

# **BORNEO OIL BERHAD ("BORNOIL" OR THE "COMPANY")**

## **DEED OF CANCELLATION CUM NOVATION**

### **1. INTRODUCTION**

We refer to our earlier announcement made on 25 March 2021 on the Share Sale Agreement ("**SSA**") entered into between Borneo Oil Corporation Sdn. Bhd. (a wholly-owned subsidiary of BORNOIL) – ("**BOC**" – "the Purchaser") and the Vendors have agreed to sell a 90% equity stake of Syarikat Ratna Pura Sdn Bhd ("**SRS**") for a total cash consideration of RM1,800,000 ("**Purchase Consideration**") to BOC.

Subsequent to the announcement, SRS has been granted a Mining Lease bearing no. ML5/2011 over the Mining Area for a validity period of five (5) years, expiring on 16 March 2025 ("**Mining Lease**"). In the interim period preceding the completion of the SSA, the parties had entered into a Tripartite Agreement with Ricco Mining Sdn Bhd ("**Ricco**") dated 31 January 2022 for mining works in the Mining Area ("**The Mining Agreement**"). The SSA has also been further extended until 30 June 2023.

The Company had on 11 January 2024, entered into a Deed of Cancellation and Novation ("**Deed**") with the Vendors and wishes to announce the cancelling and rendering of the SSA null and void with mutual consent from both the Vendors and Purchaser.

### **2. SALIENT TERMS OF THE DEED**

#### **Agreed Compensation Sum**

- a) Pursuant to the SSA, the Purchaser has paid the Vendor the sum of RM180,000 being the Deposit and RM194,230 being the payment of the premium for the renewal of the Mining Lease;
- b) On execution of the Deed, the Vendor shall pay the Purchaser the sum of RM250,000 as the Agreed Compensation Sum;
- c) Upon the full payment of the Agreed Compensation Sum, neither party hereto shall have any claim against the other under or in respect of the SSA or anything whatsoever or howsoever related thereto.

#### **Novation of the Mining Agreement**

- a) Simultaneously upon the execution of the Deed and receipt of the payment of the Agreed Compensation Sum by the Purchaser, the Purchaser shall forthwith relinquish all its rights in the Mining Agreement;
- b) Thereafter, all the rights, benefits, interests and obligations of the Purchaser in the Mining Agreement shall be novated to the Vendor; and
- c) In consideration of the terms as contained in the Deed, the Vendor shall forthwith assume the entire responsibility for the undertakings to carry out, discharge, observe and perform ALL whatsoever terms and conditions, covenants, liabilities and stipulations on the part of the

Purchaser to be performed and contained in the Mining Agreement and the Purchaser shall be absolved of any undertaking, obligation or liability whatsoever in connection with the Mining Agreement. The Vendor shall procure an acknowledgement from Ricco accordingly.

### **3. RATIONALE AND BENEFITS**

The termination and nullification of the SSA represent an opportunity for the Company to recoup its costs, as the Company is downsizing its mining operations at Mukim Keratong, Daerah Rompin, Negeri Pahang.

### **4. FINANCIAL EFFECTS**

#### **4.1 Share Capital and Substantial Shareholdings**

The Deed will not have any effect on the issued and paid-up capital of the Company or the shareholdings of the Company's substantial shareholders.

#### **4.2 Net Assets and Earnings Per Share**

The Deed will not have any material effect on the net assets and earnings per share of Bornoil for the financial year ending 30 June 2024.

#### **4.3 Gearing**

The Deed will not have any effect on the gearing of the Company for the financial year ending 30 June 2024.

### **5. INTEREST OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED TO SUCH DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS**

None of the Directors, substantial shareholders of Bornoil or its subsidiaries and/or persons connected with them have any direct or indirect interest in the above-mentioned Deed.

### **6. STATEMENT BY DIRECTORS**

The Board of Directors of Bornoil, having considered the Deed, is of the opinion that the acceptance of the Deed is in the best interest of the Company.

### **7. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Deed is available for inspection at the Registered Office of the Company at 1<sup>st</sup> & 2<sup>nd</sup> Floor, Victoria Point, Jalan OKK Awang Besar, 87007, Wilayah Persekutuan Labuan, during normal business hours from Monday to Friday (except public holidays) from the date hereof.

This announcement is dated 11 January 2024.