

SGX & ASX ANNOUNCEMENT

SGX Code: *Interra Res (5GI)*, ASX Code: *ITR*

8 March 2011



**PROPOSED PLACEMENT OF UP TO 38,500,000 NEW ORDINARY
SHARES IN THE CAPITAL OF INTERRA RESOURCES LIMITED**

1. INTRODUCTION

The Board of Directors of Interra Resources Limited (the “**Company**”) wishes to announce that the Company has entered into a placement agreement (the “**Placement Agreement**”) with Collins Stewart Pte. Limited (the “**Placement Agent**”) on 8 March 2011, pursuant to which the Company has agreed to issue up to 38,500,000 new ordinary shares in the capital of the Company (the “**Placement Shares**”) and the Placement Agent has agreed to, on a reasonable basis, procure the subscription and payment for the Placement Shares, at an issue price of S\$0.126 for each Placement Share (the “**Placement Price**”), amounting to an aggregate consideration of up to S\$4,851,000, subject to and upon the terms and conditions of the Placement Agreement.


2. THE PLACEMENT

The Placement will be undertaken by way of a private placement pursuant to Section 275(1A) of the Securities and Futures Act, Chapter 289 of Singapore. As such, no prospectus or offer information statement will be lodged by the Company with the Monetary Authority of Singapore or the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in connection with the Placement.

The Placement Price represents a discount of approximately 9.7% to the volume-weighted average price (“**VWAP**”) of S\$0.1395 for each ordinary share in the capital of the Company (“**Share**”), based on trades done on Catalist on 8 March 2011 (being the full market day on which the Placement Agreement is signed). In addition, the Placement Price represents a discount of approximately 6.7% to the last traded price of S\$0.135 on 8 March 2011.

The Placement 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 Placement Shares except for any dividends, rights, allotments, distributions or other entitlements the record date of which falls on or before the date of issue.

The Placement Shares will be issued pursuant to the general mandate (“**General Mandate**”) granted by the shareholders of the Company by ordinary resolution pursuant to Rule 806 of the SGX-ST Listing Manual Section B: Rules of Catalist at the Company's Annual General Meeting (“**AGM**”) on 28 April 2010. The General



Mandate authorises the Directors of the Company to issue up to 50% of the issued share capital of the Company as at 28 April 2010 if the new shares are not issued on a pro-rata basis to all existing shareholders of the Company, provided that such price shall not represent more than 20% discount to the weighted average price per Share determined in accordance with the requirements of the SGX-ST. There was no issuance of shares since 28 April 2010 up to the date of this announcement. The 38,500,000 Placement Shares represent approximately 15% of the total number of issued Shares of 256,920,238 Shares as at the date of this announcement, and 13.03% of the enlarged number of issued Shares immediately after the completion of the Placement (assuming all the 38,500,000 Placement Shares are issued).

3. CONDITIONS PRECEDENT TO COMPLETION

Completion of the Placement is to take place on a date not later than one (1) month from the date of the Placement Agreement or such other date as the parties hereto may agree in writing (the “**Completion Date**”).

The obligations of the parties under the Placement Agreement and the completion of the subscription of the Placement Shares pursuant to the Placement Agreement are conditional on, *inter alia*, the listing and quotation notice from the SGX-ST for the listing and quotation of the Placement Shares on Catalist (the “**Listing Approval**”) being obtained and such approval not having been revoked or amended and, where such approval is subject to conditions, such conditions are so fulfilled on or before the Completion Date.

The Sponsor of the Company, Collins Stewart Pte. Limited, will make an application on behalf of the Company to the SGX-ST for the Listing Approval. The Company will make the necessary announcements once the Listing Approval has been obtained.

4. USE OF NET PROCEEDS

The Placement will allow the Company to raise estimated net proceeds (the “**Net Proceeds**”) of up to approximately S\$4,778,000 (after deducting expenses incurred in connection with the Placement) assuming all 38,500,000 Placement Shares are issued.

The Company intends to use 100% of the Net Proceeds to fund the Group’s future acquisitions of oil and gas concessions. Pending the deployment of the Net Proceeds, such proceeds may be placed as deposits with banks and financial institutions or invested in short-term money market instruments or used for any other purposes on a short-term basis, as the Directors may in their absolute discretion deem fit from time to time.

Having regard to the existing banking facilities available to the Group and taking into account the cash generated from its operations, the Directors are of the opinion that, barring any unforeseen circumstances, the working capital available to the Group as at the date of this announcement is sufficient for its present requirements.

5. FINANCIAL EFFECTS

As at the date of this announcement, the Company has an issued and paid-up share capital of US\$40,108,575 comprising 256,920,238 Shares. Assuming that all the 38,500,000 Placement Shares are issued, on completion of the Placement, the issued and paid-up share capital of the Company will increase to US\$43,940,692, comprising 295,420,238 Shares. The 38,500,000 Placement Shares represent approximately 15% of the total number of issued Shares of 256,920,238 Shares as at the date of this announcement, and 13.03% of the enlarged number of issued Shares immediately after the completion of the Placement (assuming all the 38,500,000 Placement Shares are issued).

Based on the unaudited financial statements of the Group for the period ended 31 December 2010, the Group's consolidated net asset value per Share and profit per Share was approximately USD14.260 cents and USD0.666 cents respectively. Assuming that the Placement had been effected on 31 December 2010 and that all the 38,500,000 Placement Shares are issued on the same date, the Group's consolidated net asset value per Share and profit per Share, after adjusting for the issue of the Placement Shares, would be approximately USD13.660 cents and USD0.579 cents respectively.

6. GENERAL

The Placement Shares will not be placed to any of the persons set out as restricted persons under Rule 812(1) of the Listing Manual Section B: Rules of Catalist.

None of the Directors of the Company nor (in so far as the Directors of the Company are aware) any substantial shareholder of the Company or their respective associates has any interest, whether direct or indirect, in the Placement.

By Order of the Board of Directors of
INTERRA RESOURCES LIMITED

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 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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This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Collins Stewart Pte. Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Collins Stewart Pte. Limited has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Alex Tan, Managing Director, Corporate Finance, Collins Stewart Pte. Limited, at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.