

## NEWS RELEASE

### GEAR GETS INDONESIA GOVERNMENT'S NOD TO INCREASE SOUTH KALIMANTAN MINE PRODUCTION TO 7.5 MILLION TONNES PER ANNUM

- *Backed by its excellent loading and transport infrastructure, GEAR intends to increase production output to 12.0 million tonnes per annum in 2017*
- *Poised to benefit from recent rally in coal prices*



*Image 1: Direct barge loading at BIB from GEAR's conveyor belts that extends 800m into the Java Sea*

**SINGAPORE, 19 September 2016** — Golden Energy and Resources Limited (“**GEAR**” or the “**Group**”), an international coal mining and trading company backed by Indonesian conglomerate Sinar Mas Group, announced that it has received approval from the Indonesian Government to raise coal production from its 24,100-hectare concession area PT Borneo Indobara (“**BIB**”) to 7.5 million tonnes (“**MT**”) per annum (*2015 production level: 6.3 MT*). Subject to market demand and government approval, GEAR is looking to increase its production output of BIB to 12.0 million tonnes in 2017.

Demand for BIB's coal is evidenced by its own coal brand "BIB4200" which has throughout the years, been experiencing strong and continuous demand from both domestic markets in Indonesia as well as international markets, *inter alia*, China, India and South-East Asia.

To support the increase in BIB coal output, the Group has in place a wholly-owned, best-in-class transport infrastructure to achieve greater costs and time savings in the coal transshipment process. GEAR enjoys the distinct competitive advantage of having their conveyor belts extend 800 metres into the Java Sea, which enable direct loading onto large barges that are not subjected to tidal conditions unlike many of its competitors which load at riverfront. These conveyor belts have a maximum capacity of 1 MT per month and barge loading rate of 3,000 tonnes per hour, providing ample support for the Group's planned output expansion.

GEAR's transport infrastructure also encompasses other strategic assets, such as a dedicated port as well as BIB-controlled hauling roads. Collectively, these assets afford the Group greater control over its coal shipment schedule thereby, increasing coal transport efficiency while minimising risk of delays as compared to other competitors using public infrastructure such as roads and jetties. GEAR's port is located at an average of 25 km from the mining pits, which is considered to be in close proximity, compared to other competitors' mining pits in South Kalimantan.

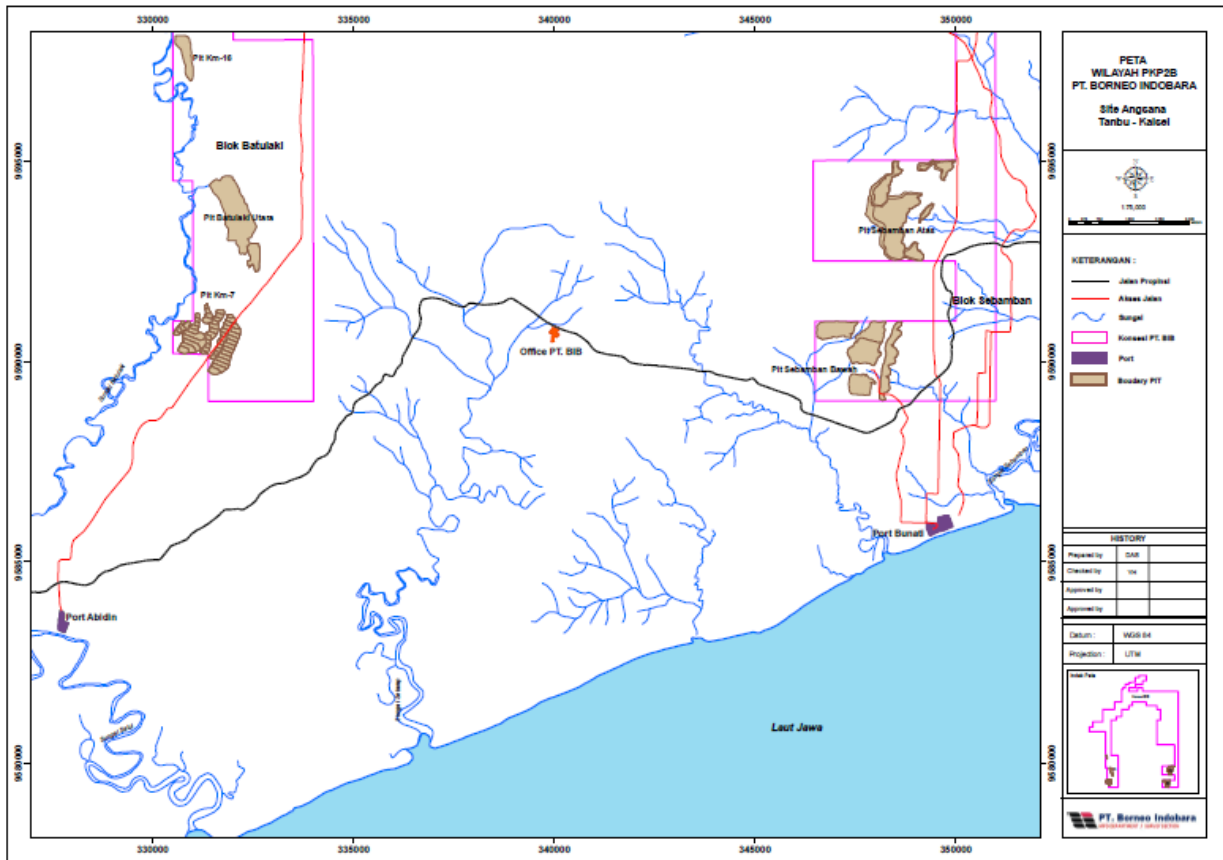


Image 2: BIB concession map (partial) and its close proximity to the Ports through BIB-controlled hauling roads



Image 3: Coal crushing at GEAR's dedicated port, Port Bunati

The BIB concession is GEAR's largest coal reserve with an estimated 1.78 billion tonnes<sup>1</sup> of coal resource. The Group also has two other concessions, one in Jambi and another in Central Kalimantan, with estimated coal resources of 256 MT<sup>1</sup> and 77 MT<sup>4</sup>, respectively.

Mr. Fuganto Widjaja, Executive Director and Group CEO of GEAR said, "The BIB concession has an excellent mining potential given the low average strip ratio of its open-cut pits and the vastness of its resource. The approval by Indonesia's Energy and Mineral Resources Ministry comes as a significant step in GEAR's plans to upsize BIB's coal output to 12.0 MT per annum in order to meet the fast-growing coal demand in Indonesia, and it positions us well to benefit from the recent uptrend in coal prices. We also noted recent articles in September 2016 entitled "Coal rises from grave to become one of hottest commodities" and "Coal resurrects to become one of the hottest commodities" by Bloomberg and The Business Times, respectively, documenting recent coal price uptrend and the potentials in the near future."

Coal prices have surged internationally since June this year with China's imports jumping to the highest since December 2014. Chances of China boosting imports and weather conditions caused by La Nina could push prices even higher. This was on the back of Coal India Ltd, reporting that it recorded the lowest production level in three years as heavy rains and protests had resulted in its output cut<sup>2</sup>. Thermal coal prices in Indonesia has reached a new high of US\$63.93 per MT Free On Board ("**FOB**") in early September 2016<sup>3</sup>.

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<sup>1</sup> As at 31 December 2015, according to the Joint Ore Reserves Committee

<sup>2</sup> "Coal rises from grave to become one of hottest commodities", Bloomberg, 9 September 2016

<sup>3</sup> "Indonesia's September HBA thermal coal price hits new high for 2016", S&P Global Platts, 5 September 2016

<sup>4</sup> As at 15 January 2015, according to the Joint Ore Reserves Committee



## **ABOUT GOLDEN ENERGY AND RESOURCES LIMITED (“GEAR”)**

Golden Energy and Resources Limited (“**GEAR**”) was formed through the completion of the Reverse Takeover (“**RTO**”) of SGX Mainboard-listed United Fiber System Limited in 2015. The Group is principally engaged in the exploration, mining, and marketing of thermal coal sourced from its coal mining concession areas, covering an aggregate of approximately 38,165 hectares in South Kalimantan, Central Kalimantan and Jambi (a province in Sumatra), Indonesia.

Backed by the Sinar Mas Group, one of Indonesia’s largest conglomerates, GEAR collectively owns the rights to mine more than 2.0 billion tonnes of thermal coal resources, with coal reserves of 620 million tonnes, as at December 31, 2015 (*reference to the QP reports dated 5 February 2016*).

GEAR has reserves of primarily thermal coal with an average calorific value range of between 3,900 kcal/kg (arb) to 6,600 kcal/kg (arb).

Aside from coal mining and trading, GEAR is also engaged in the forestry businesses, owning forestry concession rights of 265,095 hectares in four regents located in South Kalimantan.



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