

15 March 2021

**RESPONSE TO QUERY ON THE UNAUDITED RESULTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (“FY2020”)**

The Board of Directors (the “**Board**”) of Interra Resources Limited (the “**Company**”) refers to the query received from the Singapore Exchange Regulation (“**SGX RegCo**”) on 11 March 2021 regarding the Company’s unaudited results for FY2020, and would like to respond as follows:

**Question 1**

Please provide the nature and breakdown of non-current Other Receivables of US\$4,511,000 and US\$4,060,000 as at 31 Dec 2020 and 31 Dec 2019 respectively.

**Answer**

<b>Non-current Other Receivables</b>	<b>FY2020 US\$</b>	<b>FY2019 US\$</b>
Loan to non-related parties:		
(a) PT Mentari Abdi Nusa (“ <b>MAN</b> ”)		
- Advance for working capital	2,417,649	2,302,051
- Accrued interest receivable	706,467	510,443
	<b>3,124,116</b>	<b>2,812,494</b>
(b) PT Energy Alam Mandiri (“ <b>EAM</b> ”)		
- Advance for working capital	1,072,358	1,020,972
- Accrued interest receivable	313,990	226,868
	<b>1,386,348</b>	<b>1,247,840</b>
<b>Total</b>	<b>4,510,464</b>	<b>4,060,334</b>

The loans to MAN and EAM were used to finance the working capital of the Kuala Pambuang production sharing contract (“**KP PSC**”) operations held by the Company’s subsidiary, PT Mentari Pambuang Internasional (“**MPI**”).

MAN and EAM were the original shareholders of MPI. MPI entered into the KP PSC dated 19 December 2011 with Badan Pelaksana Kegiatan Usaha Hulu Minyak Dan Gas Bumi (BPMIGAS) as the contractor to explore and exploit the oil and gas concession over the Kuala Pambuang Block in Central Kalimantan, Indonesia. In conjunction with the Company’s acquisition of its majority stake in MPI, the Company also agreed to provide the loans which were made pursuant to various shareholders loan agreements between the Company’s subsidiaries, MAN and EAM.

Under the shareholders loan agreements, the Company’s subsidiaries have agreed to provide these loans to MAN and EAM to be used as their share of the working capital required for the KP PSC operation. The loans were given at commercial interest rates. It is a usual “market practice” in Indonesia for a new shareholder



farming into an existing oil and gas block to provide loans to the existing shareholders to be used as working capital for the oil and gas block during the exploration period. Under the loan agreements, these loans will be recovered either through revenue from future production derived from the KP PSC operations, or a potential sale of the shares held by MAN and EAM in MPI which holds the KP PSC, to the Company.

### **Question 2**

Please provide the aging of non-current Other Receivables as at 31 Dec 2020, the Board's assessment of the recoverability of the non-current Other Receivables and the bases for such an assessment.

### **Answer**

The Company's subsidiary commenced the exploration activities pursuant to the KP PSC in October 2014. Accordingly, the loans were extended starting from 2014.


Aging Analysis	FY2020 US\$
Less than 1 year	451,904
Between 1 year to 3 years	1,637,092
More than 3 years	2,421,468
<b>Total non-current Other Receivables</b>	<b>4,510,464</b>

The Board has assessed the expected credit losses of other receivables from MAN and EAM based on the requirement of SFRS(I) 9 – Financial Instruments and is of the view that there has been no significant change in the credit risk which indicates there will be default in payment by MAN and EAM. Accordingly, no loss allowance needs to be provided for.

As these receivables may be recovered either through the future revenue of the KP PSC operations or from a sale of the shares of MPI that are held by MAN and EAM, which holds the KP PSC, the Board has also considered the impairment assessment of capitalised exploration and evaluation costs of KP PSC. Additionally, the Company is in the midst of finalising separate supplemental agreements to the shareholders loan agreements, to provide that MAN and EAM are to transfer all the shares that they respectively hold in MPI to the Company if they default on the repayment of these loans.

The Board has also considered ongoing preliminary discussions with potential buyers/investors who have expressed an interest in acquiring the entire interest in KP PSC. If such a sale takes place, these loans will be recovered from the sale proceeds of the shares in MPI that are held by MAN and EAM.

As at 31 December 2020, the Company owes MAN the sum of US\$1,038,001 being cost incurred in obtaining the KP PSC. If MAN defaults in the repayment of the loan



to the Company, this sum will be offset against the outstanding loan amount due from MAN.

### **Question 3**

Please provide an update on whether there has been any material impact to the Group's operations in Myanmar and whether there has been any significant developments that require immediate disclosure.

### **Answer**

We refer to our earlier announcement dated 9 February 2021.

The Company's field operations at the Chauk and Yenangyaung fields remain suspended. The Company has been monitoring the situation in Myanmar very closely. In addition, the Company has been communicating regularly with the relevant authorities.

Continuous and uninterrupted access to all areas of operations at the Chauk and Yenangyaung fields is a pre-requisite for commencing operations, in order to ensure the safety of its operations and employees. At present, the Company is still unable to guarantee such access at its Chauk and Yenangyaung fields. The Company has formulated detailed plans to re-start production if and when it is possible to do so.

The Company will provide updates as and when there are significant developments.

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.