

Company Name	: BTM RESOURCES BERHAD
Stock Name	: BTM
Date Announced	: 12/07/2011

Type : Announcement
Subject : OTHERS

Description : AGREEMENT TO EXTRACT FOREST PRODUCTS BETWEEN TERENGGANU STATE GOVERNMENT AND SYARIKAT MASKAYU SAWMILL SDN BHD ("CONCESSION AGREEMENT")

Announcement Details/Table Section :

1 . INTRODUCTION

The Board of Directors of BTM Resources Berhad ("BTM" or "the Company") is pleased to announce that Syarikat Maskayu Sawmill Sdn Bhd, a subsidiary company of BTM has on 06 July 2011 received an agreement dated 03 July 2011 from Terengganu State Forestry Department, an agreement to Extract Forest Products between the State Government of Terengganu and Syarikat Maskayu Sawmill Sdn Bhd ("Concession Agreement").

2. SALIENT TERMS OF AGREEMENT

The salient terms of agreement comprises inter-alia the followings:

- (i) Under the agreement, the State Government agrees to grant Syarikat Maskayu Sawmill Sdn Bhd ("Licensee") a Forest Concession at compartment 125(part) and compartment 124 (part) in Hutan Simpan Cerul, District of Kemaman with an area about 404.70 hectares.
- (ii) The agreement is for a period of Three Years effective from 03 July 2011 to 02 July 2014.
- (iii) Licensee has to pay to the State government royalties and cess for round timber extracted according to the rates stated in the Government Gazette and a premium of RM3,700.00 per hectares per year in the Forest Concession.
- (iv) Licensee has to abide to Akta Perhutanan Negara 1984 , Kaedah-Kaedah Hutan 1986 and the requirements and procedures as in use by the Forestry Department.
- (v) The yield (round timber) from the concession is estimated at 28 meter cube (m³) per hectare.

3. RISK FACTOR

Apart from the normal business and operational risks, there are no major risks in relation to the concession agreement.

4. APPROVAL REQUIRED

The concession agreement does not require the approval of the shareholders of the Company.

5. FINANCIAL EFFECTS

5.1 The concession agreement is not expected to have any material effect on the Group's earnings per share, net assets per share and gearing for the financial year ending 31 December 2011 because the extraction of round timber will only be made practical in 2012 after all the work of surveying of concession area, marking and tagging of trees and submission of felling plan to the Forestry Department. It is expected to contribute positively to the net assets per share, gearing and earnings per share of BTM Group in the subsequent years 2012 to 2014.

5.2 Share Capital and Substantial Shareholders' Shareholding:

The concession agreement will not have any effect on the Share Capital and Substantial Shareholders' shareholding of the Company as the concession agreement does not involve any allotment or issuance of new shares.

6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors and/ or Major Shareholders of the Company and/ or persons

connected to them has any interest, direct or indirect in the concession agreement.

7. STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors of BTM Resources Berhad is of the opinion that the concession agreement is in the best interest of the Company as it provides BTM Group with supply of raw materials until 2014.

This announcement is dated 12 July 2011.

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