



JOINT OPERATION AGREEMENT AND COMMISSION AGREEMENT

1. Introduction

The board of directors (the “**Board**” or “**Directors**”) of Resources Prima Group Limited (the “**Company**”, and together with its subsidiaries, collectively, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary RPG Logistics Pte Ltd (the “**RPG Logistics**”), has on 31 March 2019, executed a joint operation agreement (the “**JOA**”) with PT Prima Dharma Karsa (“**PT Prima**”), a company incorporated in Indonesia, to provide logistical support to PT Prima, including but not limited to the transportation of nickel to a loading port, the supervision of mining operations as well as provision of mining equipment and mining services to PT Prima in relation to a mining area.

PT Prima owns 100% of the concession right to a 938 hectare nickel ore mine in Pagimana, Banggau Sulawesi Tengah, Indonesia. The requisite approvals, certifications and licences commenced on 19 October 2008 and expires on 19 August 2026. After which the concession can be extended for 2 ten year periods. The mine is currently in operations with a stock pile of some 35,000 tonnes (the “**Mining Area**”).

For the avoidance of doubt, RPG Logistics will not be involved in the development, production and disposition of nickel.

2. Rationale for the JOA

The Company is currently suspended pursuant to Rule 1303(3) of the Catalist Rules and is therefore required to submit a proposal through its sponsor to the SGX-ST with a view to resume trading (“**Resumption Proposal**”). The SGX-ST had granted the Company an extension of time till 28 March 2019 to submit the Resumption Proposal, on the grounds that the Resumption Proposal must adequately address both financial and business viability issues. The entry into the JOA is a means to address the business viability of the Group as it will generate revenue and cashflow for the Group, and potentially provide a viable and sustainable business which will strengthen the current financial position of the Group.

Based on the representations by PT Prima, PT Prima has entered into a supply agreement with PT Indonesia Guang Ching Nickel and Stainless Steel Industry (the “**PTIGCN**”) for the supply of 1 million tonnes of nickel per annum. In respect of each tonne sold by PT Prima from the Mining Area, PT Prima will pay to RPG Logistics an amount equivalent to 60% of the profit per tonne of nickel sold, provided always that the amount shall not be less than US\$5 per tonne of nickel.

PTIGCN was established in 2014, and is a professional manufacturer specialized in the research, development and production of ferro-nickel and stainless steel. PTIGCN is a joint venture between China’s state-owned enterprise Guangdong Guangxin Holdings Group and private enterprise Zhejiang Tsingshan Group. PTIGCN has been fully operational by the middle of 2017 with an annual output of 600,000 tonnes per



annum of ferro-nickel, 1,000,000 tonnes per annum output of continuous stainless steel casting and 3,000,000 tonnes per annum output of stainless steel hot-rolling project.

3. Ordinary course of business

The Group currently has expertise in providing coal haulage services and coal mining support services through its subsidiary PT Energy Indonesia Resources (“**EIR**”). Notwithstanding that the commodity in respect of the JOA is nickel, the Board of Directors of the Company is of the opinion that the JOA is in accordance with the Group’s ordinary course of business and will not result in a change in risk profile of the Group, taking into consideration the following:-

- (a) The relevant experience of the Group in managing the current coal haulage operations which can be applied to managing the logistics of the nickel operations;
- (b) The JOA does not involve an acquisition of asset; and
- (c) The JOA will not result in a change in control of the issuer.

It is envisaged that with the entry into the JOA, the business viability of the Group will be improved which will place the Group in a better position to negotiate for better terms in relation to potential reverse takeover transactions for the Group.

4. Salient Terms of the JOA

Details of the JOA

The key terms of the JOA are as follows:-

- (1) PT Prima has entered into a supply agreement with PTIGCN for the supply of 1 million tonnes of nickel for a year. PT Prima and RPG Logistics agreed to jointly perform the obligations of the supply agreement to PTIGCN on the terms of the JOA. PT Prima and RPG Logistics agree to utilize the proceeds from the sale of Nickel to PTIGCN to fund all operation requirements of RPG Logistics in respect of its performance of the JOA.
- (2) PT Prima’s obligations shall include *inter alia* the following:
 - (a) take all steps and do all things necessary and required to obtain and / or renew and / or extend the IUP (the “**IUP**”), as the case may be, in the name of PT Prima to ensure that it has all relevant IUP to perform the services and obligations contemplated in the JOA or the supply contract with PTIGCN or any other party;



- (b) liaise with the relevant authorities, locals, villagers and such other parties that may become affected or involved in any of the activities contemplated in the an annual work plan setting out details on how it plans to develop the Mining Area, the production of Nickel from the Mining Area for such calendar year, and the fulfilment of any and all obligations in relation to the IUP arising from the development, production and disposition of Nickel from the Mining Area (“**Work Plan**”). PT Prima shall also set out proposed budget and logistical requirements necessary for carrying out such proposed work plan;
 - (c) provide such documents as may be required by RPG Logistics including but not limited to the original licenses and PT Prima’s incorporation documents;
 - (d) execute such Powers of Attorney as may be required by RPG Logistics; and
 - (e) discharge any and all of its liabilities that are accrued or are due and payable as at the date of the JOA;
 - (f) where a Work Plan has been proposed by PT Prima and approved by RPG Logistics, on a quarterly basis (or as agreed by the parties from time to time), provide RPG Logistics with a detailed report and update on the status and progress of the Work Plan; and
 - (g) pay all fees and monies required:
 - i. to obtain and / or renew and / or extend the IUP, as the case may be;
 - ii. for the construction and / or repair of any facilities and / or infrastructure required for carrying out any of the activities contemplated in the Work Plan; and
 - iii. to discharge any and all dead rent, government tax, levies and retributions that are accrued after the date of the JOA as a result of any of the activities contemplated in the Work Plan.
 - (h) PT Prima shall use commercially reasonable efforts to sell 1 million tonnes per annum of Nickel from the Mining Area to PTIGCN.
- (3) RPG Logistics’s obligations shall include the following:
- (a) form a project management team to perform the obligations set out in the JOA. Members of the project management team shall have expertise in operating and managing nickel mines; and
 - (b) upon its approval of an annual work plan as well as budget and logistics requirements, provide transportation of nickel, supervision of mining operations as well as provision of mining equipment and mining services.
- (4) In respect of each tonne of nickel sold by PT Prima from the Mining Area during the term of the JOA, PT Prima shall pay to RPG Logistics an amount equivalent to 60% of the profit per tonne of nickel sold from the Mining Area provided always



that the amount shall not be less than US\$5 per Tonne (collectively referred to as the “**Royalty**”). The calculation basis of the Royalty shall be reviewed in good faith between the Parties after three (3) months from the date of this Agreement, with any adjustments to be made by mutual agreement.

- (5) PT Prima shall issue to RPG Logistics within fourteen (14) days after the end of each month a true and complete statement of the total cargoes loaded at the relevant loading port over that previous month, together with true and complete copies of the bills of lading and certificates of sampling and analysis for those cargoes (“**Cargoes**”). Unless otherwise agreed between the RPG Logistics and PT Prima for the funding of PT Prima’s working capital requirements to perform the supply agreement entered into PTIGCN, PT Prima shall pay to RPG Logistics the Royalty in respect of such Cargoes within fourteen (14) days of receipt of payment from PTIGCN for the said Cargoes.
- (6) PT Prima agrees to provide RPG Logistics with access to all records regarding the quantities of nickel in each month, and to cooperate with RPG Logistics in developing appropriate controls as may be reasonably requested by RPG Logistics to audit and verify all statements relating to Royalty payments, including but not limited to appointing independent parties to perform the audits if necessary.
- (7) The termination rights of the RPG Logistics and PT Prima (the “**Parties**” or individually, the “**Party**”) are set out below:
 - (a) Either Party (the “**Terminating Party**”) shall have the right to terminate the JOA immediately upon notice to the other Party (the “**Defaulting Party**”) in the event:
 - i. of a creditor taking possession of all or majority part of the business or assets of the Defaulting Party or any execution or other legal process is enforced against any majority asset of the Defaulting Party and is not discharged within thirty (30) days after receipt of written notice from the Terminating Party requiring it to do so;
 - ii. a final and binding ruling is issued by the competent court for the winding-up, insolvency, administration or dissolution of the Defaulting Party or for the appointment of a liquidator, receiver, administrator, trustee or similar officer of the Defaulting Party or of all or any significant part of its business or assets;
 - iii. the Defaulting Party admits its inability to pay its debts as they fall due, or a final and binding ruling is issued by a competent court for composition or other arrangement with its creditors; and
 - iv. any event occurs which has an effect analogous to any of the matters set out above.



- (b) either Party shall have the right to terminate the JOA by providing one month's prior written notice to the other Party. Provided that in the event of such termination by PT Prima during the course of a calendar year in which there is an approved work plan, PT Prima shall indemnify RPG Logistics against all third party costs and fees payable by RPG Logistics in respect of the termination of third party services contracted by RPG Logistics for such approved work plan (the "**Third Party Termination Costs**").
- (c) Upon termination, PT Prima shall pay any outstanding Royalty within 7 days of such termination, Third Party Termination Costs and neither Party shall have any further liability or obligation to the other Party arising out of or in relation to the JOA, save for any rights which have accrued prior to termination

5. Introducer Commission

- (1) The transaction with PT Prima was introduced by Mr Khoo Boo Kok (the "Introducer" or "Mr Khoo"), Mr Khoo is a Singaporean citizen who is currently a remiser of a financial security firm and was introduced by an acquaintance of Mr Ang Liang Kim, a substantial shareholder of the Company.
- (2) A commission ("**Commission**") of an amount equivalent to 10% of the total revenue received by the Company pursuant to the JOA as Royalty (as defined in the JOA) ("**Revenue**") will be payable by the Company to the Introducer, provided that the net profit margin of the RPG Logistics before payment of the Commission ("**Net Profit Margin**") shall be no less than 75% of the Revenue, provided always that the expenses for calculating Net Profit Margin shall be limited to manpower costs and company maintenance costs such as audit fees, corporate secretarial fees, office rental, telecommunications, utilities, and other costs that are ordinarily incurred for the purposes of running a company with a small office, and any other expenses and/or costs that are agreed between the Introducer and the Company. If the calculation basis of the Royalty is adjusted after three (3) months from the date of the JOA pursuant to the terms of the JOA, the Introducer and the Company will in good faith similarly adjust the Commission by mutual agreement.
- (3) The Commission will be payable in the form of ordinary shares ("**Commission Shares**") in the Company, to be issued at an issue price of S\$0.001 per share ("**Conversion Price**"). The Commission Shares issuance will be made, in arrears no later than 30 days after each calendar year in respect of amounts actually received in that calendar year, provided further that the first Commission Shares issuance shall only be made within thirty (30) days following the resumption of trading of the shares of the Company on the SGX-ST.
- (4) In accordance with Chapter 8 of the Catalist Rules, Shareholders' approval will be sought for the issuance of the Commission Shares where required. The Introducer is an independent third party and is not related to any of the Directors or substantial shareholders of the Company.
- (5) The Conversion Price represents a 96.0% discount to the prevailing market price of the underlying shares (i.e. 22 June 2017, being the last trading day prior to the



suspension of the Company's shares on SGX-ST) prior to the signing of the Investment Agreement. As the discount presents more than 10% of the prevailing market price as required under Rule 811(2)(a), specific shareholder approval will be obtained in accordance to Rule 811(3).

Conversion Shares issued pursuant to the Conversion shall rank for any dividends, rights or other distributions, the Record Date of which falls on or after the Conversion Date and (subject as aforesaid) will rank *pari passu* in all respects with the then existing shares in the capital of the Company.

- (6) Mr Ang Liang Kim, a substantial shareholder of the Company as well as Mr Agus Sugijono / Sugiono, Mr Gabriel Giovanni Sugijono / Sugiono and Madrone Enterprises Limited (the "**Controlling Shareholders**") and the entities controlled by the Controlling Shareholders which hold shares in the capital of the Company that they directly or indirectly control, are to give written undertakings by deed, to vote all of their shares and any additional shares in the capital of the Company that they directly or indirectly control, acquire or obtain in the future in the Company in favour of among others, the transactions contemplated in the investment agreement between the Company and Mr Xu Shun Cheng @ Perman Yadi ("**Investment Agreement**") as announced by the Company on 31 March 2019 and any commission agreement or other agreement entered into by the Company (the Investment Agreement and such other agreements collectively referred to as the "**Agreements**"), including but not limited to the Convertible Loan, the issuance of shares pursuant to the terms of the Agreements or the Conversion and the Whitewash Waiver (such capitalised terms bearing the meanings as assigned in the Agreements).
- (7) Based on an estimated total revenue of US\$5 million (approximately S\$6.76 million), on the assumption that 1 million tonnes of nickel are sold, the total number of shares to be issued pursuant to the Commission will be 676,250,000 shares. The changes to shareholdings of the substantial shareholders will be as follows based on the following assumptions:
 - i. the full draw down of the convertible loan from Mr Perman Yadi of US\$2,000,000 ("**Yadi Convertible Loan**") pursuant to the investment agreement dated 31 March 2019 with Mr Perman Yadi as announced by the Company on 31 March 2019 ;
 - ii. the full conversion of the Yadi Convertible Loan into 2,705,000,000 conversion shares and thereafter Mr Perman Yadi subscribing in full to his pro-rata Rights Issue (defined below) entitlements;
 - iii. the full conversion of the Commission into 676,250,000 Commission Shares and thereafter Mr Khoo subscribing in full to his pro-rata Rights Issue entitlements;
 - iv. the full draw down of the convertible loan of S\$2,000,000 from Mr Ang Liang Kim's ("**Ang Convertible Loan**") pursuant to the investment agreement dated 6 August 2018 ("**Ang Investment Agreement**") as announced by the Company on 6 August 2018;
 - v. the full conversion of the Ang Convertible Loan into 2,000,000,000 Conversion Shares;

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- vi. a 1-for-1 rights issue at S\$0.001 (“**Rights Issue**”) to be undertaken pursuant to the Ang Investment Agreement whereby Mr Ang Liang Kim will subscribe for his portion of the rights shares and exercising his rights to subscribe for the right shares of the Controlling Shareholders. Mr Ang Liang Kim will, subscribe for a total of 2,927,818,980 rights shares (comprising of 2,000,000,000 rights shares pertaining to the conversion shares, 185,434,000 rights shares pertaining to his existing shareholdings in the Company and 742,384,980 rights shares pertaining to the Controlling Shareholders shareholdings);
- vii. the rest of the existing shareholders subscribing in full to their pro-rata Rights Issue entitlements; and
- viii. the exchange rate of USD1.00 to S\$1.3525.

Shareholders	Current Shareholding		After conversion of Yadi Convertible Loan, Ang Convertible Loan, Rights Issue and issuance of Commission Shares	
	No. of shares	%	No. of shares	% ^(iv)
MADRONE ENTERPRISES LIMITED ^{(i)& (iii)}	742,384,980	40.5%	742,384,980	5.1%
ANG LIANG KIM	185,434,000	10.1%	5,113,252,980	35.4%
BLUE ENERGY HOLDINGS LIMITED ⁽ⁱⁱ⁾	93,750,000	5.1%	187,500,000	1.3%
PERMAN YADI	0	0%	5,410,000,000	37.5%
KHOO BOO KOK	0	0%	1,352,500,000	9.4%
OTHER SHAREHOLDERS	811,431,018	44.3%	1,622,862,036	11.3%

Notes:

- i. Madrone Enterprises Limited’s ultimate beneficial owners are Agus Sugiono and Gabriel Giovanni Sugiono by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore. Agus Sugiono and Gabriel Giovanni Sugiono are therefore deemed interested in the shares of the Company held by Madrone Enterprises Limited.
- ii. Xie Ping and Qing Guangmei are husband and wife and are deemed to be interested in the shares of the Company held by Blue Energy Holdings Limited by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore.
- iii. Pursuant to the terms of the Ang Investment Agreement, Madrone Enterprises Limited has undertaken not to subscribe for the rights issue, subject to Mr Ang subscribing for at least his proportionate share of the rights issue.
- iv. Percentage computed based on an enlarged issued share capital of 14,428,999,996 shares.

6. Financial Effects of the JOA

The JOA is expected to have a positive impact on the net tangible asset per share and the earnings per share of the Group for the financial year ending 31 December 2019.

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The financial effects are presented only for illustrative purposes and will be presented on the following assumptions (i) the full conversion of the Yadi Convertible Loan; (ii) the full conversion of the Ang Convertible Loan; (iii) the issuance of the Commission Shares; and (iv) full subscription to the Rights Issue (collectively, the “**Corporate Actions**”).

The financial effects are computed based on the Group’s unaudited financial statements for the financial year ended 31 December 2018 and on the following assumptions:

- (a) the financial effects on the earnings per Share (“**EPS**”) of the Company are computed assuming that the Corporate Actions are completed on 1 January 2018;
- (b) the financial effects on the net tangible assets (“**NTA**”) of the Company are computed assuming that the Corporate Actions are completed on 31 December 2018;
- (c) the exchange rate of USD1.00 to S\$1.3525;
- (d) the revenue generated by the contract is US\$5 million per annum (approximately S\$6.76 million);
- (e) the expenses is estimated at 25% of the Revenue; and
- (f) the Rights Issue is fully subscribed by other existing shareholders.

Share Capital	FY2018	After the Corporate Actions
Issued and paid-up share capital (US\$)	236,508,000	245,820,754
Total number of Issued Shares-end of year	1,832,999,998	14,428,499,996
Earnings per share		
	FY2018	After the Corporate Actions
Net loss for the year as at FY2018 (US\$)	(1,400,000)	2,350,000
Number of issued shares	1,832,999,998	14,428,499,996
Profit/(Loss) per share (US\$ cents)	(0.076)	0.016
Net asset value (“NAV”) per share		
	FY2018	After the Corporate Actions
NAV (US\$)	(1,527,000)	11,035,754

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Number of issued shares	1,832,999,998	14,428,499,996
NAV per share (US\$ cents)	(0.083)	0.076

7. Application for Listing and Quotation

An application will be made to the SGX-ST for the listing and quotation of the Conversion Shares on Catalist in due course ("**Listing and Quotation Notice**"). The Listing and Quotation Notice, if given, shall not be construed as an indication of the merits of the Company's shares, the Convertible Loan or the Company, its subsidiaries and their securities.

8. Documents Available For Inspection

Copies of the JOA are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore 049315.

9. Interests of Directors and Controlling Shareholder

Save for their respective shareholdings in the Company, none of the Directors or the controlling shareholders of the Company have any interest, direct or indirect in the JOA.

10. Directors' Responsibility Statement

The Directors (including any Director who may have been delegated detailed supervision of the preparation of this announcement) have collectively and individually reviewed and approved the issue of this announcement, and have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate in all material aspects and that the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

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BY ORDER OF THE BOARD

Agus Sugiono
Executive Chairman and Chief Executive Officer
31 March 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading, Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Ms Tay Sim Yee, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone (65) 6232 3210.
