



Securities Investors Association (Singapore)

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: admin@sias.org.sg www.sias.org.sg

UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Interra Resources Limited

Security: Interra Resources Limited

Meeting details:

Date: 29 April 2019

Time: 10.00 a.m.

Venue: RELC International Hotel, Room 508, Level 5, 30 Orange Grove Road, Singapore 258352

Company Description

Interra Resources Limited is an investment holding company. The Company is engaged in the business of petroleum exploration and production (E&P). Its E&P activities include petroleum production, field development and exploration. Its segments include exploration and operation of oil fields for crude petroleum production, and All Other, which includes other services within Singapore, such as investment holding and the provision of management services. Its portfolio of production, development and exploration assets comprises approximately five petroleum contract areas in Indonesia and Myanmar. It has rights and interests in over two of the onshore producing oil fields in Chauk and Yenangyaung. It has interest in an exploration block, which include Kuala Pambuang (KP) Production Sharing Contract (PSC). It has interest in Tanjung Miring Timur (TMT) Technical Assistance Contract (TAC); Linda-Sele (LS) TAC, and Bukit Piatu Mining Business Permit (IUP).

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5GI)

Q1. As noted in the chairman’s statement, following the 11-year contract extension of the two onshore Myanmar fields, Chauk and Yenangyaung, the group continued its development through water-flooding that boosted production in both fields.

Drilling has continued in the fields, with the company providing updates as recently as 17 April 2019 on the success of a development well (#3274) in Yenangyaung.

- (i) Can management help shareholders understand the development plans (including timeline, milestones and budget) for the Chauk and Yenangyaung fields?**
- (ii) What is the expected tangible outcome/target of management? Is management targeting to restore the production to a certain level? In FY2018, the combined gross oil production of the two fields was 887,896 barrels, a 6.0% increase from 837,823 barrels of FY2017.**
- (iii) Oil price risk: The group achieved an average transacted crude oil price of US\$70 per barrel in 2018, up from US\$50 per barrel in 2017. This was due to improved crude oil prices in the global market. The group has not hedged any of its production. Has the board reviewed if there is any benefit to hedge the market price?**
- (iv) Cost per barrel: Can management clearly state the average cost per barrel?**

Q2. The company has stated that the total remuneration of directors including CEO is \$1.237 million (as shown below):

The total remuneration of Directors including the CEO for FY2018, which amounted to S\$1,236,797 (FY2017: S\$966,791), is summarised as follows:

<u>Name of Director</u>	<u>Directors’ Fees</u>	<u>Base/ Fixed Salary</u>	<u>Variable or Performance-related Bonuses</u>	<u>Share-based Incentives and Awards</u>	<u>Benefits-in-kind, Allowances and Other Incentives</u>
Below S\$250,000					
<u>Non-Executive Directors</u>					
Edwin Soeryadjaya	100%	–	–	–	–
Ng Soon Kai	54%	–	–	46%	–
Yin Lifeng	100%	–	–	–	–
Low Siew Sie Bob	62%	–	–	38%	–
Allan Charles Buckler	62%	–	–	38%	–
Lim Hock San	58%	–	–	42%	–
Above S\$500,000					
<u>Executive Director & CEO</u>					
Marcel Han Liong Tjia	–	74%	7%	13%	6%

(Source: Company annual report)

As the company obtained shareholders' approval to pay the directors fees of \$360,000 in 2018, the estimated remuneration of the executive director & CEO is approximately \$877,000.

- (i) Would the remuneration committee consider how the company could improve its disclosure on remuneration?** The current remuneration disclosure of the executive director & CEO indicates "Above \$500,000".
- (ii) Can the remuneration committee help shareholders understand the key performance indicator used to assess the performance of the executive director and the key management personnel?**

Q3. The attendance of directors at board and board committee meetings is shown below:

The attendance of each member at Board and Board Committee meetings, expressed as a ratio of the total number of meetings held during the member's period of appointment in the financial year ended 31 December 2018 ("FY2018"), is set out as follows:

Name of Director	Board Meeting Attendance	AC Meeting Attendance	NC Meeting Attendance	RC Meeting Attendance
Edwin Soeryadjaya	0/3	-	-	-
Ng Soon Kai	3/3	-	1/1	1/1
Yin Lifeng	2/2	-	-	-
Low Siew Sie Bob	3/3	3/3	1/1	1/1
Allan Charles Buckler	2/3	2/3	1/1	1/1
Lim Hock San	3/3	3/3	1/1	1/1
Marcel Han Liong Tjia	3/3	-	-	-

(Source: Company annual report)

The company has stated that the chairman is "*responsible for the leadership and objective functioning of the Board, including its effectiveness on all aspects of its role and its progress towards promoting high standards of corporate governance.*" (page 25)

As seen in the table above, Edwin Soeryadjaya, as chairman, attended none of the board meeting.

- (i) Can the company help shareholders understand if there were extenuating circumstances that led the chairman and other director to be absent for the board meetings?**
- (ii) How far in advance are board meetings scheduled? What are the reasons directors fail to make it to all the board meetings?**
- (iii) As the company's constitution allows directors to participate in a board meeting via teleconferencing, can the company help shareholders understand if this was an option for directors who had missed the board meetings?**



- (iv) How can the company and the company secretary work together with the directors to schedule the board and board committee meetings so that all the directors are able to attend the meetings and contribute to the effectiveness of the board?**