimba Lestari, “Analisa Dampak Lingkungan Hidup (ANDAL) Pertambangan Batubara PT Wahana Rimba Lestari di Kabupaten Musi Banyuasin Provinsi Sumatera Selatan”, January 2010;
- PT Airborne Informatics, “Final Report – South Sumatra Aerial Mapping by Lidar Survey Systems”, May 2013;
- PT Prasetya Abdi Persada, “Mining Preliminary Feasibility study of Pt Wahana Rimba Lestari Coal Project final report”, May 2016; and
- Capex and Opex data supplied by PT WRL and also derived from Salva Mining’s cost database of typical Indonesian operations.

#### 1.4 Limitations

After due enquiry in accordance with the scope of work and subject to the limitations of the Report hereunder, Salva Mining confirms that:

- The input, handling, computation and output of the geological data and Coal Resource and Reserve information has been conducted in a professional and accurate manner, to the high standards commonly expected within the mining professions;
- The interpretation, estimation and reporting of the Coal Reserve Statement has been conducted in a professional and competent manner, to the high standards commonly expected within the Geosciences and mining professions, and in accordance with the principles and definitions of the JORC Code (2012);
- In conducting this assessment, Salva Mining has addressed and assessed all activities and technical matters that might reasonably be considered relevant and material to such an assessment conducted to internationally accepted standards. Based on observations and a review of available documentation, Salva Mining has, after reasonable enquiry, been satisfied that there are no other relevant material issues outstanding;
- The conclusions presented in this Report are professional opinions based solely upon Salva Mining’s interpretations of the documentation received and other available information, as referenced in this Report. These conclusions are intended exclusively for the purposes stated herein;
- For these reasons, prospective investors must make their own assumptions and their own assessments of the subject matter of this Report.

Opinions presented in this Report apply to the conditions and features as noted in the documentation, and those reasonably foreseeable. These opinions cannot necessarily apply to

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conditions and features that may arise after the date of this Report, about which Salva Mining have had no prior knowledge nor had the opportunity to evaluate.

#### 1.5 Disclaimer and warranty

A draft version of this Report was provided to the directors of GEAR for comment in respect of omissions and factual accuracy. As recommended in Section 39 of the VALMIN Code, GEAR has provided Salva Mining with an indemnity under which Salva Mining is to be compensated for any liability and/or any additional work or expenditure, which:

- Results from Salva Mining’s reliance on information provided by GEAR and/or Independent consultants that are materially inaccurate or incomplete, or
- Relates to any consequential extension of workload through queries, questions or public hearings arising from this Report.

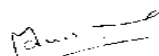
The conclusions expressed in this Report are appropriate as of 31 December 2022. The Report is only appropriate for this date and may change in time in response to variations in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values outlined in this Report are expressed in United States dollars (\$) unless otherwise stated. Salva Mining services exclude any commentary on the fairness or reasonableness of any consideration in relation to this acquisition.

#### 1.6 Independent Competent Persons Statement

This Report has been written following the guidelines contained within the 2015 Edition of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Experts Reports (“the VALMIN Code”) and the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“the JORC Code”). It has been prepared under the supervision of Mr Manish Garg (Director – Consulting / Partner, Salva Mining) who takes overall responsibility for the Report and is an Independent Expert as defined by the VALMIN Code.

Sections of the Report which pertain to Coal Resources have been prepared by Mr Sonik Suri (Principal Consultant, Geology) who is a subject specialist and a Competent Person as defined by the JORC Code. Sections of the Report which pertain to Coal Reserves have been prepared by Dr Ross Halatchev (Principal Consultant, Mining) who is a subject specialist and a Competent Person as defined by the JORC Code.

This Report was prepared on behalf of Salva Mining by the signatory to this Report, assisted by the subject specialists’ competent persons whose qualifications and experience are set out in Appendix A of this Report.



Mr Manish Garg  
Director  
Salva Mining Pty Limited

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#### **1.7 Statement of Independence**

This Report was commissioned by GEAR on a fee-for-service basis according to Salva Mining's schedule of rates. Salva Mining's fee is not contingent on the outcome of this Report. The above-mentioned person(s) have no interest whatsoever in the mining assets reviewed and will gain no reward for the provision of this Report.

Mr Manish Garg, Mr Sonik Suri, Dr Ross Halatchev, Salva Mining's partners (including Mr Garg), directors, substantial shareholders and their associates are independent of GEAR, its directors, substantial shareholders, advisers and their associates.

Neither Mr Manish Garg, Mr Sonik Suri, Dr Ross Halatchev nor any of the Salva Mining's partners (including Mr Garg), directors, substantial shareholders and their associates have (or had) a pecuniary or beneficial interest in/or association with any of the GEAR, or their directors, substantial shareholders, subsidiaries, associated companies, advisors and their associates prior to or during the preparation of this Report.



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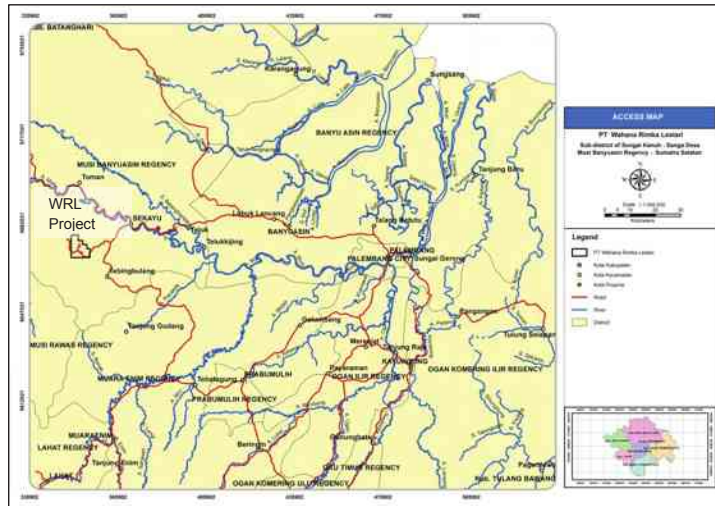
### 2 Project Description

#### 2.1 Property Description and Access

The WRL project is a greenfield project, located in the Kecamatan (Sub District) of Sungai Keruh in the Regency (Kabupaten) of Musi Banyuasin, in the Province of South Sumatra, Indonesia.

The WRL concession can be approached from the regional city of Palembang, via Sekayu on Trans-Sumatra Highway and then driving on the Regency Road from Sekayu to Lestari. Figure 2:1 shows the location of the project area.

**Figure 2:1 Concession Boundary and Regional Location**



(After PT. Geo Search, 2016).

#### 2.2 Ownership

Tenure at the WRL concession is held by PT WRL under the Izin Usaha Pertambangan Operation and Production (IUPOP) license covering a total area of 4,739 ha with area location number 24 Pemb 09.

The IUPOP was originally executed on 21 November 2008 and the extension was granted in 2016. The detail of the coal concession is given in Table 2.1.

**Table 2.1 WRL Concession Details**

License Holder	Concession	Area (ha)	Status	Granted	Duration
PT Wahana Rimba Lestari	IUPOP	4,739	Granted	21-Nov-2008	10 Yr
			1st Extension	31-Mar-2016	10 Yr

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The “Clean and Clear” Certificate is listed in the official list of Clean & Clear concessions with recommendation letter no. 540/543/DISPERTAMBEN/2014 from the provincial government of South Sumatra.

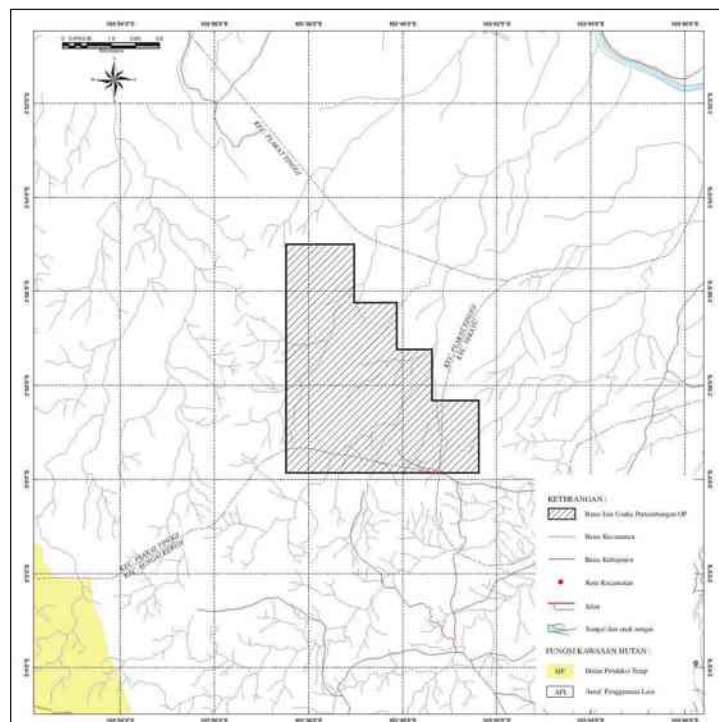
GEAR has 62.4998% ownership of WRL indirectly (GEAR owns 62.4998% of GEMS, which holds 100% of WRL).

#### 2.3 Forestry & ‘Clear and Clear’

The concession is listed in the official list of clean and clear concessions. The “Clean and Clear” Certificate is listed in the official list with recommendation letter no. 540/543/DISPERTAMBEN/2014 from the provincial government of South Sumatra.

There are no protected forests or nature reserves within the project area that prohibit surface mining. The map shows that the area is classified as non-forest and available for other uses (Figure 2:2).

Figure 2:2 Land Usage and Forest Clearance



No major commercial plantations occur within the project area. Six small villages occur within the IUP and approximately 50% of the area cultivated with mostly small ageing rubber & palm oil farms while the remaining area is covered in secondary re-growth.

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### 3 Geology

#### 3.1 Regional Geology

The WRL concession area is found within the South Sumatra Basin. The following is a general description of the main Eocene to Pliocene age sedimentary units recognised across the South Sumatra Basin, from oldest to youngest;

The **Lahat Formation** is comprised of brown to grey shales interbedded with tuffaceous shales and siltstones. These sediments rest unconformably on the pre-tertiary basement. The thickness of this formation is strongly controlled by the basement topography and this formation is not developed around some pre-tertiary basement highs.

The Oligocene age **Talang Akar Formation** is comprised of thickly bedded sandstones alternating with thin shale bands and coal seams in places. This sedimentary unit is of terrestrial fluvial origin, grading into a deltaic environment.

The **Baturaja Formation** is only locally developed and consists of a lower bedded unit and an upper massive unit. The bedded unit consists of lime mudstones and lime wackstones, intercalated with marls, whilst the massive unit consists of mudstones, wackstones/packstones and boundstones.

The **Gumai Formation** is one of the most widely occurring units seen in the basin and is comprised of deepwater marine shales with minor interbeds of limestone and sandstone.

The transition from deepwater marine sedimentation to a regressive sequence is marked by the **Air Benekat Formation** which consists of shales and glauconitic sandstones.

The middle to late Miocene aged **Muara Enim Formation** conformably overlies the Gumai Formation, the transition marked by the top of the last marine shale layer. The Muara Enim Formation consists of interbedded sandstones, claystones and coal seams. The majority of the coal mined from the South Sumatra Basin, including within the NIP concession area, is derived from this unit.

The **Kasai Formation** conformably overlies the Muara Enim Formation and consists of bedded tuffaceous sands and gravels, occasionally interbedded with minor coal seams.

#### 3.2 Local Geology

The local geology of the concession is comprised mainly of the late Miocene to Pliocene age Muara Enim Formation which is conformably overlain by the Kasai Formation to the south (Figure 3:1).

The Muara Enim Formation is the major coal-bearing formation within the South Sumatra region. The top and bottom of the Muara Enim Formation are defined by the upper and lower occurrence of laterally continuous coal beds. The formation itself is comprised of several stacked parasequences which vary from 0 m to 30 m in thickness, with shallow marine or bay clays at the base and shoreline and delta plain facies (sand, clay, coal) at the top. The Muara Enim Formation has been divided into 4 sub-formations (M-1 to M-4) and contains up to 12 different coal seams, which can reach a maximum total thickness of around 30- 35 metres.

The Kasai Formation is often marked by a distinct pumice or lapilli horizon containing rounded pumice fragments of about 1 cm in diameter. This formation is generally dominated by light

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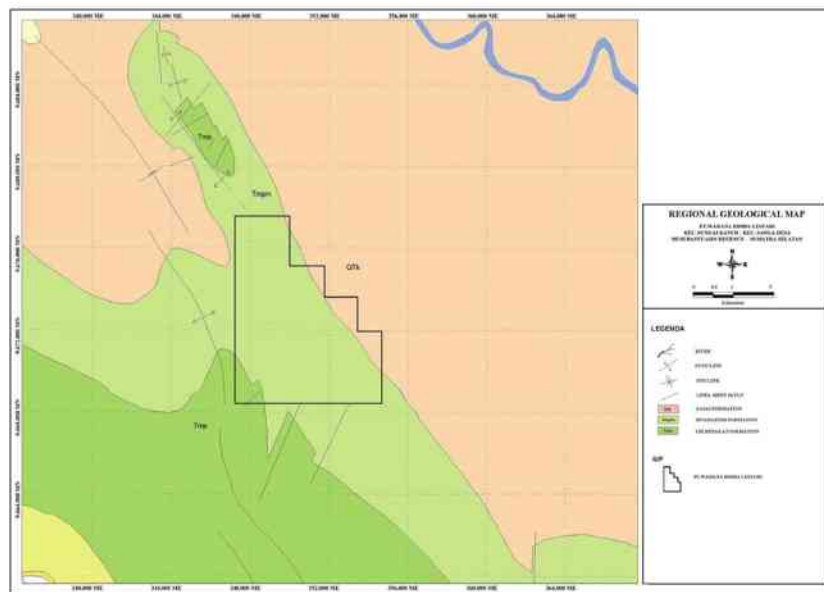
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coloured, poorly bedded tuffaceous sands and gravels. Often the Kasai formation also contains thin coal seams.

The concession is located in an area of relatively simple geology with undulating coal seams with low dip angles and no major structural features recognized. The coal dips at less than 10 degrees. Figure 3:1 shows the naming and correlation of rock units in the South Sumatra Basin.

**Figure 3:1 Local geological map of the WRL concession area**



(After PT. Geo Search, 2016).

### 3.3 Coal Seams

WRL Coal Block lies in the Muara Enim formation coals and seams dip shallowly approximately 10 degrees to the north east. The coal quality is low rank with high inherent moisture and low ash and sulphur contents.

The deposit at WRL coal block contains 11 modelled coal seams (Figure 3:2) of which 5 have been split into upper and lower plies. Some seams are less continuous than others and have been modelled to pinch out were not present in a particular drill hole. The Seam P14 seam is one of the most continuous seams contributing towards the coal resource and is present along the eastern part of the tenement. It sub crops in the middle of the tenement running from NW to SE throughout the deposit.

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**Figure 3:2 WRL Block Seam Splitting Relationships**

Master Seam	1st Phase Splitting	2nd Phase Splitting
P18		
P17	P17U P17L	
P16		
P16A		
P15	P15U P15L	
P14	P14U  P14L	P14U1 P14U2 P14L1 P14L2
P13	P13U P13L	
P12		
P11		
P10		
P9	P9U P9L	

### 3.4 Exploration History

There have been a number of phases of exploration completed in the WRL coal concession area over the past 11 years. The first phase involved generally shallow drilling and field mapping. In-fill drilling and deeper stratigraphic drilling to depths of up to 150 m followed in phase two, in order to allow for more accurate definition of the structural geology and coal quality characteristics of the deposit.

Successive phases of exploration drilling in the WRL concession have involved the following:

- Resource expansion drilling;
- Resource upgrade drilling;
- Infill pre-production drilling; and
- Dump and infrastructure sterilization drilling.

The results of the various phases of drilling have been assessed and geological models have been reported in details in the previous resource report by PT Geo Search in May 2016.

#### 3.4.1 Drilling

In 2006, WRL began exploration by stratigraphic drilling of the concession. The main objective of the work was to confirm the occurrence of coal and determine the areas of potential Coal Resource. Open Hole and Touch Coring method were used during this program.

During 2016, WRL commenced detailed drilling program using Jarco 175/200 drilling machines. The core was of size HQ and was partially cored. Subsequently, further drilling was completed in

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2017. Data from the 2016 & 2017 drilling program has been used in preparation of this resource estimate. Figure 3:3 exhibits the recent drilling operations using Jakro 175 & 200 machines.

**Figure 3:3 WRL Drilling Operations**



(Source: GEAR)

#### 3.4.2 Downhole Geophysical Logging

All drill holes during the 2016 and 2017 drilling program were geophysically logged using gamma-ray and density to ensure the accuracy and reliability of results.

#### 3.4.3 Topographic Survey

Surface topography was measured by an aerial LiDAR survey. A geodetic survey was also completed and 2 permanent survey station, benchmarks tied into the Indonesian national grid were established. Drill collars were surveyed using total stations.

#### 3.4.4 Geotechnical and Hydrological Survey

In 2016, 3 fully cored, HQ size holes were drilled as part of a Geotechnical Survey of the WRL concession by geotechnical consultant Mr Hendrawan Agni Wicaksono. The following tests were performed;

- Physical properties – including wet density, natural density & dry density
- Uniaxial compressive strength
- Direct shear test
- Excavatability analysis
- Geo-mechanical tests – including point load, ultrasonic velocity
- Hydrological & geo-hydrological analysis

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#### 3.4.5 Outcrop Mapping

Mapping of the coal and other rock occurrences was undertaken throughout the concession area by WRL. A total of 6 coal outcrops were observed within the WRL concession. Due to the relatively flat topography and low dip, most of the outcrops of coal were heavily weathered and/or eroded to a certain extent (Figure 3:4).

**Figure 3:4 Typical Outcrop**



#### 3.4.6 Coal Sampling

Coal cores were sampled on a ply by ply basis. If non-coal partings more than 10cm thick were encountered the parting was excluded and the sample was divided into 2 parts. Partings 10cm thick or less were included in the analysis sample. Roof and floor samples were taken and analysed separately in many instances (Figure 3:5).

**Figure 3:5 Coal Box Samples, WRL**



Coal samples from the core drilling were analysed at international accredited laboratory PT Geoservices laboratories.

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#### 4 Resource Modelling

##### 4.1 Data Supplied

The geological data provided by PT WRL for its concession was independently reviewed by Salva Mining's geologists and is considered appropriate and reasonable for the purpose of estimating Coal Resources. This data, used by Salva Mining for the purpose of resource estimation, includes but is not limited to:

- Drill hole collar information inclusive of total depth drilled per hole;
- Drill hole lithological data inclusive of seam picks identified and correlated on the basis of down-hole geophysics;
- Coal sample table and associated raw coal qualities per sample;
- Drill hole completion reports for most of the holes drilled containing details of core recoveries achieved;
- Down-hole geophysical data in the form of both LAS files and drill hole databases;
- Surpac geological models by PT Geo Search in May 2016, which contains a complete drill hole database as well have grids of seam roofs, floors, the topographic surface and the base of the weathered horizon surface;

##### 4.2 Lithological Data

A total of 55 drill holes were used to construct the geological model in the WRL coal concession area. Of these holes, 7 drill holes were barren, i.e. no coal intersected; this is due to drill-rig limitations (maximum 60 m depth in earlier campaigns). Barren holes are never the less useful for geological modelling purposes as they prevent coal from being modelled where it is not present. In other cases, no seam picks were supplied for a number of holes. In these instances the hole is marked as 'not logged' and the model is allowed to project seams through these holes if warranted by surrounding holes.

100% of the holes have been logged using down-hole geophysics. Down-hole geophysical data acquired by PT WRL is predominantly comprised of gamma, density and calliper logs and has allowed for accurate identification of coal seams in each hole (seam picks) and the correlation of coal seams between holes.

##### 4.3 Topographic Survey and base of weathering (BOW)

Topography data used in the WRL geological models have been derived from Light Detecting and Ranging (LIDAR) remote sensing surveys conducted by PT Airbourne Infomatics. During this survey GPS ground control points were combined with flight trajectories and LIDAR scanning equipment to produce an accurate dataset of XYZ topographic coordinate points for the entire concession area.

A 'non-conformable' base of weathering (BOW) surface was generated for the geological models by translating the topographic surface down by 3 m in the Z direction. This is based on the observation that the average weathered horizon thickness, where it has been logged, is approximately 3 m.



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#### 4.4 Data Quality Assurance and Quality Control (QAQC) Measures

##### 4.4.1 Core Sampling

At the completion of each run, core lengths were checked in the splits for recovery to ensure coal seams have been recovered as required. A target core recovery of 90% has been applied throughout all drilling phases. If core recovery was found to be less than 90% within the coal seam, the hole was re-drilled to collect a sample with  $\geq 90\%$  recovery. The core was also photographed routinely and logged in the splits by a geologist before being sampled. For open holes, chip samples were collected at 1 m intervals for lithological logging purposes.

All the drill rigs used during each phase of exploration were operated by experienced personnel and drilling was supervised by fully qualified geologists working in shifts.

The sampling of the coal seams was conducted by the rig geologist on duty and was conducted in accordance with the following sampling procedure supplied to rig geologists;

- Open core barrel inner split tube and remove the sample from the barrel;
- Transfer the core to the PVC split or core box;
- Determine the core depth (“From” and “To”) from the drill depth; and
- Reconstruct the core in the split to allow for any gaps;
- Determine the core recovery;
- Wash down using water and a cloth and/or brush prior to logging if covered by mud or oil;
- Complete geological logging and photograph structure or any abnormal features. The photograph should show information of drill hole number and from and to depths;
- The division of samples follows the simple scheme of sample all coal, sample separately any contained bands (plies) and take 10 cm roof and floor non-coal samples;
- Place samples into plastic bags which should be doubled to minimise moisture loss. Insert one bag inside another so that they are doubled;
- Label the sample by ID card, the label should give information about the sample number, hole number, from/to depth, and Project Code. Place the label ID card inside the small re-sealable plastic bag before putting it into the sample bag;
- Seal the sample bag with tape and write the sample number on the plastic bag;
- Dispatch sample to an accredited laboratory.

The coal quality sampling technique detailed above is considered by Salva Mining to adequately address the QAQC requirements of coal sampling. As a further coal quality validation step prior to importing coal quality sample results for coal quality modelling purposes, Salva Mining constructed spreadsheets which compare the sampled intervals against the logged seam intervals in order to ensure that sampled intervals match the seam pick intervals.

##### 4.4.2 Down-hole Geophysics and Seam Picks

Down-hole geophysical logs were completed during each drilling program by PT Surtec Indonesia. Geophysical logging was conducted following the completion of a drill hole. After drilling is complete the logging unit deploys down-hole geophysical sondes, including gamma-ray, calliper and density tools to assist with characterising the down-hole formation and its geological properties. Stratigraphic information, intercepted along the entire length of the drill hole (collar to total depth), is recorded and plotted in acrobat pdf format. A digital copy of the data is stored in LAS file format.

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Logging was performed on all of the drill holes (including cored and open holes) and all of the holes were geophysically logged. Seam picks and lithologies have all been corrected for geophysics.

Geophysical logging provides information on the coal seams intersected and aids in the definition of horizon boundaries and marker horizons, used to correlate the subsurface geology. The presence or absence of geophysical logging is one of the criteria used in the determination of points of observation for resource classification purposes. Under normal conditions, coal-bearing sections of each drill hole were geophysically logged at the completion of drilling. In some instances, poor ground conditions restricted the ability to geophysically log the entire hole upon completion. In these cases, collapsed portions of holes were re-drilled in order to allow for density and gamma logging to be accomplished by lowering the geophysical probe through the drill string.

#### 4.4.3 Coal Quality

Coal quality sampling was undertaken by PT WRL and contract geologists, with the analysis testing being completed by PT Geoservices Coal Laboratories at Padang. PT Geoservices laboratories are accredited to ISO 17025 standards and quality control is maintained by daily analysis of standard samples and by participation in regular "round-robin" testing programs.

International Standards Organisation (ISO) methods have been used for Moisture Holding Capacity tests; Australian Standards (AS) have been used for Relative Density and American Society for Testing and Materials (ASTM) methods have been used for all other quality variables.

The following tests were undertaken as standard on all coal samples:

- Total Moisture (TM);
- Inherent Moisture (IM);
- Ash Content (Ash);
- Volatile Matter (VM);
- Fixed Carbon (FC);
- Total Sulphur (TS);
- Calorific Value-air dried basis (CV adb) – selected samples only;
- Relative Density (RD);
- HGI – Selected samples only.

#### 4.4.4 Data validation by Salva Mining prior to geological model construction

Prior to using the lithological (seam pick) and coal quality data for geological model construction purposes, Salva performed the following data validation and verification checks on the data;

- Checking of seam picks against the down-hole geophysics in selected instances in order to validate seam pinch outs or correlations during structural model construction;
- Validation of coal quality sample intervals against seam pick intervals;
- Scatter plots of raw coal quality data pairs were constructed in order to determine outliers. In a few cases spurious data values were identified and removed from the quality data set prior to importing the data into Minescape;
- In cases where RD (adb) data was not determined for a sample, linear regression equations determined from the RD-ash scatter plot constructed from the rest of the raw coal quality data set were used to determine the RD value for the sample concerned from the ash value for that sample;

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- Core recovery percentages per core run were compiled and merged with the coal quality sample data set in order to determine if any samples in the coal quality data set are from coal seam intersections with less than 90% core recovery over the seam width. Core recovery was observed to be satisfactory with over 90% recovery within the coal horizon although less than 90% recovery is often seen in the immediate roof or floor to the coal seam (coal samples with less than 90% core recovery were previously rejected by PT WRL staff prior to being forwarded data to Salva Mining);
- During the importation of coal quality samples and associated raw coal quality data into the geological modelling software, a few instances of overlapping samples were identified and these were corrected and the samples re-imported;
- After compositing the coal quality samples over the seam width on a seam by seam basis, histograms were constructed of the composited raw coal quality for each seam. Analysis of these histograms shows that in a few instances, raw ash% outliers are present as a result of the excessive overlap of the coal quality sample into the seam roof or floor. In the majority of such instances, the proportion of outlier composite samples is very small compared to the total number of samples per seam and hence the presence of these outliers has no material impact on the modelled raw coal quality for affected seams.

#### 4.5 Coal Density

No information on in situ moisture was obtained from the laboratory, resulting in the fact that the Preston and Sanders equation could not be applied to obtain in situ relative densities. As a result, all resource tonnages are quoted on an in situ air-dried density basis, as volumes are calculated on an in situ basis and density on an air-dried basis.

The estimate of resources on an air-dried basis will, therefore, result in a higher tonnage as compared to the equivalent in situ moisture basis calculation. This effect has been accounted for to a large extent in the reserving process, where the total moisture has been used as proxy for the in-situ moisture and a Preston Sanders calculation has been made on this basis.

#### 4.6 Coal Quality Data

Within the WRL concession, Muara Enim Formation coals are classified as a low energy sub-bituminous class B coal (ASTM – Guidebook of Thermal Coal page 35).

#### 4.7 Mineral Processing and Metallurgical Testing

No testing is completed. It is anticipated that the any potential product will be sold as Run of Mine Coal.

#### 4.8 Resource Modelling

##### 4.8.1 Structural Model

After completion of the previously detailed QA/QC processes, the available valid lithological and coal quality data was then imported into the MineScape software (Version 5.15) to generate both a structural model and a coal quality models for each of the five resource areas.

The topographic model for each deposit was constructed by importing the Minescape topography grid models for each area. These topography models describe both virgin topography.

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The lithological data was then modelled to create structural grids. The schema, stored within the Stratmodel module of the MineScape software controls the modelling of seam elements and their structural relationships, grid model cell size, interpolators and other parameters.

Within the modelling schema, all of the stratigraphic intervals were modelled with pinched continuity. This is applied in areas where intervals are missing in a drill hole. In this situation, the modelling algorithm stops the interpolation of the missing interval halfway between the two drill holes between which it ceases to be present.

#### **4.8.2 Structural Model Validation**

Structural and thickness contours were generated and inspected to identify any irregularities, bulls-eyes, unexpected discontinuities etc. Cross-sections were also generated to identify any further structures such as faulting and any areas where seams were modelled as being discontinuous due to short drilling.

#### **4.8.3 Coal Quality Model**

Coal quality data has been composited on a seam basis. The Inverse distance interpolator was selected for modelling coal quality as it has been shown to perform adequately for most coal quality attributes and it is also less likely to introduce spurious trends into the data. Testing indicated that a power value of two and a search radius of 2500 metres are the most suitable inverse distance interpolation parameters for modelling of the WRL coal deposits.

#### **4.8.4 Quality Model Validation**

After the completion of quality model gridding, selected qualities for selected seams were contoured and contours inspected to ensure that quality models had been gridded correctly. As a second validation measure, average qualities reported during resource reporting for all seams were compared against the average qualities of the input data to ensure consistency between input and output data sets.

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## 5 Coal Resources

### 5.1 Resource Classification and Prospects for Eventual Economic Extraction

Coal Resources present in the WRL concession have been reported in accordance with the JORC Code, 2012. The JORC Code identifies three levels of confidence in the reporting of resource categories. These categories are briefly explained below.

**Measured** – “...That part of a Mineral Resources for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow for the application of Modifying Factors to support detailed mine planning and financial evaluation”;

**Indicated** – “...That part of a Mineral Resources for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow for the application of Modifying Factors in sufficient detail to support mine planning and evaluation”; and

**Inferred** – “...That part of a Mineral Resources for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling.”.

For the purpose of coal resource classification according to JORC Code (2012) Code, Salva Mining has considered a drill hole with a coal quality sample intersection and core recovery above 90% over the sampled interval as a valid point of observation.

In terms of Coal Resource classification, Salva Mining is also guided by the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves (2014) (The Coal Guidelines) specifically referred to under clause 37 of the JORC Code (2012).

Resource classification is based on an assessment of the variability of critical variables (raw ash% and seam thickness) through statistical analysis and by an assessment of the geological continuity and input data quality.

Consequently, Salva Mining has sub-divided Coal Resources within the WRL concession into resource classification categories based on the following spacing's (expressed as a radius of influence around points of observation which is half of the spacing between points of observation):

- The measured radius of influence of 350m;
- The indicated radius of influence of 700m;
- The inferred radius of influence of 1500m.

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#### 5.1.1 Assessing Confidence

Several factors outlined in Section 5 of the Coal Guidelines (2014), were considered when assessing confidence in the estimate and classifying the Coal Resource in accordance with the JORC Code (2012). A summary of factors considered is shown below in Table 5:1.

A qualitative review of modelled seam floor elevation and thickness contours, statistical analysis of thickness and coal quality attributes, domaining and general geological setting all show that the seams within the WRL deposit appear to display a relatively high degree of continuity, allowing for a lower level of drilling density for the same level of confidence as compared to a more complex/less continuous coal deposits. The main risk factor in terms of confidence in the resource estimate is considered to be coal quality. There is an estimated 15% overestimation of tonnes due to the use of an air-dried density instead of an in-situ density as discussed in section 5.5 of this Report.

**Table 5:1 Criteria considered to assess confidence in the Resource Estimate**

Assessing Confidence	Comment	Assessment Summary	Risk Rating (H, M,L)
<i>A critical assessment of local, geographical and geological settings</i>	<i>In general, the coal seams within the WRL deposit are characterised by a high degree of lateral continuity, allowing for confidence in correlation between holes. There is no evidence of major faulting in the tenement.</i>	High continuity, benign structure.	L
<i>Identifying critical data</i>	<i>Seam thickness and raw ash are seen as critical data, thickness being the main factor determining coal volume and raw ash being directly related to both relative density and product coal yield.</i>	Raw ash was seen as more variable than thickness and hence determining factor for classification.	M
<i>Data Analysis, error and verification</i>	<i>Internal standards and procedures used for drilling logging and sampling. Lab uses internal QAQC standards and is ISO 17025 accredited.</i>	Salva Mining used internal checks to data (histograms, global statistics, scatter plots) during modelling to verify data. Apart from some low core recoveries which were evaluated and found to be a true reflection of the input data and no evidence of coal quality bias resulting from poor core recovery was observed.	L
<i>Domaining</i>	<i>Raw ash% histograms, floor and thickness contours used to investigate domaining</i>	Domains adequately addressed by modelling parent and daughter seams were present and	L

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Assessing Confidence	Comment	Assessment Summary	Risk Rating (H, M,L)
		assigning coal quality accordingly.	
<i>Statistical Analysis</i>	<i>Global statistics for thickness and all raw coal quality attributes generated as well as raw ash histograms</i>	Global statistics were prepared and reviewed. It shows values in expected normal ranges.  Classification spacings used for this estimate are in line with those used previously by Salva Mining for other Muara Enim coal deposits elsewhere in the South Sumatra Coal basin.	L
<i>Geological Modelling</i>	<i>3D geological model constructed using Minescape dedicated stratigraphic modelling software</i>	The geological model appears to be a good representation of the input drill hole intercept data.	L

#### 5.1.2 Eventual Economic Extraction

It is furthermore a requirement of the JORC Code (2012) that the likelihood of eventual economic extraction is considered prior to the classification of coal resources.

The average coal quality attributes of the coal seams considered are sufficient to be marketed as a low CV thermal coal for domestic power generation purposes. Therefore, Salva Mining considers that it is reasonable to define all coal seams within the classification distances discussed above, to a depth of 100m below the topographic surface, as potential open-cut coal resources.

#### 5.2 Coal Resource Statement

The Coal Resources which have been estimated, have been classified and reported according to the JORC Code (2012) and the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves (2014) as of 31 December 2022 are detailed in Table 5:2.

**Table 5:2 Coal Resource Estimate as of 31 December 2022**

Resource Classification	Mass (Mt)	TM (arb) (%)	IM (adb) (%)	Ash (adb) (%)	Volatile Matter (adb) %	Total Sulphur (adb) %	GCV (adb) kcal/kg	Relative Density (adb)
Measured	55	53.8	16.0	5.7	42.3	0.22	5,218	1.39
Indicated	100	53.5	15.7	5.4	41.9	0.22	5,265	1.39
Inferred	161	53.3	16.0	6.0	42.1	0.23	5,190	1.40
<b>TOTAL</b>	<b>316</b>	<b>53.4</b>	<b>15.9</b>	<b>5.7</b>	<b>42.1</b>	<b>0.22</b>	<b>5,219</b>	<b>1.39</b>

*Mineral Resources are reported inclusive of the Mineral Reserves  
(Note: individual totals may differ due to rounding)*

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Coal Resource on seam-by-seam basis is shown in Table 5.3.

**Table 5:3 Coal Resource Estimate as of 31 December 2022**

Seam	Resource (Mt)			
	Measured	Indicated	Inferred	Total
P17U	-	-	4.1	4.1
P16	0.8	0.6	1.8	3.2
P15U	-	0.9	2.6	3.5
P15	2.7	5.0	1.1	8.8
P15L	-	4.0	5.1	9.1
P14U1	7.9	10.3	7.4	25.6
P14U	14.5	44.9	61.4	120.9
P14U2	8.3	9.0	7.3	24.6
P14L1	-	-	22.9	22.9
P14L	15.9	20.1	22.1	58.2
P14L2	-	-	24.1	24.1
P10	0.7	0.2	0.0	0.9
P9U	0.1	0.0	-	0.1
P9L	3.4	5.2	1.3	9.9
<b>TOTAL</b>	<b>55</b>	<b>100</b>	<b>161</b>	<b>316</b>

*Coal Resources are reported inclusive of the Coal Reserves  
(Note: individual totals may differ due to rounding)*

### 5.3 Comparison with Previous Estimates

The total Coal Resource in the current estimate of 316 Mt including 155Mt in Measured and Indicated Resource category which is similar to the previously reported estimate in December 2021.

The increase in Resource between December 2017 and December 2016 across various classification categories is due to additional drilling during 2017. Table 5:4 below shows a breakdown of the difference in resource tonnes for the WRL concession between the latest and the previous estimates.

**Table 5:4 Coal Resources - Comparison with the Previous Estimate**

Resource Category	Salva Mining Dec 2022 (Mt)	Salva Mining Dec 2017 (Mt)	Salva Mining Dec 2016 (Mt)	PT Geo Search May 2016 (Mt)
Measured	55	55	40	35
Indicated	100	100	58	60
Total M&I	<b>155</b>	<b>155</b>	<b>98</b>	<b>95</b>
Inferred	161	161	85	89
Total	<b>316</b>	<b>316</b>	<b>183</b>	<b>183</b>



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## 6 Reserves Estimation

### 6.1 Estimation Methodology

Salva Mining prepared the Coal Resource estimate for WRL Concession coal deposit as of 31 December 2022 which is used as a basis for the Coal Reserve estimate.

The Coal Reserves estimates presented in this Report are based on the outcome of pit optimisation results and the Techno-economic study carried out by Salva Mining. The mining schedule for the WRL concession blocks includes a proposed open-cut mine with a target coal production of 3 Mtpa from all the pits from the year 3 onwards and expanding to 5.5 Mtpa from year 8 onwards.

The subject specialist for Coal Reserves considers the proposed mine plan and mining schedule as techno-economically viable and achievable. This has been done by reviewing all the modifying factors, estimating reserves in the pit shell and doing a strategic production schedule and economic model which confirms a positive cash margin using the cost and revenue factors as described below in this Report.

### 6.2 Proposed Mine

The WRL Project is designed as a source for supplying coal to domestic power plants. Mine is planned to be initially a 3Mtpa operations with 3 yrs ramp-up period.

The purpose of the mine plan was to create a mining sequence that ensures reliable delivery of the coal product to the ROM stockpile. The mine plan scenario has targeted ramping up production rates for 20 years of mining operation based on the direct input from WRL. This plan had to be accounting for the practical mining constraints to ensure the sufficient working room and the dump capacity to accommodate all waste material mined at each stage plan.

Mine is proposed to be expanded to 5.5 Mtpa operation from Year 8 onwards. Coal is proposed to be sold to the Power Plant on the ROM stockpile uncrushed.

### 6.3 Proposed Mining Method

Based on the observations made on the characteristic of the WRL coal deposit in the previous section, it is assumed that an “open cut, multi seams and low degree dips with a standard truck and excavator in a haul back operational system” will be most appropriate and selected for WRL coal project. This method is well proven and has become a common mining practice in Indonesia.

Initial box-cut will be developed by mining the waste material using relatively small to medium-sized (100t operating weight) hydraulic excavators, loaded onto standard rear tipping off-highway trucks then hauled to ex-pit dumps in close proximity to the pits. After sufficient mined out space created, the mined waste will be subsequently dumped in-pit using haul back methodology and the ex-pit dump area is then rehabilitated. Coal mining will be undertaken by small-sized (34 – 40t) excavators with flat-bladed buckets to ensure the minimum dilution and greater mining recovery.

Given the shallow nature of the deposit, the underground mining method is not considered for the purpose of this study, hence the term “Open Cut” Coal Reserve Statement. The contractor is proposed to be used for carrying out the mining operations over the life of mine. The unit costs assumption used for the Reserve estimate reflect this style of mining.

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Alternative mining methods such as continuous miner and in-pit crushing and conveyor systems may have potential application in this project. However, for the purpose of this study, the conservative approach of using conventional truck and excavator system has been proposed.

#### 6.4 Previous Studies

Various studies have been completed at the WRL project including a Pre-feasibility study and a previous Coal Reserve Statement. Table 6:1 outlines the major previous studies completed.

**Table 6:1 Previous Studies**

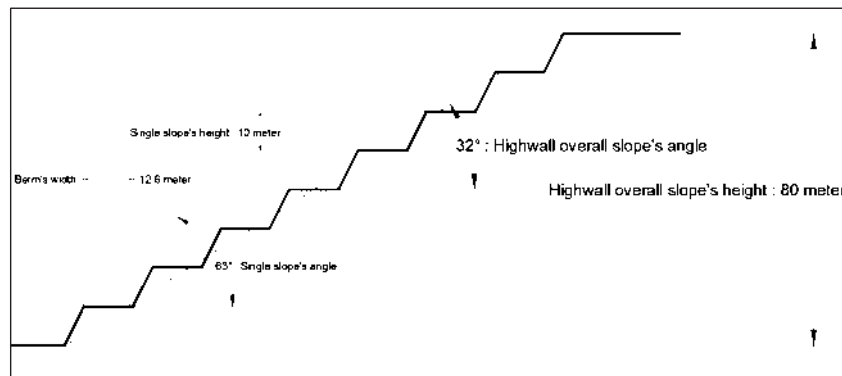
Studies / Factors	Year
Feasibility Study for the award of IUPOP	2006
Environmental Impact Study	2010
Topographical Survey Study	2013
Geotechnical Study for Pit Design	2016
Hydrology & Hydro-geological Study	2016
Updated Pre-feasibility Studies	2016
Reserve Estimate	2016

##### 6.4.1 Geotechnical Studies

Hendrawan Agni Wicaksono of PT. Prasetya Abdi Persada (PAP) completed the detailed geotechnical studies for the deposit.

Figure 6:1 and Table 6:2 below describes the summary of the pit and disposal geometry recommendation based on the geotechnical study result, and for more detailed information.

**Figure 6:1 Pit Geometry Recommendation, Geotechnical Study**



(Hendrawan Agni Wicaksono 2016)

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**Table 6:2 Disposal Design Parameters**

No	Slope's height	Recommended Angle (Degrees)	Safety Factor	Probability of Failure
1	5m	63.4	3.75	0%
2	10 m	63.4	1.87	0%
3	20 m	34.0	1.50	6.5%
4	30 m	20.0	1.52	2.6%

An adjustment to the original single slope and berm width was made during the Pre-feasibility Study by PAP for anticipating the operational constraints. Table 6:3 summarises the geotechnical parameters that have been used to generate the practical pit design.

**Table 6:3 Practical Design Parameters**

Design Parameters	WRL North & South Pits
Pit Overall High Wall Slope	30 degrees
Pit Single bench Slope	40 degrees
Bench Height	10 m
Pit High Wall Berm	5 m
Dump Overall Slope Angle	14 degrees
Spoil Swell Factor	20%

#### 6.4.2 Hydrological Studies and Surface Water Management

Mr Hendrawan Agni Wicaksono of PT. Prasetya Abdi Persada completed the detailed Hydrological and geohydrological studies for the deposit.

In that study, rainfall data was analysed on a monthly and seasonal basis and wet season at the site was identified to occur between November and April with Medium Intensity (100 mm – 300 mm per month). Catchment areas were identified across the concession including North and South Pits (Figure 6:2).

**Figure 6:2 Catchment Area from Hydrology Study**



(Hendrawan Agni Wicaksono 2016)

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Based on the hydrological modelling, the total discharge of 300,059 m<sup>3</sup>/day was identified in the study (Table 6.4).

**Table 6.4 Storm Water Modelling**

Design Parameters	Runoff Coefficient	Rainfall Intensity (mm/day)	Area (Km <sup>2</sup> )	Total Discharge (m <sup>3</sup> /day)
N-1	0.2	27	11.56	63,051
N-2a	0.14	27	0.19	738
N-2b	0.14	27	0.17	635
North Pit	0.75	27	2.16	43,726
Entire North Pit			<b>14.08</b>	<b>108,150</b>
S-1	0.28	27	15.43	116,225
S-2a	0.18	27	0.13	638
S-2b	0.18	27	0.11	537
South Pit	0.75	27	3.68	84,443
Entire South Pit			<b>19.35</b>	<b>191,909</b>

Based on the groundwater modelling and geo-hydrological studies, Mr Hendrawan Agni Wicaksono of PT. Prasetya Abdi Persada identified that the maximum discharge of 552,709 m<sup>3</sup>/day is the maximum during the flood event.

Pit water management is of critical importance to the effective operation of the mine. Dewatering will require well-constructed pit sumps and efficient drainage from operating areas into the sump. The overall strategy for water management over the life of mine will be to:

1. Minimise surface water entering the pit by:
  - Building dams and drains to divert water from external catchments away from pits; and
  - Profiling dumps so that water is diverted away from the pits.
2. Removing water from excavations by:
  - Constructing the main sump at the deepest point of each pit and draining all in-pit water to that sump; and
  - Installing sufficient pumps and pipes of a suitable size to pump water from the pit. Two-stage pumping will be required in deeper areas in the later years of the mine life.

It is planned that the dewatering pumps will be designed to handle the peak dewatering requirements.

#### 6.4.3 Pre-feasibility Study – Mining Fleet, Site Infrastructure & Logistics

A pre-feasibility study was completed by Mr Dwi Prasetya, president Director of PT Prasetya Abdi Persada. Proposed site infrastructure was studied in detail in that report.

The mining operation is planned to be contractual and thus most of the mine infrastructure would be established by the mining contractor. Figure 6:3 describes the mining layout, including the relative location of the mining infrastructure and facilities to one another.

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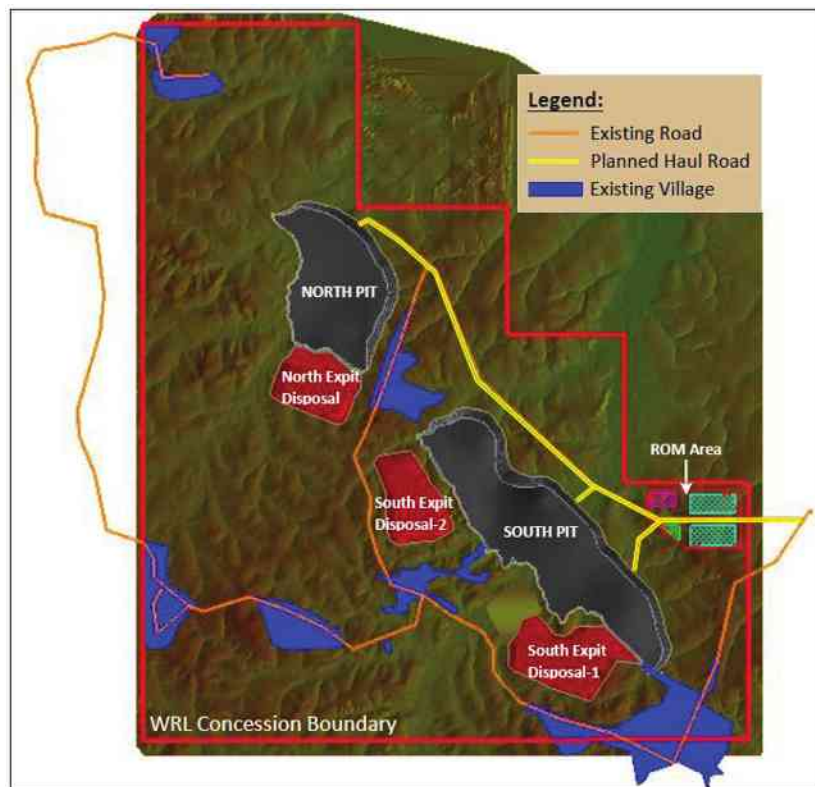
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**Figure 6:3 Proposed Mining Infrastructure and Facilities**



(Dwi Prasetya 2016)

Following is the general description of the major infrastructures and facilities required to be constructed prior to and during the mining operations.

#### **Mining Fleet**

It is proposed to employ an experienced mining contractor to carry out the removal of topsoil, overburden and coal. Labour can be sourced locally including some skilled labour for heavy equipment operation.

The mining will be 'free dig' with D8 or equivalent size dozers supporting an excavator fleet by ripping the overburden and preparing it for removal. It is proposed that 80 t class excavators be used for overburden removal and 20-40 t excavators are used for coal mining. 40 t load articulated dump trucks should be used to remove the overburden. Waste, which is mainly claystone, sandstone and siltstone, will initially be stored in out of pit dumps until sufficient space is available for in-pit dumping to back-filling the pits.

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It is proposed that coal is hauled to ROM stockpile using 6x4 rigid trucks with 20 t capacity. Haul distances will vary from less than 1 km to a few kilometres as the pit is a laterally extensive strip mine.

Overall batter slope angles used in the design are less than 30° and individual bench slopes up to 40°. Bench heights of 10 m and berm widths of 5 m but can also be varied to coincide with maximizing coal seam recovery and maintaining safe overall batter slope angle. The mining sequence will consider drainage in its design so that working faces can be free draining where ever possible and the need for pumping can be minimised. Table 6:5 exhibits proposed mining fleet.

**Table 6:5 Proposed Mining Fleet**

Machine Type	Capacity	Potential Item	No. of Units
Excavator	80 t	EC700	3
Excavator	40 t	SK480/ DX500	1
Excavator	20 t	PC200/DX225	2
Bulldozer		D8R	2
Bulldozer		D8E	4
Grader		GD705	1
Compactor		BW216	1
Dump Trucks	20 t	Fuso / Hino	5
Articulated Truck	40 t	A40E	12
Dewatering Pump		CF48	2
Fuel Truck			1
Water Truck			1
Lub truck			1
Lighting Tower			8
Genset	60 KVA		2

#### Office, Accommodation and Associated Facilities

The facilities are planned to be built in the ROM area and are required to accommodate all employees working on site. The facilities would comprise 5 main zones; a recreation facility, a dining mess, office buildings, a dedicated building for training exercises and a dedicated emergency or first-aid building with supporting ambulance.

#### Workshops and Stores

These facilities are also proposed to be built in the ROM area. A workshop would need to be built and operated by PT. WRL together with the mining contractor. The workshop is required for major maintenance of heavy equipment. Appropriate storage would need to be maintained for spare parts and materials on site.

#### Waste Facilities

These facilities would also be part of the ROM area. A building for the storage of hazardous waste (“Limbah B3”), as well as oil products, would need to be constructed to handle potentially hazardous material on site.

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#### Water Supply

Water supply pipelines would need to be built to supply water to the camp, stockpiles and other infrastructure facilities. The water will be sourced from the river nearby or from local water supply dam that exists in the North Block of the WRL concession under mutual agreement with local provider. The water might need to be treated in the water treatment facility that also needs to be built on-site before being supplied to the mine site.

#### Design of In-pit Ramp Access

Waste and coal haul roads at the mine would be designed and constructed to be three times wider of the largest size haul truck planned to be used on site. It is proposed to use HD465 (Komatsu Brand) or equivalent for this project. This truck has an overall width of 5.4 m and typically requires 30 m haul road width (including the ditches and safety berms on each side of the road) for operating safely. The in-pit ramp would be constructed to a maximum gradient of 8%, although 10% is reasonably acceptable for short term ramps or short sections of the ramp.

#### Pit to ROM Coal Haulage Road

Coal haulage roads would be constructed from pit to the ROM stockpile. The maximum road length is estimated to be 6.9 km from the North Pit to the ROM stockpile location. The construction will be undertaken to the appropriate grades, the radius of curvature and formation camber appropriate to the haulage equipment and haulage velocities selected.

The biggest truck proposed to be used for coal hauling operation is P124CB (Scania Brand) tipper trucks. This truck typically requires a haul road of 12 m width in total for operating safely.

#### ROM Area and Stockpile

The ROM area proposed to be constructed for this project will include coal stockpile, office and accommodation, workshop and stores, waste facilities, water supply and other related facilities. This area is estimated to occupy around 76.3 ha and is located in the eastern corner of southern mining concession. Figure 6:4 exhibits the detailed ROM area proposed for WRL coal project.

**Figure 6:4 Proposed ROM Layout**



(Dwi Prasetya 2016)

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The two coal stockpiles have been designed with a maximum capacity of 700 kt or equate to 6.5 weeks of coal supply, accounting for the top production level of WRL (5.6 Mtpa). The stockpiles area are planned to be covered to optimize the moisture levels in the coal and maintain the product quality.

Coal will be sold from the stockpile area in an uncrushed form (as mined), hence no crushing facilities planned to be constructed for WRL project. The stockpiles will be the coal selling point where the ownership of the coal transfers from WRL to customer.

Weighbridges are planned to be installed at the entrance to ROM stockpiles to weigh coal trucks coming from the pit and at the exit point of the ROM area. These weighbridge readings will be reconciled and used as the basis for contractor payments calculation and for invoicing the customer.

#### Coal Logistics

PT WRL project has very simple coal production chain where coal is cleaned and mined at the pit using small-sized excavators (combination of PC300 and PC400 classes or equivalent) and hauled by combination of P124CB and CWB520 classes or equivalent (rigid body off-highway) coal trucks to ROM stockpiles. The average haul distance from the coal face to the ROM is approximately 6 km over the mine life.

### 6.5 Modifying Factors

Pre-feasibility studies have been completed to commence mining operations. These studies were accepted as part of the AMDAL approval process from the Govt. of Indonesia prior to being given mining operations approval (IUPOP).

WRL concession is a greenfield project which is proposed to support the coal supply for the power plant. A pre-feasibility study has been carried out for WRL block detailing its mining method, mining strategy, logistic requirement along with the financial modelling. Where an entity is a greenfield project, its Pre-Feasibility or Feasibility level study is required for the whole range of inputs to meet the requirement in Clause 29 for the Ore Reserve to continue that classification. Salva Mining has used modifying factors based on Pre-feasibility study carried out for WRL concession. In Salva’s opinion, the modifying factors discussed in detail for WRL block at Pre-Feasibility stage.

Table 6:6 outlines the modifying factors used to run the mine optimisation and estimation of the Coal Reserves.

**Table 6:6 Modifying & Mine Optimisation Factors**

Factor	Chosen Criteria
Seam roof & floor coal loss	0.15 m
Seam roof & floor dilution	0.01 m
Geological & Mining loss including a loss in transportation and handling	2%
Minimum mining thickness minable coal seam	0.3 m
Dilution default density	2.2 bcm/t
Dilution default calorific value	750 Kcal/kg
Dilution default ash	75%



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Factor	Chosen Criteria
Overall Highwall and Endwall slope	30 deg
Maximum Pit depth	100m
Minimum Mining width at Pit bottom	50m
Exclusion of Mining lease (CCOW) and offset from Pit crest	50m
Offset from the village/road	150m
Mining, Coal handling and Transport Cost	Available and Used
Coal Selling Price	US\$ 12.25/t ex ROM Stockpile
Government Documents/approvals	Available and Used
Environment Report	Available and Used
Geotechnical Report	Available and Used
Hydrogeology Report	Available & Used

#### 6.6 Notes on Modifying Factors

##### 6.6.1 Mining Factors

###### General

The mining limits are determined by considering physical limitations, mining parameters, economic factors and general modifying factors as above (See Table 6.6). The mining factors applied to the Coal Resource model for deriving mining quantities were selected based on the use of suitably sized excavators and trucks. The assumptions are that due to the shallow to a moderate dip of the coal, mining will need to occur in strips and benches.

The mining factors (such as recovery and dilution) were defined based on the proposed open cut mining method and the coal seam characteristics. The exclusion criteria included the lease boundary, a safe buffer zone from the village and road and a minimum working section thickness.

###### Determination of Open Cut Limits

The geological models that were used as the basis for the estimation of the Reserves are the MineScape geological models prepared by Salva Mining to compute the Resources.

Potential open-cut reserves inside different blocks of the Project Area were identified with pit optimisation software utilising the Lerchs Grossman algorithm. By generating the financial value (positive or negative) for each mining block within a deposit and then applying the physical relationship between the blocks, the optimal economic pit can be determined.

This method is widely accepted in the mining industry and is a suitable method for determining economic mining limits in this type of deposit. The optimiser was run across a wide range of coal prices using a standard set of costs that was developed by Salva Mining and based on typical industry costs in similar operations. These costs were adjusted to suit the conditions for this project.

###### Physical Limits for Optimiser

In addition to the mining and economic constraints, the optimisers were mostly limited by a 3-dimensional shell which was built for each block following either a surface constraint or geological

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model extent. These constraints are detailed in Table 6:7. This pit shell effectively represented the maximum pit possible in the deposit that was reasonable for the estimation of Coal Reserves.

**Table 6:7 Block wise Optimiser Base Pit limits**

Block Name	North	South	East	West
North Pit	Indicated Resource Boundary	Village/Road	IUP Lease	Sub-crop
South Pit	Village/Road	Village/Road	Optimised Pit shell	Sub-crop

#### 6.6.2 Permits and Approvals

Salva Mining understands that the permits and approvals with regard to further mining activities in the WRL Coal Concession deposits are in good standing.

#### 6.6.3 Environment and Community Relations

A preliminary assessment of potential issues pertaining to environment and community relations who may impact the Reserves estimation was carried out by Salva Mining. These included the following activities:

- Review of environment management procedure at the site;
- Visit the GEAR Jakarta office and inspection of environmental management plans;
- Review of the Analisis Mengenai Dampak Lingkungan Hidup (AMDAL) - environment impact assessment and management plans; and
- Review of Corporate Social Responsibility Reports.

Salva Mining’s preliminary assessment did not reveal any issues related to environment and community relations that will adversely impact project valuation. However, it should be noted that Salva Mining’s assessment was only preliminary in nature and Salva Mining cannot provide any guarantee or warranty that significant environmental or community issues will not affect the operation. Key environmental and community relations issues are discussed below.

#### Environmental Aspects

Key issues which can have a potential impact on project are Water Run-off, noise, dust and rehabilitation.

#### Water Run-off from site

If sediment loads are high or if the water is acidic, water run-off from dumps, stockpiles, roads and water pumped from pits has the potential to pollute local rivers, creeks and vegetation. This is managed through the use of bunds, drains and sediment ponds of sufficient size to allow small particles to settle out of the water. Regular monitoring of water discharge points is required under government regulations.

#### Noise and Dust

Noise and Dust originating from mine operations, haulage and coal handling have the potential to impact the local environment, particularly if villages and local communities are located within close proximity to mining and coal handling operations. Dust is generally managed by using water trucks on haul roads, and by spraying water or dust suppressant chemicals to minimise dust being airborne and suppressing it.

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#### Rehabilitation

The company plans to rehabilitate disturbed land progressively. Disturbed area is generally rehabilitated by removing the topsoil prior to mining, storing the topsoil onsite during mining and covering the final landform with topsoil at the completion of mining. The area to be rehabilitated is then planted with suitable vegetation.

Management at the WRL Project has established procedures to prepare for revegetation to take place. To prevent the dust hazard, the company is currently using dust suppressant and water sprinkling system. Salva Mining notes that the current approved AMDAL for the WRL concessions allows the company to mine in expand to the proposed throughput.

Mine closure plans for the updated mine plan have yet to be completed; however, Salva Mining does not foresee any significant issues with this aspect of the operation. A reasonable allowance has been made in for environmental management, rehabilitation and mine closure.

#### 6.6.4 Social Aspects

Maintaining a good relationship with local communities is a key requirement for the success of the WRL operation. Efforts must be made to continue the ongoing community development programs in coordination with the local government.

#### Economy

The economic development of the local community is set to include activities to assist with the economic development of the community by providing employment and business opportunities once mining operations have finished.

#### Health

It includes programs to improve health in the local communities and to increase people’s knowledge through education in health issues.

#### 6.6.5 Mine Production Schedule

Mining operations for all pits within the WRL concession is carried out by conventional open-pit mining method using truck and excavator combination. Mining of waste is outsourced to a third-party contractor, which are a common practice in Indonesia.

A Life of Mine (LOM) plan was completed by GEM’s engineering team for the deposit and was provided to Salva Mining. The LOM plan included a production schedule and waste balance. Salva Mining has reviewed the mine plan and performed cross-checks to ensure that the operation is practical, achievable and has sufficient dumping room to contain all the waste mined in the final pit design. Waste haul distances were also estimated to adjust the waste mining costs for the operation.

The mine plan targets a production rate up to 5.5 Mtpa for the mine life. As per preliminary production schedule, the minable tonnes over the life of mine are expected to be 87 Mt, requiring waste mining of 205 Mbcm. The LOM stripping ratio is calculated to be at 2.35 bcm/t of coal mined. The schedule targeted production of 5.5 Mtpa from 2031 onwards (Figure 6:5).

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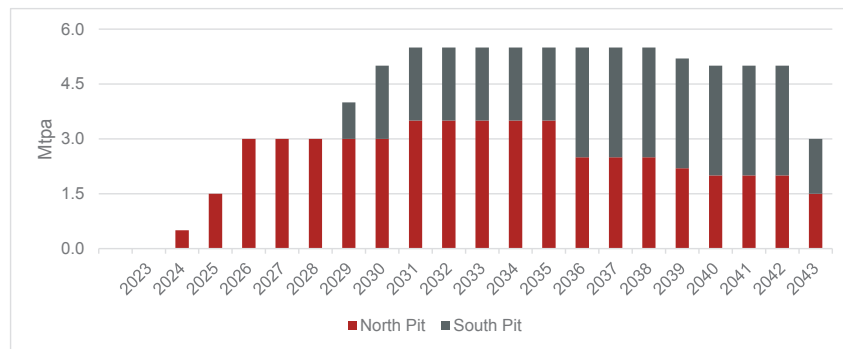
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**Figure 6:5 Life of Mine Production Schedule**



#### 6.6.6 Top Soil Removal

It is necessary to clear land and remove topsoil to advance any open-pit mining operations. At WRL concession, land clearing and topsoil removal are undertaken by contractors. Natural Vegetation is cleared by using dozers. The vegetation is pushed into piles and moved to a suitable location. All necessary care is taken to minimize soil profile disturbances and the same process will be followed during the life of mine operations. Once the land is cleared, a fleet of small trucks and excavators removes topsoil which is either preserved for final reclamation or directly dumped into final landform area (where coal is already mined out) for rehabilitation.

#### 6.6.7 Waste Excavation

Waste material is mined using hydraulic excavators and loaded into standard rear tipping haulage trucks for haulage to rock waste dumps which are either in close proximity to the pits or in-pit where possible. Diesel-powered hydraulic excavators in backhoe configuration are used.

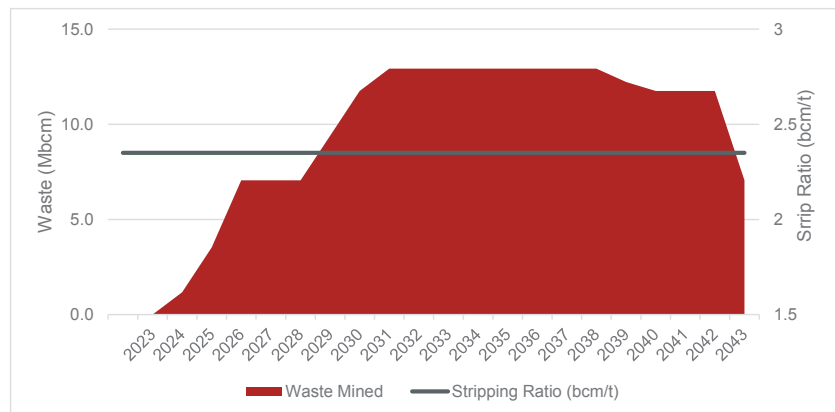
A swell factor of 1.2 was assumed for all waste dumping and handling calculations. The waste to be mined over the life of mine is shown in Figure 6:6.

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**Figure 6:6 LOM Waste Excavations**



#### 6.6.8 Processing Factors

The coal is to be sold unwashed so no processing factors have been applied.

#### 6.6.9 Capital Cost

As PT WRL is engaging contractors for mining operations at WRL concession blocks, it is envisaged that no major capital expenditure shall be incurred towards the mining equipment. But major capital will be required for infrastructure upgrades for initial development.

Salva Mining estimates the total capital expenditure of US\$10.9M which includes a contingency of US\$1.4M. A contingency of 15% has been applied to the capital cost estimate. These estimates are considered to have an accuracy of  $\pm 15\%$ .

In addition to the expansion capital of US\$10.9M, Salva Mining has factored 2% of the invested capital as sustaining capital per annum for asset maintenance over the life of mine. While preparing these estimates, Salva Mining has relied on industry benchmarks, its internal database and expertise and internal studies on the WRL concessions. The Capital Cost estimates and the basis of its estimation are shown in Table 6:8.

**Table 6:8 Capital Cost (Real Terms)**

Particulars	Direct Cost (\$M)	Contingency (\$M)	Total Cost (\$M)
Land Compensation	3.1	0.5	3.6
Land Compensation	3.1	0.5	3.6
Road From Pit to ROM Stockpile	1.4	0.2	1.6
Workshop, Office and Laboratory	0.8	0.1	0.9
Backup Power Generation	0.3	0.0	0.3
Accommodation Camp	0.5	0.1	0.6
Fuel Storage	0.3	0.0	0.3

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Particulars	Direct Cost (\$M)	Contingency (\$M)	Total Cost (\$M)
Water supply and Sewage System	0.1	0.0	0.1
Communications	0.1	0.0	0.1
Mine Infrastructure	3.4	0.5	3.9
ROM Stockpile	3.0	0.5	3.5
ROM Stockpile	3.0	0.5	3.5
<b>Total Project Capital</b>	<b>9.5</b>	<b>1.4</b>	<b>10.9</b>

PT WRL and the previous pre-feasibility study provided the operating costs estimates for mining and other activities including coal hauling, barging and port handling charges, which Salva Mining checked for reasonableness. Salva Mining has compared these against the industry benchmarks and estimated these to be reasonable.

#### 6.6.10 Economic Factors

##### Royalty

Royalty is generally levied as a percentage of sale proceeds to be applied for the different types of coal depending on its Gross Calorific Value (“GCV”) and method of mining. However different royalty rates have been adopted for different types of ownership structure including Contract of Work holders (CoWs), Coal Contract of Work holders (CCoW), Izin Usaha Pertambangan holders (IUP), and Izin Usaha Pertambangan Khusus holders (IUPK).

The WRL concession is an IUP concession, amenable to be exploited by open-pit mining method. A royalty of 5% of revenue excluding barging and transhipping associated cost is applicable to coal sales from the WRL concession. Salva Mining assumed that future benchmark prices for Royalty calculations will be equal to or lower than the forecast prices used in this study and thus the forecast coal price has been used for the calculating royalty payments.

##### Corporate Income Tax

In line with the prevailing corporate income tax regulation, an income tax rate of 25% is applied to the revenues from the concession.

##### Inflation

Salva Mining has developed a cash flow model in real term for calculation of the assessment of project. Salva Mining has assumed the cost and revenue in US \$ in real terms.

##### Depreciation and Amortisation

Salva Mining has opted to apply straight-line depreciation rates depending on the type of asset and their useful life.

##### Working Capital

Salva Mining considers that the impact of working capital is minimal.

##### Value Added Tax (VAT)

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The prevailing VAT law stipulates that supplies of coal and other natural resources taken directly from the source are not subjected to VAT. This means that there will not be any output VAT applicable to coal produced from the WRL Concession. As per prevailing VAT law, a variable component of contractor cost attracts a 10% VAT. Salva Mining has opted to apply VAT to all variable contractor cost and therefore a VAT rate of 10% is applied on all contractor cost.

#### 6.6.11 Operating Cost

##### General

PT WRL provided a “data sheet” of indicative unit costs and revenues relevant for this project. Salva Mining also reviewed the costs for reasonableness against known current mining costs for similar mining conditions within Indonesia. An in-house NPV based economic model was developed to show that the project and reserves are “economic”. These unit rates were then used to estimate the cost to deliver coal to ROM Stockpile. This allowed a break-even strip ratio to be estimated and the rates were also used to calibrate the Optimiser software.

The following points summarise the cost and revenue factors used for the estimate:

- All costs are in US dollars;
- Long term coal price of US\$12.25 per tonne (ex mine ROM stockpile for domestic power plant);
- Royalties of 5% of revenue less any barging and marketing cost;
- Coal mining cost of US\$0.75 per tonne;
- Waste mining cost (excluding waste overhaul) of US\$1.75 per bank cubic metre;
- Allowances were made for coal hauling, quality control, stockpile and environmental and rehabilitation cost which totaled approximately \$3.03 per tonne;
- Costs have been allowed along with VAT of 10%;

##### Unit Costs

The Contractor and Owner unit costs used in the Lerchs Grossman optimiser are detailed in Table 6:9 and Table 6:10. These costs were used to create a series of waste and coal cost grids which were used to generate the optimiser nested pit shells.

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**Table 6:9 Contractor Unit Rates (Real Terms)**

Cost Item	Unit	Rate
Land Clearing	\$/ha	1,700
Waste Mining	\$/bcm	1.75
Waste Haulage (above 1 km)	\$/bcm/km	0.30
Coal Mining	\$/t	0.75
Coal Haul to ROM Stockpile	\$/t km	0.11

*Note: All quoted cost in local currency is adjusted for fuel price and exchange rate*

**Table 6:10 Variable Owner Unit Costs (Real Terms)**

Cost Item	Unit	Rate
Stockpile Management	\$/t	0.30
Environmental and Rehabilitation	\$/t	0.20
Salary and Wages	\$/t	0.10
Local Government Fees	\$/t	0.25
Corporate Overheads	\$/t	0.25

Royalty was estimated 5% based on the respective sale prices of the coal. A 10% VAT has been applied to all services purchased.

#### Life of Mine Operating Cost

Total operating costs per tonne of coal product including royalty for the WRL Project has been estimated as US\$8.51 per tonne over the life of the mine. The updated operating cost for the WRL projects has been summarised in Table 6:11.

**Table 6:11 Life of Mine - Average Unit Operating Cost (Real Terms)**

Cost Item	\$/t
Land Clearing	\$0.02
Topsoil Removal	\$0.16
Waste Mining	\$4.11
Waste Overhaul	\$0.14
Coal Mining	\$0.75
Haul to ROM Stockpile	\$0.66
ROM Coal Handling	\$0.30
Environmental and Rehabilitation	\$0.20
Salary and Wages	\$0.10
Corporate Overheads	\$0.25
Local Government Fees	\$0.25
VAT	\$0.58
Contingency	\$0.38
<b>Operating Cost Excl. Royalty</b>	<b>\$7.90</b>
Royalty	\$0.61
<b>Operating Cost incl. Royalty</b>	<b>\$8.51</b>



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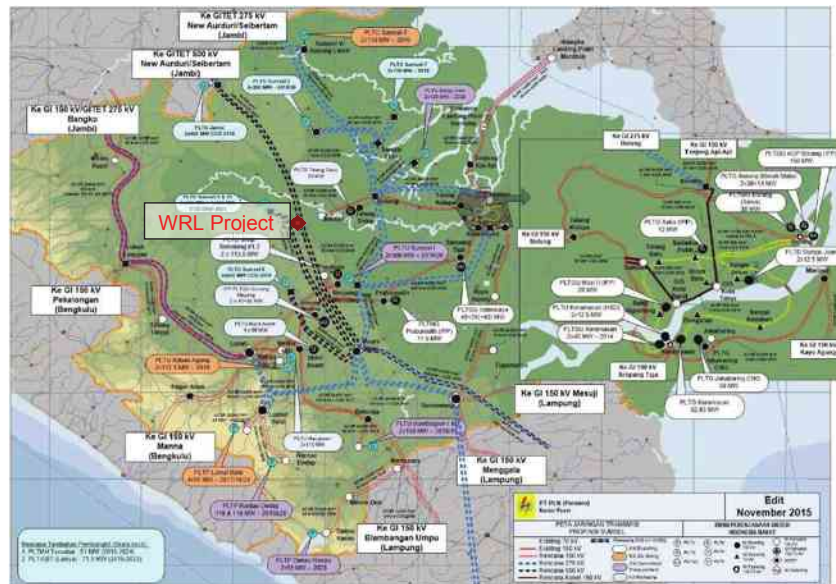


#### 6.6.12 Revenue, Marketing & Pricing Factors

##### Marketing

It is proposed that PT WRL will sell coal from the concession to the power plant on ROM Basis. Potential for eventual economic extraction of this Coal Resource has been significantly enhanced by the proposed point of sale of the coal from the mine ROM stockpile and the opportunity to sell this coal into the South Sumatra power industry. Figure 6:7 shows the location of the WRL project in relation to the planned coal-fired power stations and high voltage transmission lines.

Figure 6:7 Planned Electricity Network, South Sumatra



(Source: PLN 2015)

##### Pricing

To estimate the long-term price for WRL coal, Salva Mining has adopted the latest brokers forecast (November 2022) for Newcastle Thermal Coal Index prices (USD/t, FOB) as a benchmark price. These data which was collected by KPMG include forecasts of future prices for coal of CV 6,322 kcal/kg (gar) over a long-term horizon from each expert.

Table 6:12 Newcastle Coal Index Forecast

	Date of Forecast	2023 (nom.)	2024 (nom.)	2025 (nom.)	2026 (nom.)	Long Term (Real, Q4 2022)
Contributor 1	24-Oct-22	\$343.8	\$237.5	\$127.8	n/a	n/a
Contributor 2	17-Oct-22	\$242.5	\$176.3	n/a	n/a	n/a
Contributor 3	11-Oct-22	\$275.0	\$175.0	n/a	n/a	\$90.0

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	Date of Forecast	2023 (nom.)	2024 (nom.)	2025 (nom.)	2026 (nom.)	Long Term (Real, Q4 2022)
Contributor 4	7-Oct-22	\$287.0	\$126.0	\$105.0	n/a	n/a
Contributor 6	6-Oct-22	\$280.0	\$250.0	n/a	n/a	\$75.0
Contributor 7	6-Oct-22	\$281.0	\$150.0	\$104.0	\$100.0	\$100.9
Contributor 8	5-Oct-22	\$375.0	n/a	n/a	n/a	n/a
Contributor 9	4-Oct-22	\$200.0	\$120.0	\$110.0	\$100.0	\$100.0
Contributor 10	4-Oct-22	\$232.0	\$125.0	n/a	n/a	n/a
Contributor 12	4-Oct-22	\$250.0	\$150.0	n/a	n/a	\$80.0
Contributor 13	3-Oct-22	\$273.0	\$190.0	\$118.0	\$85.0	\$65.0
Contributor 14	2-Oct-22	\$160.0	n/a	n/a	n/a	\$90.0
Contributor 15	1-Oct-22	\$325.0	\$238.0	\$128.0	n/a	\$100.0
Contributor 16	30-Sep-22	\$366.0	\$292.0	n/a	n/a	\$85.0
Contributor 18	27-Sep-22	\$353.8	n/a	n/a	n/a	n/a
Contributor 19	21-Sep-22	\$152.0	\$121.0	\$106.0	\$95.0	\$75.0
<b>Average</b>		<b>\$274.8</b>	<b>\$180.8</b>	<b>\$114.1</b>	<b>\$95.0</b>	<b>\$86.1</b>
<b>Median</b>		<b>\$277.5</b>	<b>\$175.0</b>	<b>\$110.0</b>	<b>\$97.5</b>	<b>\$87.5</b>

Source: KPMG Coal Price & FX consensus forecasts, November 2022

Salva Mining has adopted the median of the long-term price forecast (\$87.5/t) as a reasonable benchmark price for Newcastle Index.

The Indonesian Government, set by the Ministry of Energy and Mineral Resources (Menteri Energi dan Sumber Daya Mineral), publish a monthly coal price report – the ‘Harga Batubara Acuan’ (HBA) or the Indonesian Coal Price Reference. HBA is an average price of four specific Indonesian and Australian coals, which is derived from the Argus Indonesia Coal Index 1 (ICI1), Platts Kalimantan 5900 gar, Newcastle Export Index (NEX), and the Global Coal Newcastle Index (GCNC) using the indices from the previous month, with the quality of CV = 6,322 kcal/kg gar, Total Moisture = 8%, Total Sulfur = 0.8% and Ash=15%.

Given that the Indonesian HBA price oscillates close to the Newcastle Index, Salva Mining has used forecast price for Newcastle Index as a proxy to HBA coal price forecast.

The ‘Harga Patokan Batubara’ (HPB) – Coal Bench Mark Price is the method used for price assessment for royalty purposes by the Indonesian Government for coal of any specification using the following formula:

$$\text{HPB} = (\text{HBA} \times \text{K} \times \text{A}) - (\text{B} + \text{U}) \text{ [US\$/tonne]}$$

Where:

HPB = The coal price reference calculated by adjusting the quality parameter

K = Calorific values of the coal / 6322 (gar)

A = (100 – Total Moisture) / (100 – 8)

B = (Sulphur – 0.8) \* 4 [US\$/t]

U = (Ash – 15) \* 0.4 [US\$/t]

The long-term forecast price was calculated as \$26.37/t using the HPB conversion formula for the WRL coal (CV of 2,897 kcal/kg GAR, Total Moisture 52.7%, Sulphur 0.21% and Ash 6.5%).

#### Domestic Marketing Obligation

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To secure coal supply for domestic use, the new mining law allows for a Domestic Market Obligation (DMO) where the central government is able to control production and export of mining products. Regulation No. 34 of 2009 issued by the Ministry of Energy and Mineral Resources (ESDM) detailed the procedures for the DMO.

The Indonesian government introduced a decree (MEMR Decree No. 1395/K/30/MEM/2018) on 9 March 2018, which set a coal price cap for public electricity generation of \$70/t. This price cap is applicable for coal with a calorific value of 6,322 kcal/kg gar, total moisture of 8 %, sulphur content of 0.8 % and ash of 15 %. For coals of any other specification, the applicable domestic price cap is to be calculated via a formula linked to this reference price of \$70/t. Salva Mining used this price cap formula for estimating the domestic price for WRL coal as \$22.25/t.

Indonesia banned coal exports in January 2022 to prioritize domestic supplies as inventories ran low. The ban was eased 20 January 2022 for 139 companies who had fulfilled their DMO, which requires them to supply 25% of their annual production locally at a capped price. However, Salva has assumed 100% domestic sales for the purpose of this Report.

Salva Mining has further discounted this coal price forecast by \$10.00/t to account for Ex-Pit sales location rather than FOB shipping location which is typically used for purpose of benchmark coal sales.

The following Table 6:13 summarises long term price forecast taken to estimate reserves.

**Table 6:13 Long Term Price Estimate**

Description	Long term Price Ex ROM Stockpile (US \$/t)
Export Coal Price	26.37
Domestic Coal Price	22.25
Weighted Average Coal Price (assuming 100% domestic sales)	22.25
Ex. Pit Sales Discount	10.00
WRL Coal Price (Ex. Pit)	12.25

#### 6.6.13 Financial Analysis

The economic assessment model for the WRL Mine was developed in Microsoft Excel. Financial analysis of the operations has been derived from the analysis of cash flows calculated for the project over the life of mine (Table 6:14).

Salva Mining has adopted the following considerations in its financial model:

- The model is developed in real terms. All cost and prices were considered in real terms;
- The model assumes continuous cash in and outflows, which are reflected in mid-point discounting during a period;
- Sunk cost (including acquisition costs) is excluded; and
- All future cash flows were discounted using WACC discount rate of 10% real after tax.

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**Table 6:14 LOM Economic Analysis**

	Units	LOM	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Coal Mined	Mt	87.2	0.5	1.5	3.0	3.0	3.0	4.0	5.0	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.2	5.0	5.0	5.0	3.0	
Waste Mined	Mbcm	204.9	1.2	3.5	7.1	7.1	7.1	9.4	11.8	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.2	11.8	11.8	11.8	7.1	
Stripping Ratio	bcm:t	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	
Product - Coal	Mt	87.2	0.5	1.5	3.0	3.0	3.0	4.0	5.0	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.2	5.0	5.0	5.0	3.0	
Revenue	\$M	1068.2	0.0	6.1	18.4	36.8	36.8	49.0	61.3	67.4	67.4	67.4	67.4	67.4	67.4	67.4	67.4	63.7	61.3	61.3	61.3	36.8	
Capital - Land	\$M	3.6	0.5	0.5	0.7	0.7	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Capital - Project	\$M	7.3	3.1	0.1	1.6	2.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Capital - Sustaining	\$M	2.7	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Total Capital	\$M	13.6	3.7	0.7	2.4	3.0	1.0	0.7	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Operating Cost	\$M	688.5	0.0	4.5	12.2	23.8	23.8	31.7	39.4	43.4	43.4	43.4	43.4	43.4	43.4	43.4	43.4	41.1	39.6	39.6	38.5	23.1	
Royalty	\$M	53.4	0.0	0.3	0.9	1.8	1.8	1.8	2.5	3.1	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.2	3.1	3.1	3.1	1.8	
EBITDA	\$M	326.3	0.0	1.3	5.2	11.2	11.2	14.9	18.8	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	19.4	18.6	18.6	19.7	11.8	
Cash Margin	\$/t	3.7	2.6	3.5	3.7	3.7	3.7	3.7	3.8	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.9	
Depreciation	\$M	9.0	0.0	0.0	0.2	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.7	
Taxable Income	\$M	317.4	0.0	1.3	5.1	10.9	10.8	10.7	14.5	18.4	20.1	20.1	20.1	20.1	20.1	20.1	20.1	20.0	18.8	18.0	18.0	11.1	
Corporate Tax	\$M	79.3	0.0	0.3	1.3	2.7	2.7	3.6	4.6	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.7	4.5	4.5	4.8	2.8	
EARNING AFTER TAX	\$M	238.0	0.0	1.0	3.8	8.2	8.1	8.0	10.9	13.8	15.1	15.1	15.1	15.1	15.1	15.1	15.0	14.1	13.5	13.5	14.3	8.3	
Depreciation	\$M	9.0	0.0	0.0	0.2	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7	
Working Capital Adj.	\$M	0.0	0.0	-0.3	-0.6	-1.0	0.0	0.0	-0.6	-0.6	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.1	0.0	-0.1	3.2	
Capital Expenditure	\$M	13.6	3.7	0.7	2.4	3.0	1.0	0.7	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Unlevered Cash Flow	\$M	233.4	-3.7	0.0	0.9	4.5	7.5	7.8	10.5	13.4	15.1	15.4	15.4	15.4	15.4	15.4	15.4	14.7	14.1	13.9	14.7	12.1	
Discounted Cash Flow	\$M	74.3	-3.5	0.0	0.7	3.2	4.9	4.6	5.6	6.6	6.7	6.2	5.7	5.1	4.7	4.3	3.9	3.5	3.1	2.7	2.4	1.7	

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The financial analysis of the operations indicates the project to be economical viable with sufficient EBITDA cash margins.

#### 6.6.14 Coal Product Quality

It is assumed that the final product will have the same quality of ROM coal which is summarised in Table 6:15.

**Table 6:15 Product Coal Quality**

Block	RD insitu t/m3	TM arb %	IM adb %	Ash adb %	CV (GAR) Kcal/Kg	TS adb %
North	1.19	52.5	15.8	6.5	2,939	0.19
South	1.20	52.9	16.4	6.4	2,835	0.22
Total	1.19	52.7	16.0	6.5	2,897	0.21

#### 6.6.15 Other Relevant Factors

##### Limitations to Drilling

54 boreholes located and drilled in 2016 and 2017 within the WRL Project Area have been used for Resource modelling. 100% of boreholes have been logged using down-hole geophysics. Geophysical data is predominantly comprised of gamma, density and calliper logs and has allowed for accurate seam definition. The Resource is limited to 100 m depth below topography in all the WRL concession coal blocks.

##### Risks to Future Coal Reserves

Continuation of work will be required to support a future update of Reserve Estimates and Mine Plans. These include:

- detailed geotechnical studies to confirm the overall slope angles and other parameters in deeper pit area;
- detailed hydrogeological studies to know the water flow gradient and dewatering arrangement;
- more quality data as well as detailed drilling and updates to the geological model;
- land compensation issues; and
- changes in the life of mine schedule, infrastructure constraints, coal transportation issues and due to changes in marketing and costing during the mining operation.

These items may cause the pit shell and mining quantities to change in future Reserve Statements. Salva Mining is not aware of any other environmental, legal, marketing, social or government factors which may hinder the economic extraction of the Coal Reserves other than those disclosed in this Report.

In the opinion of Salva Mining, the uncertainties in areas discussed in the Report are not sufficiently material to prevent the classification of areas deemed Measured Resources to be areas of Proved Reserves for the purpose of this Report. Salva Mining also believes that the uncertainties in each of these areas also not sufficiently material to prevent the classification of areas deemed Indicated Resources to be areas of Probable Reserve.

Key project risk for the WRL Project emanates from the following factors in order of importance.

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- Lower long-term coal prices or domestic coal demand;
- Higher life of mine capital, operating costs and logistics issues.

Any downside to these factors will likely have a significant impact on the economic feasibility of this project. However, the projected cash flows in the financial analysis currently show a healthy margin.

#### 6.7 Optimisation Result

The optimiser produced a series of nested pit shells using the same cost parameters with varying sale price of coal. The method starts with a very low discounted sale price following a high discount factor and moves toward higher sale prices by decreasing the discount on sale price. It estimates the net margin by subtracting the total cost from the revenue within a particular shell at a particular discount factor using the cost-revenue parameters and the physical quantities within the pit shell. As the method progresses, the incremental margin per tonne of coal slowly drops down to zero at “zero” discount factor and then goes negative as the pit shells go deeper following higher sale prices. As a result, the cumulative margin slowly rises up to a maximum level at “zero” discount factor and then starts dropping off. Thus, the pit shell (OPT000) which represents the “zero” discount factor is called the optimum pit shell as any smaller or bigger shell will have a lower cumulative margin (“value”). The goal in this process is intended to have economic pit sensitivity.

##### 6.7.1 Selection of Pit Shell

PT WRL is proposing to mine 3 Mtpa of coal from WRL coal concession blocks expanding to 5.5 Mtpa from Yr 8 onwards. An economic model was prepared for the mining operation the WRL coal concessions to determine the project breakeven or incremental stripping ratio. The pit optimisation results were examined and pit shells selected where the incremental stripping ratios were less than or equal to break even strip ratio determined at a point where the costs for mining and handling the coal equalled the revenue generated by the coal.

##### Break Even Stripping Ratio

Table 6:16 summarises the calculation of the Break-Even Stripping Ratio for WRL Blocks. The methodology adopted involves taking the cost to mine a tonne of coal and adding all the costs associated with getting the coal to the point of sale.

**Table 6:16 Break-even Stripping Ratio (BESR)**

	WPL
Coal Price, US\$/t, Ex Mine ROM Stockpile	\$12.25
Royalty, US \$/t	\$0.61
Overheads, US \$/t	\$2.37
Coal Haulage to Stockpile Cost, US \$/t	\$0.66
Coal Mining, US \$/t	\$0.75
Waste Mining (US\$/bcm)	\$1.75
Break-Even Strip Ratio	4.49

For the purpose of reserve estimation, total moisture was considered to be equal to in-situ moisture for determination of in-situ relative density as in-situ moisture values were not available. The in-situ density of the coal has been estimated using the Preston-Sanders method to account for the difference between air-dried density and in-situ density. The formula and inputs were as follows:

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$$RD2 = RD1 \times (100 - M1) / (100 + RD1 \times (M2 - M1) - M2)$$

Where

- RD2 = In-situ Relative Density (arb)
- RD1 = Relative density (adb)
- M1 = Inherent Moisture (adb)
- M2 = Total Moisture (arb)

It should be noted that while the total moisture from laboratory measurements may not necessarily equal the in-situ moisture, this is considered to be the best estimate given the limited amount of data. Salva Mining has assumed that no moisture reduction takes place for the determination of product quality.

#### 6.8 Final Pit Design

For the purposes of this Report, Salva Mining has limited the pit depth to the limit of exploration drilling within the limit applied to the Resource estimates. Other factors considered in the final optimum pit designs included:

- The location and proximity of coal to exploration data;
- Proximity to the concession boundary;
- Out of pit dumping room;
- Geotechnical parameters; and
- Surface water management considerations.

The final pit designs closely followed the selected pit shell in most locations.

##### 6.8.1 Cut-off Parameters and Pit Limit

Overall low-wall slopes as per the basal seam dip, endwall slopes and highwall slopes for the final pit design were considered as per Table 6:17.

**Table 6:17 Pit Design Parameters for WRL blocks**

Pit Design Parameters	North	South
Overall Highwall Slope	30 deg up to 100m depth	30 deg up to 100m depth
Bench Slope	40 deg	40 deg
Bench Height	10 m	10 m
Highwall berm	5 m	5 m
Low wall slope	5-7 deg	5-10 deg
Ramp Width	30 m	30 m
Maximum Ramp Grade	8-10%	8-10%

##### 6.8.2 Pit Designs

The coal seam distribution within the WRL Concession deposits resulted in the Optimiser identifying several pits with the different basal seams. The pits were subjected to adjustments to form a practical pit design, which lead to the exclusion of the minor narrow pit shells and the resultant

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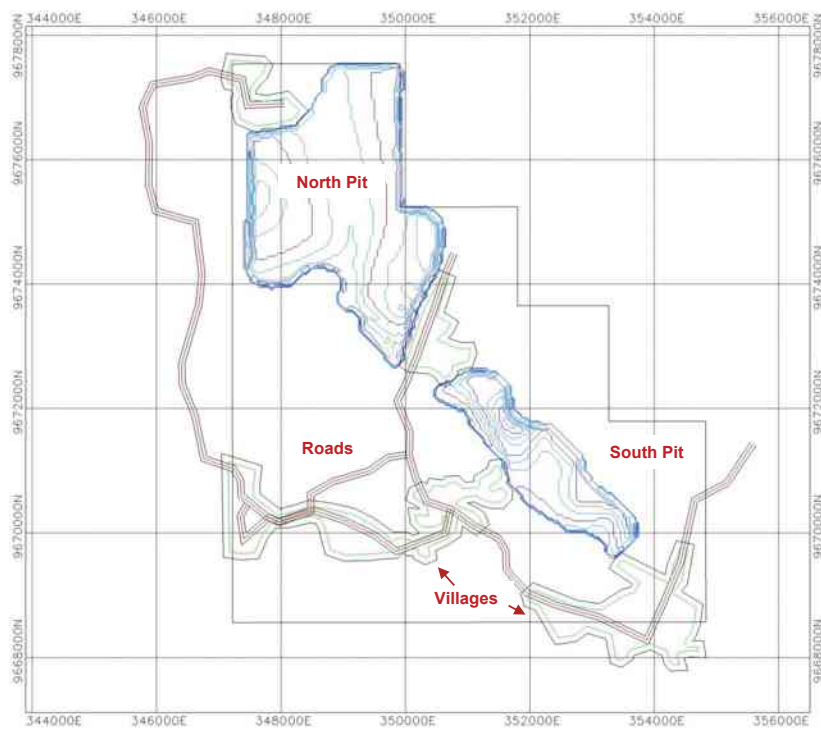
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formation of Mineable Pit Shells, which formed the basis of the subsequent reserves estimate (Figure 6:8).

Pits for various blocks have been designed within the limits as defined by the pit optimisation analysis. These limits are rationalised to ensure access between floor benches and walls were straightened to generate mineable pits.

**Figure 6:8 Pit Selection – WRL Block**



Both pits have been designed such that low walls commenced at the sub-crops and followed the coal floors. The overall highwall batter angle is 30 degrees as the ultimate pit depth ranges from a little more than 60 m to 100 m. This was done in accordance with the geotechnical study which was completed in May 2016.



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#### Optimised Pit Shell

The optimised pit shells for WRL blocks as delineated in the final pit design do contain Inferred Resources which are excluded from the Coal Reserves reported for the WRL concession. Under the JORC Code, Inferred Resources cannot be converted to Reserves due to poor confidence in structural continuity and quality variables. Insitu quantities and mine scheduled tonnes within an optimized pit shell along with Reserves are shown in Table 6:18.

**Table 6:18 Insitu & Scheduled Quantities & Reserves, WRL Concession**

Pit	Insitu			Mine Scheduled Tonnes within the Optimised Pit shell			Coal Reserves, Mt
	Waste, Mbcm	Coal, Mt	SR, bcm/t	Waste, Mbcm	Coal, Mt	SR, bcm/t	
North Pit	277	148	1.87	284	116	2.44	51.7
South Pit	81	50	1.62	82	40	2.08	35.5
Total	358	198	1.81	366	156	2.35	87.2

The ROM coal quantities within the Mineable Pit Shells were then tested so that only Measured and Indicated Coal Resources were classified as Coal Reserves. Coal Reserves within the seams having Measured Resources are reported as Proved Reserves whereas seams having Indicated Resources are reported as Probable Reserves.

#### 6.8.3 Mining Pit Design

The final pit designs and representative cross-section of mining blocks at WRL concessions have been shown from Figure 6:9 to 6:11.

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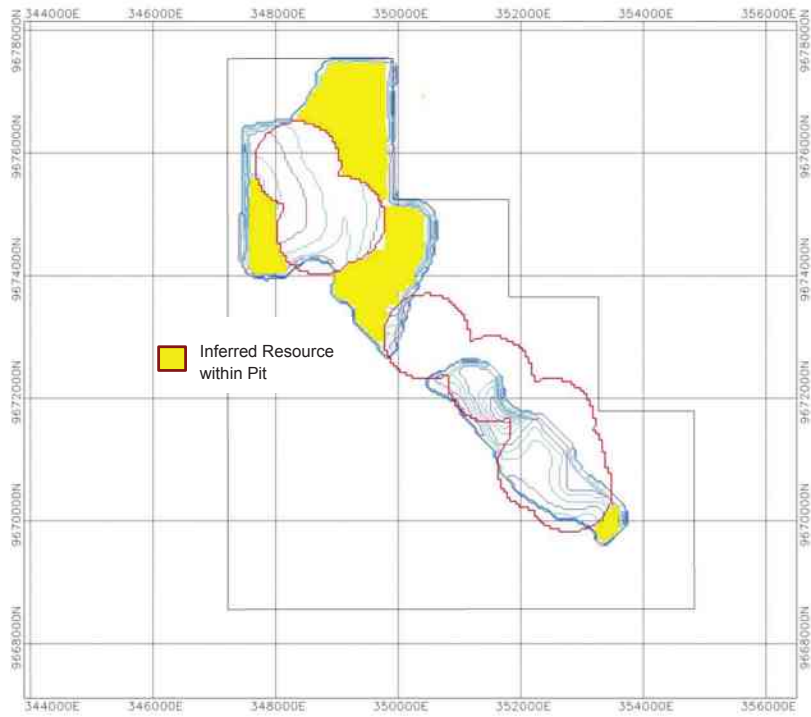
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**Figure 6:9 WRL Pit with P14U Indicated Resource Polygon**

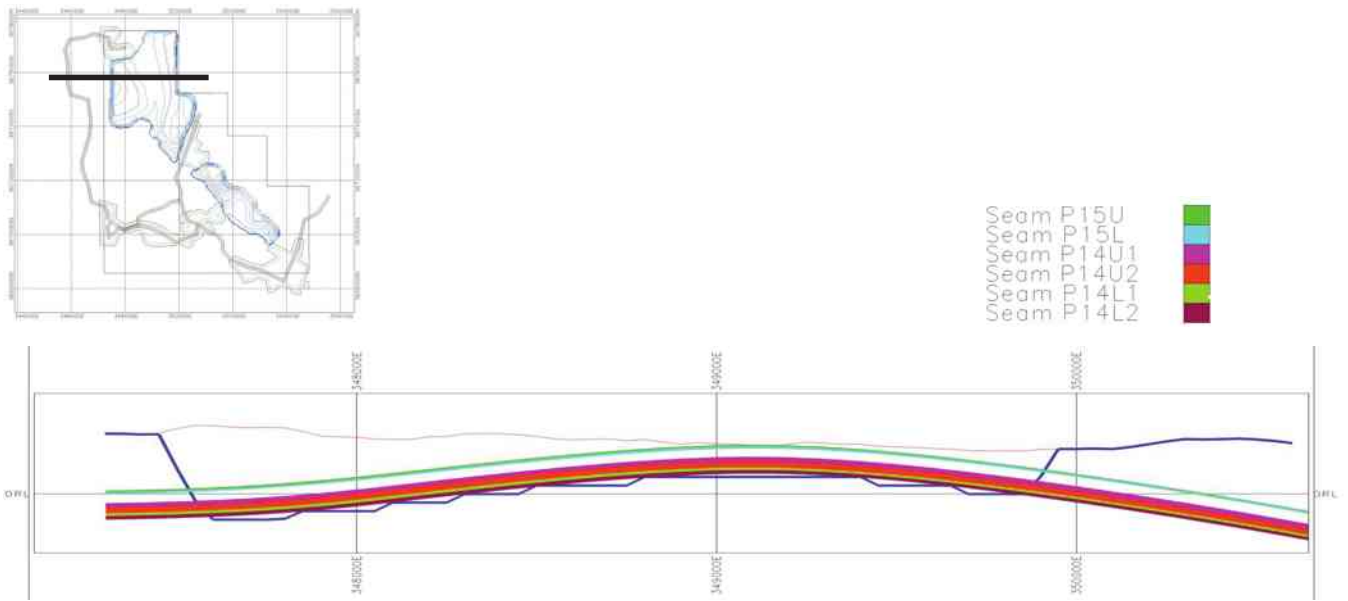


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Figure 6:10 Representative Cross Section North Pit

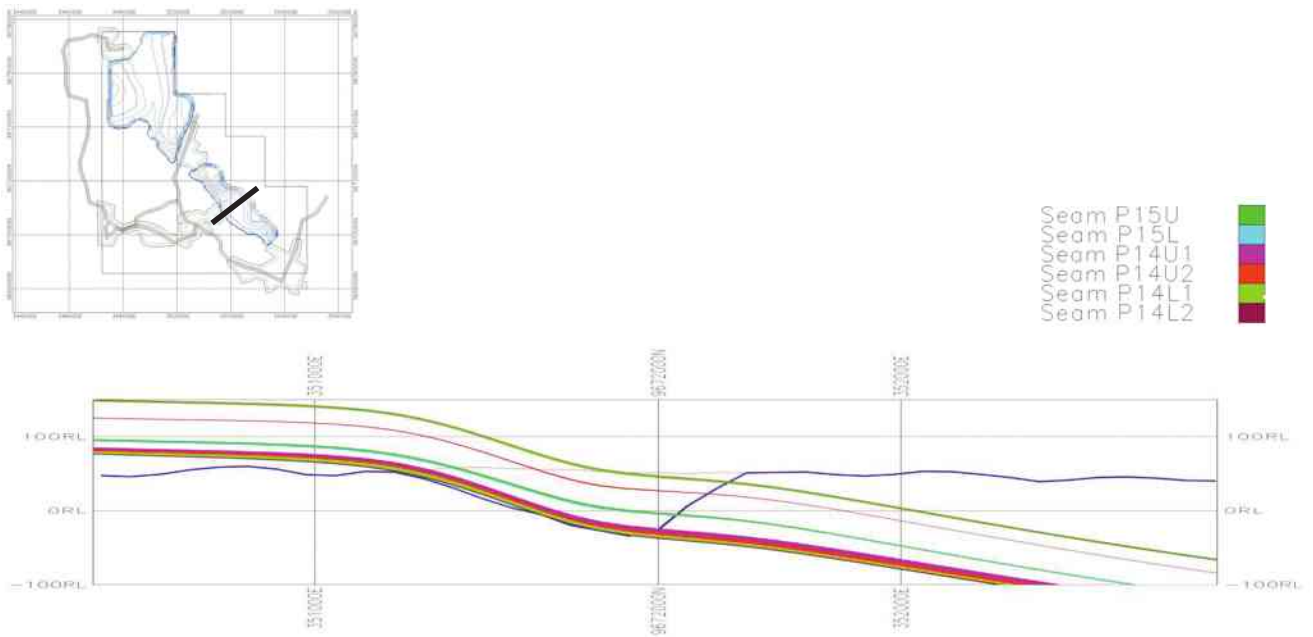


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Figure 6:11 Representative Cross Section South Pit



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#### 6.9 Audits and Reviews

Checks were done to validate the Minex Coal Resources to Coal Reserves estimation by repeating it manually in an Excel spreadsheet. Other validation work included estimating the total volume of coal and waste in the pit shells using the separate industry-standard computer programs MineScope. As MineScope structure and quality grids were imported into Minex for optimisation work, volume and area checks were also carried out in Minex within the pit shells.

The difference between the Proved and Probable Reserves with respect to Measured and Indicated Resources respectively is explained by the following:

- The Measured and Indicated Resource polygons extend beyond the Mineable Pit Shells;
- There are some Inferred tonnes in the pit shell which cannot be counted as Coal Reserves; and
- There are geological and mining losses and dilution gains in the coal reserve estimation.

#### 6.10 Reserves Classification

Under the JORC Code, only Measured and Indicated Coal Resources can be considered for conversion to Coal Reserves after consideration of the “Modifying Factors” including mining, processing, economic, environmental, and social and governance factors.

To convert Resources to Reserves, it must be demonstrated that extraction could be justified after applying reasonable investment assumptions. A level of uncertainty in any one or more of the Modifying Factors may result in Measured Resources converting to Probable Reserves depending on materiality. A high level of uncertainty in any one or more of the Modifying Factors may preclude the conversion of the affected Resources to Reserves. This classification is also consistent with the level of detail in the mine planning completed for WRL Coal concession deposits. Inferred Coal Resources in the mineable pit shell have been excluded from the Reserve Statement.

In the opinion of Salva Mining, the uncertainties in most of these are not sufficiently material to prevent the classifications of areas deemed Measured Resources to be areas of Proved Reserves and areas deemed Indicated Resources to be the areas of Probable Reserves.

#### 6.11 Statement of Coal Reserves

The Statement of Coal Reserves has been prepared in accordance with the 2012 Edition of the JORC Code. Total ROM Coal Reserves for PT Wahana Rimba Lestari coal deposit (“WRL”) are summarised in Table 6:19 as of 31 December 2022. ROM Coal Reserves are same as total Marketable Coal Reserves.

**Table 6:19 WRL Coal Concession - Coal Reserves as of 31 December 2022**

WRL Pits	Proved Reserves Mt	Probable Reserves Mt	Total Reserves Mt	RD Insitu	Ash adb%	IM adb%	TM ar%	CV (gar) Kcal/kg	TS adb%
North Pit	18.2	33.5	51.7	1.19	6.5	15.8	52.5	2,939	0.19
South Pit	15.6	19.9	35.5	1.20	6.4	16.4	52.9	2,835	0.23
<b>WRL</b>	<b>33.8</b>	<b>53.4</b>	<b>87.2</b>	<b>1.19</b>	<b>6.5</b>	<b>16.0</b>	<b>52.7</b>	<b>2,897</b>	<b>0.21</b>

(Note: individual totals may differ due to rounding)

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#### 6.12 Seam by Seam Coal Reserve

Total ROM Coal Reserves for each of WRL coal concession is reported by seam and is presented in Table 6:20 to 6:21.

**Table 6:20 Coal Reserves – North Pit (Seam by Seam) as of 31 December 2022**

Seams	Proved Reserves Mt	Probable Reserves Mt	Total Reserves Mt	RD Insitu	Ash adb%	IM adb%	TM ar%	CV (gar) Kcal/kg	TS adb%
P9L	0.5	2.3	2.8	1.19	4.1%	14.4%	51.7%	3,143	0.29%
P10	0.1	0.1	0.1	1.19	7.2%	13.7%	52.4%	2,963	0.25%
P14L1	3.4	6.6	10.0	1.19	6.8%	16.2%	53.6%	2,836	0.16%
P14L2	5.9	11.5	17.5	1.19	6.7%	16.0%	53.8%	2,844	0.20%
P14U1	3.7	4.4	8.1	1.19	6.3%	15.5%	51.1%	3,057	0.18%
P14U2	3.9	5.7	9.6	1.20	7.2%	15.8%	51.8%	2,960	0.18%
P15L	0.0	2.3	2.3	1.21	6.1%	15.4%	48.8%	3,163	0.21%
P15U	0.0	0.3	0.3	1.21	5.1%	15.7%	48.7%	3,225	0.18%
P16	0.6	0.3	0.9	1.19	3.5%	15.2%	48.8%	3,299	0.31%
<b>Total</b>	<b>18.2</b>	<b>33.5</b>	<b>51.7</b>	<b>1.19</b>	<b>6.5%</b>	<b>15.8%</b>	<b>52.5%</b>	<b>2,939</b>	<b>0.19%</b>

(Note: individual totals may differ due to rounding)

**Table 6:21 Coal Reserves – South Pit (Seam by Seam) as of 31 December 2022**

Seams	Proved Reserves Mt	Probable Reserves Mt	Total Reserves Mt	RD Insitu	Ash adb%	IM adb%	TM ar%	CV (gar) Kcal/kg	TS adb%
P10	0.1	0.1	0.1	1.19	7.2%	13.7%	52.4%	2,963	0.25%
P9L	0.5	1.5	2.0	1.19	3.8%	14.9%	52.1%	3,124	0.29%
P14U1	3.7	5.5	9.2	1.21	6.5%	15.8%	52.5%	2,705	0.26%
P14U2	3.6	4.9	8.5	1.18	6.5%	17.0%	54.4%	2,781	0.22%
P14L1	2.4	4.4	6.8	1.19	5.9%	17.1%	53.5%	2,884	0.21%
P14L2	2.4	2.1	4.6	1.20	8.1%	17.4%	53.6%	2,764	0.21%
P15L	1.4	0.6	2.0	1.22	8.4%	15.4%	49.0%	3,016	0.26%
P15U	1.4	0.5	1.9	1.20	4.8%	15.4%	48.8%	3,182	0.24%
P17U	0.0	0.1	0.1	1.17	4.3%	16.2%	54.8%	2,881	0.22%
P17L	0.0	0.2	0.2	1.17	4.3%	16.2%	54.8%	2,881	0.22%
<b>Total</b>	<b>15.6</b>	<b>19.9</b>	<b>35.5</b>	<b>1.20</b>	<b>6.4%</b>	<b>16.4%</b>	<b>52.9%</b>	<b>2,835</b>	<b>0.23%</b>

(Note: individual totals may differ due to rounding)

#### 6.13 JORC Table 1

This Report has been carried out in recognition of the 2012 JORC Code published by the Joint Ore Reserves Committee (“JORC”) of the Australasian Institute of Mining and Metallurgy, the AIG and the Minerals Council of Australia in 2012. In the context of complying with the Principles of the Code, Table 1 of the JORC Code (Appendix C) has been used as a checklist by Salva Mining in the preparation of this Report and any comments made on the relevant sections of Table 1 have been provided on an ‘if not, why not’ basis.

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#### **6.14 Interpretations and Conclusions**

The geology of the WRL area is reasonably well understood. The deposit is structurally simple with shallow dips and a small number of thick parent coal seams with very little variability in quality.

The coal is classified as low sulphur, high volatile matter, low CV gar and low ash content. Salva Mining does not see any difficulties marketing this coal from the area as a thermal coal.

The location of the WRL provides a very favourable existing logistics network with strong infrastructure. This should translate into lower operating and capital costs when the project is commissioned.

WRL is an advanced project with completed feasibility studies. The financial analysis conducted for this Technical Assessment demonstrates economic extraction can be reasonably justified.

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#### Appendix A: CVs

Person	Role
<b>Manish Garg (Director - Consulting)</b>	
Qualification	B. Eng. (Hons), MAppFin
Prof. Membership	MAusIMM; MAICD
Contribution	Overall Supervision, Economic Assessment (VALMIN 2015)
Experience	<p>Manish has more than 25 years' experience in the Mining Industry. Manish has worked for mining majors including Vedanta, Pasminco, WMC Resources, Oceanagold, BHP Billiton - Illawarra Coal and Rio Tinto Coal.</p> <p>Manish has been in consulting roles for past 10 years predominately focusing on feasibility studies, due diligence, valuations and M&amp;A area. A trusted advisor, Manish has qualifications and wide experience in delivering due diligence, feasibility studies and project evaluations for banks, financial investors and mining companies on global projects, some of these deals are valued at over US\$5 billion.</p>
<b>Sonik Suri (Principal Consultant - Geology)</b>	
Qualification	B. Sc. (Hons), M.Sc. (Geology)
Prof. Membership	MAusIMM
Contribution	Geology, Resource (JORC 2012)
Experience	<p>Sonik has more than 25 years of experience in most aspects of geology including exploration, geological modelling, resource estimation and mine geology. He has worked for coal mining majors like Anglo American and consulting to major mining companies for both exploration management and geological modelling. As a consultant, he has worked on audits and due diligence for companies within Australia and overseas. He has strong expertise in data management, QA/QC and interpretation; reviews/audits of geological data sets; resource models and resource estimates.</p>
<b>Dr Ross Halatchev (Principal Consultant - Mining)</b>	
Qualification	B. Sc. (Mining), M.Sc., PhD (Qld)
Prof. Membership	MAusIMM
Contribution	Mine Scheduling, Reserve (JORC 2012)
Experience	<p>Ross is a mining engineer with 30 years' experience in the mining industry across operations and consulting. His career spans working in mining operations and as a mining consultant primarily in the mine planning &amp; design role which included estimation of coal reserves, DFS/FS, due diligence studies, techno-commercial evaluations and technical inputs for mining contracts.</p> <p>Prior to joining Salva Mining, Ross was working as Principal Mining Engineer at Vale. To date, Ross has worked on over 20 coal projects around the world, inclusive of coal projects in Australia, as well as in major coalfields in Indonesia, Mongolia and CIS.</p>

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### Appendix B: SGX Mainboard Appendix 7.5

Cross-referenced from Rules 705(7), 1207(21) and Practice Note 6.3

#### Summary of Mineral Reserves and Resources

Name of Asset / Country: PT WRL / Indonesia

Category	Mineral Type	Gross (100% Project)		Net Attributable to GEAR**		Remarks
		Tonnes (millions)	Grade	Tonnes (millions)	Grade	
<b>Reserves</b>						
Proved	Coal	34	Subbituminous B	21	Subbituminous B	
Probable	Coal	53	Subbituminous B	33	Subbituminous B	
<b>Total</b>	Coal	<b>87</b>	Subbituminous B	<b>54</b>	Subbituminous B	
<b>Resources*</b>						
Measured	Coal	55	Subbituminous B	34	Subbituminous B	
Indicated	Coal	100	Subbituminous B	62	Subbituminous B	
Inferred	Coal	161	Subbituminous B	101	Subbituminous B	
<b>Total</b>	Coal	<b>316</b>	Subbituminous B	<b>197</b>	Subbituminous B	

\* Mineral Resources are reported inclusive of the Mineral Reserves.

\*\* GEAR holds 62.4998% of PT WRL Indirectly.

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### Appendix C: JORC Table 1

Criteria	Explanation	Comment
Sampling techniques	<p>Nature and quality of sampling (e.g. cut channels, random chips etc.) and measures taken to ensure sample representivity.</p> <p>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</p> <p>Aspects of the determination of mineralisation that are Material to the Public Report.</p> <p>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m 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.</p>	<p>Chip samples were collected at every 1m for lithology logging. Sampled all cored coal, sampled separately any bands, and taken 10cm of roof and floor for non-coal samples.</p>
Drilling techniques	<p>Drill type (e.g.. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka 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.).</p>	<p>Drilled pilot hole to ascertain coal seams and then drilled a cored drill hole.</p>
Drill sample recovery	<p>Whether core and chip sample recoveries have been properly recorded and results assessed.</p> <p>Measures taken to maximise sample recovery and ensure representative nature of the samples.</p> <p>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.</p>	<p>After the completion of each core run, core loss is determined by the on-site geologist and recorded in the drill hole completion sheet. If recovery is found to be less than 90% within a coal seam intersection, the hole is re-drilled in order to re-sample this seam with greater than 90% core recovery. All samples with less than 90% core recovery over the width of the seam intersection were excluded from the coal quality database.</p> <p>Followed drilling SOP's for loose and carbonaceous formations to achieve full sample recovery.</p>
Logging	<p>Whether core and chip samples have been logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</p> <p>Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography.</p> <p>The total length and percentage of the relevant intersections logged.</p>	<p>Detailed logging of chips and core. Core photographs were taken.</p>

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Criteria	Explanation	Comment
Sub-sampling techniques and sample preparation	<p>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.</p> <p>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</p> <p>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</p> <p>Measures taken to ensure that the sampling is representative of the in situ material collected.</p> <p>Whether sample sizes are appropriate to the grainsize of the material being sampled.</p>	No sub-sampling of the core
Quality of assay data and laboratory tests	<p>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</p> <p>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.</p> <p>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</p>	<p>PT Geoservices laboratories are accredited to ISO 17025 standards. Coal quality laboratory adheres to internal QAQC and inter-laboratory QAQC checks. Australian Standards have been used for RD and American Society for testing and materials (ASTM) methods have been used for all other quality variables.</p> <p>Geophysical traces were observed to be generally of good quality.</p>
Verification of sampling and assaying	<p>The verification of significant intersections by either independent or alternative company personnel.</p> <p>The use of twinned holes.</p> <p>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</p> <p>Discuss any adjustment to assay data.</p>	<p>Coal quality sampling was undertaken by PT. WRL</p> <p>No twin hole sampling was used, only pilot holes with partial coring zones where coal seam depth was predicted. Checked for agreement of seam intersection depths and in most of the cases there was good agreement.</p>
Location of data points	<p>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.</p> <p>Specification of the grid system used.</p> <p>Quality and adequacy of topographic control.</p>	<p>Borehole collars have been surveyed using standard total station techniques employed by the survey contractors.</p> <p>PT. WRL survey staff has validated surveys. The surveyed borehole locations for WRL match well with topographic data. The topography was generated by PT Airborne informatics across the WRL project area using LIDAR remote sensing data.</p>
Data spacing and Distribution	<p>Data spacing for reporting of Exploration Results.</p> <p>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.</p> <p>Whether sample compositing has been applied.</p>	<p>Data spacing sufficient to establish continuity in both thickness and coal quality. Data sets include topography and base of weathering as well as seam structure and coal quality. Ply sampling methodology use.</p> <p>Sample compositing has been applied.</p>
Orientation of data in relation to	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.	Ply by Ply sampling used therefore the orientation of sampling not seen to introduce bias as all drilling is vertical.

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Criteria	Explanation	Comment
geological structure	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.	
Sample Security	The measures taken to ensure sample security.	Proper measures for sample security was taken.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	PT Geo Search conducted a review of the drill hole database in 2016 for the historical data set and found it to be satisfactory.  Standard database checks also performed by Salva Mining as outlined in Chapter 4 prior to resource modelling and found it to be satisfactory.
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.	All tenure are secured and currently available.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	No exploration by other parties.
Geology	Deposit type, geological setting and style of mineralisation.	See Section 4 of this Report.
Drill hole	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: <ul style="list-style-type: none"> <li>• easting and northing of the drill hole collar</li> <li>• elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>• dip and azimuth of the hole</li> <li>• down hole length and interception depth</li> <li>• hole length.</li> </ul> <p>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.</p>	This Report pertains to resource estimation, not exploration results. As such the details of the drill holes used in the estimate are too numerous to list in this Table.

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Criteria	Explanation	Comment
Data aggregation methods	<p>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations and cut-off grades are usually material and should be stated.</p> <p>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.</p> <p>The assumptions used for any reporting of metal equivalent values should be clearly stated.</p>	<p>All samples have been composited over full seam thickness and reported using Minescape modelling software.</p> <p>No metal equivalents used.</p>
Relationship between mineralisation widths and intercept lengths	<p>These relationships are particularly important in the reporting of Exploration Results.</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>If it is not known and only the down-hole lengths are reported, there should be a clear statement to this effect (e.g. 'downhole length, true width not known').</p>	<p>Ply sampling methodology prevents samples from crossing ply boundaries. Therefore, the orientation of sampling not seen to introduce bias as all drilling is vertical and seams mostly gently dipping.</p>
Diagrams	<p>Where possible, maps and sections (with scales) and tabulations of intercepts should be included for any material discovery being reported if such diagrams significantly clarify the report.</p>	<p>See the figures in the Report.</p>
Balanced reporting	<p>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practised to avoid misleading reporting of Exploration Results.</p>	<p>No reporting of exploration results.</p>
Other substantive exploration data	<p>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.</p>	<p>Geotechnical and Hydrogeological aspects to the IUP area will help find the best mine plan and design options.</p>
Further work	<p>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</p>	<p>Further work will be necessary to improve the confidence in the continuity of both seam thickness and key coal quality attributes. In addition to this information, the in-situ moisture content of the seams needs to be collected in order to allow for a Preston Sanders conversion of air-dried density to in-situ density. Further work will be necessary to improve the confidence in the coal quality estimate if Indicated and Inferred resources are present in areas planned for mining. No proposed exploration plan has been proposed in this Report.</p>

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Criteria	Explanation	Comment
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 database for WRL block is considered an acceptable standard to report a Coal Resource. Drill hole data used to construct Minescape model. Checks against original downhole geophysics (las) files used to verify data during modelling.
Site Visits	Site Visits undertaken by the Competent Person and the outcome of these visits.  If no site visits have been undertaken, indicate why this is the case	Salva Mining consultants has frequently visited the site between 2015 to 2017. Last site visit was conducted at end of 2017.  No material groundwork activity has been completed since 2017.
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.	A high degree of confidence in seam picks made using downhole geophysical data.  The WRL geological model created by Salva Mining is considered to accurately represent the deposits. No major faults have been reported within the tenement concerned.  Current Minescape model tonnes agree with the previous model developed by PT. Geo Search to within 5% error margin range.
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.	See the figures in the Report.
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.  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.	Planar interpolator used for thickness and trend. FEM interpolator used for surface elevation. Inverse distance squared used for coal quality throughout.  Based on experienced gained in the modelling of over 40 coal deposits around the world, inverse distance is the most appropriate for coal quality.  The grid cell size of 50 m for the topographic model and for the structural model.  Visual validation of all model grids performed.  Sulphur is below 1% on average for all seams.

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Criteria	Explanation	Comment
	The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	
Moisture	Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	All Resource tonnages estimated on air-dried basis.
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	The coal resources contained in this report are confined within the concession boundary. The resources were limited to 100m below topography. A minimum ply thickness of 30cm and maximum thickness of 30cm was used for coal partings.
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It may not always be possible to make assumptions regarding mining methods and parameters when estimating Mineral Resources. Where no assumptions have been made, this should be reported.	The WRL block is proposed to be mined as open-pit excavations by truck and shovel method by contractors.
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It may not always be possible to make assumptions regarding metallurgical treatment processes and parameters when reporting Mineral Resources. Where no assumptions have been made, this should be reported.	N/A in situ air dried tonnes quoted.
Environmental	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 greenfield 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.	Salva Mining is not aware of any environmental factors that may impact on eventual economic extraction.
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.	See discussion on density with regard to moisture basis.
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 computations, 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.	Classification distances based on an assessment of the variability of critical variables through statistical analysis and by an assessment of the degree of geological complexity. Classification radii for the three resource categories are:  Measured: 350m  Indicated: 700m  Inferred: 1500m



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Criteria	Explanation	Comment
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates.	Check between Minescape and surpac model shows high agreement.
Discussion of relative accuracy/confidence	<p>Where appropriate a statement of the relative accuracy and/or confidence 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 which could affect the relative accuracy and confidence of the estimate.</p> <p>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages or volumes, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</p> <p>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</p>	<p>Spacing ranges for the three resource categories are considered to adequately reflect the degree of confidence in the underlying estimate on a global basis.</p> <p>Local variation to estimated values may arise and will be addressed by adequate grade control procedures during mining operations.</p>
Mineral Resource Estimate for conversion to Ore Reserves	<p>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</p> <p>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</p>	Basis of the estimates is "WRL JORC Resource Statement" as of 31 December 2022. Coal resources are inclusive of Coal reserves.
Site Visits	<p>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</p> <p>If no site visits have been undertaken indicate why this is the case.</p>	<p>Salva Mining consultants has frequently visited the site between 2015 to 2017. Last site visit was conducted at end of 2017. No material groundwork has been completed after 2017.</p> <p>Salva Mining's consultants are well versed in the localised mining settings and have reviewed and discussed the available data in company's offices in October 2019.</p>
Study Status	<p>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</p> <p>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.</p>	Pre-Feasibility Study for WRL has been carried out by Pt Prasetya Abdi Persada (PAP) in May 2016. The PFS study has dealt in detail with mining method, geotechnical investigations, hydrology & hydro-geological, logistics and economic issues for the WRL pits. Environmental Study (AMDAL) has been completed in 2010.
Cut-off parameters	The basis of the cut-off grade(s) or quality parameters applied	Refer Table 7:6 – Modifying factors for pit optimisation and Table 7:14, Break-even Stripping Ratio analysis.

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Criteria	Explanation	Comment
Mining factors or assumptions	<p>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).</p> <p>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.</p> <p>The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc.), grade control and pre-production drilling.</p> <p>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</p> <p>The mining dilution factors used.</p> <p>The mining recovery factors used.</p> <p>Any minimum mining widths used.</p> <p>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</p> <p>The infrastructure requirements of the selected mining methods.</p>	<p>Refer Table 7:6 Modifying Factors and Pit Optimisation Parameters and Section 7:6 on Notes on Modifying Factors.</p> <p>Pre-feasibility studies have been completed for WRL concession in May 2016. These studies were accepted as part of the AMDAL approval process from the Govt. of Indonesia prior to being given mining operations approval (IUPOP). For the greenfield project like WRL block, modifying factors at Pre-Feasibility study level is expected to contain information appropriate for the whole range of inputs to meet the requirement in Clause 29 for the Ore Reserve to continue that classification.</p> <p>Salva Mining has used the modifying factors based on the Pre-Feasibility study level for the WRL Mine which were independently verified by the Salva Mining's subject specialist.</p> <p>In Salva Mining's opinion, the Modifying Factors at WRL concession are appropriately defined at WRL.</p>
Metallurgical Factors or assumptions	<p>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</p> <p>Whether the metallurgical process is well-tested technology or novel in nature.</p> <p>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</p> <p>Any assumptions or allowances made for deleterious elements.</p> <p>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the ore body as a whole.</p> <p>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications.</p>	<p>The coal is to be sold unwashed so no processing factors have been applied. Other than crushing to a 50 mm top size no other beneficiation will be applied.</p>
Environmental	<p>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.</p>	<p>Amdal (EIS) in place with a rehabilitation program and environmental monitoring program in place</p> <p>-Mining approval is in place</p> <p>-The land acquisition not yet finalized covering the pit, dump and other mine infrastructure,</p>
Infrastructure	<p>The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities),</p>	<p>The area is very accessible from the provincial highway from Palembang and the nearby Musi River</p>

## APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS

### WRL INDEPENDENT QUALIFIED PERSON’S REPORT

**SALVA**  
Mining Consultants

Criteria	Explanation	Comment
	labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	-Water is available in abundance -Labour can be sourced locally including some skilled labour for machine operation
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.	Discussed in Cost and Revenue factors.
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	Discussed in Section 7.6:3 Cost and Revenue factors
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.	Discussed in Marketing & Pricing Factors
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	Economic analysis (NPV) done based on long term price outlook and the cost estimates (Contractor mining operation)
Social	The status of agreements with key stakeholders and matters leading to social licence to operate	Land acquisition has not yet commenced covering the pit, dump and other mine infrastructure. The total area required would be approx 900Ha. Most of this land is covered by small local rubber and palm oil farmers which will require compensation.

## APPENDIX VI – INDEPENDENT QUALIFIED PERSON’S REPORTS

### WRL INDEPENDENT QUALIFIED PERSON’S REPORT

**SALVA**  
Mining Consultants

Criteria	Explanation	Comment
Other	<p>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</p> <p>Any identified material naturally occurring risks.</p> <p>The status of material legal agreements and marketing arrangements.</p> <p>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 contingency.</p>	Discussed under Section 3:2 and Section 3:3.
Classification	<p>The basis for the classification of the Ore Reserves into varying confidence categories.</p> <p>Whether the result appropriately reflects the Competent Person's view of the deposit.</p> <p>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</p>	Discussed under Reserve Classification
Audit & Reviews	<p>The results of any audits or reviews of Ore Reserve estimates.</p>	Discussed under Section 7:9, Audits & Reviews.
Discussion of Relative accuracy/confidence	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>Sufficient points of observation and sampling distribution to assess coal resource and reserves with a high level of confidence.</p> <p>Statistical analysis was carried out for observations, sampling, core recovery &amp; survey accuracy were assessed including geostatistical assessment over the deposit which further increased the confidence level of the estimate.</p>

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**APPENDIX VII – PROVISIONS IN THE CONSTITUTION RELATING  
TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL,  
DIVIDENDS AND VOTING**

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The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution, which is available for inspection at the office of the Company Secretary, at 105 Cecil Street, #12-02, The Octagon, Singapore 069534. The relevant provisions have been extracted from the Constitution and reproduced below. Capitalised terms and expressions not defined below have the meanings ascribed to them in the Constitution.

**(A) RIGHTS IN RESPECT OF CAPITAL**

5. Subject to the Statutes, no shares may be issued without the prior approval of the Company in general meeting or except as permitted by the listing rules of the Exchange but subject thereto and to provisions in this Constitution relating to new shares, and to any special rights attached to any share for the time being issued, the Directors may allot (with or without conferring any right of renunciation), grant options over or otherwise dispose of the same to such persons on such terms and conditions (including such consideration, if any) and at a premium or otherwise and at such time as the Directors determine, Provided Always that:
- Special rights.
- (a) no shares may be issued at a discount except in accordance with the Statutes; and
- (b) the rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution.
6. The Company may issue shares for which no consideration is payable to the Company.
- Issue of shares for no consideration.
- 7(1). Notwithstanding the provisions in Articles 58 and 59, the Company may by Ordinary Resolution in general meeting authorise the Directors to exercise any power of the Company to:
- Authority of Directors to issue shares.
- (a) (i) issue shares (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and
- (b) (notwithstanding the authority conferred by such Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while such Ordinary Resolution was in force,
- such authority being confined to a particular exercise of that power or generally and Provided Always that the aggregate number of shares to be issued pursuant to such Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to such Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Exchange.

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**APPENDIX VII – PROVISIONS IN THE CONSTITUTION RELATING  
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- 7(2). In exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the listing rules of the Exchange for the time being in force (unless such compliance is waived by the Exchange) and this Constitution.
- 7(3). Any such authority may be unconditional or subject to conditions and shall continue in force until the conclusion of the annual general meeting commencing next after the date on which the approval was given or the expiration of the period within which the next annual general meeting after that date is required by law to be held whichever is the earlier but may be previously revoked or varied by the Company in general meeting.
- 7(4). Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the Exchange) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register as the holder thereof or before such share is entered against the name of a Depositor in the Depository Register, as the case may be, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of such share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit.
8. Any share in the Company may be issued with such preferred, qualified, deferred or other special rights, privileges and conditions or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine, and subject to the Statutes, the Company may issue preference shares which are or, at the option of the Company, are liable to be redeemed on such terms and in such manner as the Company before the issue thereof may by Ordinary Resolution determine Provided Always that the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares for the time being. Company may issue shares with preferred, qualified, deferred and other special rights.
9. In the event of the Company at any time issuing preference capital it shall at the same time indicate whether it reserves the right to issue further preference capital ranking equally with or in priority to the preference capital then already issued. Issue of further preferred shares.
10. Subject to the Statutes, all or any of the special rights or privileges for the time being attached to any preference share for the time being issued may from time to time (whether or not the Company is being wound up) be modified, affected, altered, or abrogated and preference capital other than redeemable preference shares may be repaid if authorised by a Special Resolution passed by holders of such preference shares at a special meeting called for Alteration of rights of preference shareholders.

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**APPENDIX VII – PROVISIONS IN THE CONSTITUTION RELATING  
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that purpose. To any such special meeting, all provisions of this Constitution as to general meetings of the Company shall *mutatis mutandis* apply but so that the necessary quorum shall be two persons at least holding or representing by proxy not less than one third of the issued preference shares concerned and that every holder of the preference shares concerned shall be entitled on a poll to one vote for every such share held by him and that any holder of the preference shares concerned present either in person or by proxy may demand a poll Provided Always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from holders of three-fourths of the preference shares concerned within two months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting.

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| 11. | Preference shareholders shall have the same rights as ordinary Members as regards the receiving of notices, reports and financial statements and the attending of general meetings of the Company. Preference shareholders shall also have the right to vote at any general meeting convened for the purpose of reducing the capital of the Company or winding up or sanctioning the sale of the undertaking of the Company or where the proposal to be submitted to the general meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.   | Rights of preference shareholders. |
| 12. | If by the conditions of allotment of any share, the whole or part of the amount or issued price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the holder for the time being of the share or his legal personal representative.  | Instalments of shares.             |
| 13. | The Company may pay a commission to any person in consideration of his subscribing, or agreeing to subscribe, whether absolutely or conditionally, for any share in the capital of the Company but such commission shall not exceed ten per cent of the price at which the shares are issued or an amount equivalent thereof. Any such commission may be paid in whole or in part in cash or fully or partly paid shares of the Company, and the Company may, in addition to, or in lieu of, such commission, in consideration of any person so subscribing or agreeing to subscribe, or of his procuring or agreeing to procure subscriptions, whether absolute or conditional, for any share in the Company, confer on any such person an option call within a specified time for a specified number or amount of shares in the Company at a specified price. The payment or agreement to pay a commission or the conferring of an option shall be in the discretion of the Directors on behalf of the Company. The requirements of the Statutes shall be observed, so far as applicable. | Commission for subscribing.        |

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**APPENDIX VII – PROVISIONS IN THE CONSTITUTION RELATING  
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| 14.    | Any expenses (including brokerage or commission) incurred directly by the Company in the issue of new shares may be paid out of the proceeds of the issue or the Company's share capital. Such payment shall not be taken as reducing the amount of share capital of the Company.  | Payment of expenses in issue of shares.  |
| 15(1). | The Company shall not be bound to register more than three persons as the joint holders of any share except in the case of executors, administrators or trustees of the estate of a deceased Member.   | Joint holders.                           |
| 15(2). | Subject to Article 15(1), any two or more persons may be registered as joint holders of any share in the Register or named as joint Depositors in the Depository Register.   |  |
| 15(3). | The joint holder first named in the Register or joint Depositor first named in the Depository Register, as the case may be, shall as regards voting, proxy, service of notices and delivery of certificates and dividend warrants, be deemed to be the sole owner of such share.   |  |
| 16.    | No person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any other rights in respect of any share other than an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register as the registered holder thereof or person whose name is entered in the Depository Register in respect of that share, as the case may be, except only where this Constitution otherwise provide or as required by the Statutes or pursuant to any order of Court. | No trusts recognised.                    |
| 17.    | No person shall exercise any rights of a Member in respect of a share until his name shall have been entered in the Register as the registered holder thereof or in the Depository Register in respect of such share, as the case may be, and, unless the Directors otherwise determine, such person shall have paid all calls and other moneys for the time being due and payable on any share held by him.   | Exercise of rights of Members.           |
| 18.    | No part of the funds of the Company shall be employed by the Directors or the Company in the acquisition of shares in the Company or in lending on the security of shares in the Company unless permitted by the Statutes.   | Company not to deal with its own shares. |



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**APPENDIX VII – PROVISIONS IN THE CONSTITUTION RELATING  
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**SHARE CERTIFICATE**

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| 19.    | Every certificate for shares shall be under the Seal.  | Authentication of certificates.                                 |
| 20.    | Every certificate of shares shall specify the distinctive number and class of the shares to which it relates, whether the shares are fully or partly paid up, and the amount (if any) unpaid thereon. No share certificate shall be issued representing shares of more than one class.   | Certificates shall specify number and class of shares.          |
| 21.    | Every person whose name is entered as a registered holder in the Register shall be entitled without payment to receive within ten Market Days (or such other period as may be approved by the Exchange) after the closing date for applications to subscribe for a new issue of shares and within fifteen Market Days (or such other period as may be approved by the Exchange) after lodgement of a registrable transfer one certificate under the Seal in respect of each class of shares held by him for all his shares in that class or several certificates in reasonable denominations each for one or more of his shares in any one class subject to such person's prior payment of two Singapore Dollars (or such other sum as the Directors shall from time to time determine having regard to any limitation thereof as the Exchange may prescribe) for every certificate after the first and such stamp duty as is payable on such certificate unless otherwise directed by the Directors Provided Always that in the case of joint registered holders, the Company shall not be bound to issue more than one certificate and delivery of such certificate to any one of them shall be sufficient delivery to all such holders. | Member's right to certificate and cancellation of certificates. |
| 22(1). | Where only some of the shares comprised in any share certificate are transferred, the old certificate shall be cancelled and a new certificate for the balance of such shares shall be issued in lieu thereof without charge.  | Issue of replacement certificates.                              |
| 22(2). | Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register may be cancelled at his request and a single new certificate for such shares issued in lieu thereof without charge.   |   |
| 22(3). | Any share certificate representing shares of any class held by any person whose name is entered in the Register may be surrendered by such person for cancellation and at his request the Company may issue in lieu thereof two or more share certificates representing such shares in such proportions as such person may specify, and the Directors may comply with such request if they think fit. Such person shall pay a maximum of two Singapore Dollars for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine, taking into consideration any limitation thereof as may be prescribed by the Exchange.  |   |

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**APPENDIX VII – PROVISIONS IN THE CONSTITUTION RELATING  
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- 22(4). Subject to the Statutes, if any share certificate shall be defaced, worn out, destroyed, stolen or lost, it may be renewed on such evidence being produced and a letter of indemnity or undertaking (if required) being given by the purchaser, registered holder, transferee, person entitled, member firm or member company of the Exchange or on behalf of its clients or their client or clients as the Directors shall require and in the case of defacement or wearing out on delivery up of the old certificate and in any case on payment of such sum not exceeding one Singapore Dollar (or such other amount as may be permitted under the Statutes) together with the amount of the proper stamp duty with which such share certificate is chargeable under any law for the time being in force in relation thereto. In the case of theft, destruction or loss the registered holder or the person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such theft, destruction or loss.
- 22(5). Where shares are registered jointly in the names of several persons, any such request may be made by any one of the registered joint holders.
23. The certificates of shares registered in the names of two or more persons may be delivered to the joint holder first named in the Register. Delivery of share certificate.

**LIEN ON SHARES**

24. The Company shall have a first and paramount lien on every share (not being a fully-paid share) and dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or the deceased Member. The Directors may however waive any lien which has arisen and may resolve that any share shall for any limited period be exempt wholly or partially from the provisions of this Article 24. Company's lien on shares.
25. For the purposes of enforcing such lien the Directors may sell all or any of the shares subject thereto in such manner as they think fit, and no sale shall be made until such time as the moneys are presently payable, and until a notice in writing stating the amount due and demanding payment, and giving notice of intention to sell in default, shall have been served in such a manner as the Directors shall think fit on the holder for the time being of the share or the person (if any) entitled by transmission to the shares, and default in payment shall have been made by him or them for seven days after such notice. Right to enforce lien by sale.

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**APPENDIX VII – PROVISIONS IN THE CONSTITUTION RELATING  
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| 26. | The net proceeds of any such sale shall be applied in or towards the satisfaction of the amount due, and the residue (if any) shall be paid to the person whose share has been sold, his executors, administrators, trustees or assignees or as he shall direct. | Application of proceeds of sale. |
| 27. | To give effect to any such sale the Directors may authorise some person to transfer or to effect the transfer, as the case may be, of the shares sold to the purchaser.  | How sale to be effected.         |

**CALLS ON SHARES**

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| 28. | The Directors may from time to time make calls upon the Members in respect of any money unpaid on their shares or on any class of shares and not by the conditions of allotment thereof made payable at fixed times, and each Member shall (subject to his having been given at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be made payable by instalments. A call may be revoked or postponed as the Directors may determine. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. | Power of Directors to make calls.                         |
| 29. | The joint holders or joint Depositors of a share shall be jointly and severally liable to pay all calls and interest (if any) in respect thereof.   | Joint and several liability.                              |
| 30. | If before or on the day appointed for payment thereof a call payable in respect of a share is not paid, the person from whom the amount of the call is due shall pay interest on such amount at the rate of eight per cent per annum from the day appointed for payment thereof to the time of actual payment, but the Directors shall have power to waive payment of such interest or any part thereof.  | Interest on unpaid calls.                                 |
| 31. | Any sum which by the terms of allotment of a share is made payable upon issue or at any fixed date and any instalment of a call shall for all purposes of this Constitution be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment, the provisions of this Constitution as to payment of interest and expenses, forfeiture and the like, and all the other relevant provisions of this Constitution or the Statutes shall apply as if such sum were a call duly made and notified as hereby provided.   | Sums payable under terms of allotment to be deemed calls. |
| 32. | The Directors may from time to time make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the time of payment of such calls.  | Difference in calls between various holders.              |

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**APPENDIX VII – PROVISIONS IN THE CONSTITUTION RELATING  
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33. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any share held by him, and upon all or any part of the moneys so advanced may (until the same would, but for the advance, become payable) pay interest at such rate not exceeding (unless the Company in general meeting shall otherwise direct) eight per cent per annum as may be agreed upon between the Directors and the Member paying the sum in advance. Capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits.
- Payment of call in advance.

**FORFEITURE OF SHARES**

34. If any Member fails to pay the whole or any part of any call or instalment of a call on or before the day appointed for the payment of the same or any interest thereon, the Directors may at any time thereafter during such time as the call or instalment or interest remains unpaid serve a notice on such Member requiring him to pay the same, together with any interest (including interest upon interest) and expenses that may have been incurred by the Company by reason of such non-payment.
- Notice to be given of intended forfeiture.
35. The notice shall name a further day (not being less than fourteen days from the date of service of the notice) and a place on and at which such call or instalment and such interest and expenses as foresaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment or interest is payable shall be liable to be forfeited.
- Form of notice.
36. If the requirements of any notice as aforesaid are not complied with, any share in respect of which the notice has been given, may at any time thereafter, before payment of all such calls or instalments, interests and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.
- If notice not complied with shares may be forfeited.
37. Any share so forfeited or surrendered shall be deemed to be the property of the Company, and the Directors may sell, re-allot, or otherwise dispose of the same in such manner as they think fit. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed.
- Sale of forfeited and surrendered shares.

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**APPENDIX VII – PROVISIONS IN THE CONSTITUTION RELATING  
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| 38.    | The Directors may at any time before any share so forfeited or surrendered shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture or surrender thereof upon such conditions as they think fit.  | Power to annul forfeiture.   |
| 39.    | For the purpose of giving effect to any sale of forfeited or surrendered shares, the Directors may authorise some person to transfer or to effect the transfer of, as the case may be, the shares sold to the purchaser.  | Transfer of forfeited or surrendered shares.                           |
| 40.    | Any Member whose shares shall have been forfeited or surrendered shall cease to be a Member in respect of the forfeited or surrendered shares but shall, notwithstanding such forfeiture or surrender, be liable to pay, and shall forthwith pay to the Company all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of forfeiture or surrender, together with interest thereon from the time of forfeiture or surrender until payment, at the rate of eight per cent per annum and the Directors may enforce the payment of such moneys or any part thereof if they think fit, but shall not be under any obligation so to do. Any residue after the satisfaction of the unpaid calls, accrued interest and expenses shall be paid to the person whose shares have been forfeited or surrendered, his executors, administrators, trustees or assignees or as he shall direct. | Liability on forfeited share.  |
| 41(1). | A statutory declaration in writing that the declarant is a Director or the Secretary, and that a share has been duly forfeited, surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate, where the same be required, delivered to a purchaser or (where the purchaser is a Depositor) to the Depository or the allottee thereof, as the case may be, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share.  | Declaration by Director or Secretary conclusive of fact of forfeiture. |
| 41(2). | In the event of such sale, re-allotment or disposal, where the person (the “ <b>Relevant Person</b> ”) to whom the share is sold, re-allotted or disposed of is not a Depositor, the share shall be registered in the Register in the name of the Relevant Person and, where the Relevant Person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. The Relevant Person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.   |  |

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**APPENDIX VII – PROVISIONS IN THE CONSTITUTION RELATING  
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**TRANSFER OF SHARES**

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| 42.    | There shall be no restriction on the transfer of fully paid shares (except where required by law or by the rules, bye-laws or listing rules of the Exchange). All transfers of shares may be effected by way of book-entry in the Depository Register Provided Always that the legal title in the shares may be transferred by the registered holders thereof by an instrument of transfer in the form approved by the Exchange. The instrument of transfer shall be left at the Office accompanied by the certificate of the shares to be transferred and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain the registered holder of the shares until the name of the transferee is entered in the Register in the respect thereof. | Shares to be transferable.                                     |
| 43.    | The instrument of transfer shall be signed by or on behalf of both the transferor and the transferee, and it shall be witnessed Provided Always that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository.   | Instrument of transfer.  |
| 44.    | Shares of different classes shall not be comprised in the same instrument of transfer.   | Only shares of same class to be in same instrument.            |
| 45(1). | All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same.   | Retention of instrument of transfer and disposal of documents. |
| 45(2). | The Company shall be entitled to destroy:<br><br>(a) all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof;<br><br>(b) all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof; and<br><br>(c) all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof,  | Retention of instrument of transfer and disposal of documents. |
- provided that the Company shall adequately record for future reference the information required to be contained in any company records.

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- 45(3). It shall be conclusively presumed in favour of the Company that every entry in the Register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and that:
- (a) every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
  - (b) every share certificate so destroyed was a valid and effective certificate duly and properly cancelled; and
  - (c) every other document hereinbefore mentioned so destroyed was a valid and effective document;
- in accordance with the recorded particulars thereof in the books or records of the Company.
- 45(4). Articles 45(2) and 45(3) shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant.
- 45(5). Nothing contained in this Article 45 shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstance which would not attach to the Company in the absence of this Article 45, and references in this Article 45 to the destruction of any document include references to the disposal thereof in any manner.
46. The Directors may decline to accept any instrument of transfer unless such fee not exceeding two Singapore Dollars as the Directors may from time to time determine (or such other sum as may from time to time be prescribed by the Exchange) is paid to the Company, the instrument of transfer is deposited at the Office or at such place (if any) as the Directors may direct, accompanied by a certificate of stamp duty (if any) provided to the Company in respect of the registration of any instrument of transfer and the instrument of transfer is in respect of only one class of shares. Fees relating to transfers.
47. The Directors may refuse to register the transfer of shares or allow the entry of or against a person's name in the Depository Register in respect of shares transferred or to be transferred to such person: Power of Directors to refuse to register.
- (a) which are not fully paid up;
  - (b) on which the Company has a lien; or
  - (c) where the registration of the transfer would result in a contravention of or failure to observe the provisions of a law in Singapore or the listing rules of the Exchange.

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| 48. | If the Directors refuse to register any transfer of any shares they shall, where required by the Statutes, serve on the transferor and transferee, within ten Market Days after the day on which the transfer was lodged with the Company, a notice in writing informing each of them of such refusal and of the facts which are considered to justify the refusal.  | Notice of refusal to be sent by Company. |
| 49. | Subject to the Statutes, the Register may be closed at such times and for such periods as the Directors may from time to time determine Provided Always that the Register shall not be closed for more than thirty days in any year Provided Always that the Company shall give prior notice of such closure as may be required to the Exchange stating the period and purpose or purposes for which such closure is to be made. | Closure of the Register.                 |

**TRANSMISSION OF SHARES**

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| 50(1). | In the case of the death of a Member whose name is entered in the Register, the survivors or survivor where the deceased was a joint holder, and the trustees, executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.   | Transmission of registered shares.                                       |
| 50(2). | In the case of the death of a Member who is a Depositor, the survivors or survivor where the deceased is a joint Depositor, and the trustees, executors or administrators of the deceased where he was a sole or only surviving holder and where such trustees, executors or administrators are entered in the Depository Register in respect of any shares of the deceased Member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.  |  |
| 50(3). | Nothing in this Constitution shall release the estate of a deceased Member from any liability in respect of any share solely or jointly held by him.  |  |
| 51.    | Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register may upon producing such evidence of his title as the Directors may require, have the right either to be registered himself as the holder of the share, upon giving to the Company notice in writing of such intent, or to make such transfer thereof as such deceased or bankrupt person could have made, but the Directors shall in either case have the same right to refuse or suspend registration as they would have had in the case of such transfer by such deceased or bankrupt person before the death or bankruptcy, as the case may be. | Rights of registration and transfer upon demise or bankruptcy of Member. |



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52. Save as otherwise provided in this Constitution, a person becoming entitled to a share pursuant to Articles 50(1) and 51 shall have the right to receive and give a discharge for any dividends or other moneys payable in respect of the share, but he shall have no right to receive notice of or to attend or vote at general meetings of the Company, or (save as aforesaid) to any of the rights or privileges of a Member until he shall have been registered as a Member in the Register or his name shall have been entered in the Depository Register, as the case may be, Provided Always that the Directors may at any time give notice requiring any such person to elect either to be registered himself or transfer the share, and if the notice is not complied with within ninety days of the date of such notice, the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.
- Person registered under transmission clause entitled to dividends.

**STOCK**

53. The Company in general meeting may by Ordinary Resolution convert any paid-up shares into stock and may from time to time reconvert such stock into paid-up shares of any denomination.
- Conversion of shares to stock.
54. When any shares have been converted into stock the several holders of such stock may transfer their respective interests therein or any part of such interests in such manner as the Company in general meeting shall direct, but in default of any direction then in the same manner and subject to this Constitution and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances will admit. But the Directors may if they think fit from time to time fix the minimum amount of stock transferable Provided Always that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
- Stockholders entitled to transfer interest.
55. The several holders of stock shall be entitled to participate in the dividends and profits of the Company according to the amount of their respective interests in such stock and such interests shall, in proportion to the amount thereof, confer on the holders thereof respectively the same rights, privileges and advantages for the purposes of voting at general meetings of the Company and for other purposes as if they held the shares from which the stock arose, but so that none of such rights, privileges or advantages, except the participation in the dividends, profits and assets of the Company, shall be conferred by any such aliquot part of consolidated stock as would not, if existing in shares, have conferred such rights, privileges or advantages.
- Stockholders entitled to profits.
56. All such provisions of this Constitution that are applicable to paid up shares shall apply to stock and in all such provisions the words "shares" shall include "stock", and "Depositor", "Members" and "shareholder" shall include "stockholder".
- Definitions.

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**INCREASE OF CAPITAL**

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| 57. | The Company in general meeting may from time to time by Ordinary Resolution, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued have been fully paid up or not, increase its capital by the creation and issue of new shares, such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the Company by the resolution authorising such increase shall direct.  | Power to increase capital.                       |
| 58. | Unless otherwise determined by the Company in general meeting or except as permitted by the listing rules of the Exchange, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings, in proportion, as far as the circumstances admit, to the amount of the existing shares to which they are entitled.   | Issue of new shares to Members.                  |
| 59. | The offer shall be made by notice specifying the number of shares offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered in the manner hereinbefore provided. | Notice of issue.                                 |
| 60. | Subject to any directions that may be given in accordance with the powers contained in this Constitution, any capital raised by creation of new shares shall be considered as part of the original capital and all new shares shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital.   | New capital considered part of original capital. |

**ALTERATION OF CAPITAL**

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| 61(1). | The Company may by Ordinary Resolution:   | Alteration of capital. |
|        | (a) consolidate and divide its capital into shares of larger amount than its existing shares; or  |                        |
|        | (b) by subdivision of its existing shares or any of them divide its capital or any part thereof into shares of smaller amount. The resolution by which the subdivision is effected may determine that, as between the holders of the resulting shares, one or more of such shares may have any such preferred, deferred or other special rights or be subject to any restriction as the Company has power to attach to unissued or new shares; or |                        |

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- (c) subject to the Statutes, convert its share capital or any class of shares from one currency to another currency.
- 61(2). The Company may, by Special Resolution, subject to and in accordance with the Statutes, convert one class of shares into another class of shares.
- 61(3). The Company may reduce its share capital, any capital redemption reserve fund or share premium account in any manner authorised and subject to any conditions prescribed, or consent required, by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution, the nominal amount of the issued share capital of the Company shall be diminished by the nominal amount of the share so cancelled.
- 61(4). Subject to and in accordance with the Act, the listing rules of the Exchange, and other written law, the Company may purchase or otherwise acquire shares in the issued share capital of the Company on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share, which is so purchased or acquired by the Company, shall be deemed cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act, the listing rules of the Exchange and other written law.

### **CAPITALISATION OF PROFITS AND RESERVES**

- 151(1). The Company in general meeting may, upon the recommendation of the Directors, resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve funds or to the credit of the profit and loss account or otherwise available for distribution; and accordingly that such sum be set free for distribution amongst the holders of shares in the Register or in the Depository Register, as the case may be, who would have been entitled thereto if distributed by way of dividends and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Members respectively or paying up on full unissued shares or debentures of the Company to be allotted and distributed, credited as fully paid up to and amongst such holders or in their nominees in the proportion aforesaid or partly in the one way and partly in the other and the Directors shall give effect to such resolution Provided Always that a capital redemption reserve fund may, for the purpose of this Article 151, only be applied in the paying up of unissued shares to be issued to such holders as fully paid bonus shares unless otherwise permitted by the provisions of the Act.
- Capitalisation of profits and reserves.

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151(2). Whenever such resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the amounts resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provision for the satisfaction of the right of the holders of such shares in the Register or in the Depository Register, as the case may be, under such resolution to a fractional part of a share by the issue of fractional certificates or by payment in cash or otherwise as they think fit and also to authorise any persons to enter on behalf of such holders entitled thereto or their nominees into an agreement with the Company providing for the allotment to them respectively credited as fully paid up of any further shares to which they may be entitled upon such capitalisation; and any agreement made under such authority shall be effective and binding on all such holders and their nominees.

**(B) RIGHTS IN RESPECT OF VOTING**

**GENERAL MEETINGS**

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| 66. | Save as otherwise permitted under the Act, but subject to the listing rules of the Exchange, a general meeting shall be held once at least in every calendar year, at such time and place in Singapore as may be determined by the Directors, but so that no more than fifteen months shall be allowed to elapse between any two such general meetings.  | General meetings.   |
| 67. | The abovementioned general meeting shall be called annual general meetings. All other general meetings shall be called extraordinary general meetings.   | Annual general meetings.  |
| 68. | The first annual general meeting of the Company shall be held at such time within a period of not more than eighteen months from the date of incorporation of the Company and at such time and place as the Directors may determine.   | First annual general meeting.                                   |
| 69. | The Directors may call an extraordinary general meeting of the Company whenever they think fit in accordance with the listing rules of the Exchange and/or the Statutes.   | Directors may call extraordinary general meetings.              |
| 70. | The Directors shall, on the requisition of the Members holding not less than ten per cent. of the total number of paid-up shares (excluding treasury shares) of the Company as at the date of the deposit of the requisition carrying the right of voting at general meetings, forthwith proceed to convene an extraordinary general meeting of the Company, and in the case of such requisition the following provisions shall have effect: | Extraordinary general meeting called on requisition of Members. |
|     | (a) The requisition must state the objects of the general meeting and must be signed by the requisitionists and deposited at the Office, and may consist of several documents in like form each signed by one or more requisitionists.   |   |

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- (b) If the Directors of the Company do not proceed to cause a general meeting to be held within twenty-one days from the date of the requisition being so deposited, the requisitionists or any of them representing more than one-half of the voting rights of all of them may themselves convene the general meeting, but any general meeting so convened shall not be held after three months from the date of the deposit.
- (c) In the case of a general meeting at which a resolution is to be proposed as a Special Resolution the Directors shall be deemed not to have duly convened the general meeting if they do not give such notice as is required by the Statutes.
- (d) Any general meeting convened under this Article 70 by the requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

71. Subject to the Statutes relating to the convening of general meetings to pass Special Resolutions where at least twenty-one days' notice in writing must be given and agreements for shorter notice, at least fourteen clear days' notice specifying the place (which shall be in Singapore), day and hour of the meeting, and in case of special business, a notice setting out the general nature of such special business, accompanied by a statement regarding the effect of any proposed resolution in respect of such special business, shall be given to all Members other than such as are not entitled under this Constitution to receive such notices from the Company, and the Exchange. Every such notice shall be published in at least one English language daily newspaper circulating in Singapore at least fourteen clear days before the meeting. Whenever any meeting is adjourned for fourteen days or more, at least seven days' notice of the place (which shall be in Singapore) and hour of such adjourned meeting shall be given in like manner Provided Always that when a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Notice of general meeting.
72. Any Member entitled to be present and vote at a general meeting or his proxy may submit any resolution to any general meeting, provided that at least for the prescribed time before the day appointed for the general meeting, he shall have served upon the Company a notice in writing by him containing the proposed resolution and stating his intention to submit the same. The prescribed time abovementioned shall be such that, between the date the notice is served and the day appointed for the general meeting, there shall be not less than three nor more than fourteen intervening days. Members may submit resolution to general meeting on giving notice to Company.

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| 73. | Upon receipt of any such notice referred to in Article 72, the Secretary shall include in the notice of general meeting in any case where the notice of intention is received before the notice of general meeting is issued, and shall in any other case issue as quickly as possible to the Members notice that such resolution will be proposed. | Secretary to give notice of general meeting to Members. |
| 74. | The accidental omission to give any notice to or non-receipt of any notice by any Member shall not invalidate the general meeting or any resolution passed, or proceedings at any such general meeting.   | Accidental omission to give notice.                     |

**PROCEEDINGS AT GENERAL MEETINGS**

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| 75. | All business shall be deemed special that is transacted at an extraordinary general meeting and also all business that is transacted at an annual general meeting, with the exception of receiving and adopting the financial statements, the Directors' statement, the Auditor's report and other documents required to be attached to the financial statements, the fixing of the remuneration of Directors, the election of Directors in the place of those retiring, the declaration of dividends, the appointment or re-appointment of the Auditor and the fixing of the remuneration of the Auditor or determining the manner in which such remuneration is to be fixed. | Business at general meetings. |
| 76. | Save as is herein otherwise provided, two Members present in person or by proxy shall be a quorum for a general meeting and no business shall be transacted at any general meeting unless the quorum is present at the commencement of the business. A corporation being a Member shall be deemed to be personally present if represented in accordance with the provisions of Article 91.   | Quorum.                       |
| 77. | If within half an hour from the time appointed for the general meeting a quorum is not present, the general meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place (which shall be in Singapore). At the adjourned meeting, any two or more Members present in person or by proxy shall be a quorum.  | If quorum not present.        |
| 78. | The chairman (if any) of the Board shall preside as chairman at every general meeting, but if there be no such chairman, or if at any general meeting he shall not be present within fifteen minutes after the time appointed for holding the same, or shall be unwilling to act as chairman, the Members present shall choose some Director or, if no Director be present or if all the Directors present decline to take the chair, one of themselves to be chairman of the general meeting.   | Chairman.                     |

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79. The chairman may, with the consent of any general meeting at which a quorum is present (and shall if so directed by the general meeting), adjourn the general meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the general meeting from which the adjournment took place. Adjournment.

**VOTES OF MEMBERS**

- 80(1). All resolutions at a general meeting shall be voted by poll. Mandatory polling.
- 80(2). A poll on the choice of a chairman of a general meeting or on a question of adjournment shall be taken immediately. A poll on any other question shall be taken at such time and place in Singapore, and in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was taken. No notice need be given of a poll not taken immediately. How poll to be taken.
81. A declaration by the chairman of the general meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. Declaration of chairman conclusive.
82. The chairman may (and if required by the listing rules of the Exchange or if so directed by the general meeting shall) appoint scrutineer(s) and may adjourn the general meeting to some place in Singapore and time fixed by him for the purpose of declaring the results of the poll. Any business other than that upon which a poll has been taken may be proceeded with at a general meeting pending the taking of the poll. Taking a poll.
83. If any votes shall be counted with ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same general meeting, or at any adjournment thereof, and unless in the opinion of the chairman at the general meeting or at any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting. Votes counted in error.
84. In case of an equality of votes, the chairman of the general meeting at which the poll takes place, shall have a second or casting vote. In the event of equality of votes.

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| 85(1). | Subject to and without prejudice to any special privileges or restriction as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company, each Member entitled to vote may vote in person or by proxy. Every Member who is present in person or by proxy shall, on a poll, have one vote for every share which he holds or represents and upon which all calls or other sums due thereon to the Company have been paid.                 | Voting rights.                                   |
| 85(2). | For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any general meeting on a poll, the reference to shares held or represented shall, in relation to the shares of that Depositor, be the number of shares entered against his name in the Depository Register as at the Cut-Off Time before the time of the relevant general meeting as certified by the Depository to the Company.  |  |
| 86.    | In the case of joint holders or joint Depositors, any one of such joint holders or joint Depositors may vote, but if more than one of such persons is present the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders or joint Depositors, as applicable, and for this purpose seniority shall be determined by the order in which the names stand in the Register or the Depository Register, as the case may be. | Rights of joint holders and joint Depositors.    |
| 87.    | Unless the Directors otherwise determine, no person other than a Member who shall have paid everything for the time being due from him and payable to the Company in respect of his shares, shall be entitled to be present and to vote on any question either personally or by proxy at any general meeting.  | Members only entitled to vote upon full payment. |
| 88.    | A Member who becomes mentally disabled or incapable of managing himself or his affairs, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote on a poll (whether in person or by proxy) by the committee, <i>curator bonis</i> , or other person in the nature of committee or <i>curator bonis</i> appointed by the Court.  | Votes of Members who are mentally disabled.      |
| 89.    | On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.  | Vote personally or by proxy.                     |
| 90(1). | A proxy need not be a Member.  | Proxy need not be member.                        |



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- 90(2). Save as otherwise provided in the Act: Appointment of proxies.
- (a) a Member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same general meeting. Where such Member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and
  - (b) a Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
- 90(3). In any case where a Member is a Depositor, the Company shall be entitled and bound: Shares entered in Depository Register.
- (a) to reject any instrument of proxy lodged by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company;
  - (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by that Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor; and
  - (c) in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.
- 90(4). In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid. Appointment of more than one proxy.

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91. Any corporation which is a Member may, by resolution of its directors or other governing body, authorise any person to act as its representative at any general meetings of the Company or any class of Members of the Company, and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual Member. Corporation may appoint representative.
92. An instrument appointing a proxy shall be in writing in any usual or common form (including the form approved from time to time by the Depository) or in any other form which the Directors may approve and: Execution of proxies.
- (a) in the case of an individual, shall be:
- (i) signed by the appointor or his attorney if the instrument is delivered personally or sent by post; or
- (ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and
- (b) in the case of a corporation, shall be:
- (i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument is delivered personally or sent by post; or
- (ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.
- The Directors may, for the purposes of Articles 93(a)(ii) and 93(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.
- 93(1). The signature on, or authorisation of, an instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company) if required by law, be lodged with the instrument of proxy pursuant to Article 94(1), failing which the instrument may be treated as invalid. Witness and authority.

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**APPENDIX VII – PROVISIONS IN THE CONSTITUTION RELATING  
TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL,  
DIVIDENDS AND VOTING**

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- 93(2). The Directors may, in their absolute discretion:
- (a) approve the method and manner for an instrument appointing a proxy to be authorised; and
  - (b) designate the procedure for authenticating an instrument appointing a proxy,
- as contemplated in Articles 93(a)(ii) and 93(b)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), Article 93(a)(i) and/or (as the case may be) Article 93(b)(i) shall apply.
- 94(1). An instrument appointing a proxy:
- (a) if sent personally or by post, must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the general meeting (or, if no place is so specified, at the Office); or
  - (b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in, or by way of note to, or in any document accompanying, the notice convening the general meeting,
- and in either case, not less than the Cut-Off Time before the time appointed for the holding of the general meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the general meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the general meeting as for the general meeting to which it relates; Provided Always that an instrument of proxy relating to more than one general meeting (including any adjournment thereof) having once been so delivered in accordance with this Article 94 for the purposes of any general meeting shall not be required again to be delivered for the purposes of any subsequent general meeting to which it relates.
- 94(2). The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in Article 94(1)(b). Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), Article 94(1)(a) shall apply.

Directors may approve method and manner, and designate procedure, for electronic communications.

Deposit of proxies.

Directors may specify means for electronic communications.

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**APPENDIX VII – PROVISIONS IN THE CONSTITUTION RELATING  
TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL,  
DIVIDENDS AND VOTING**

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| 95. | A vote given in accordance with the terms of a power of attorney an instrument of proxy shall be valid notwithstanding the previous death or mental disorder of the principal or revocation of the power or instrument or the transfer of the share in respect of which the vote is given, Provided Always that no notice in writing of the death, mental disorder, revocation or transfer shall have been received at the Office at least one hour before the time fixed for holding the general meeting. | When vote valid though authority revoked.                        |
| 96. | Subject to the provisions of this Constitution, an instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and to speak at the general meeting.  | Instrument deemed to confer authority.                           |
| 97. | Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.  | Voting in respect of shares of different monetary denominations. |

**(C) RIGHTS IN RESPECT OF DIVIDENDS**

**DIVIDENDS**

- |      |  |                                  |
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| 138. | The profits of the Company, subject to any special rights relating thereto created or authorised to be created by this Constitution and subject to the provisions of this Constitution as to the reserve fund, shall be divisible among the Members in proportion to the amount of capital paid up on the shares held by them respectively.                    | Appropriation of profits.        |
| 139. | The Company in general meeting may by Ordinary Resolution declare a dividend on or in respect of any share to the Members according to their rights and interest in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors but the Company in general meeting may declare a smaller dividend. | Declaration of dividend.         |
| 140. | No dividend shall be payable except out of the profits of the Company. No dividend shall carry interest.   | Dividend payable out of profits. |
| 141. | The declaration of the Directors as to the net profits of the Company shall be conclusive.   | Declaration conclusive.          |
| 142. | The Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies provided no such dividends shall be declared more than once in six months.  | Interim dividend.                |
| 143. | The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.  | Debts may be deducted.           |

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**APPENDIX VII – PROVISIONS IN THE CONSTITUTION RELATING  
TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL,  
DIVIDENDS AND VOTING**

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|------|---|--|
| 144. | A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer or the entry of the shares against the Depositor's name in the Depository Register, or the Member's name in the Register, as the case may be.  | Effect of transfer.  |
| 145. | Any general meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular of wholly or partly paid-up shares, debentures, or debenture stock of the Company, or wholly or partly paid-up shares, debentures, or debenture stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution; and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets, or any part thereof and may determine that cash payments shall be made to any Member upon the footing of the value so fixed, in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividends as may seem expedient to the Directors. Where requisite, a proper contract shall be filed in accordance with the Act, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend, and such appointment shall be effective. | Dividend <i>in specie</i> .                                  |
| 146. | The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmissions of shares hereinbefore contained entitled to become a Member, or which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same.   | Power to retain dividends.                                   |
| 147. | In case several persons are registered in the Register or entered in the Depository Register, as the case may be, as the holders of any share, any resolution of the Directors or the Company in general meeting declaring a dividend on shares of any class may specify that the dividend shall be payable to such persons at the close of business on a particular date and thereupon the dividend shall be payable in accordance with their respective holdings so registered. Any person registered in the Register or in the Depository Register, as the case may be, as the joint holder or joint Depositor of any share or is entitled jointly to a share in consequence of the death or bankruptcy of the holder may give effectual receipts for dividends, bonuses, other moneys payable or properties distributable and payment on account of dividends on or in respect of such shares.  | Payment to and receipt by joint holders or joint Depositors. |
| 148. | Notice of declaration of any dividend, whether interim or otherwise, may be given by advertisement.   | Notice of dividend.  |

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**APPENDIX VII – PROVISIONS IN THE CONSTITUTION RELATING  
TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL,  
DIVIDENDS AND VOTING**

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149. Unless otherwise directed, any dividend may be paid by cheque or dividend warrant, sent through the post to the registered address appearing in the Register or the Depository Register, as the case may be, of the Member or person entitled, or where two or more persons are registered in the Register or entered in the Depository Register, as the case may be, as joint holders or joint Depositors or are entitled to the dividend as a result of the death or bankruptcy of the holder, to that one whose name shall stand first on the Register or the Depository Register, as the case may be, in respect thereof and every cheque or dividend warrant so sent shall be made payable to the order of the person to whom it is sent or to any person and address as such Member(s) or persons(s) may direct in writing. The Company shall not be responsible for the loss of any cheque or dividend warrant, which shall be sent by post duly addressed to and at the sole risk of the Member or person for whom it is intended. Payment of the cheque or dividend warrant by the bank upon which they are respectively drawn shall be a full and valid discharge to the Company. Notwithstanding the provisions of this Constitution, payment by the Company to the Depository of any dividend payable to a Depositor shall also be a full and valid discharge of the Company from liability to the Depositor in respect of that payment to the extent of the payment made to the Depository. Payment by post.

150. The Depository will hold all dividends unclaimed for six years after having been declared and paid before release to the Directors, and the Directors may invest or otherwise make use of the unclaimed dividends for the benefit of the Company until claimed. Unclaimed dividends.

**(D) RIGHTS IN RESPECT OF RESERVES**

**RESERVE FUND**

152. The Directors may, before declaring any dividend or bonus in respect of any class of shares out of or in respect of the earnings or profits of the Company for any yearly or other period, cause to be reserved or retained and set aside out of such sums as they may determine to form a Reserve Fund to meet contingencies or depreciation in the value of the property of the Company, or for equalising dividends or for special dividends or for distribution of bonuses or for repairing, improving and maintaining any of the property of the Company, or for such other purposes the Directors shall, in their absolute discretion, think conducive to the interest of the Company. Formation and object of Reserve Fund.

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**APPENDIX VII – PROVISIONS IN THE CONSTITUTION RELATING  
TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL,  
DIVIDENDS AND VOTING**

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**(E) RIGHTS IN RESPECT OF WINDING UP**

**WINDING UP**

- |      |  |   |
|------|--|---|
| 171. | The Directors shall have the power to present a petition to the court in the name and on behalf of the Company for the Company to be wound up.   | Directors have power to present petition. |
| 172. | If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. And if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up paid up or which ought to have been paid up on the shares held by them respectively. But this Article 172 is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions. | Distribution of assets in winding up.     |

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### GOLDEN ENERGY AND RESOURCES LIMITED

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

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (“**EGM**”) of Golden Energy and Resources Limited (the “**Company**”) will be held by way of electronic means on 9 June 2023 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

*Unless otherwise defined, all capitalised terms herein shall bear the same meaning as used in the circular to the shareholders of the Company dated 18 May 2023 (the “**Circular**”).*

#### **NOTED THAT:**

##### Proposed Distribution

- (I) the Company intends to undertake a proposed distribution *in specie* of all of its shares in the capital of PT Golden Energy Mines Tbk (the “**GEMS Shares**”), which constitutes a major transaction under Chapter 10 of the listing manual of the SGX-ST (the “**Listing Manual**”), to shareholders of the Company (“**Shareholders**”) through a combination of (the “**Proposed Distribution**”):
- (a) subject to the Capital Reduction (as defined below) becoming effective, a dividend *in specie* from the retained earnings of the Company (“**Dividend in Specie**”), pursuant to Regulation 145 of the Constitution of the Company (“**Constitution**”); and
  - (b) a capital reduction (“**Capital Reduction**”) of the issued and paid-up capital of the Company, pursuant to Sections 78A, 78G and 78I of the Companies Act 1967 of Singapore (the “**Companies Act**”) and Regulation 61(3) of the Constitution, of up to US\$1,100.0 million,

in proportion to their respective shareholdings in the Company, on the basis of 1.3936 GEMS Shares for every issued and paid-up ordinary shares in the share capital of the Company (“**Shares**”) as at such date and time to be determined by the directors of the Company (the “**Directors**”) for the purposes of determining the entitlement of Shareholders to the GEMS Shares (the “**Record Date**”), and fractional entitlements (where applicable) to be disregarded, free of encumbrances and together with all rights attaching thereto on and from the Distribution Effective Date;

- (II) the Company intends to implement the Proposed Distribution by way of Dividend In Specie and Capital Reduction concurrently;

##### Delisting

- (III) in connection with the Proposed Distribution, the Company proposes to seek the voluntary delisting of its Shares from the Official List of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) pursuant to Rules 1307 and 1309 of the Listing Manual (the “**Delisting**”); and
- (IV) in conjunction with the Delisting, Duchess Avenue Pte. Ltd. (the “**Offeror**”) will make a proposed conditional exit offer (the “**Exit Offer**”) to acquire all the Shares (excluding treasury shares) held by Shareholders at the Revised Exit Offer Price of S\$0.181 for each Offer Share, which is conditional on the satisfaction of certain conditions as set out in the Exit Offer Letter (the “**Exit Offer Conditions**”).



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### RESOLVED THAT:

#### As a Special Resolution – Dividend In Specie and Capital Reduction as a Major Transaction (“Distribution Resolution”)

Subject to the passing of the Delisting Resolution below:

- (a) subject to the Capital Reduction becoming effective, the Proposed Distribution by way of Dividend In Specie be and is hereby approved;
- (b) the Proposed Distribution by way of Capital Reduction be and is hereby approved;
- (c) subject to compliance with applicable laws and regulations, the sale of the relevant GEMS Shares, which would otherwise be distributed to the Cash Entitled Shareholders and Excluded Overseas Shareholders pursuant to the Proposed Distribution, to the Standby Buyers at the Revised Cash Alternative Price be and is hereby approved;
- (d) in respect of resulting fractional entitlements of GEMS Shares arising from the Proposed Distribution which are not (and will not be) distributed to Entitled Shareholders, the Directors and/or any of them be and is hereby authorised to aggregate and deal with such GEMS Shares in any manner and for such purposes as the Directors deem fit;
- (e) the Directors and each of them be and are hereby authorised to determine, (i) the amount to be appropriated out of the retained earnings of the Company, and (ii) the amount of issued and paid-up capital to be reduced up to a maximum of US\$1,100.0 million, in each case for the purposes of the Proposed Distribution; and
- (f) the Directors and each of them be and is hereby authorised and empowered to complete and to do all such acts and things as they or he may consider necessary or expedient to give effect to the Proposed Distribution and/or this Distribution Resolution, with such modifications thereto (if any) as they or he shall think fit in the interests of the Company.

#### Voluntary Delisting of the Company pursuant Rules 1307 and 1309 of the Listing Manual (“Delisting Resolution”)

Subject to the passing of the Distribution Resolution above:

- (a) the voluntary delisting of the Company from the Official List of the SGX-ST under Rules 1307 and 1309 of the Listing Manual, pursuant to which the Exit Offer to the Shareholders would be made to the Shareholders on the terms and conditions set out in the Circular, be and is hereby approved; and
- (b) the Directors and each of them be and is hereby authorised and empowered to complete and to do all such acts and things as they or he may consider necessary or expedient to give effect to the Delisting and/or this Delisting Resolution, with such modifications thereto (if any) as they or he shall think fit in the interests of the Company.

**Shareholders should note that the Distribution Resolution and the Delisting Resolution are inter-conditional on each other. This means that if any of the Distribution Resolution or the Delisting Resolution is not approved by Shareholders at the EGM, none of these resolutions will be carried out.**

### BY ORDER OF THE BOARD

Lai Kuan Loong, Victor  
Company Secretary  
Singapore, 18 May 2023

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### **Notes:**

1. Shareholders will **NOT** be able to attend the EGM in person. Alternative arrangements have been made for Shareholders to attend and participate in the EGM.
2. This Notice, the Proxy Form and the Circular (collectively, the “**Documents**”) will be sent to Shareholders by electronic means via publication on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company’s website at <http://investor.gear.com.sg/circulars.html>. Printed copies of these Documents will **NOT** be sent to Shareholders.
3. Shareholders should refer to Section 24 of the Circular dated 18 May 2023 relating to: (a) attendance at the EGM via electronic means (including arrangements by which the EGM can be electronically accessed via a “live” audio-visual webcast or a “live” audio-only stream); (b) submission of questions in advance of the EGM or during the “live” audio-visual webcast of the EGM; (c) addressing of substantial and relevant questions at the EGM; and (d) voting at the EGM (i) “live” by Shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the EGM) via electronic means; or (ii) by appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM.

#### **4. Appointment of Proxies**

Shareholders who wish to appoint proxies to attend the EGM and vote “live” at the EGM on their behalf must: (i) complete and submit the Proxy Form in accordance with the instructions below; AND (ii) pre-register the proxy(ies) at the Registration Link at <https://conveneagm.sg/GEAREGM2023> by 10.00 a.m. on 6 June 2023.

Duly completed Proxy Forms must be submitted not later than 10.00 a.m. on 6 June 2023 in the following manner:

- (a) if sent by post, to the office of the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
- (b) if submitted electronically, via email to the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at [srs.teamd@boardroomlimited.com](mailto:srs.teamd@boardroomlimited.com), or via the online process through the Registration Link.

A Shareholder who wishes to submit the Proxy Form by using the abovementioned option (a) or (b) must first download, print, complete and sign the Proxy Form, before scanning and submitting it to the email address or posting it to the office address provided above.

The Company strongly encourages Shareholders to submit completed Proxy Forms electronically via email or at the Registration Link.

Shareholders (whether individuals or corporate) appointing a proxy (including the Chairman of the EGM) must give specific instructions as to voting or abstention from voting in the Proxy Form, failing which the appointment will be treated as invalid.

#### **5. Voting by Investors holding Shares through Relevant Intermediaries (including CPF/SRS Investors)**

Investors holding Shares through Relevant Intermediaries (including CPF/SRS Investors) may exercise their votes in the following manner:

- (a) vote “live” via electronic means at the EGM if they are appointed as proxies by their respective Relevant Intermediaries (including CPF Agent Banks and SRS Operators), and should contact their respective Relevant Intermediaries (including CPF Agent Banks and SRS Operators) if they have any queries regarding their appointment as proxies; or
- (b) specify their voting instructions to their respective Relevant Intermediaries (including CPF Agent Banks and SRS Operators).

**Investors holding Shares through Relevant Intermediaries (including CPF/SRS Investors) should not make use of the Proxy Form.** Investors holding Shares through Relevant Intermediaries (other than CPF/SRS Investors) who wish to vote should approach their respective Relevant Intermediaries. CPF/SRS Investors should approach their respective CPF Agent Banks or SRS Operators at least seven (7) Market Days before the date of the EGM.

6. Shareholders should check Company’s announcements on SGXNET at <https://www.sgx.com/securities/company-announcements> or the Company’s website at <http://investor.gear.com.sg/circulars.html> for the latest updates on the EGM.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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7. **Personal Data Privacy**

“Personal data” in this notice has the same meaning as “personal data” in the Personal Data Protection Act 2012. By pre-registering for the “live” audio-visual webcast or “live” audio-only stream, submitting a Proxy Form to appoint a proxy(ies) to attend, speak and vote at the EGM and/or any adjournment thereof, a Shareholder consents to the collection, use and disclosure of the Shareholder’s or proxies’ personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the EGM as proxy for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or its service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the “**Purposes**”). Personal data of the Shareholder or proxies may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company’s verification and record purposes.

# PROXY FORM

## GOLDEN ENERGY AND RESOURCES LIMITED

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

### IMPORTANT

- The Notice of EGM, Proxy Form and the Circular (collectively, the "Documents") will be sent to Shareholders by electronic means via publication on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at <http://investor.gear.com.sg/circulars.html>. Printed copies of these Documents will **NOT** be sent to Shareholders.
- The Extraordinary General Meeting ("EGM") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Shareholders will **NOT** be able to attend the EGM in person.
- Alternative arrangements relating to: (a) attendance at the EGM via electronic means (including arrangements by which the EGM can be electronically accessed via a "live" audio-visual webcast or a "live" audio-only stream); (b) submission of questions in advance of the EGM or during the "live" audio-visual webcast of the EGM; (c) addressing of substantial and relevant questions at the EGM; and (d) voting at the EGM (i) "live" by Shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the EGM) via electronic means; or (ii) by appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM, are set out in Section 24 of the Circular dated 18 May 2023.
- Shareholders who wish to appoint proxies to attend the EGM and vote "live" at the EGM on their behalf must: (i) complete and submit the Proxy Form in accordance with the instructions below; AND (ii) pre-register the proxy(ies) at the pre-registration website at <https://conveneagm.sg/GEAREGM2023> by 10.00 a.m. on 6 June 2023. As an alternative to "live" voting, Shareholders may also vote at the EGM by appointing the Chairman as proxy to vote on their behalf in respect of the Shares held by them.
- This Proxy Form is not valid for use by Investors holding Shares through Relevant Intermediaries (including CPF/SRS Investors).** Investors holding Shares through Relevant Intermediaries who wish to vote should approach their respective Relevant Intermediaries. CPF/SRS Investors should approach their respective CPF Agent Banks or SRS Operators at least seven (7) Market Days before the date of the EGM.
- By submitting this Proxy Form, Shareholders accept and agree to the Personal Data Privacy terms set out in the Notice of EGM dated 18 May 2023.
- Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the EGM as a Shareholder's proxy to attend, speak and vote on his behalf at the EGM.

\*I/We, \_\_\_\_\_ (Name) NRIC/Passport/Co. Reg. No. \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a \*member/members of **GOLDEN ENERGY AND RESOURCES LIMITED** (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address		Email^	

\*and/or

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address		Email^	

or failing him/her\*, the Chairman of the EGM as \*my/our proxy/proxies to vote or abstain for \*me/us on \*my/our behalf at the EGM to be convened and held by way of electronic means on 9 June 2023 at 10.00 a.m. (Singapore time), and at any adjournment thereof. \*I/We direct \*my/our proxy/proxies to vote for or against or to abstain from voting on the resolutions proposed at the EGM as indicated hereunder.

*(Please indicate with an "✓" in the spaces provided whether you wish your vote(s) to be cast for or against or abstain from voting on the resolutions as set out in the Notice of EGM. If no specific direction as to voting is given, the proxy/proxies (except where the Chairman is appointed as my/our proxy) will vote or abstain from voting at his/her/their discretion on any matter arising at the EGM and at any adjournment thereof. In the absence of specific directions in respect of a resolution, the appointment of the Chairman as my/our proxy for that resolution will be treated as invalid.)*

Resolutions	For**	Against**	Abstain**
To approve the Proposed Distribution by way of Dividend In Specie (subject to the Capital Reduction becoming effective) and Capital Reduction			
To approve the Delisting pursuant to Rules 1307 and 1309 of the Listing Manual			

\* Delete where inapplicable.

\*\* If you wish to exercise all your votes "For" or "Against", please tick (✓) in the "For" or "Against" box. Alternatively, please indicate the number of votes "For" or "Against" as appropriate in the "For" or "Against" box. If you wish to "Abstain" from voting on the resolution, please tick (✓) in the "Abstain" box. Alternatively, please indicate the number of shares which you wish to abstain from voting.

^ Appointed proxy(ies) will be prompted via email (within two (2) business days after the Company's receipt of a validly completed and submitted instrument appointing a proxy(ies)) to pre-register at the pre-registration website at <https://conveneagm.sg/GEAREGM2023>, in order to access the "live" audio-visual webcast or "live" audio-only stream of the EGM proceedings.

Dated this \_\_\_\_\_ day of \_\_\_\_\_

	Total number of Shares in:
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s) or  
Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ THE NOTES OVERLEAF**

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# PROXY FORM

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## Notes:

- (1) Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy(ies) shall be deemed to relate to all the shares held by you.
- (2) Shareholders will **NOT** be able to attend the EGM in person. A Shareholder who wishes to exercise his/her/its voting rights at the EGM may:
  - (a) (where the Shareholder is an individual) attend and vote "live" via electronic means at the EGM;
  - (b) (where the Shareholder is an individual or a corporate) appoint proxy(ies) (other than the Chairman of the EGM) to attend and vote "live" via electronic means at the EGM on their behalf; or
  - (c) (where the Shareholder is an individual or a corporate) appoint the Chairman of the EGM as proxy to vote on their behalf.
- (3) This Proxy Form may be accessed at the Company's website and on SGXNET. A Shareholder may also appoint a proxy(ies) via the online process through the pre-registration website at <https://conveneagm.sg/GEAREGM2023>.
- (4) A proxy need not be a Shareholder.
- (5) Shareholders who wish to appoint proxies to attend the EGM and vote "live" at the EGM on their behalf must:
  - (i) complete and submit the Proxy Form in accordance with the instructions below; AND
  - (ii) pre-register the proxy(ies) at the pre-registration website at <https://conveneagm.sg/GEAREGM2023> by 10.00 a.m. on 6 June 2023.
- (6) The instrument appointing a proxy must be duly completed and submitted not later than 10.00 a.m. on 6 June 2023 in the following manner:
  - (a) if sent by post, to the office of the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
  - (b) if submitted electronically, via email to the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at [srs.teamd@boardroomlimited.com](mailto:srs.teamd@boardroomlimited.com), or via the online process through the Registration Link.

A Shareholder who wishes to submit an instrument of proxy by using the abovementioned option (a) or (b) must first download, print, complete and sign the Proxy Form, before scanning and submitting it to the email address or posting it to the office address provided above.
- (7) A Shareholder who is not a Relevant Intermediary is entitled to appoint not more than two proxies. Where such Shareholder's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument. "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967.
- (8) A Shareholder who is a Relevant Intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder. Where such Shareholder's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument. "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967.
- (9) Completion and return of the instrument appointing a proxy(ies) does not preclude a Shareholder from attending, speaking and voting at the EGM. A Shareholder who accesses the "live" audio-visual webcast or "live" audio-only stream of the EGM proceedings may revoke the appointment of a proxy(ies) at any time before voting commences and in such an event, the Company reserves the right to terminate the proxy(ies)' access to the "live" audio-visual webcast and "live" audio-only stream of the EGM proceedings.
- (10) The instrument appointing a proxy(ies) must, if submitted by post or electronically via email, be signed under the hand of the appointor or of his/her attorney duly authorised in writing, or if submitted electronically via the online process through the aforesaid pre-registration website, be authorised by the appointor via the online process through the pre-registration website. Where the instrument appointing a proxy(ies) is executed by a corporation, it must, if submitted by post or electronically via email, be executed either under its seal or under the hand of an officer or attorney duly authorised, or if submitted electronically via the online process through the aforesaid pre-registration website, be authorised by the appointor via the online process through the pre-registration website. Where an instrument appointing a proxy(ies) is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument is submitted by post, be lodged with the instrument or, if the instrument is submitted electronically via email, be emailed with the instrument, failing which the instrument may be treated as invalid.
- (11) The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the Shareholder, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

## PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Shareholder accepts and agrees to the Personal Data Privacy terms set out in the Notice of EGM dated 18 May 2023.