

23 November 2009



**ACQUISITION OF 50% PARTICIPATING INTEREST IN
THE PETROLEUM EXPLORATION PERMIT NO. 167 (“PEP 167”)
LOCATED IN AUSTRALIA**

The Board of Directors of Interra Resources Limited (the “**Company**”) wishes to announce that it has, through its newly incorporated wholly-owned subsidiary, Interra Resources (Australia) Pte. Ltd. (“**IRA**”), entered into a conditional farmin agreement (“**Farmin Agreement**”) with Bass Strait Oil Company Ltd (“**BAS**”) in relation to the acquisition of 50% participating interest in relation to PEP 167 (the “**Acquisition**”). BAS is the registered holder of PEP 167 located in the onshore Otway Basin, Victoria, Australia.

IRA was incorporated in Singapore to hold the Company’s investment in Australia.

The Acquisition is subject to the approval of the Minister for Energy and Resources and the registration of the instrument of transfer, the Farmin Agreement and the relevant joint venture operating agreement (the “**JOA**”) within 90 days of the date of the Farmin Agreement.

Rationale for the Acquisition

The Directors are of the view that the Acquisition will be beneficial to the Company as it allows the Company to expand and diversify its sphere of operations into Australia, where it is dual listed.

Purchase Consideration

IRA has agreed with BAS on a “willing buyer willing seller” basis to acquire 50% of the participating interest in PEP 167 (the “**50% Participating Interest**”) and the right to participate on an equal basis with BAS in respect of BAS’s rights under PEP 150 (which is adjacent to PEP 167). In exchange for the 50% Participating Interest, IRA agreed to:-

- (a) pay a sum of A\$250,000, to be held in an escrow account and which shall be released to BAS after the transfer of the 50% Participating Interest is approved by the Minister for Energy and Resources in accordance with the Petroleum Act 1998 (Victoria);
- (b) pay 100% of the Seismic Survey Costs (as defined in the Farmin Agreement), payable upon receipt of cash calls duly issued in accordance with the JOA up to a cap of A\$1,750,000 provided that any Seismic Survey Costs and all joint venture expenditures which are in excess of the A\$1,750,000 cap will be charged to both the parties in proportion to their participating interests. In the event that the Seismic Survey Costs are less than A\$1,750,000, the difference will be applied to ongoing expenditure, with IRA meeting 100% of the joint venture costs until the A\$1,750,000 cap is reached provided that if any part of such ongoing expenditure (when added to the Seismic Survey

Costs paid by IRA) exceeds the cap of A\$1,750,000, such excess will be borne by both the parties in proportion to their participating interests.

For the purpose of Rule 1006 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual, the Company’s purchase consideration is A\$1,125,000 (“**Purchase Consideration**”) comprising:

- (a) A\$875,000 funding of BAS’s 50% share of the Seismic Survey Costs (which will be disbursed upon receipt of cash calls duly issued);
- (b) A\$250,000 payable to an escrow account and which shall be transferred to BAS after the transfer of the 50% Participating Interest is approved by the Minister for Energy and Resources in accordance with the Petroleum Act 1998 (Victoria).

Within the meaning of Rule 1006 of the SGX-ST Listing Manual, this Acquisition is classified as a ‘non-discloseable’ transaction. As the Acquisition is a direct farmin to PEP 167 whereby the Company acquires the rights under PEP 167, there are no tangible assets acquired.

No external valuation on the PEP 167 was commissioned in respect of the Acquisition. The Company has performed an in-house technical analysis of the available geological, geophysical and engineering data and confirms that these justify the Purchase Consideration with respect to the geological chance of success and the reserves that could be booked with a commercial discovery.

Financial Effects and Other Information

The Acquisition will be funded from existing funds on hand and is not expected to have any material impact on the consolidated earnings per share or consolidated net assets per share of the company for the current financial year.

None of the Directors or substantial shareholders has any interest, direct or indirect, in the Acquisition.

By Order of the Board

Submitted by
Marcel Tjia
Chief Executive Officer

About Interra

Interra Resources Limited, listed on the SGX Catalist and the ASX, is a Singapore-incorporated company engaged in the business of upstream petroleum exploration and production (“E&P”). Our E&P activities include petroleum production, field development and exploration through strategic alliances and partnerships. We are positioning ourselves to becoming a leading regional independent producer of oil and gas.

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