

**THE PROPOSED ENTRY INTO THE ONWARD TRANCHE 2 LOAN AGREEMENT WITH
ONWARD CAPITAL PTE. LTD.**

1. INTRODUCTION

- 1.1 The board of directors (the “**Directors**” or the “**Board**”) of Metis Energy Limited (“**Company**”, and collectively with its subsidiaries, the “**Group**”) refers to:
- (a) the Company’s announcement dated 4 September 2022 in relation to, amongst others, the entry into a loan agreement (the “**Onward Tranche 1 Loan Agreement**”) with Onward Capital Pte. Ltd. (“**OCPL**”), pursuant to which OCPL had agreed to extend to the Company a loan facility of up to a maximum principal amount of US\$30 million to finance the Group’s capital expenditure for renewable energy projects and general working capital requirements, to be disbursed in one or more tranches (the “**Onward Tranche 1 Loan**”); and
 - (b) the circular to the shareholders of the Company (the “**Shareholders**”) dated 13 December 2022 for the purpose of seeking Shareholders’ approval for the proposed entry into the Onward Tranche 1 Loan Agreement, in relation to which such approval was obtained at the extraordinary general meeting of the Company held on 5 January 2023.
- 1.2 Under the terms of the Onward Tranche 1 Loan Agreement, if there should be any disposal of any of the Company’s subsidiary(ies) after the date of the Onward Tranche 1 Loan Agreement, the maximum principal amount of the loan facility available to the Company shall be reduced by an amount equal to the aggregate proceeds received by the Company from all such disposal(s) in accordance with the Onward Tranche 1 Loan Agreement.
- 1.3 As set out in the Company’s announcement dated 1 December 2023, the Company had completed the disposal of PT Kariangau Power (the “**PT KP Disposal**”) on 30 November 2023 and accordingly under the Onward Tranche 1 Loan Agreement, the maximum principal amount of the loan facility available to the Company would have been reduced by an amount equal to the aggregate proceeds received by the Company from the PT KP Disposal. Accordingly, as at the date of this announcement, the loan facility under the Onward Tranche 1 Loan Agreement has been fully drawn down upon.
- 1.4 Further to the above, the Board wishes to announce that the Company has on 15 March 2024 entered into a new loan agreement (the “**Onward Tranche 2 Loan Agreement**”) with OCPL, pursuant to which OCPL has agreed to extend to the Company a loan facility of up to a maximum principal amount of US\$13 million to finance the Group’s capital expenditure for renewable energy projects and general working capital requirements, to be disbursed in one or more tranches (the “**Onward Tranche 2 Loan**”, and collectively with the Onward Tranche 1 Loan, the “**Onward Loans**”).
- 1.5 As at the date of this announcement, (a) the Company has also been granted two loan facilities each of up to the principal amount of S\$15 million and US\$1.63 million respectively from Kaiyi Investment Pte. Ltd. (“**Kaiyi**”) (collectively, the “**Kaiyi Loans**”); and (b) the

Company has drawn down approximately S\$10 million and US\$1.63 million under the respective Kaiyi Loans, and approximately US\$17 million under the Onward Tranche 1 Loan.

2. ENTRY INTO ONWARD TRANCHE 2 LOAN AGREEMENT WITH OCPL AS AN INTERESTED PERSON TRANSACTION

2.1 Details of the Interested Persons

As at the date of this announcement:

- (a) Ms. Elaine Low is deemed interested in (i) 830,046,700 shares in the capital of the Company held by Energy Resource Investment Pte. Ltd. (“**ERI**”) through her 33.3% shareholding interest in ERI; and (ii) 1,019,475,000 shares in the capital of the Company held by Kaiyi through her 34.22% shareholding interest in Kaiyi and she is therefore considered a “controlling shareholder” of the Company under the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”); and
- (b) OCPL, which is wholly owned by Ms. Elaine Low, is therefore deemed to be an associate of Ms. Elaine Low and hence an “interested person” under Chapter 9 of the Listing Manual.

2.2 Interested Person Transaction

Accordingly, the Onward Tranche 2 Loan, which is a transaction between OCPL (an “interested person”) and the Company (being an “entity at risk”), constitutes an “interested person transaction” under Chapter 9 of the Listing Manual.

Pursuant to Rule 909 of the Listing Manual, the value at risk to the Company under the Onward Tranche 2 Loan is the interest payable on the Onward Tranche 2 Loan. Based on the Group’s audited financial statements for FY2022, the Group’s consolidated audited net tangible assets (“**NTA**”) as at 31 December 2022 was approximately S\$87,444,000. Pursuant to Rule 906(1) of the Listing Manual, the Company must obtain shareholder approval for any interested person transaction of a value equal to, or more than 5% of the Group’s consolidated audited NTA, being approximately S\$4,372,200.

The interest rate under the Onward Tranche 2 Loan Agreement is the rate per annum fixed for the applicable SOFR Interest Period¹ (calculated monthly on the basis of the actual number of days elapsed and a 365-day year) fixed at 3 percent (3%) above the secured overnight financing rate administered by the Federal Reserve Bank of New York (or any other person who takes over the administration of that rate) published (before any correction, recalculation or republication by the administrator) by the Federal Reserve Bank of New York (or any other person which takes over the publication of that rate (the “**SOFR Rate**”)) as at the start of the SOFR Interest Period. Assuming the maximum principal amount of US\$13 million is fully drawn down on the date the Onward Tranche 2 Loan Agreement is entered into and the interest rate under the Onward Tranche 2 Loan Agreement remains constant at

¹ “**SOFR Interest Period**” is defined in the Onward Tranche 2 Loan Agreement to mean, in relation to (a) a particular tranche of drawdown (“**Drawdown**”) (other than the final Drawdown), the period commencing from the date of disbursement of such Drawdown and ending on the date immediately preceding the date of the next Drawdown and (b) the final Drawdown, the period commencing from the date of disbursement of such final Drawdown and ending on the date the loan under the Onward Tranche 2 Loan Agreement has been fully repaid by the Company.

5.50%² per annum, the total interest payable by the Company to OCPL under the Onward Tranche 2 Loan Agreement exceeds 3% of the Group's consolidated audited NTA but is not expected to exceed 5% of the Group's consolidated audited NTA.

Notwithstanding the foregoing, the Company acknowledges that it is possible for the total interest payable under the Onward Tranche 2 Loan Agreement to exceed 5% of the Group's consolidated audited NTA, and the Company will seek the approval of the independent Shareholders for the Onward Tranche 2 Loan at an extraordinary general meeting of the Company to be convened, pursuant to Rule 906 of the Listing Manual, in the event that the 5% threshold is subsequently crossed.

2.3 Salient Details of the Onward Tranche 2 Loan

Under the terms of the Onward Tranche 2 Loan Agreement, amongst others:

- (a) OCPL has agreed to extend to the Company a loan facility up to a maximum principal amount of US\$13 million (the "**Facility**") to finance the Group's capital expenditure for renewable energy projects and general working capital requirements, to be disbursed in one or more tranches;
- (b) the Company represented and warranted to OCPL that (i) it is likely to achieve a stipulated level of cashflow and (ii) the construction and operation of the 111MWp/94MWac utility-scale solar farm project in Goondiwindi, Queensland, Australia (the "**Gunsynd Project**") will be designed, constructed and delivered substantially as agreed between OCPL and the Company;
- (c) OCPL and the Company have agreed that upon the execution of the Onward Tranche 2 Loan Agreement, the Company shall deliver and shall procure that there be delivered to OCPL the undertakings as set out in paragraphs 2.4(d) and 2.4(e) below;
- (d) all documents and information provided pursuant to or in connection with the Onward Tranche 2 Loan Agreement are provided (i) subject to OCPL keeping such documents and information strictly confidential and (ii) only for the purpose of evaluating the Onward Tranche 2 Loan. In this regard, if required by the Company, OCPL has agreed to enter into a confidentiality agreement in such form and substance reasonably satisfactory to the Company;
- (e) the Onward Tranche 2 Loan is interest-bearing and unsecured. The Company has agreed to repay the Onward Tranche 2 Loan and any accrued interest on the outstanding principal amount of the Facility on or before 31 December 2025; and
- (f) upon the occurrence of (i) any fund raising exercise by the Company or any of its subsidiaries or (ii) divestment of any of its subsidiaries or assets by the Company, the Onward Tranche 2 Loan, together with accrued interest, and all other amounts accrued under the Onward Tranche 2 Loan Agreement will be immediately due and payable in full within ten (10) days of the date of the Company's receipt of proceeds from such fund raising exercise or divestment of any of its subsidiaries or assets by the Company (or such other date as may be required by OCPL in its absolute discretion), and the Facility will be immediately cancelled.

² As at the date of this announcement, the SOFR Rate is 5.31%. For the purposes of estimating the total interest payable under the Onward Tranche 2 Loan, a high range of the SOFR Rate of 5.50% has been used.

2.4 Undertakings in Connection with the Onward Loans and Kaiyi Loans

In connection with the Onward Tranche 2 Loan, the Company has also provided a letter of undertaking dated 15 March 2024 to OCPL and Kaiyi (the “**Letter of Undertaking**”), pursuant to which, among others, the Company had agreed to and undertaken that, subject to all applicable laws and regulations, it shall use its best efforts to carry out the following (the following undertakings, collectively the “**Undertakings**”):

- (a) the Company shall use its best efforts to raise funds for the purpose of maximising shareholder value and repaying the Kaiyi Loans and the Onward Loans;
- (b) the Company shall explore various options to reduce the annual expenditure of the Company;
- (c) upon the occurrence of (i) any fund raising exercise by the Company or any of its subsidiaries or (ii) divestment of any of its subsidiaries or assets by the Company, the Company shall use the net proceeds received by the Company (such proceeds, the “**Proceeds**”) to first satisfy its obligations as described in paragraph 2.3(f) above, following which, any remaining amount of the Proceeds shall be used to repay the Kaiyi Loans, together with accrued interest, and all other amounts accrued under the respective loan agreements. The Company further undertakes to use its best efforts to repay the principal and the accrued interest under the Kaiyi Loans and the Onward Tranche 2 Loan on or before 31 December 2025.

In the event that there are still remaining Proceeds after the Company has fully repaid the Onward Tranche 2 Loan and the Kaiyi Loans and all other amounts accrued under the respective loan agreements, the Company will provide a notice to OCPL to prepay all or any part of any outstanding amounts (whether of the principal amount and/or any interest accrued) due under the Onward Tranche 1 Loan;

- (d) to the extent reasonably possible, the Company will seek the prior written consent from OCPL for any financing facility (whether equity, debt or hybrid in nature) which is proposed to be entered into by the Company or its subsidiaries; and
- (e) OCPL will have no less favourable borrowing conditions than the financial institution(s) for financing the same pipeline project, when the Company seeks project financing or commercial borrowing from the financial institutions, provided that OCPL, Kaiyi and the Company agree that the foregoing undertaking shall not restrict or prevent the Company from:
 - (i) seeking project financing or commercial borrowing from financial institutions which are able to offer the Company similar or more favourable borrowing conditions than those currently extended by OCPL in relation to the same pipeline project; or
 - (ii) seeking additional project financing or commercial borrowing from financial institutions in the event that OCPL is not agreeable to providing additional financing to the Company in relation to any pipeline project.

2.5 Rationale for and Benefits of the Onward Tranche 2 Loan

The Board wishes to update the Shareholders that: (a) as disclosed in the media release dated 22 December 2022, the Company has entered into the Gunsynd Project, being the

acquisition of the 100% equity interest in a 111MWp/94MWac utility-scale solar farm project in Goondiwindi, Queensland, Australia; and (b) in view of the completion of the PT KP Disposal, the loan facility under the Onward Tranche 1 Loan Agreement has been fully drawn down.

To finance the construction of the Gunsynd Project, Metis Gunsynd Holdings Pty Ltd and Progressive Renewable Development Gunsynd Pty Ltd (as borrower), being wholly-owned subsidiaries of the Company, had on 9 February 2024 entered into a syndicated facility agreement (the “**Syndicated Facility Agreement**”) in relation to loan facilities of an aggregate principal amount of approximately A\$123 million. Construction for the Gunsynd Project had begun in the second half of 2023 and the availability of additional funds will facilitate the timely delivery of the project, which is currently targeted to be in the second half of 2025.

Pursuant to the terms of the Syndicated Facility Agreement, the loan facilities may be drawn down only if a stipulated minimum equity contribution (to be calculated in accordance with the Syndicated Facility Agreement) (the “**Minimum Equity Contribution**”) has been expended or contributed into the project account in connection with the acquisition, design, development, construction and commissioning of the Gunsynd Project (such costs incurred, the “**Project Costs**”). The proceeds from the Onward Tranche 2 Loan would therefore assist the Company in paying or contributing into the project account for part of the Project Costs, meet the Minimum Equity Contribution and thereafter the Company would be able to drawdown upon the loan facilities pursuant to the Syndicated Facility Agreement.

The Company is of the view that the terms of the Onward Tranche 2 Loan Agreement are more attractive compared to other financing options which generally required (a) the provision of security at high interest rates of more than 3.35% per annum above the SOFR Rate for non-recourse loan; and (b) the provision of security, joint and several guarantees by the Company. In comparison, the Onward Tranche 2 Loan Agreement is unsecured and the interest rate per annum of 3% above the SOFR Rate as at the start of the SOFR Interest Period is within the range of several secured loans which the Group currently has, and of which are lower than the other financing options currently available. Therefore, the Onward Tranche 2 Loan Agreement is considered the most viable option, as it will give the Group the ability and flexibility to quickly tap on the funds should the need arise, without the need to provide any security, charge or mortgage over assets.

Moreover, the Company is of the view that there is no assurance that the Group will be able to obtain additional funding for the Gunsynd Project on comparable terms or at all, if the Onward Tranche 2 Loan Agreement had not been entered into.

2.6 **Total Value of All Interested Person Transactions for the Current Financial Year**

(a) OCPL

The total value of all interested person transactions entered into by the Group with OCPL (excluding the Onward Tranche 2 Loan) for the current financial year beginning 1 January 2024 and up to the date of this announcement is S\$238,299.

(b) All

The total value of all interested person transactions entered into by the Group (excluding the Onward Tranche 2 Loan) for the current financial year beginning 1 January 2024 and up to the date of this announcement is S\$360,901.

3. AUDIT COMMITTEE STATEMENT

The audit committee of the Company, having considered the terms, rationale for and benefits of the Onward Tranche 2 Loan Agreement and the Undertakings, is of the view that the Company's entry into the Onward Tranche 2 Loan Agreement as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect, in the Onward Tranche 2 Loan, otherwise than through their respective shareholdings (if any) in the Company.

BY ORDER OF THE BOARD

Tang Kin Fei
Board Chairman
15 March 2024