Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Interra Resources Limited

Stock code: 5GI

Meeting details:
Date: 29 April 2021
Time: 11.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. 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?**

Q2. 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.

Group	2020	2019	2018	2017	2016
Financial Performance (US$'000)					
Revenue	10,796	15,675	14,885	11,245	15,173
Cost of production	9,307	9,967	7,988	5,042	9,610
Gross profit/(loss)	1,489	5,708	6,897	6,203	5,563
Net profit/(loss)	(1,249)	(577)	779	399	(8,818)
Net profit/(loss) attributable to equity holders[a]	(1,165)	(478)	874	1,320	(8,041)
Cash Flows (US$'000)					
Operating cash flows	1,875	3,112	4,268	2,636	(1,297)
Investing cash flows	(2,347)	(6,670)	(10,093)	(5,230)	(193)
Financing cash flows	1,913	(303)	3,271	1,923	(6,556)

(Source: company annual report)

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(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.

Q3. 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 re-election. 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?**

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(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?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)