

28 March 2014

**PROPOSED ISSUE OF BONUS WARRANTS AND PIGGYBACK WARRANTS
(THE "PROPOSED WARRANTS ISSUE")****1. INTRODUCTION**

The Board of Directors (the "**Board**") of Interra Resources Limited (the "**Company**") wishes to announce that the Company is proposing to undertake an issue of:

- (a) up to 45,343,035 free bonus warrants (the "**Bonus Warrants**") on the basis of one (1) Bonus Warrant for every ten (10) existing ordinary shares of the Company ("**Shares**") held by shareholders of the Company ("**Shareholders**") as at a books closure date to be determined by the Board (the "**Warrants Books Closure Date**"), fractional entitlements to be disregarded; and
- (b) up to 22,671,517 additional free Company warrants (the "**Piggyback Warrants**") on the basis of one (1) Piggyback Warrant for every two (2) Bonus Warrants (described in sub-paragraph (a) above) which are exercised, fractional entitlements (if any) to be disregarded.

The Bonus Warrants and the Piggyback Warrants shall be collectively referred to as the "**Warrants**". The proposed issue of the Bonus Warrants and Piggyback Warrants as described above shall be referred to as the "**Proposed Warrants Issue**".

Each Bonus Warrant will entitle the warrant holder to subscribe for one (1) new Share ("**New Exercised Share**") at the exercise price of S\$0.275 (the "**Bonus Warrants Exercise Price**"), exercisable during the period commencing on and including the date of the issue of the Bonus Warrants and expiring at 5.00 p.m. on the market day immediately preceding the first (1st) anniversary of such date of issue of the Bonus Warrants (the "**Warrants Exercise Period**"). Every two (2) Bonus Warrants exercised at the same time will also entitle the warrant holder to one (1) free Piggyback Warrant upon the exercise of such Bonus Warrants. Each Piggyback Warrant shall entitle the warrant holder to subscribe for one (1) New Exercised Share at the exercise price of S\$0.205 (the "**Piggyback Warrants Exercise Price**"), exercisable within the Warrants Exercise Period.

For illustration purposes, for every existing 1,000 Shares held by a Shareholder, he will be issued 100 Bonus Warrants. On the assumption that such Shareholder exercises all of his 100 Bonus Warrants at the same time, he will receive 100 new Shares and he will also be issued 50 Piggyback Warrants. Assuming such Shareholder exercises all of his 50 Piggyback Warrants, he will receive another 50 new Shares. The final terms and conditions of the Warrants will be set out in deed poll(s) to be executed by the Company for the purpose of constituting the Warrants (the "**Warrants Deed Poll(s)**").

The Bonus Warrants will, subject to the approval of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), be listed and traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system.

The Piggyback Warrants will **NOT** be listed and traded on the Main Board of the SGX-ST.

2. PRINCIPAL TERMS OF THE PROPOSED WARRANTS ISSUE

2.1 Terms of the Warrants

- (a) The Bonus Warrants, to be credited and allotted free to Shareholders, and each Piggyback Warrant, to be credited and allotted free to the holder of the underlying Bonus Warrant upon the valid exercise of two (2) of his/her underlying Bonus Warrants, will be in registered form and be constituted by the Warrants Deed Poll(s) which shall set out the terms and conditions of the Warrants and which may from time to time be amended, modified or supplemented. Each Bonus Warrant will, subject to the terms and conditions in the Warrants Deed Poll(s), carry the right but not the obligation to subscribe for one (1) New Exercised Share at the Bonus Warrants Exercise Price within the Warrants Exercise Period. Each Piggyback Warrant will, subject to the terms and conditions in the Warrants Deed Poll(s), carry the right but not the obligation to subscribe for one (1) New Exercised Share at the Piggyback Warrants Exercise Price within the Warrants Exercise Period.
- (b) Upon the exercise of the Bonus Warrants and, where applicable, the Piggyback Warrants, and payment of the aggregate Bonus Warrants Exercise Price for all the Bonus Warrants exercised and where applicable, the aggregate Piggyback Warrants Exercise Price for all the Piggyback Warrants exercised, under the terms and conditions as set out in the Warrants Deed Poll(s), the holders of the Warrants will be issued the New Exercised Shares in respect of their exercised Bonus Warrants and where applicable, exercised Piggyback Warrants. Any Warrant(s) remaining unexercised upon the expiry of the Warrants Exercise Period shall thereafter lapse and cease to be valid for all purposes.
- (c) The Bonus Warrants Exercise Price for each Bonus Warrant is S\$0.275, representing a discount of approximately 28.6% to the last transacted price of S\$0.385 per Share on the Main Board of the SGX-ST on 27 March 2014 (being the last market day preceding the date of this announcement). The Piggyback Warrants Exercise Price for each Piggyback Warrant is S\$0.205, representing a discount of approximately 25.5% to the Bonus Warrants Exercise Price. The Bonus Warrants Exercise Price, the Piggyback Warrants Exercise Price and the number of Warrants to be issued will be subject to adjustments under certain circumstances in accordance with the terms and conditions of the Warrants Deed Poll(s).



- (d) Each holder of Warrants shall not, in respect of his Warrants, be entitled to any dividends, voting rights, allotments, distributions or any other rights attached to Shares of the Company, unless and until such holder of Warrants exercises his/her Warrants and is issued and allotted New Exercised Shares.
- (e) The New Exercised Shares arising from the exercise of the Warrants, when issued and allotted, shall rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions the Record Date for which falls before the date of the allotment and issue of the New Exercised Shares. For this purpose, “**Record Date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered in order to participate in such dividends, rights, allotments or other distributions.
- (f) Each board lot of Bonus Warrants will consist of 1,000 Bonus Warrants or such other board lot size which the SGX-ST may require and as may be notified by the Company. Following the proposed issue of Bonus Warrants, Shareholders who hold odd lots of the Bonus Warrants (i.e. less than 1,000 Bonus Warrants) and who wish to trade in odd lots on the Main Board of the SGX-ST should note (where applicable) the setting up of the Unit Share Market of the SGX-ST to allow for trading of odd lots which would be announced or disclosed in the OIS (as defined below).
- (g) The proposed terms and conditions of the Warrants are subject to such changes as the Directors, in their absolute discretion, may deem fit. The final terms and conditions of the Warrants will be set out in the Warrants Deed Poll(s).
- (h) An announcement on the expiry of the Warrants will be made and a notice will be sent to all holders of the Warrants at least one (1) month before the expiry of the Warrants Exercise Period.

2.2 Eligibility

The Bonus Warrants are proposed to be issued to Shareholders whose names appear in the Register of Members of the Company or whose names appear in the records of the Central Depository (Pte) Limited (the “**CDP**”), as the case may be, as at the Warrants Books Closure Date. Notice will be given at a later date on the Warrants Books Closure Date in order to determine the entitlements of Shareholders to the proposed issue of the Bonus Warrants, after all the necessary approvals have been obtained. Fractional entitlements to the Bonus Warrants will be disregarded.

For practical reasons and in order to avoid any violation of securities laws applicable in countries other than Singapore, the Bonus Warrants will **NOT** be offered to Shareholders whose registered addresses are outside Singapore as at the Warrants Books Closure Date and who had not, at least five (5) market days prior to the Warrants Books Closure Date, provided to the Company or the CDP, as the case

may be, addresses in Singapore for the service of notices and documents (the **"Foreign Shareholders"**).

The Bonus Warrants which would otherwise have been allotted to Foreign Shareholders will, if practicable to do so, be sold by the Company at its sole discretion on the Main Board of the SGX-ST. The net proceeds from such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed among Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares standing to the credit of their respective securities accounts with the CDP as at the Warrants Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds distributable to any single Foreign Shareholder is less than S\$10, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in its absolute discretion, deem fit and no Foreign Shareholder shall have any claim whatsoever against the Company or the CDP or the Board or the share registrar and their respective officers in connection therewith.

Where such Bonus Warrants are sold on the Main Board of the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company or the CDP or the Board or the share registrar and their respective officers in respect of such sale.

If such Bonus Warrants cannot be or are not sold on the Main Board of the SGX-ST as aforesaid for any reason, the Bonus Warrants shall be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or the CDP or the Board or the share registrar and their respective officers in connection therewith.

3. PURPOSE AND USE OF PROCEEDS OF PROPOSED WARRANTS ISSUE

The Directors are proposing the Proposed Warrants Issue to reward Shareholders for their continued participation in and support for the Company, and to raise funds for the Company and its subsidiaries in the future. The Directors believe that the Proposed Warrants Issue will provide Shareholders with the opportunity to increase their equity participation in the Company by subscribing for the New Exercised Shares through the exercise of the Warrants, and potentially increase the Company's capital base and strengthen its balance sheet.

As at the date hereof, the existing issued and paid-up share capital of the Company is 446,170,357 Shares (the **"Existing Issued Share Capital"**). As at the date of this announcement, share options comprising an aggregate of 7,260,000 underlying Shares (**"Share Options"**) granted under the Interra Share Option Plan remain outstanding. The Share Options are all exercisable during the period commencing from 21 January 2013 and ending on 19 January 2017 (both dates inclusive).



Based on the Existing Issued Share Capital, up to 44,617,035 Bonus Warrants will be issued pursuant to the Proposed Warrants Issue and assuming the Bonus Warrants are fully exercised into New Exercised Shares, the issued share capital of the Company will increase by 44,617,035 Shares, representing approximately 10% of the Existing Issued Share Capital, and up to 22,308,517 Piggyback Warrants will be issued pursuant to the Proposed Warrants Issue. Assuming the Piggyback Warrants are fully exercised into New Exercised Shares, the issued share capital of the Company will increase by an additional 22,308,517 Shares, representing an additional 5% of the Existing Issued Share Capital. Assuming that all of the Warrants issued are exercised into New Exercised Shares, the share capital of the Company will increase to 513,095,909 Shares, representing approximately 115% of the Existing Issued Share Capital.

In the event that all the Share Options are exercised and the new Shares arising therefrom are issued before the Warrants Books Closure Date, the issued Share capital will increase to 453,430,357 Shares (the “**Enlarged Issued Share Capital**”).

Based on the Enlarged Issued Share Capital, up to 45,343,035 Bonus Warrants will be issued pursuant to the Proposed Warrants Issue and assuming the Bonus Warrants are fully exercised into New Exercised Shares, the issued share capital of the Company will increase by 45,343,035 Shares, representing approximately 10% of the Enlarged Issued Share Capital, and up to 22,671,517 Piggyback Warrants will be issued pursuant to the Proposed Warrants Issue. Assuming the Piggyback Warrants are fully exercised into New Exercised Shares, the issued share capital of the Company will increase by an additional 22,671,517 Shares, representing an additional 5% of the Enlarged Issued Share Capital. Assuming that all of the Warrants issued are exercised into New Exercised Shares, the share capital of the Company will increase to 521,444,909 Shares, representing approximately 115% of the Enlarged Issued Share Capital.

Assuming that none of the Share Options are exercised and all the 44,617,035 Bonus Warrants and 22,308,517 Piggyback Warrants are fully exercised into New Exercised Shares, the estimated gross proceeds from such exercise of Warrants will amount to approximately S\$12,269,685 and approximately S\$4,573,246 respectively. The estimated net proceeds (“**Net Proceeds**”) from the exercise of the Warrants, after deducting estimated expenses of the Proposed Warrants Issue, will amount to approximately S\$16.4 million.

Assuming that all the Share Options are exercised and all the 45,343,035 Bonus Warrants and 22,671,517 Piggyback Warrants are fully exercised into New Exercised Shares, the estimated gross proceeds from such exercise of Bonus Warrants and Piggyback Warrants will amount to approximately S\$12,469,335 and approximately S\$4,647,661 respectively. The estimated Net Proceeds from the exercise of the Warrants, after deducting estimated expenses of the Proposed Warrants Issue, will amount to approximately S\$16.7 million.



As and when the Warrants are exercised, the Company intends to utilise the Net Proceeds arising therefrom to fund its work programmes and any excess net proceeds which are not required for its work programmes, for new acquisitions if such opportunities arise. The Company will make the necessary announcements and subsequently provide a status report on the use of such Net Proceeds in its annual report. Pending the deployment of the Net Proceeds for the aforementioned purposes, such proceeds may be deposited with banks and/or financial institutions and/or invested in short-term money market instruments and/or debt instruments, as the Directors may deem appropriate in the interests of the Company.

4. APPROVALS

As the Company intends to rely on a new share issue mandate proposed to be obtained pursuant to Section 161 of the Companies Act (Cap. 50) and Rule 806 of the SGX-ST Listing Manual (the “**New Share Issue Mandate**”) at the forthcoming annual general meeting of the Company, to be held on a date to be announced by the Company, the Proposed Warrants Issue is subject to the approval by Shareholders of the New Share Issue Mandate.

The Proposed Warrants Issue is subject to, *inter alia*, the following:

- (a) approval of Shareholders for the New Share Issue Mandate;
- (b) receipt of in-principle approval (“**AIP**”) from the SGX-ST for the listing and quotation of the Bonus Warrants and the New Exercised Shares on the Main Board of the SGX-ST; and
- (c) lodgement of OIS (as defined below) with the Monetary Authority of Singapore (“**MAS**”).

An application will be made to the SGX-ST for permission to deal in, and the listing of and quotation for the Bonus Warrants and the New Exercised Shares on the Main Board of the SGX-ST. Under the listing rules of the SGX-ST, if an application is made for the listing of company warrants or other convertible securities, the SGX-ST will normally require a sufficient spread of holdings to provide for an orderly market in the securities. Appropriate announcements in relation to the application, amongst others, will be made in due course.

The date for the Books Closure Date will only be fixed and announced after the SGX-ST has issued AIP or approved the Proposed Warrants Issue (as the case may be).

5. OFFER INFORMATION STATEMENT

An offer information statement (“**OIS**”) will be lodged with MAS in relation to, and for the purpose of the Proposed Warrants Issue before the Warrants are issued. An announcement will be made at a later date on the lodgement and the uploading of the OIS on the SGX-ST’s website.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect on the Proposed Warrants Issue, other than through their shareholdings and/or directorships, as the case may be, in the Company.

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.