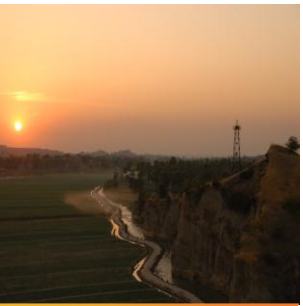

14 March 2014

(1) THE PROPOSED DISPOSAL OF 90% OF THE ISSUED AND PAID UP ORDINARY SHARES IN THE SHARE CAPITAL OF GOLDWATER LS PTE. LTD.; AND (2) THE PROPOSED SUBSCRIPTION OF MITI RIGHTS SHARES

1. INTRODUCTION TO THE PROPOSED TRANSACTIONS

The board of directors (the "**Board**") of Interra Resources Limited (the "**Company**") wishes to announce that the Company has entered into a conditional sale and purchase agreement dated 14 March 2014 (the "**SPA**") with its wholly-owned subsidiary Goldwater LS Pte. Ltd. ("**GLS**") and PT Mitra Investindo TBK ("**MITI**"), a company incorporated under the laws of the Republic of Indonesia and listed on the Indonesian Stock Exchange (the "**IDX**") for the proposed disposal by the Company of 90% of the issued share capital of GLS comprising 90 ordinary shares (the "**Disposal Interest**") to MITI for the consideration of US$13,500,000 (the "**Purchase Price**") upon the terms and conditions of the SPA (the "**Proposed Disposal**").

Pursuant to the terms of the SPA, to raise the Purchase Price, MITI may conduct a rights issue on the IDX (the "**MITI Rights Issue**") to issue new shares (the "**MITI Rights Shares**"). The issue price for each MITI Rights Share, subject to a minimum price of Rp100 and a maximum price of Rp400, shall not be more than 10% above the theoretical trading price of existing shares of MITI ("**MITI Shares**") based on (i) the consolidation of MITI Shares on 4-to-1 basis; and (ii) the average weighted trading price of MITI Shares for five (5) consecutive IDX exchange days at the Regular Market (as the term is understood by the IDX) prior to MITI's advertisement of an announcement to convene a general meeting of shareholders relating to the MITI Rights Issue (the **"Issue Price**") (the "**MITI Rights Issue**"). The Company has undertaken to subscribe for any MITI Rights Shares which remain unsubscribed (the "**Excess Rights Shares**") by the entitled existing shareholders of MITI (the "**Entitled Shareholders**") after the allocation of MITI Rights Shares to Entitled Shareholders who apply for additional MITI Rights Shares (the "**Proposed Subscription**").

The Proposed Disposal and the Proposed Subscription shall hereinafter be known as the "**Proposed Transactions**".

2. INFORMATION ON THE PARTIES INVOLVED IN THE PROPOSED TRANSACTIONS

2.1 The Disposal Group

(a) <u>Business of the Disposal Group</u>

GLS is a wholly-owned subsidiary of the Company, and IBN Oil Holdico Ltd ("**IBN**") is a wholly-owned subsidiary of GLS. GLS and IBN shall hereinafter be known as the "**Disposal Group**".

IBN owns a 100% participating interest in the Linda Sele Technical Assistance Contract (“**LS TAC**”) from Perusahaan Pertambangan Minyak dan Gas Bumi Negara (Pertamina) dated 16 November 1998 and is the sole operator of the Linda Sele (“**LS**”) field located in the province of West Papua, Indonesia with a tenure of twenty (20) years expiring in October 2018. The 100% participating interest in LS TAC constitutes IBN’s only business. In 2013, the total gross production of the LS field was 72,667 barrels of oil.

(b) Net Asset Value (“**NAV**”) of the Disposal Group and Disposal Interest

Based on the unaudited consolidated financial statements of the Disposal Group for the financial year ended 31 December 2013 (“**FY2013**”), the NAV of the Disposal Group and Disposal Interest as at 31 December 2013 was US$17,127,270 and US$15,414,543 respectively.

(c) Net Profit of the Disposal Group and Disposal Interest

Based on the unaudited consolidated financial statements of the Disposal Group for FY2013, the net profit before income tax, minority interests and extraordinary items for the Disposal Group and Disposal Interest as at 31 December 2013 was US$1,248,529 and US$1,123,676 respectively. The estimated realised loss on disposal pursuant to the Proposed Disposal is US$1,914,543.

(d) Book Value of the Disposal Group and Disposal Interest

The book value of the Disposal Group and Disposal Interest as at 31 December 2013 was US$18,728,159 and US$16,855,343 respectively. The Purchase Price represents deficit of the proceeds over the book value of the Disposal Group.

(e) Independent Qualified Person Report and Valuation Report

For the purpose of establishing the value of the Disposal Group, the Company has appointed Gaffney Cline & Associates (“**GCA**”) to prepare an Independent Qualified Person Report (the “**IQPR**”) to:

(i) independently assess the reserves and resources of the LS field; and

(ii) conduct a valuation of the Disposal Interest.

The management of the Company expects the IQPR and valuation report to be finalised within two (2) weeks and further announcements will be released when the IQPR and/or the valuation report are issued by GCA.

2.2 MITI

(a) MITI’s Business

MITI is a company listed on the IDX with a market capitalisation of approximately US$14,163,751[1]. MITI owns and operates a granite quarry located in Bukit Piatu, Kijang, Bintan, Kepulauan Riau, Indonesia.

(b) MITI's Net Tangible Assets ("**NTA**"), Net Profit and Book Value

Based on the unaudited financial statements of MITI as at 31 December 2013, MITI's NTA, net profit before tax and book value were approximately US$9,132,512, US$2,251,820 and US$9,132,512 respectively.

3. RATIONALE FOR THE PROPOSED TRANSACTIONS

The Company's rationale for the Proposed Transactions is to unlock the value of the Disposal Group.

Depending on the level of subscription of the MITI Rights Shares by the Entitled Shareholders, the Company may become a substantial or even controlling shareholder (as the term is defined in the listing manual of the Singapore Exchange Trading Limited ("**SGX-ST**") ("**Listing Manual**")) of MITI. If the Company gains control of MITI, then upon Completion under the SPA, the following would be achieved:

(a) the LS field will be housed under MITI (the "**Indonesian Platform**"); and

(b) the Company will retain control of LS field after the disposal of the Disposal Interest

(the "**Post-Divestment Structure**").

The Post-Divestment Structure will still be beneficial and advantageous to the Company. The Company would have successfully unlocked the value of the Disposal Interest whether it receives the Purchase Price in cash or ends up with the Post-Divestment Structure.

The Post-Divestment Structure allows the Company to unlock the value of the LS field by enabling the market to recognize and assign the value of the unbundled LS field and in turn enables investors to value the Company more accurately. Through the Proposed Disposal, it is hoped that the shareholders of the Company (the "**Shareholders**") will benefit from an increased value and improved Shareholder returns due to a reduction of the complexity of evaluating the Company's conglomerate worth, improving information asymmetry in the market about the LS field, and thereby eliminating any discount to net asset value and avoiding a situation where the market views the Company as being worth less than the sum of its parts.

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1 The market capitalisation of MITI is determined by multiplying 2,566,456,000 MITI Shares (being the total number of MITI Shares in issue as at 13 March 2014, being the market day immediately preceding the date of the SPA) by approximately Rp63 (being the last traded price of the MITI Shares on 13 March 2014) and based on an exchange rate of US$1:Rp11,416 as at 13 March 2014 (Source: Bloomberg L.P.).

Secondly, the Company may be able to raise capital for its future acquisitions using its new Indonesian Platform, particularly if such acquisitions are for assets situated in Indonesia, without having to involve the Company. The Indonesian Platform allows the Company to benefit from a greater visibility in the Indonesian capital markets and gives it access to a greater pool of capital in Indonesia. MITI's shares can be sold or new issues of MITI's shares can be undertaken to raise funds. The Company will enjoy the double advantage of increased flexibility from being able to leverage on an additional publicly-traded entity as well as access to a larger investor base.

Thirdly, having control over a vehicle listed on the IDX will provide more flexibility and options to the Company in relation to any future acquisitions of assets in Indonesia.

Fourthly, the Proposed Disposal will allow the Company to concentrate on developing its other oil and gas assets in South Sumatra directly, separate and distinct from the LS field which is located in West Papua, Indonesia.

However, should the MITI Rights Issue be fully subscribed such that the Company disposes the LS field in exchange for cash, the Company would nonetheless have unlocked the value of the Disposal Group and the Company will use the cash received from the sale for the development of its existing fields in Indonesia and Myanmar and for future acquisitions.

4. THE PROPOSED DISPOSAL

4.1 Consideration

MITI will pay the Purchase Price for its acquisition of the Disposal Interest. 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*, the profitability of the Disposal Group, LS TAC's current and anticipated future production and the remaining contract term of LS field.

The Purchase Price shall be satisfied by MITI in the following manner:

(a) payment of US$2,500,000 on the date of the execution of the SPA; and

(b) payment of the Purchase Price less US$2,500,000 on the second business day after the date upon which the last of the conditions required under the SPA is satisfied or waived ("**Completion Date**").

4.2 Conditions Precedent

Completion under the SPA of the Proposed Disposal (the "**Completion**") is conditional upon *inter alia*:

(a) if necessary, the Company having procured and/or obtained the approval of its Shareholders at an extraordinary general meeting for *inter alia* the sale of the Disposal Interest and the transactions contemplated under the SPA, as required under Chapter 10 of the Listing Manual in relation to a "Major

Transaction" as the phrase is defined in the Listing Manual;

(b) MITI having obtained:

(1) the passing of resolutions from the board of commissioners of MITI and if necessary, the board of directors of MITI, approving the increase of authorized capital of MITI and the MITI Rights Issue, the purchase of the Disposal Interest, the subscription by the Company of the MITI Rights Shares and the other transactions contemplated in the SPA;

(2) the approval of the IDX for the MITI Rights Shares to be admitted to the Official List of the IDX for trading on the IDX main market for listed securities;

(3) the approval of its shareholders at a general meeting for *inter alia* the MITI Rights Issue, including the increase in capital, the acquisition of the Disposal Interest, the issue and allotment of the MITI Rights Shares to the Company and the transactions contemplated under the SPA, including for the change of MITI's core business;

(4) approval from OJK for MITI to carry out the MITI Rights Issue as contemplated under the SPA; and

(5) the payment of the Subscription Price (as defined below) of the MITI Right Shares at a maximum of two (2) Business Days after the end of trading period of the Rights, approximately sixteen (16) Business Days after the general meeting of shareholders referred to in paragraph 4.2(b)(3) above.

(c) fulfilment of *inter alia*, the following conditions:

(1) there not having been at any time hereafter any change, development, event, act or omission that has or may have a material adverse effect on MITI; and without prejudice to the generality of the foregoing, the MITI Shares not being delisted and/or being suspended for a period of more than fourteen (14) consecutive market days;

(2) the representations of the Company and the warranties given by the Company as set out in the SPA being true and accurate in all material respects;

(3) the representations of MITI and warranties given by MITI as set out in the SPA being true and accurate in all material respects;

(4) the conditions which are required to be performed by the Company prior to Completion as set out in the SPA having been performed or waived in writing by MITI in their sole and absolute discretion; and

(5) the conditions which are required to be performed by MITI prior to Completion as set out in the SPA having been performed or waived in writing by the Company in its sole and absolute discretion.

If any of the conditions above is not fulfilled within twelve (12) months from date of SPA or such other date as the parties may mutually agree, the SPA 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 SPA.

4.3 Representations and Warranties

Both the Company and MITI have provided to each other various representations, warranties and undertakings.

4.4 Use of Proceeds

The Company will use the proceeds from the Proposed Disposal, after deduction of all expenses therefrom, to repay the short-term loan(s) taken to fund the Proposed Subscription and the remainder for the development of its existing fields in Indonesia and Myanmar and for future acquisitions.

4.5 The Proposed Disposal as a Discloseable Transaction

For illustrative purposes only, the relative figures for the Proposed Disposal calculated in accordance with the bases set out in Rule 1006, are set out below. The calculations are based on the unaudited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 December 2013.

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	19.61%[1]
(b)	The net profit[2] attributable to the assets disposed of, compared with the Group's net profit	10.63%[3]
(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation	9.82%[4]
(d)	The number of equity securities issued by the Company as consideration, compared with the number of equity securities previously in issue	Not applicable
(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	To be separately announced once the IQPR of the LS field, currently being prepared by GCA, is issued.

Notes:

(1) As at 31 December 2013, the net asset value of the Disposal Group was US$15,414,543 and the net asset value of the Group was US$78,624,730.

(2) Under Rule 1002(3)(b) of the Listing Manual, "net profit" is defined as a profit or loss before

income tax, minority interest and extraordinary items.

(3) As at 31 December 2013, the net profit attributable to the Disposal Group was US$1,123,676 and the net profit of the Group was US$10,568,542.

(4) The Company's market capitalisation is based on 446,170,357 of its shares ("**Shares**") in issue at a volume weighted average price of S$0.3900 for each Share as at 13 March 2014, being the last full Market Day preceding the date of the SPA and at the exchange rate of US$1:S$1.266.

As abovementioned, the management of the Company expects the IQPR to be ready within two (2) weeks. The Company will make an immediate announcement of the relative figure under Rule 1006(e) once the IQPR has been issued by GCA.

Unless the relative figure computed under Rule 1006(e) exceeds 20%, the Proposed Disposal will be considered a "discloseable transaction" under Rule 1010 of the Listing Manual because the relative figures computed under Rules 1006(a), (b) and (c) of the Listing Manual exceed 5% but does not exceed 20%.

4.6 Financial Effects of the Proposed Disposal

The financial effects of the Proposed Disposal on the Company's NTA and EPS of the Group in respect of FY2013 have been prepared based on the following assumptions:-

(a) The financial effects of the Proposed Disposal are based on the Group's unaudited consolidated financial statements for FY2013 and on the unaudited consolidated financial statements of the Disposal Group for FY2013;

(b) For the purpose of computing the NTA of the Group after Completion, it is assumed that the Proposed Disposal was completed on 31 December 2013; and

(c) For the purpose of computing the earnings attributable to the Shareholders and basic EPS of the Group after Completion, it is assumed that the Proposed Disposal was completed on 1 January 2013.

The financial effects of the Proposed Disposal 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 Disposal nor a projection of the future financial performance or position of the Group after Completion.

(1) <u>Effect on the Company's NTA per Share</u>

FY2013	**Before the Proposed Disposal**	**After the Proposed Disposal**
NTA (US$)	77,063,517	74,936,247
Total number of issued Shares	446,170,357	446,170,357
NTA per Share (US cents)	17.272	16.795

(2) Effect on the Company's EPS

FY2013	Before the Proposed Disposal	After the Proposed Disposal
Earnings attributable to the Shareholders (US$)	7,001,468	3,952,970
Weighted average number of issued Shares	445,752,398	445,752,398
EPS (US cents)	1.571	0.887

5. THE PROPOSED SUBSCRIPTION

5.1 MITI Rights Issue

Pursuant to the terms of the SPA, MITI will be undertaking the MITI Rights Issue to raise the Purchase Price. The Company has undertaken to subscribe and pay and/or procure the subscription and payment in full for the Excess Rights Shares after the closing of the period in which the rights attached to MITI Shares to subscribe for the MITI Rights Shares may be exercised pursuant to the MITI Rights Issue.

The new MITI Shares issued pursuant to the MITI Rights Issue shall, upon allotment and issue to the Company on Completion Date, be fully paid-up and free from all encumbrances and shall rank *pari passu* in all respects with the then existing MITI Shares, and shall carry the right to receive in full all dividends and other distributions declared, made or paid after the date of the SPA.

5.2 Maximum and Minimum Subscription Scenarios

The scenarios under which the Company would subscribe for the least number of MITI Rights Shares (the "**Minimum Subscription Scenario**") and the most number of MITI Rights Shares (the "**Maximum Subscription Scenario**") are as described below:

(a) In the Minimum Subscription Scenario, the MITI Rights Issue is fully subscribed by MITI's shareholders. There are no Excess Rights Shares and the Company will not subscribe for any of the MITI Rights Shares.

(b) In the Maximum Subscription Scenario, none of the Entitled Shareholders subscribe for their entitlements to the MITI Rights Shares and/or apply for Excess Rights Shares and the Company subscribes for the Excess Rights Shares. In this case, the Company will subscribe for 100% of the total number of MITI Rights Shares under the MITI Rights Issue at the total subscription price of approximately US$13,500,000, being the Purchase Price (the "**Subscription Price**").

5.3 Funding for the Proposed Subscription

The Company intends to raise the monies to pay the Subscription Price by short-term bank borrowings. The Company will repay such loan(s) using the payment of the Purchase Price to be made by MITI on the Completion Date.

5.4 Relative Figures pursuant to Rule 1006 of the Listing Manual

The relative figures of the Proposed Subscription computed on the bases set out in Rule 1006 of the Listing Manual as presented herein:

(a) assume the Maximum Subscription Scenario;

(b) are based on each MITI Rights Share being issued at Rp277, which is derived from the theoretical trading price of the MITI Shares after a consolidation of every 4 MITI Shares into 1 MITI Share assuming that such share consolidation is completed on the date of this announcement, together with a 10% premium as provided in the SPA; and

(c) are based on the latest available unaudited consolidated financial statements of the Company for FY2013, the relative figures 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	Not applicable[1]
(b)	The net profit attributable to the assets acquired, compared with the Group's net profit[2]	14.53%[3]
(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation[4]	9.82%
(d)	The number of equity securities issued by the Company as consideration, compared with the number of equity securities previously in issue.	Not applicable[5]
(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.	Not applicable[6]

Notes:

(1) Not applicable as the Proposed Subscription is not a disposal.

(2) Under Rule 1002(3)(b) of the Listing Manual, "net profit" is defined as a profit or loss before income tax, minority interest and extraordinary items.

(3) Based on the unaudited financial statements of MITI as at 31 December 2013 and the unaudited consolidated financial statements of the Group adjusted for the Proposed Disposal as at 31 December 2013, the net profit before tax was US$1,045,396 and US$7,192,743 respectively.

(4) The Company's market capitalisation is based on 446,170,357 Shares in issue at a volume weighted average price of S$0.3900 for each Share as at 13 March 2014, being the last full Market Day preceding the date of the SPA and at the exchange rate of US$1:S$1.266.

(5) Not applicable as the Proposed Subscription is not a disposal.

(6) Not applicable as the Company is not issuing equity securities as consideration.

As the relative figures under Rules 1006 (b) and (c) of the Listing Manual exceed 5%, the Proposed Acquisition constitutes a "discloseable transaction" as defined in Rule 1010 of the Listing Manual.

5.5 Financial Effects of the Proposed Subscription

The financial effects of the Proposed Subscription under the Minimum Subscription Scenario and the Maximum Subscription Scenario on the Company's NTA and EPS as presented herein:

(a) are based on MITI's unaudited financial statements for FY2013 and the unaudited consolidated financial statements of the Group for FY 2013;

(b) assume that the MITI Rights Issue was completed on 31 December 2013 for the purposes of computing the financial effects on the NTA;

(c) assume that the MITI Rights Issue was completed on 1 January 2013 for the purposes of computing the financial effects on the EPS;

(d) based on the exchange rate on 31 December 2013 of US$1:Rp12,189; and

(e) assume that under the Maximum Subscription Scenario, each MITI Rights Share is issued at Rp277, which is derived from the theoretical trading price of the MITI Shares after a consolidation of every 4 MITI Shares into 1 MITI Share assuming that such share consolidation is completed on the date of this announcement, together with a 10% premium as provided in the SPA.

Shareholders should note that the financial effects of the Proposed Subscription of MITI Rights Shares are for illustrative purposes only. The illustrative financial effects should not be construed to mean that the Group's actual results, performance or achievements will be as expected, expressed or implied in such financial effects.

(1) <u>Effect on the Company's NTA per Share</u>

FY2013	**Before the Proposed Disposal**	**After the Proposed Disposal**	
		Minimum Subscription Scenario	**Maximum Subscription Scenario**
NTA (US$)	77,063,517	74,936,247	65,333,146
Total number of issued Shares	446,170,357	446,170,357	446,170,357
NTA per Share (US cents)	17.272	16.795	14.643

(2) Effect on the Company's EPS

FY2013	Before the Proposed Disposal	After the Proposed Disposal	
		Minimum Subscription Scenario	Maximum Subscription Scenario
Earnings attributable to the Shareholders (US$)	7,001,468	3,952,970	4,781,561
Weighted average number of issued Shares	445,752,398	445,752,398	445,752,398
EPS (US cents)	1.571	0.887	1.073

5.6 Further Announcements

The Company will make further announcements in the event that the Company acquires MITI Rights Shares such that:

(a) pursuant to rule 704(17)(a) of the Listing Manual, the Company becomes the holder of 10% or more of the total number of issued shares excluding treasury shares of MITI; and/or

(b) pursuant to rule 704(17)(b) of the Listing Manual, the Company's aggregate cost of investment in the MITI Rights Shares exceeds each multiple of 5% of the Company's latest audited consolidated NTA; and/or

(c) pursuant to rule 704(17)(c) of the Listing Manual, MITI becomes a subsidiary or an associated company of the Company.

5.7 No Mandatory Tender Offer

The Company has been advised by its Indonesian legal counsels that the completion of the Proposed Subscription will not trigger an obligation by the Company to make a mandatory tender offer for the remaining shares in the issued share capital of MITI which are not held by the Company.

6. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

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

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA 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.

8. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution when trading in the Shares. The Proposed Transactions are 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 Transactions 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 Transactions. 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.

By Order of the Board of Directors of
INTERRA RESOURCES LIMITED

Marcel Tjia
Chief Executive Officer

<u>About Interra</u>

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.