

28 April 2021

**RESPONSE TO QUESTIONS RECEIVED IN RELATION TO
THE ANNUAL GENERAL MEETING TO BE HELD ON 29 APRIL 2021**

The Board of Directors (the “**Board**”) of Interra Resources Limited (the “**Company**”) refers to the announcement dated 14 April 2021 in relation to the Company’s annual general meeting to be held via electronic means on 29 April 2021. The Board wishes to inform shareholders that the Company has not received any questions from shareholders and has received questions from the Securities Investors Association (Singapore) (SIAS) on the Company’s annual report for the financial year ended 31 December 2020 (“**FY2020**”). The Company’s response to these questions is set out below.

Question 1

The group’s field operations at the Chauk and Yenangyaung oil fields were suspended due to disruptions brought about by the civil disobedience movement since the Tatmadaw removed the elected government on 1 February 2021 and declared a year-long state of emergency.

The group is unable to ascertain the longer term impact of this disruption and will closely monitor the evolving situation in Myanmar and provide updates as and when there are material developments. With more than US\$21.1 million out of US\$41.2 million in total assets invested in Myanmar, and given the licence expiration in April 2028, this will likely significantly affect the group’s prospects.

- (i) What is the number of staff in Myanmar? What extra safety precautions and guidelines has management given to its staff? What additional support has the group provided to its employees?
- (ii) How is management communicating with its stakeholders who are in Myanmar?
- (iii) Are the group’s field operations secured and undamaged, at least for now?
- (iv) Who is the major customer of the group that accounted for all of the group’s revenue in FY2020 and in FY2019?
- (v) How much of the group’s cash is in the country?

Response to Question 1

As previously announced, the Company’s field operations in Chauk and Yenangyaung remain suspended to ensure the safety of its approximately 500 employees in Myanmar, and to safeguard its equipment and assets.

The Company is in continuous contact with its stakeholders in Myanmar including the Myanma Oil and Gas Enterprise (MOGE). Communications with stakeholders are conducted mainly through the Company’s country manager for Myanmar, who is based in Yangon.

Given the highly sensitive nature of the current situation in Myanmar, the Company is unable to provide further details at this moment. The Company will provide the necessary updates when there are any material developments.

Question 2

As shown in Note 31(c) (page 130 – Financial risk management: Capital risk), the group has a gearing ratio of 36%, with gearing ratio being calculated as net debt divided by total capital. Net debt is the sum of borrowings, lease liabilities and trade and other payables less cash and bank balances while total capital is calculated as total equity plus net debt.

- (i) With the Myanmar oil fields stopping production, will the group have sufficient capital to fund its working capital including any exploration efforts in the Kuala Pambuang Block?

As at 31 December 2020, the group had cash and cash equivalents of US\$4.22 million (FY2019: US\$2.78 million). The company has stated that it will be looking at various financing sources and funding options to raise capital (page 6).

- (ii) What is the cash burn-rate at the moment? What cost-cutting measures have been implemented now that the group has stopped generating revenue?
- (iii) What are the remaining steps in the production testing of the Kuala Pambuang block? In the best-case scenario, how far is the group from the first barrel of oil, in terms of capital expenditure required and in terms of time?
- (iv) What does the development in Myanmar mean for the group as it tries to exit the watch-list? The company had applied for an extension of time to meet the exit criteria of the watch-list of SGX as it had not met the market capitalisation criteria (i.e. an average daily market capitalisation of \$40 million or more over the last 6 months). The exchange had on 28 October 2020 confirmed that it has no objection to the company's application for an extension of time to 4 December 2021 for the company to satisfy the requirements for its removal from the watch-list.

Response to Question 2

Please note that Note 31(c) (page 130 – Financial risk management: Capital risk) states that the group has a gearing ratio of 6%, and not 36%.

As mentioned in its annual report and results announcement for FY2020, the Company at present has sufficient cash resources. The Company has taken steps to minimize its monthly cash outflows including further cost cutting measures. It is monitoring its financial position very closely.

As announced, the Company is finalizing its plans to complete the production testing in Kuala Pambuang PSC (KP). These plans include the design and parameters of the production test as well as the sourcing of equipment and materials for the test which is dependent on the availability in Kalimantan. At present, further developments with regards to the commercialization of KP are contingent on the results of the production test.

Question 3

As noted in the corporate governance report, all three independent directors, namely Mr Low Siew Sie Bob, Mr Allan Charles Buckler and Mr Lim Hock San, have each served on the board beyond an aggregate period of nine years.

Mr Low and Mr Buckler were first appointed on 18 February 2011 and 14 December 2004 respectively. Mr Lim was a director from 3 July 2004 to 31 December 2009 before he was re-appointed on 8 September 2012. The board has determined that all three non-executive directors remained independent.

Mr Lim has indicated his intention to retire from the board and will not be seeking reelection. Accordingly, the board has proposed to retain Mr Low and Mr Buckler as independent directors, subject to shareholders' approval pursuant to a two-tiered vote in respect of each of Mr Low and Mr Buckler at the forthcoming Annual General Meeting.

- (i) Can the board/nominating committee (NC) elaborate further on the search and nomination process for director, especially independent directors?
- (ii) Would the NC consider using a professional search firm (instead of personal networks) to cast its net wider and possibly improve the diversity of the candidate pool?

Response to Question 3

The Board is currently in discussions with possible candidates for the position of independent director and will make the necessary announcement when appropriate.

By Order of the Board of Directors of
INTERRA RESOURCES LIMITED

Marcel Tjia
Chief Executive Officer

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 petroleum.