

12 March 2015

**1. THE PROPOSED ACQUISITION OF EQUITY INTERESTS
AMOUNTING TO 21.510812% IN PT BENAKAT OIL
2. THE PROPOSED ISSUE AND ALLOTMENT OF SHARES
OF THE COMPANY**

1. THE PROPOSED ACQUISITION

A. INTRODUCTION

1. The board of directors (the "**Board**") of Interra Resources Limited (the "**Company**") wishes to announce that the Company's fully-owned subsidiary incorporated in the British Virgin Islands, Goldwater Indonesia Inc. ("**GII**"), has entered into a conditional sale and purchase agreement dated 12 March 2015 (the "**CSPA**") with PT Benakat Integra TBK ("**BI**"), PT Benakat Oil ("**BO**") and PT Bangkudulis Patina Petroleum ("**BPP**"), for the proposed acquisition by GII (the "**Proposed Acquisition**") of 71,031,024 ordinary and fully paid-up shares in BO (the "**Sale Shares**"), which translates into an indirect holding of 20% of PT Benakat Barat Petroleum ("**BBP**"), at the purchase price of US\$7,358,313 (the "**Purchase Price**").

BI shall hereinafter be referred to as the "**Seller**". BO, PT Indelberg Indonesia ("**II**") and BBP shall hereinafter be referred to collectively as the "**Benakat Group**".

2. The Purchase Price payable by GII for the Sale Shares is based on the consolidated net tangible assets (the "**NTA**") of the Benakat Group as on 30 November 2014, and subject to the adjustment mechanism set out in the CSPA. Please see paragraph 1C for further details on the Purchase Price payable.
3. Upon the completion of the Proposed Acquisition in accordance with the CSPA ("**Completion**"), the Company will control 21.510812% of BO through GII. The completion date of the Proposed Acquisition (the "**Completion Date**") shall be on the second business day after the date upon which the last of the conditions precedent set out in the CSPA is satisfied or waived, provided that Completion shall not take place more than six (6) weeks from the date of execution of the CSPA, unless otherwise mutually agreed by the parties.
4. As two of the relative figures computed on the bases set out under Rule 1006 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") exceed 5% but do not exceed 20%, the Proposed Acquisition is considered a discloseable transaction under Chapter 10 of the Listing Manual. Please see paragraph 1E below for further details on the computation of the relative figures under Rule 1006 of the Listing Manual. Accordingly, the Proposed Acquisition is not subject to the approval of shareholders of the Company ("**Shareholders**") in general meeting.

B. RATIONALE FOR THE PROPOSED ACQUISITION

1. Background of BBP

BBP is a limited liability company incorporated under the laws of Indonesia. Pursuant to an operations cooperation agreement (the “**Benakat Barat KSO**”) entered into between BBP and PT Pertamina EP on 16 March 2009, BBP holds an undivided 100% interest in the Benakat Barat KSO and has the rights and obligations to exploit, develop and explore for hydrocarbons in the Benakat Barat field in South Sumatra, Indonesia.

2. Shareholding structure of the Benakat Group

Currently, BO’s shareholders are BI (99.99%) and BPP (0.01%). BO owns 97.87% of the issued share capital of II, which in turn directly owns 94% of the issued share capital of BBP.

3. Rationale for the Proposed Acquisition

The Company wishes to expand its current portfolio of oil and gas assets in Indonesia through the Proposed Acquisition. Upon Completion, the Company through GII, will gain indirect control of 20% of BBP through the acquisition of the Sale Shares.

The indirect acquisition of 20% of BBP will increase the Company’s existing reserves. In addition, the Company believes that it is a strategic investment because not only is the Benakat Barat field adjacent to the Tanjung Miring Timur field owned by the Company, it also produces oil from the same geological structures and formations as the Tanjung Miring Timur field.

C. PURCHASE PRICE

1. The Purchase Price was arrived at after arm’s length negotiations and on a willing-buyer willing-seller basis and after taking into account, *inter alia*, (i) the results of the Qualified Person’s Report and the Economic Evaluation Report prepared by Gaffney, Cline & Associates dated 19 November 2014 (with an effective date of 31 March 2014); (ii) 3D seismic data that was made available to the Company; (iii) the business potential of the Benakat Group; and (iv) the NTA of the Benakat Group.

Pursuant to the terms of the CSPA, the Purchase Price after adjustment, if any, shall be satisfied by:

- (a) the payment in cash of US\$1,226,385 (the “**Cash Consideration**”); and
- (b) the issue and allotment of 57,086,112 new ordinary shares in the capital of the Company (“**Shares**”), credited as fully paid, at the issue price of S\$0.1492 per Share (the “**Consideration Shares**”), such that the aggregate value of the Consideration Shares is equivalent to US\$6,131,928, based on the agreed exchange rate of US\$1:S\$1.3890.

The issue price for the Consideration Shares was priced at the prevailing market price, being the average weighted price of the Share for trades done on the SGX-ST for the ten (10) trading days leading to and including the full market day on the day before the CSPA was executed.

2. The Purchase Price will only be subject to adjustment if the Completion is delayed and takes place more than three (3) months after the date of the CSPA. The relevant terms of the adjustment are as follows:-
 - (a) The companies in the Benakat Group shall carry out a physical stock-take within twenty-one (21) days after the Completion Date at which GII's accountants and the Seller's accountants shall be entitled to be present. The Seller shall prepare the accounts of the companies in the Benakat Group comprising (a) a balance sheet of that company showing *inter alia*, the NTA on Completion Date (the "**Completion NTA**"); and (b) a profit and loss account for the period from 30 November 2014 to the close of business on the Completion Date within thirty (30) days after the Completion Date for that company, in accordance with the accounting principles, methods and bases applied and used in the preparation of the accounts of each company in the Benakat Group, consistently applied. (the "**Completion Accounts**").
 - (b) The Seller shall produce a dated statement showing the adjustments to the Purchase Price based on the difference between the NTA as at 30 November 2014 and the Completion NTA and deliver the Completion Accounts and provide access to all working papers to the Sellers within ninety (90) days following delivery to the Seller's accountants of the Completion Accounts. For the purpose of preparing the Completion Accounts, all relevant sums denominated in Indonesian Rupiah shall be converted into US Dollars using the mid-rate of the US Dollar/Indonesian Rupiah foreign exchange rate published by Bank Indonesia on the Completion Date at <http://www.bi.go.id/web/en/Moneter/Kurs+Bank+Indonesia/Kurs+Transaksi/>.
 - (c)
 - (i) If the Completion NTA of the company in the Benakat Group is less than the NTA of the same company as at 30 November 2014, the Purchase Price shall be reduced by an amount equal to 20% of the amount in US dollars of the shortfall.
 - (ii) If the Completion NTA of the company in the Benakat Group is more than the NTA of the same company as at 30 November 2014, the Purchase Price shall be increased by an amount equal to 20% of the amount in US dollars of the surplus.

3. The Cash Consideration will be funded from existing funds on hand.

D. OTHER SALIENT TERMS OF THE CSPA

1. Conditions precedent

Pursuant to the terms of the CSPA, Completion is conditional upon, *inter alia*:

- (1) Approval-in-principle from the SGX-ST for the issue, listing and quotation of the Consideration Shares on the Mainboard of the SGX-ST having been obtained and if such approval is subject to conditions (other than those which are in practice imposed by the SGX-ST), such conditions being reasonably acceptable to the Company;
- (2) The approval of the GII's board of directors and the approval of its Shareholders at a shareholders' meeting approving the sale and purchase of the Sale Shares and other acts as may be relevant to give effect to the transactions contemplated in the CSPA;
- (3) All relevant licenses, permits, consents and/or approvals (if any) as may be required by GII from any governmental or regulatory bodies including the SGX-ST for the transactions described in or contemplated by the CSPA.
- (4) Execution of the Sale Share Transfer Documents (as defined in the CSPA) by GII before an Indonesian notary agreed between GII, BI, BO and BPP.
- (5) The agreed form of the irrevocable instructions to be issued by the Company to the Company's share registrar for the immediate allotment, release and credit of the Consideration Shares to the Seller's designated account on the Completion Date
- (6) The warranties given by GII remaining true and accurate in all respects and not misleading as at Completion and at all times between the date of the CSPA and the Completion Date;
- (7) The passing of valid resolutions of (i) the board of directors of the Seller; (ii) the board of directors of BO; and (iii) the shareholders of BO passed at a shareholders' meeting, including the passing of these resolutions in notarial form or such other form prescribed under the laws of the Republic of Indonesia (if required) ("the Completion Resolutions") to:
 - (a) approve the terms and conditions and the transactions contemplated in the CSPA and to authorise the execution, delivery and performance of the CSPA, and in particular to approve and to record the transfer of the Sale Shares from the Seller to GII;
 - (b) approve certain amendments of BO's Articles of Association for BO to obtain PMA status, in an agreed form, including to change its line of business to include business management consultancy (KBLI 70209) or any other business with the prior consent of GII, such consent not to be unreasonably withheld, and which is accepted by Capital Investment Co-ordinating Board of Indonesia (*Badan Koordinasi Penanaman Modal*) ("**BKPM**");
 - (c) confirm that the transfer of the Sale Shares under the CSPA constitutes a transfer of less than 50% of the total net assets of the Seller and does not fall under Article 102 of Law No.40 of 2007 (Undang-undang tentang Perseroan Terbatas), LN2007 No.106 of the

Republic of Indonesia and its implementing regulations;

- (d) confirm that the transactions contemplated in the CSPA are in compliance with the prevailing BAPEPAM LK regulations, including that (i) the transaction is not a conflict of interest transaction within the meaning of BAPEPAM LK Regulation No. IX.E.1, (ii) the transaction is not a material transaction within the meaning of BAPEPAM LK Regulation No. IX.E.2, and (iii) the Seller will make the required disclosures under BAPEPAM LK regulations including under Rules X.K.1 on Disclosure of Information That Must Be Made Public Immediately; and
 - (e) elect a new commissioner and a new director nominated by GII.
- (8) The board of commissioners of the Seller and the board of commissioners of BO shall each provide an acknowledgement of receipt of their respective board of directors' recommendations, to GII.
- (9) The agreed forms of the:
- (a) ordinary or special resolutions (as the case may be) in a general meeting of the shareholders of II;
 - (b) ordinary or special resolutions (as the case may be) in a general meeting of the shareholders of BBP;
 - (c) valid resolutions of the board of commissioners and board of directors of II; and
 - (d) valid resolutions of the board of commissioners and board of directors of BBP to elect a new commissioner and a new director nominated by GII into the respective boards of commissioners and boards of directors of both II and BBP, either in notarial form or such other form prescribed under the laws of the Republic of Indonesia (if required).
- (10) Pertamina granting an extension of time to 15 July 2015 for BBP to complete the Work Program defined in the Benakat Barat KSO;
- (11) Execution of the Sale Share Transfer Documents (as defined in the CSPA) by BI before an Indonesian notary agreed between GII, BI, BO and BPP.
- (12) The Ministerial Decree regarding the approval of the MOLHR in relation to the amendment of the Company's Articles of Association to obtain PMA status including if necessary, a change in the Company's business to include business management consultancy (KBLI 70209) or any other business with the prior written consent of the Buyer, which consent shall not be unreasonably withheld, and which is accepted by BKPM;
- (13) BKPM having granted the in-principle approval to BO for the foreign direct investment or PMA status of BO in respect of the sale to and purchase of

the Sale Shares by GII and such in-principle approval continuing to be in force and effect as at the date of Completion. Provided Always that GII shall provide any assistance as may be reasonably required in order to obtain such approvals;

- (14) No receiver and/or manager or administrator or administrative receiver having been appointed of the whole or any part of the assets and undertakings of the Benakat Group;
- (15) No order having been made and no resolution having been passed for the winding-up of any company in the Benakat Group;
- (16) No application having been made for an administration order in respect of any company in the Benakat Group and no petition having been presented and no notice having been given (whether or not by the Benakat Group and whether or not by any members) relating to the winding-up of any company in the Benakat Group;
- (17) Save for Oil and Gas Assets as defined in the CSPA, all other businesses of the companies in the Benakat Group (especially all liabilities present, future or contingent) are sold and divested from the Benakat Group prior to Completion;
- (18) The agreed form of the Disclosure Letter as set out in Schedule 10, the contents of which are acceptable to GII;
- (19) The certified true copy of the document showing that the Indonesian notary public has submitted the Sale Share Transfer Documents (as defined in the CSPA) and any other required document to the MOLHR or to any other relevant authority to effect the valid and legal transfer of the Sale Shares;
- (20) Each of the Seller's Warranties remaining true and accurate in all respects and not misleading as at Completion and at all times between the date of the CSPA and the Completion;
- (21) All necessary approvals and consents from all relevant governmental, statutory, regulatory and other authorities in Indonesia and Singapore for the sale and purchase of the Sale Shares, the completion of the terms of this Agreement and the transactions contemplated hereunder and referred herein having been obtained and continuing to be in force and effect as at the Completion Date;
- (22) No Indonesian authority or Singapore authority taking, instituting, implementing or threatening to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or having made, proposed or enacted any statute, regulation, decision, ruling, statement or order or taken any steps, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might:

- (a) make the transactions contemplated in the CSPA and all other transactions in connection therewith and incidental thereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same;
- (b) render GII unable to purchase all or any of the Sale Shares in the manner set out in the CSPA; and/or
- (c) render the Seller unable to dispose all or any of its percentage of Sale Shares in the manner set out in the CSPA.

The conditions specified in paragraphs (1) to (6) above can be waived by the Seller. The conditions specified in paragraphs (7) to (21) above can only be waived by GII. The conditions specified in paragraph (22) above can only be waived by both GII and the Seller.

If any of the applicable conditions above is not satisfied or waived by GII or the Seller or there is an occurrence that will prevent a condition being satisfied by 23 April 2015, or such other date as GII and the Seller may mutually agree, the CSPA shall become void and of no effect except as regards and without prejudice to any and all rights of action of the parties for any prior breach of any of the provisions of the CSPA.

2. Representations and Warranties

Both GII and the Seller have provided to each other various customary representations, warranties and undertakings.

E. **PROPOSED ACQUISITION AS A DISCLOSEABLE TRANSACTION**

1. The calculation of the relative figures under Rule 1006 of the Listing Manual are based on the unaudited consolidated financial information of the Company and its subsidiaries (the “**Group**”) for the financial year ended 31 December 2014 (“**FY2014**”) and are as follows:

Rule 1006	Basis	Relative Figure
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value ⁽¹⁾	Not applicable
(b)	The net losses attributable to the assets acquired, compared with the Group’s net losses ⁽²⁾	2.06%
(c)	The aggregate value of the consideration ⁽³⁾ given, compared with the Company’s market capitalisation ⁽⁴⁾	16.85%
(d)	The number of equity securities issued by the Company as consideration ⁽⁵⁾ , compared with the number of equity securities previously in issue	12.70%
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves ⁽¹⁾	Not applicable

Notes:

- (1) Not applicable as there is no disposal of assets.
 - (2) Based on Rule 1002(3)(b) of the Listing Manual, “net losses” is defined as loss before income tax, minority interests and extraordinary items. Based on the unaudited financial statements of the Benakat Group and the Group for FY2014, the net losses attributable to 21.510812% of the Benakat Group and the Group were US\$148,834 and US\$7,239,229 respectively. The net loss of the Benakat Group was converted from IDR to US\$ at an exchange rate of US\$1:IDR12,392 as at 31 December 2014.
 - (3) The “aggregate value of the consideration” is based on the assumption that there is no adjustment to the Purchase Price of US\$7,358,313.
 - (4) The “market capitalisation” of the Company is based on 449,350,357 Shares in issue and the weighted average price of the Share transacted on the SGX-ST on 11 March 2015 of S\$0.1350 and converted at the exchange rate of US\$1:S\$1.3890 as at 11 March 2015.
 - (5) The “number of equity securities issued by the Company as consideration” is based on the assumption that there is no adjustment to the Purchase Price. The aggregate value of the Consideration Shares converted at the exchange rate of US\$1:S\$1.3890 as at 11 March 2015 is S\$8,517,248 and on that basis, 57,086,112 Consideration Shares will be issued at the issue price of S\$0.1492 per Share.
2. As two of the relative figures computed on the bases set out under Rule 1006 of the Listing Manual exceed 5% but do not exceed 20%, the Proposed Acquisition is considered a discloseable transaction, as defined under Chapter 10 of the Listing Manual, which is not subject to the approval of Shareholders in general meeting.

F. VALUE OF THE BENAKAT GROUP

The book value and the NTA value of the Benakat Group as at 30 November 2014 are US\$8,965,121 and US\$(3,558,978) respectively.

G. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

When completed, the Proposed Acquisition will result in an increase to the number of Shares by approximately 12.70% from 449,350,357 Shares to 506,436,469 Shares.

The financial effects of the Proposed Acquisition on the Company’s share capital, NTA per Share, earnings per Share (“EPS”) and gearing of the Group in respect of FY2014 have been prepared based on the following assumptions:-

- (a) The financial effects of the Proposed Acquisition are based on the unaudited financial statements of the Group and the Benakat Group for FY2014, of which the latter was converted from IDR to US\$ at an exchange rate of US\$1:IDR12,392 as at 31 December 2014;
- (b) No adjustments have been made to align any differences that may result from the adoption of different accounting standards and policies by the

Group and the Benakat Group;

- (c) For the purpose of computing the effect on the Company's share capital after the issue and allotment of the Consideration Shares, the number of Consideration Shares issued is calculated based on the Purchase Price before adjustment pursuant to the terms of the CSPA;
- (d) For the purpose of computing the NTA per Share and gearing of the Group after Completion, it is assumed that the Proposed Acquisition was completed on 31 December 2014; and
- (e) For the purpose of computing the earnings attributable to Shareholders and basic EPS after Completion, it is assumed that the Proposed Acquisition was completed on 1 January 2014.

The financial effects of the Proposed Acquisition set out below are purely for illustrative purposes and should not be taken as an indication of the actual financial performance of the Group following the Proposed Acquisition nor a projection of the future financial performance or position of the Group after Completion.

(1) Effect on share capital of the Company

Share capital	No. of Shares	US\$'000
Total number of issued Shares as at the date of this announcement	449,350,357	63,125
Add: Consideration Shares	57,086,112	6,132
Enlarged total number of issued Shares after the Proposed Acquisition	506,436,469	69,257

(2) Effect on NTA per Share

FY2014	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (US\$'000)	64,472	70,604
Total number of issued Shares	449,350,357	506,436,469
NTA per Share (US cents)	14.348	13.941

(3) Effect on EPS

FY2014	Before the Proposed Acquisition	After the Proposed Acquisition
Losses attributable to Shareholders (US\$'000)	10,535	10,674
Weighted average number of issued Shares	446,187,782	503,117,493
EPS (US cents)	(2.361)	(2.122)

(4) Effect on gearing of the Group

As at 31 December 2014	Before the Proposed Acquisition	After the Proposed Acquisition
Total borrowings (US\$'000)	1,189	1,189
Shareholders' fund (US\$'000)	71,638	77,770
Gearing ratio (times)	0.017	0.015

H. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, save for their interests by virtue of their shareholdings and/or directorships, as the case may be, in the Company.

I. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the CSPA and the Qualified Person's Report and the Economic Evaluation Report prepared by Gaffney, Cline & Associates dated 19 November 2014 will be made available for inspection during normal business hours at the Company's registered office at 1 Grange Road, #05-04 Orchard Building, Singapore 239693 for a period of three (3) months commencing from the date of this announcement.

J. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution when trading in the Shares. The Proposed Acquisition is subject to the fulfilment of, *inter alia*, the conditions precedent set out above. There is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

2. THE PROPOSED ISSUE AND ALLOTMENT OF SHARES OF THE COMPANY

A. INTRODUCTION

As stated in paragraph 1C(1)(b), part of the Purchase Price will be paid by the issue and allotment of the Consideration Shares to the Seller, amounting to an aggregate value of US\$6,131,928.

B. ISSUE AND ALLOTMENT OF THE CONSIDERATION SHARES

The Consideration Shares will be issued under the Company's existing general mandate pursuant to Rule 806 of the Listing Manual.

Based on the Purchase Price without adjustments, the Consideration Shares represent approximately 11.27% of the enlarged issued share capital of the Company immediately following Completion.

The Consideration Shares, when issued and delivered, shall be free from all claims, charges, liens and other encumbrances and shall rank *pari passu* in all respects with the Shares existing as at the date of issue of the Consideration Shares except for any dividends, rights, allotments, distributions or other entitlements the record date of which falls on or before the date of issue.

C. SELLER'S INFORMATION

The Seller, BI, is a company incorporated under the laws of the Republic of Indonesia and having an office at Menara Anugrah 12th floor, Kantor Taman E.3.3, Lot 8.6-8.7, Jl. DR Ide Anak Agung Gde Agung, Kawasan Mega Kuningan, Jakarta, Indonesia.

D. CONDITIONS PRECEDENT

The Company will be submitting an application to the SGX-ST for the listing and quotation of the Consideration Shares on the Official List of the SGX-ST. The Company will make the necessary announcements once the approval-in-principle for the listing and quotation of the Consideration Shares has been obtained from the SGX-ST.

E. FINANCIAL EFFECTS

The financial effects of the issue and allotment of the Consideration Shares have been set out in paragraph 1G.

F. GENERAL

BI does not fall within the class of restricted persons to whom Shares of the Company may not be issued and allotted pursuant to Rule 812 of the Listing Manual.

None of the Directors of the Company (in so far as the Directors of the Company are aware) nor does any substantial shareholder of the Company or their respective associates have any interest, whether direct or indirect, in the proposed issue and allotment of Shares.

By Order of the Board of Directors of
INTERRA RESOURCES LIMITED

Marcel Tjia
Chief Executive Officer

About Interra

Interra Resources Limited, a Singapore-incorporated company listed on SGX Mainboard, is engaged in the business of oil and gas exploration and production (E&P). Our E&P activities include oil and gas production, field development and exploration. We are positioning ourselves to become a leading regional independent producer of oil and gas.