

9 October 2023

**INTERRA RESOURCES LIMITED ENTERS INTO JOINT VENTURE WITH
PT MITRA INVESTINDO TBK AND PT PRIMA ASET LESTARI****1. INTRODUCTION**

1.1. Introduction. The board of directors (the “**Board**”) of Interra Resources Limited (the “**Company**”) is pleased to announce that it has entered into a joint venture (the “**Joint Venture**”) with two Indonesian incorporated companies, PT Mitra Investindo Tbk (“**MITI**”) and PT Prima Aset Lestari (“**PAL**”) on 9 October 2023. MITI and PAL shall be collectively referred to as the “**Indonesian Parties**”.

1.2. Joint Venture and Incorporation of Joint Venture Company. Under the Joint Venture, the Company and the Indonesian Parties have agreed to incorporate a new joint venture company in Indonesia called PT Mitra Biomass Internasional (hereinafter referred to as the “**JV Company**”) which will be used as the joint venture vehicle to build and operate a wood pellet plant in Sumatra, Indonesia.

2. INFORMATION ON MITI, PAL AND THE JV COMPANY

2.1. MITI. MITI is listed on the Jakarta Stock Exchange and its other businesses are in logistics where it operates a fleet of vessels catering to different sectors of this industry.

2.2. PAL. PAL is a private company incorporated in Indonesia. Its shareholders are Mr. Akbar Rival and Mr. Mr Edy Sumarso who own 60% and 40% of the entire issued share capital of PAL respectively.

2.3. The JV Company. The JV Company is a foreign investment limited liability company incorporated in Indonesia, which will be used as the joint venture vehicle to build and operate a wood pellet plant in Sumatra, Indonesia.

3. PRINCIPAL TERMS OF THE JOINT VENTURE

3.1. Consideration. The Indonesian Parties will subscribe for 60% of the issued share capital in the JV Company and the Company will subscribe for the remaining 40% of the issued share capital in the JV Company (“**Subscription Shares**”). The initial share capital of the JV Company will be Rp. 11,000,000,000 (Eleven Billion Rupiahs) and the Company will be paying Rp. 4,400,000,000 (Four Billion and Four Hundred Million Rupiahs) for its 40% stake in the JV Company. Based on an exchange rate of Rp. 15,606 (Fifteen Thousand, Six Hundred and Six Rupiahs) for US\$1 (One US Dollar) as at 6 October 2023, the Company’s initial investment for the Subscription Shares representing 40% shareholding in the JV Company is therefore approximately US\$282,000 (Two Hundred and Eighty-Two Thousand US Dollars).



The entire cost of the Joint Venture is estimated to be about US\$4,800,000 (Four Million and Eight Hundred Thousand US Dollars) and the Company's share of this investment is estimated to be about US\$1,920,000 (One Million Nine Hundred and Twenty Thousand US Dollars), which will be satisfied in cash.

The estimated investment amount to be paid by the Company (including the consideration for the Subscription Shares) was arrived at, after arm's length negotiations between the parties, on a willing buyer, willing seller basis, after taking into account the nominal value per share in the capital of the JV Company. As the JV Company has not commenced operations nor own any assets, the book value and net tangible asset value of the Subscription Shares is zero. No valuation of the Subscription Shares has been commissioned by the Company.

There are no net profits attributable to the Subscription Shares as the JV Company has yet to commence operations.

3.2. Principal Terms of the Shareholders' Agreement between the Parties. The principal terms of the shareholders' agreement entered into on 9 October 2023 by the Parties (the "**Shareholders' Agreement**") are set out below:

- 3.2.1.** The maximum number of commissioners on the board of commissioners of the JV Company will be 2 commissioners, with the Company and MITI each being entitled to nominate a maximum of 1 commissioner.
- 3.2.2.** The maximum number of directors on the board of directors of the JV Company will be 3 directors, with the Indonesian Parties entitled to nominate 2 directors, and the Company is entitled to nominate 1 director.
- 3.2.3.** The business of the JV Company shall be managed by the board of directors and the board of directors may determine all matters relating to the management of the JV Company except for those which are required to be approved by the Board of Commissioners and/or those to be approved at a general meeting of the shareholders and/or those to be determined by the unanimous approval of the board of directors and board of commissioners and/or those which are required to be determined by the unanimous approval of the shareholders at a general meeting of the shareholders.
- 3.2.4.** Upon the occurrence of certain deadlocks, any shareholder shall be entitled to offer to buy all of the other shareholder's shares at a specified price and the other shareholder shall be bound to sell its shares at the specified price upon the fulfilment of certain conditions.
- 3.2.5.** Upon the occurrence of certain default events (including an insolvency event and a breach of a shareholder's material obligations under the Shareholders' Agreement), the non-defaulting shareholder(s) can acquire the defaulting shareholder's shares in the JV Company at subscription price or fair value depending on the default event and upon the fulfilment of certain conditions.

3.2.6. Each shareholder has pre-emption rights for transfers or issuances of securities as well as tag-along rights for proposed transfers of securities subject to certain conditions being satisfied, as detailed in the Shareholders' Agreement.

4. SOURCE OF FUNDING FOR THE JOINT VENTURE

4.1. The Company's share of this investment is estimated to be about US\$1,920,000, which will be funded by internal sources of funds.

5. RATIONALE FOR THE JOINT VENTURE

5.1. Wood pellets are biofuels made from residuals left from the wood industry. They are widely used as fuel in Europe, North America, South Korea and Japan. In recent years, its use has also been on the rise in China, Thailand and Indonesia as the world turns towards renewable, sustainable energy sources. Wood pellets are currently one of the most widely used forms of biofuel, and the outlook for this product is very promising. The Company believes that this investment signals the start of the Company's venture into renewable, sustainable energy sources. Commencement for the construction of the wood pellet plant is scheduled to take place as soon as possible after the execution of the Shareholders' Agreement on 9 October 2023 and it is estimated that it will take about 11 to 13 months for the new plant to be completed, and for production of the wood pellets to begin.

6. DISCLOSEABLE TRANSACTION

6.1. Rule 1006 Relative Figures. The relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the "**Listing Manual**") in respect of the Joint Venture based on the unaudited consolidated financial information of the Company and its subsidiaries (the "**Group**") for the first half-year ended 30 June 2023 as announced on 11 August 2023 are as follows:

Rule 1006	Basis	Relative Figure (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable.
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	Not applicable. ¹
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation ² based on the total number of issued shares excluding treasury shares	12.89

¹ [Not applicable, as the JV Company has yet to commence operations.]

² The market capitalisation is based on 655,498,604 ordinary shares of the Company ("**Shares**") in issue and the weighted average price of the Share transacted on the SGX-ST on 6 October 2023 of S\$0.036 and converted at the exchange rate of US\$1:S\$0.7303 as at 6 October 2023.



Rule 1006	Basis	Relative Figure (%)
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable.
(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.	Not applicable.

- 6.2. Discloseable Transaction.** As the relative figure under Rule 1006(c) exceeds 5% but is not more than 20%, the Joint Venture constitutes a discloseable transaction for the Company as defined in Chapter 10 of the Listing Manual. Accordingly, the Company is not required to seek the approval of its shareholders for the Joint Venture pursuant to Chapter 10 of the Listing Manual.

7. PRO FORMA FINANCIAL EFFECTS OF THE JOINT VENTURE

- 7.1.** The financial effects of the Joint Venture set out below are purely for illustrative purposes and should not be taken as an indication of the actual financial performance of the Group. The financial effects of the Joint Venture set out below were calculated based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2022 ("FY2022"), being the most recently completed financial year.

- 7.2. Net Tangible Assets ("NTA").** The effect of the Joint Venture on the NTA per share of the Group for FY2022, assuming that the Joint Venture had been effected at the end of FY2022 is as follows:

FY2022	Before the Joint Venture	After the Joint Venture
NTA (US\$'000)	24,487	24,487
Total number of issued Shares	655,498,604	655,498,604
NTA per Share (US cents)	3.736	3.736

- 7.3. Earnings per Share ("EPS").** The effect of the Joint Venture on the EPS of the Group for FY2022, assuming that the Joint Venture had been effected at the start of FY2022 is as follows:

FY2022	Before the Joint Venture	After the Joint Venture
Profit attributable to shareholders (US\$'000)	9,577	9,577
Weighted average number of issued Shares	655,498,604	655,498,604
EPS (US cents)	1.461	1.461

8. FURTHER INFORMATION

- 8.1. Interests Of Directors and Controlling Shareholders.** None of the Company's directors or substantial shareholders has any interest, direct or indirect, in the Joint Venture save for their interests (if any) in the share capital of the Company.
- 8.2. No Directors' Service Contracts.** No person is proposed to be appointed to the Board as part of the Joint Venture, and no director's service contract is proposed to be entered into by the Company with any person in connection with the Joint Venture.

By Order of the Board of Directors of
INTERRA RESOURCES LIMITED

Ng Soon Kai
Executive Chairman

About Interra

Interra Resources Limited, a Singapore-incorporated company listed on SGX Mainboard, is engaged in the business of petroleum exploration and production (E&P). Our E&P activities include petroleum production, field development and exploration. We are positioning ourselves to become a leading regional independent producer of energy. With this Joint Venture we are venturing into alternative, renewable energy.

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