



Dwi Suseno
Non-Executive Chairman
Stanmore Resources Limited
12 Creek Street, Brisbane
QLD 4000
Australia

February 22, 2023

Dear Mr Suseno,

Entities I manage are beneficially interested in 3,000,000 shares of Golden Energy and Resources (hereafter, 'GEAR'), as well (100,000 shares in Stanmore Resources (hereafter, 'SMR' or 'the Company'). I write to you today in your capacity as Chairman of the Board at SMR (though, as CEO of GEAR, you are of course aware of the issues discussed herein). I am writing, as both a shareholder in SMR and GEAR, to reiterate my profound concern with the purported transactions at GEAR.¹ If allowed to proceed unaltered, these transactions would have an exceedingly damaging impact on the Company in a multitude of ways, ranging from a structurally higher cost of capital, to ongoing reputational detriments, and to potential ASIC investigation of the Company's ownership. I would implore you share these concerns with the entirety of the SMR Board – and in particular with the Non-Executive cadre of board members – as the issues at play put at risk the very future of our Company.

You are obviously aware of the ongoing machinations by the majority shareholder of GEAR, to effect a delisting transaction and consolidate ownership of GEAR's 64.01% controlling shareholding in SMR, entirely for themselves. I have communicated my various concerns with this transaction under separate cover², but in sum **the majority shareholder is offering S\$0.16 for something trading today in the Australian market at an implied S\$0.78 – a heinous 80% discount to observable fair market value.**³

¹ As announced to the market on November 9, 2022. See here: <http://investor.gear.com.sg/newsroom.html>

² See **Appendix** for letter sent to the GEAR IFA, and that I shared with the GEAR Board of Directors, for a complete discussion of these issues.

³ Assuming A\$ 3.75 per SMR share; 0.92 AUD/SGD exchange rate; and zero value for other GEAR assets. See *ibid*, p. 4 for further detail.

Herein I will explain how such a transaction harms SMR just as much as the GEAR minority shareholders (ostensibly the sole victims of this attempted expropriation). Indeed SMR – both the corporation and its shareholders – have almost as much to lose from seeing a blatant theft of value from minorities in Singapore, as do the actual minorities themselves.

Firstly, it is my contention that post this transaction, if so consummated, **SMR's cost of capital would remain permanently and unalterably higher than all other listed comparable firms.** After this transaction, the major shareholder of our Company will not be a Singapore-regulated listed company with adequate governance and fiduciary protections, but an unlisted, holding company with zero public ownership, oversight, or accountability. Moreover the majority and controlling shareholder will have acceded to this direct ownership position having just extracted his position in SMR at an 80% discount to fair market value. Why, in the future, would any rational investor seek to own SMR shares at anything close to a comparable company multiple, when the spectre of similar treatment hangs over the heads of minorities in Australia just the same?

In light of this development, the market would demand a punitive, and permanent, cost of capital discount to own shares in our Company to account for this risk. Putting aside the obvious fiduciary and reputational question marks this would entail, certain non-executive members of the board own very substantial equity stakes in the company⁴ – stakes whose value would thus be structurally impaired should this transaction proceed at current terms. This is clearly not in the best interest of board members; the broader shareholder base; nor the Company itself.

Secondly, the Company has been built, most assiduously, through the acquisition of operating assets at attractive prices, using SMR equity as currency.⁵ SMR has publicly stated a desire to continue consolidating coking coal assets, on attractive terms, in the coming years. There are no doubt a number of M&A opportunities available that, with a permanently more expensive cost of equity capital, could be lost to a competitor or otherwise become economic, should this deal go ahead. **This deal at GEAR thus threatens the future growth optionality of the Company itself.**

Thirdly, allowing this transaction to go ahead as structured **opens up the possibility of regulatory intervention in the ownership of the Company** – something that, at best, would be a huge management distraction, and at worst only exacerbate the cost of capital and reputational issues touched on above. ASIC has broad powers to declare ‘unacceptable circumstances’ under Section 60 of the Companies Act, in cases where ownership of voting shares is transferred when there is an information deficiency; where there is a false market in securities the subject of a bid; or where there is ‘a change of control...that disenfranchises shareholders.’⁶ ASIC takes these issues most seriously in cases where minorities are being potentially expropriated (as is clearly the case here). Recall that I, and others, have referred certain aspects of this transaction, most

⁴ Mr Lattimore, a Non-Executive Director, owns ~5% in the Company. See here: https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02555463-2A1391922?access_token=83ff96335c2d45a094df02a206a39ff4

⁵ The Company's acquisition of an 80% interest in BMC was funded largely through equity. See here: https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02448576-2A1337066?access_token=83ff96335c2d45a094df02a206a39ff4

⁶ See discussion here: <https://takeovers.gov.au/guidance-notes/gn1>

notably the pre-deal trading in GEAR shares, as well as the form of the requested Fairness Opinion, to Singaporean regulators (MAS and SIC).

Since, in this case, the look-through ownership of the Company is changing from a 46% economic interest to a 64% direct ownership interest, there is reason to believe ASIC could pursue the Company even though the value extraction occurs at the Singaporean holding company (ie, GEAR) level. I believe these concerns are much more realistic given the extremely strange pre-deal trading in GEAR stock, which strongly suggested the true ownership position of GEAR – and thus SMR – had not been adequately disclosed to the market.⁷ Such a remedy may theoretically include ASIC seizing GEAR's stake in SMR, or a portion thereof, and selling it into the market, no doubt depressing the Company's market value and causing a loss of value to all shareholders.

In closing, let me reiterate the importance of fair and proper treatment of all minority shareholders, both in Singapore and in Australia; and reaffirm our Board's opportunity here to ensure that adequate governance standards are maintained in both jurisdictions. It is clearly in the Board's, and the Company's, best interests to see GEAR's shareholding in SMR transferred at a fair market price, at arms-length terms, and in accordance with the spirit and letter of the rules. That is all I am seeking to achieve.

I remain at your collective disposal to discuss any and all of the issues raised herein.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jeremy Raper', with a stylized, cursive script.

Jeremy Raper

⁷ See Appendix letter p. 6-7 for further discussion.

Appendix

Letter sent to GEAR Independent Financial Advisor (IFA), February 10, 2022



Wayne Lee Chin Ing
Chairman and CEO
W Capital Markets Pte Ltd
65 Chulia Street, #43-01, OCBC Centre
Singapore 049513

February 10, 2023

Dear Mr Ing,

Entities I manage are beneficially interested in 3,000,000 shares of Golden Energy and Resources (hereafter, 'GEAR'). I understand you have been appointed by GEAR as the independent financial advisor (IFA) to opine on both the Proposed Distribution and Exit Offer, as contemplated by GEAR's announcements to the market on November 9, 2022, as required under the Listing Rules.⁸

I am writing today to express my profound concern regarding aspects of the Exit Offer. The Offeror, an entity associated with the controlling shareholders (the Widjaya family), are executing a series of manoeuvres designed solely to extract over \$1 billion SGD in value from minority shareholders, subverting or even violating portions of the Listing Manual along the way.⁹ A true and proper fairness opinion on the Exit Offer – now your firm's responsibility – is one of the few obstacles standing in the way of the wholesale robbery of common shareholders. I will explain some of my concerns herein, and I would exhort you to consider these perspectives as you perform your crucial valuation analysis.

⁸ See here, p. 9-10: <http://investor.gear.com.sg/news.html/id/2412281>

⁹ This dollar number being the difference between the Exit Offer consideration (16c per share) and the post-GEMS NAV (about 76c per share), multiplied by the Widjayas' ownership of GEAR post-transaction.

Firstly, I believe **the structure of the request for a fairness opinion is in violation of the spirit, and letter, of Section 1309 of the SGX Mainbook Rules.**¹⁰ In its Offer announcements, GEAR describes how W Capital Markets has been requested to perform a fairness opinion, firstly on the Cash Alternative Price to the Proposed Distribution; and then secondly, on the Proposed Distribution AND the Exit Offer, ‘when taken together as a single transaction.’¹¹ I believe this latter instruction is a potential violation of Listing Rule 1309 (regarding Exit Offers), which clearly states that ‘the issuer 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.’ The language in the Listing Manual is clear: there is no allowance to combine, or conflate, the Exit Offer with any other purported transaction. It is simply ‘the exit offer’ that must be deemed fair and reasonable – not ‘the exit offer when considered together with other transactions as a whole.’

Why, then, is the Company instructing your firm to only consider the fairness of the Exit Offer here, combined with the Proposed Distribution ‘when taken together as a single transaction’? This appears to violate both the spirit and the letter of the regulations, since – as we shall see – it is the Exit Offer terms themselves, in isolation, that are a blatant and unmitigated robbery of value from minority shareholders. I would exhort you to conduct your fairness analysis both on the Cash Alternative Price to the Proposed Distribution, and then the Exit Offer, separately – as is demanded both by the Listing Manual and plain common sense. *Please note that I have raised this specific point of law in formal complaints to the Monetary Authority of Singapore (MAS); Securities Industry Council (SIC); and Singapore Securities Exchange (SGX), and, for the sake of complete transparency, I will forward a copy of this letter to all three bodies as well.*

Secondly, when we consider the actual underlying assets at GEAR post the Proposed Distribution, it is evidently clear that **the terms of the Exit Offer are beyond egregious.** GEAR’s main asset excluding the GEMS shares (to be distributed in specie via the Proposed Distribution) is simply its 64.01% stake in Stanmore Resources (SMR), an Australian coking coal company listed and trading on the ASX. Putting other valuation techniques aside, the reality is a liquid, accessible market price for these shares exists. On this simple observational basis, the Offeror is attempting to pay – via the Exit Offer – 16c for something worth ~75c in the market:¹²

¹⁰ Mainbook Rules, Section 1309, available here: [https://rulebook.sgx.com/rulebook/1309-0#:~:text=\(2\)%20the%20issuer%20must%20appoint,offer%20is%20fair%20and%20reasonable.](https://rulebook.sgx.com/rulebook/1309-0#:~:text=(2)%20the%20issuer%20must%20appoint,offer%20is%20fair%20and%20reasonable.)

¹¹ Specifically, see page 9 here: http://investor.gear.com.sg/newsroom/20221109_021802_AUE_6Z135PE7SZMEQPE9.1.pdf

¹² Assuming other GEAR assets beyond the SMR stake (Ravenswood, other investments, cash, etc) are valued at zero.

	As at Offer date	Today
SMR share price (A\$)	2.85	3.56
SMR shares held by GEAR (mm)	600	600
Total value to GEAR (A\$ mm)	1709	2135
Convert to S\$ at 0.92	1572	1964
Value per GEAR share (S\$)	\$0.60	\$0.74
Exit Offer consideration (S\$)	\$0.16	\$0.16
Implied discount to fair value (%)	73%	79%

That is to say, the Offeror is attempting to extract shareholders' look-through Stanmore equity at a near-80% discount to the value of said shares readily trading, in a liquid market, right now. This kind of a discount would look extreme even if the underlying assets were illiquid, opaque, and loss-making (ie 'Level 3' assets). But Stanmore is a >\$3 billion AUD market capitalization company listed in a premium jurisdiction, generating huge cash flows with strong opportunities for further growth (indeed, the stock has rallied >30% simply in the few months since the Offer was made).¹³ One wonders why this Exit Offer is even necessary, given that the stated rationale for the transaction was to exit the thermal coal markets (noting that Stanmore produces almost entirely coking, not thermal, coal, at its mines).¹⁴ Why are the Stanmore shares not simply being distributed to shareholders, in the same fashion as the GEMS shares?

Thirdly, I believe **the timing of the Offer announcement suspiciously coincided with potential market manipulation of GEAR shares** (another matter I have raised both to Singaporean regulators and the media). On November 8, 2022 – the day before the Offeror's intent to delist GEAR was made public – *GEAR shares somehow fell 28%, from 90.5c to 67c, an inexplicable move in the total absence of any company-specific news:*

¹³ See Stanmore's latest Quarterly Report, describing \$400mm USD of free cash flow in a single quarter and near zero net debt: https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02623103-2A1426556?access_token=83ff96335c2d45a094df02a206a39ff4

¹⁴ See p.2, Section 2.1, for the Rationale for the transactions: http://investor.gear.com.sg/newsroom/20221109_021802_AUE_6Z135PE7SZMEQPE9.1.pdf



The very next day the Offeror announced the aforementioned transactions, claiming that the deals offered a ‘premium’ to the pre-deal trading price. The premium is utterly illusory, and simply a function of these pre-deal machinations in GEAR stock. The reality is GEAR shares were trading well above 90c a share for multiple weeks before the offer was made – making the terms of the current offer – implying 83.5c a share in total value – essentially a take-under.

These are but some of the multifarious issues with the purported transactions. In closing, I seek only to highlight the violations of process and basic governance norms that have preceded the request made to your firm for the fairness opinion; and I would simply ask you to conduct your analysis with the dispassionate professionalism and adherence to best practices we would expect from a Singapore-regulated entity. I do intend to publicize the various abuses that have occurred here, in counsel with both Singaporean and Australian regulators and organs of the media in both countries. My intentions are not wholly altruistic (as a large shareholder), but absent a concerted effort to protect minorities here from the ravages of a rapacious majority shareholder, it is overwhelmingly Singaporean retail investors who will have over \$1 billion SGD stolen from them.

Yours sincerely,

Jeremy Raper