



(Incorporated in the Republic of Singapore)
(Company Registration No. 200613299H)

RESPONSES TO QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON 28 AUGUST 2015 WITH RESPECT TO THE COMPANY'S SECOND QUARTER FINANCIAL RESULTS ANNOUNCEMENT ON 12 AUGUST 2015

The Board of Directors ("**Board**") of MMP Resources Limited (the "**Company**" and together with its subsidiaries the "**Group**") would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 28 August 2015 with respect to the Company's announcement of its financial results for the second quarter ended 30 June 2015 ("**2Q2015**"), which was released on 12 August 2015.

Unless otherwise defined herein, terms defined in the announcement of 12 August 2015 (the "**Results Announcement**") shall have the same definitions herein.

Response to Queries

Please provide further information on the following in an announcement to be released via SGXNET by 1 September 2015. In your announcement, please disclose our questions and your corresponding answers to enable investors to understand the matters raised by the Exchange.

- 1. In paragraph 8 of the Company's second Quarter 2015 Results Announcement ("Announcement"), the Company disclosed an "over recognition of revenue for FY 2014 by the Group's subsidiary Elite Bay's Construction ("Elite Bay") amounting to S\$0.335 million, primarily because of invoicing discrepancies. The over recognition of revenue was adjusted by the Group this quarter".**

Please disclose the reasons how the "invoicing discrepancies" arose and whether the Company had investigated into the matter.

Due to the recent sale of Elite Bay, the Company's new management team has completed a comparison review of the FY2014 figures to finalise the accounts and found variances in what was reported in FY2014. After investigation and queries posted to Elite Bay's finance team, it was highlighted that Elite Bay found invoicing discrepancies; due to an oversight of information given to them by the operations team on the construction sites. This resulted in an adjustment in 2Q2015.

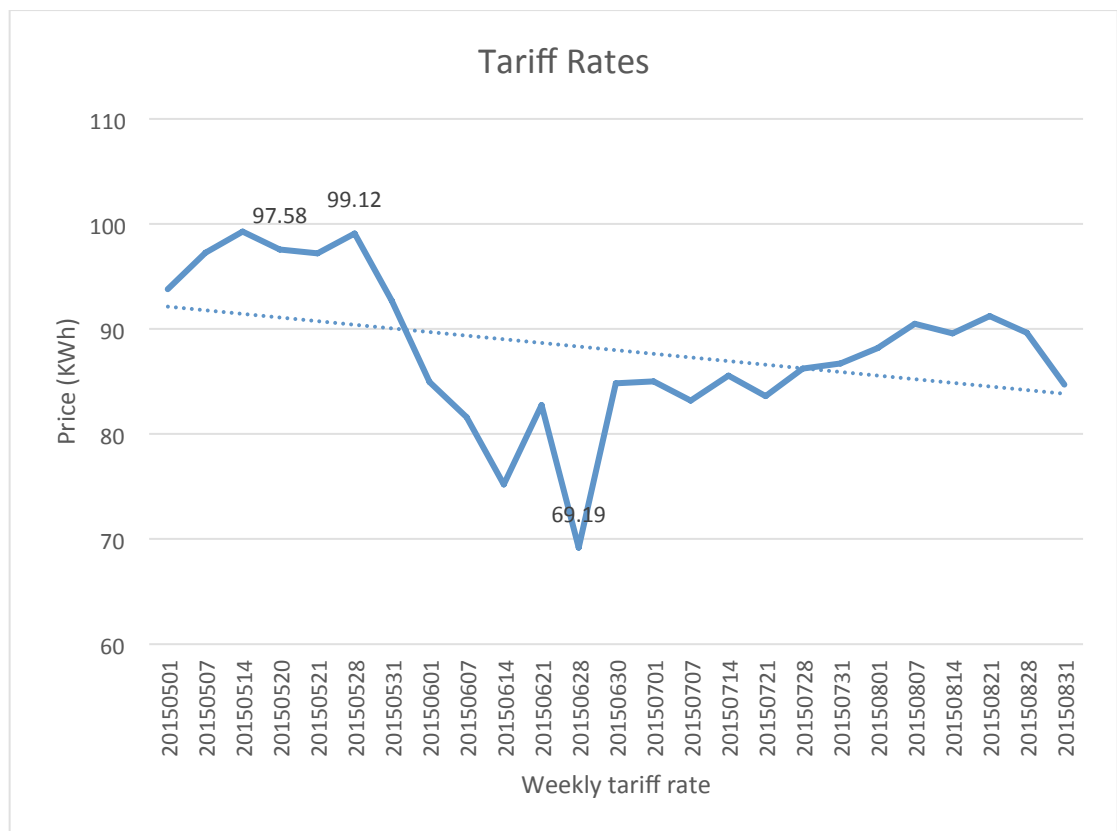
2. The Company stated that “due to the MERS outbreak in South Korea, the sales performance of MPP 1 was not up to the Group's initial expectations”.

Please provide details on how the MERS outbreak had affected the sales performance of MPP 1.

Business operations started on 17 June 2015, the MERS outbreak officially started towards the end of May 2015. The demand for electricity reached lows that were unusual for this time of year, primarily as South Koreans were avoiding public spaces and the tourism industry saw a sharp downturn due to fears over infection. Seasonal temperatures were not unusual during the period. Therefore, the Company believes that it was the MERS outbreak that primarily affected the sales performance in 2Q2015, resulting in the Company's MPP 1 operating at a loss.

Selling price of electricity is determined by the tariff rates. As shown by the table below, tariff rate for electricity it is at the lowest at the end of June 2015.

Below is the overview of the tariff rates from 1 May 2015 to 31 August 2015.



3. In the Company's announcement on 6 July 2015 titled "Responses to queries raised by The Singapore Exchange Securities Trading Limited on 2 July 2015 with respect to the Company's announcement on 14 May 2015 and 30 June 2015", the Company announced that it "will comply and consult the Exchange" pursuant to Listing Rule 1007(1) on the disposal of Elite Bay as the relative figure calculated under Listing Rule 1006(b) is a negative figure of -41.37%.

As this is a major transaction that requires shareholders' approval, please disclose whether this had been obtained for the disposal of Elite Bay.

No shareholder approval was received for the disposal of Elite Bay. However, based on the adjusted revenue figures, Elite Bay recorded a net loss attributable to the Group of S\$80,136.60 in 1Q2015. The updated relative bases under Listing Rule 1006(a) and (b) in respect of the disposal of Elite Bay is as follows:

Rule 1006	Bases of Calculation	Relative Figure (%)
	1.	
(a)	Net asset value of the assets to be disposed of S\$29,398.20 compared with the Group's net asset value of approximately S\$2.59million	1.14%
(b)	The net loss ⁽¹⁾ of S\$80,136.60 attributable to the Elite Bay, compared with the Group's net loss of approximately S\$624,375 for 1Q2015	12.8%

Note:

- (1) Under Listing Rule 1002(3), "net profits" means profit or loss before income tax, minority interests and extraordinary items. The net profit of Elite Bay and the Group is based on adjusted unaudited consolidated financial statements of the Group for 1Q2015.

Save as disclosed above, there were other changes to the relative bases under Rule 1006 as disclosed in the announcement dated 1 July 2015.

In addition:

- (a) The surplus of the Consideration over the net tangible asset value of the Sale Shares is S\$70,601.80.
- (b) The Company will recognise a gain of S\$70,601.80 pursuant to the Disposal.
4. In paragraph 8, under "Other Expenses", it was announced that the "Company faced frequent challenges in receiving financial information from (Elite Bay's Construction (Elite Bay)) that would meet Singaporean listed reporting codes, after repeated attempts to streamline processes".

Please disclose what legal action has been undertaken by the Board of Directors of the Company on this matter to safeguard the interest of shareholders.

No legal action was taken by previous management of the Company for non-compliance to accounting procedures. The current management team and Board decided that doing so now would only exacerbate matters, when the Company has been trying to clean up the reporting processes, whilst trying to better integrate Elite Bay. Ultimately the Board decided that it would be in the Company's best interest to dispose of Elite Bay, as it felt its business operations were not ready for compliance with the standard required of a company listed on the SGX-ST.

The current management team does not have any knowledge on why audit processes were not put in place previously, or why personnel in Malaysia were not better trained and equipped to implement accounting processes that would be required by a company listed on the SGX-ST.

5. **In paragraph 8, under “Other Expenses”, it was also mentioned that a “recent dilution process by the majority shareholders in Renaissance Enterprises S.A.(“Renaissance”), has effectively caused an impairment loss of S\$23.27 million, resulting in the board approving a total net loss through write down ”. Please:-**

- (a) **Explain why this was not announced previously on SGXNet;**

A representative of Renaissance only informed the Company verbally in early July 2015 that it had capitalised debts of €1,944,181 owing to 80 Dollars Ltd and EFB Investments S.A (“**Capitalisation**”). The Capitalisation was approved on 29 April 2015 at a general meeting held in Luxembourg, however the Company only received email communication by a Renaissance representative on the 16 July 2015. The Company requested a meeting with Renaissance's Singapore based attorney to access original copies but this request was denied, therefore without original documentation, the Company was unsure whether this capitalisation process was fraudulent. The Company felt any announcement otherwise could be misleading to the market until original documentation was obtained.

After consultation with the Company lawyers, the decision to write down the investment was discussed by the Board on 6 August 2015, although it had still received no form of original documentation. The Company decided it would take a position based on email correspondence, however would wait until 12 August 2015, giving Renaissance maximum time to provide the required original documentation. With no original documentation forthcoming, the Company issued an announcement - “Financial Statements and Related Announcement” on 12 August 2015.

The Company felt giving unsubstantiated information to the market could be misleading, so sought legal advice on the matter, which took time to review. As the Company did not have a controlling stake in Renaissance, it was not able to reject the Capitalisation, required time to assess the financial effects of the Capitalisation and to obtain further financial information from Renaissance, which were not readily available to the Company in its capacity as a minority shareholder with no board representation. Based on this legal review, the Board took a position, making an announcement accordingly.

- (b) **Provide details of and quantify the dilution process. To explain how this resulted in the Company's position in Renaissance to be diluted from 19.9% to 0.3% with an impairment loss of S\$23.27 mil; and**

Due to a typographical error, impairment loss for Renaissance should read S\$23.38 mil instead of S\$23.27 mil as reported in 2Q2015 financial results released on 12 August 2015 under "Other Expenses".

Renaissance called for a general meeting in Luxembourg, where a majority of the shareholders of Renaissance approved a resolution to issue 1,944,181 new shares in its share capital to capitalise debts of €1.56 mil and €0.38 mil owing by Renaissance to 80 Dollars Ltd and EFB Investment S.A respectively. As a result of the Capitalisation, the Company's 6,169 shares represent approximately 0.3% of the entire share capital of Renaissance.

- (c) **To disclose the assumptions and basis used in arriving at the impairment loss of S\$23.27 mil. Please quantify where applicable.**

BEFORE DILUTION

TOTAL SHARES	31,000	
Sino Construction Ltd	6,169	19.9%

AFTER DILUTION

	Shares	EUR	@	1.51 SGD
80 dollar	1,555,345	1.00	1,555,345.00	2,348,570.95
EFB investment	388,836	1.00	388,836.00	587,142.36
	1,944,181			2,935,713.31
Sino Construction	6,169			23,379,500.00
TOTAL SHARES	1,950,350			26,315,213.31

6. **In the Balance Sheet, "Available-for-sale financial assets" decreased from S\$35.38 mil to S\$12.0 mil. The S\$12.0 mil represents the Company's investment in Ardilaun Energy Limited ("Ardilaun").**

- (a) **Please provide reasons for the decrease from S\$35.38 mil to S\$12.0 mil for the Company's "Available-for-sale financial assets";**

The decrease of "Available-for-sale financial assets" was due to the write down of the Company's shares in Renaissance of S\$23.38million.

- (b) **Did the Company undertake an independent valuation for the proposed sale of Ardilaun? If not, please explain why an independent valuation will not be undertaken despite Ardilaun being a significant asset of the Company;**

The Company has not currently undertaken an independent valuation of the asset for the proposed sale, as it currently awaits final documentation from the Ardilaun management team that would be required for the valuation process. However as the Board has agreed that this asset should be disposed of, the asset was correspondingly moved to "Available-for-sale

financial assets". The Company will not dispose of the asset without an independent valuation.

(c) Please provide an update on the performance of Ardilaun;

The Company is a minority shareholder of Ardilaun with no board representation, and is not involved in its day to day operations. The Company has requested and is awaiting reply from Ardilaun's management team as to its current status, future prospects and any other additional information relevant to operations and a potential sale. The Company will notify the market accordingly when in possession of any relevant updates.

(d) Please provide details on the assumptions on how the valuation of Ardilaun at S\$12.0 mil was arrived at;

The Company's current management team has little information recorded on file with regard to this acquisition, as it was concluded in 2014 by the previous management team. Based on disclosures made by the Company at the time, the current management team believes that the value of the investment in Ardilaun was agreed on a willing buyer willing seller basis, after negotiations on arm's length.

(e) It was previously announced by the Company that "Ardilaun will have the opportunity to commence its exploration works during the year as well as immediate production revenues from 12.5% interest in Seven Heads Gas Field of Celtic Sea that has 5 wells producing since 2003". Please provide the Company's justification for the proposed sale of Ardilaun given the above prospect provided by the Company and elaborate on what had changed since the acquisition of Ardilaun; and

The current management team does not have the information required to substantiate this statement. The Board has reviewed the information on hand since the change in management in February 2015, a significant reduction in pricing in the Oil and Gas arena, coupled with limited feedback and communication with Ardilaun's management as core reasons to dispose of the asset.

(f) It was also announced that the "Group has recently engaged a consultant to source for potential buyers for Ardilaun". Please:-

(i) Disclose the name, experience and track record of the consultant;

Mr William Joseph Condon, a former Director of the Company. Mr Condon resigned from his position on the board on 14 November 2014. As Mr Condon was present at the time of the acquisition, the Board believes he has knowledge that may be beneficial in the sale in a downturned market.

- (ii) **Provide details on the process undertaken by the consultant for the sourcing of potential buyers;**

Mr Condon is leveraging his contacts and networks in the resources industry to help source potential buyers.

- (iii) **Disclose the terms of the engagement of the consultant; and**

A nominal fee has been paid to cover his costs; no additional commission has been agreed between the parties upon successful conclusion of any sale of Ardilaun.

- (iv) **Disclose whether the consultant has been previously assessed or engaged by the Company. If so, please provide details.**

William Joseph Condon was appointed as Executive Director on 16 December 2013. Subsequently, he was re-designated as Non-Executive Director on 12 June 2014. He was ceased to be a Non-Executive Director on 14 November 2014.

7. **Please note that the sale of Ardilaun will require shareholders' approval pursuant to Listing Rule 1014. Please comply accordingly.**

The Company notes the requirement under Listing Rule 1014.

8. **In paragraph 9, the Company is required to disclose whether there are any variance between the prospects disclosed in paragraph 10 of its previous results announcement. This disclosure is applicable. Please disclose accordingly.**

There was no variance between the prospects disclosed in paragraph 10 of its previous results announcement.

BY ORDER OF THE BOARD

Chan Ying Wei
Independent Executive Director
1 September 2015