



# ENERGY WORLD CORPORATION LTD.

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31 July 2023

The Manager

ASX Company Announcements

ASX Limited

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## Company update

Set out in this announcement is an update from the Energy World Corporation (the **Company**) in relation to the Company' suspension, some recent contracts and some further details regarding listing rule compliance issues.

### Suspension from the ASX

Since the late lodgement of its Appendix 4D and Interim Financial Report for the half-year ended 31 December 2022 (**Half Year Report**) on 1 June 2023, the Company has been in discussions with the ASX with regards to its reinstatement to trading.

On 21 July 2023, the ASX has informed the Company that it would not consider reinstating the Company's shares to trading until it has reviewed the Company's:

- (a) audited accounts for the financial year ended 30 June 2023 (**Full year Audited Accounts**);
- (b) pro-forma balance sheet as at 30 June 2023 adjusted up until the date the Full year Audited Accounts are lodged with ASX; and
- (c) a reviewed cash-flow forecast statement for the 12 month period commencing from the date the Full year Audited Accounts are lodged with ASX, the precise form to be confirmed by the ASX, which opines on the working capital and financial condition of EWC,

and ASX is satisfied that the Company is in compliance with ASX Listing Rule 12.2 in relation to its financial condition.

The Full Year Audited Accounts are statutorily required to be lodged with ASIC by 30 September 2023, and the Company is working closely with its Auditors to finalise the Full year Audited Accounts. The

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circumstances that led to the late lodgement of the Half Year Report, have been resolved, the Company has every expectation of lodging its Full year Audited Accounts on time.

The Company acknowledges the frustration caused by the Company's suspension from quotation preventing shareholders from trading their EWC shares on the ASX. We sincerely apologise for all inconvenience caused inadvertently. We reassure shareholders that we are committed to doing everything within our capacity to finalise the Full year Audited Accounts and to resolve the situation as swiftly as possible, ensuring a smooth and efficient resolution.

We appreciate shareholders' patience and understanding, and we are committed to keeping shareholders informed of any further developments.

### **Interim Gas Sales Agreement**

On 26 June 2023 Energy Equity Epic (Sengkang) Pty Ltd (**EEES**) as operator of the Sengkang Production Sharing Contract (**Sengkang PSC**) together with its partner PT Energi Maju Abadi signed an interim gas sales agreement with PT Perusahaan Listrik Negara Persero (**PLN**) for gas sales from the Sengkang PSC (**Initial Interim Gas Supply Agreement**).

The Initial Interim Gas Supply Agreement will account for gas deliveries from the Kampung Baru gas field that recommenced on 21 March 2023 until 30 June 2023.

A subsequent interim agreement will cover gas deliveries from 1 July 2023 until the end of December 2023. Following which the Company anticipates that a longer-term agreement with PLN (up to 10 years) will be contracted, while the Company has not entered into the subsequent interim agreement, the Company will still be operating on the same terms as the Initial Interim Gas Supply Agreement.

The Initial Interim Gas Supply Agreement is for the supply of up to 40mmscf / per day of gas. The potential income from the gas sales for EEES will be in the region of USD2 million per month. The funds will be utilised to pay tax, operating expenses, overheads and third party bank loan repayments.

Further announcements will be made by the Company once the subsequent interim agreement and final agreement for the gas sales from the Sengkang PSC is executed.

### **Sengkang Power Plant Sales and Purchase Agreement**

On 20 March 2023 PT Energi Sengkang, a subsidiary of the Company, entered into a provisional non-binding Sales and Purchase Agreement for the Sengkang Power Plant with PLN Nusantara, a wholly owned subsidiary of PLN (**Sales and Purchase Agreement**). The binding Sales and Purchase Agreement with PLN Nusantara for the Sengkang Power Plant was executed on 19 May 2023. The agreed purchase price was USD29.8 million. The asset had been fully depreciated prior to the sale and asset value carried in the Half Year Report is zero. Proceeds from the sales have been and will be utilised for payment of tax, operating expenses, overheads and third party bank loan repayments.

The Sengkang 315MW Combined Cycle Power Plant was completed in 1997 and was the first non-state-owned gas-fired power station in Indonesia. Electricity was sold under a long-term take-or-pay power purchase agreement into the South Sulawesi power grid operated by PLN. The PPA with PLN expired on 12 September 2022.

The Company advises that the above information in relation to the sale of the Power Plant was announced to the market on 22 May 2023. However, the information as required by Listing Rule 3.1 under section 4.15 of Guidance Note 8 was not provided. Therefore, the Company is providing the above additional information.

The Company advises that it did not meet its Listing Rule 3.1 obligations in relation to the Initial Interim Gas Supply Agreement as it was under the misunderstanding that, as the Company was in suspension, it was not required to meet its continuous disclosure obligations.

### **Loan Facilities**

On 30 June 2017, EWC entered into the Term Loan Agreement with Slipform Engineering International (HK) Ltd (**Slipform**) and Slipform Indonesia (**TLA**). Subsequently, the TLA was amended on 14 September 2018, and another amendment took place on 2 June 2021.

Loans with Energy World International (**EWI**) (under the **EWI Facility**) were entered into as follows:

- (d) US\$5m facility 29 May 2017;
- (e) US\$5m facility 1 October 2017;
- (f) US\$5m facility 15 November 2017;
- (g) US\$5m facility 23 March 2018; and
- (h) US\$25m facility 15 March 2015.

The above loans were amended into a US\$45m facility on 31 August 2018;

- (i) US\$5m facility 2 October 2018;
- (j) US\$10m facility 3 October 2018;
- (k) US\$6m facility 20 December 2018;
- (l) US\$2m facility 20 May 2019; and
- (m) US\$5m facility 20 May 2020.

All the above loans under the EWI Facility were collated into a US\$73m facility on 2 June 2021.

On 2 July 2019, a debenture agreement (being the security agreement) for the EWI Facility and the TLA was entered into (**Debenture Agreement**). Under the Debenture Agreement, security was granted over all of the assets of EWC to the lenders, being Slipform, Slipform Indonesia and EWI (together the **Lenders**).

The Lenders were all related parties of the Company when the security was provided by EWC under the Debenture Agreement. At the time of entry into the Debenture Agreement, the value of the assets secured was more than 5% of the equity interests of the Company. The Company acknowledges that shareholder approval under Listing Rule 10.1 should have been obtained prior to entering the Debenture Agreement.

As the security under the Debenture Agreement has not been enforced and a Listing Rule 10.1 party has not acquired a substantial asset of the Company, shareholders have not been adversely affected.

In order to rectify this breach, the Debenture Agreement was terminated on 6 July 2023, and the security withdrawn over EWC's assets. However, the Loans remain, but are now unsecured.

Yours sincerely

For and on behalf of

ENERGY WORLD CORPORATION LIMITED

A handwritten signature in black ink, appearing to read 'BAU', is positioned above the printed name of the signatory.

Brian Allen

**Executive Director**