SGX ANNOUNCEMENT
SGX Code: Interra Res (5GI)

28 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

The board of directors (the "**Board**") of Interra Resources Limited (the "**Company**") refers to its announcement dated 14 March 2014 relating to the Proposed Disposal and the Proposed Subscription (the "**Announcement**"). Capitalised terms not defined herein shall bear the same meanings ascribed to them in the Announcement.

1. ECONOMIC EVALUATION REPORT AND IQPR

The Board wishes to announce that the Economic Evaluation Report and IQPR of the LS fields have been completed by GCA on 24 March 2014.

1.1 Economic Evaluation Report

The Economic Evaluation Report has been prepared in accordance with the requirements of Practice Note 6.3 of the Listing Manual and conforms to the standards promulgated by SPE-PRMS and the VALMIN Code, both as defined under the Listing Manual.

The Economic Evaluation Report projects the post-tax net present values ("**NPVs**") of the LS TAC based on the reserves and contingent resources on the LS fields assessed by GCA in the IQPR. Please refer to paragraph 1.2 of this announcement for discussion on the IQPR. The NPVs are derived using the discounted cashflow method whereby ungeared post-tax future expected net cashflows are discounted to take into account both the systematic risks that are inherent in those cashflows, and the time value of money. A range of discount factors varying from 10% to 15% were applied, in line with those typically used by the industry in conducting economic evaluations for petroleum properties.

NPVs associated with the production and cost profiles for Proved ("**1P**"), Proved plus Probable ("**2P**") and Proved plus Probable plus Possible ("**3P**") reserves cases were determined based on GCA's economic modelling of the LS TAC terms. NPVs associated with contingent resources have not been adjusted to reflect the specific risks or uncertainties that are associated with any future development of this resource class. As such the NPVs for contingent resources should not be added to the NPVs of the reserves.

Based on a discount rate of 10%, GCA estimates the post-tax NPV for LS TAC associated with 1P reserve cases as at 31 December 2013 to be US$1.16 million and the unrisked NPV of LS TAC associated with the 2C and 3C contingent resources to be US$2.60 million and US$17.37 million respectively. The NPVs assume and are predicated on:

(a) a monthly average Walio crude price realised by sales maintaining a US$6.46 per barrel discount to Brent crude oil, which is based on GCA's 1Q2014 Brent Oil Price Scenario. Costs are estimated to escalate at 2% per annum from 1 January 2015;

(b) an unrecovered cost recovery balance of US$9 million as at 31 December 2013; and

(c) the relevant terms of the LS TAC, including the remaining term of the TAC.

(d) all NPVs are quoted on the basis of a 10% discount rate.

Sensitivity analyses conducted on the NPVs based on discount rates varying from 10% to 15% show that the post-tax NPVs of LS TAC are particularly sensitive to changes in assumptions with regard to crude oil price and, to a lesser extent, operating costs (OPEX), capital expenditure (CAPEX) and inflation rate. The Economic Evaluation Report concludes that NPVs based on 1P reserves are more sensitive to changes in OPEX than CAPEX while in the 3P reserve cases, NPVs are more sensitive to changes in CAPEX than OPEX. In a sensitivity analysis of the 2P reserves case using different crude oil prices varying by US$20 per barrel, the post-tax NPV of LS TAC lies in the range of ($0.31 million) to US$5.31 million. The post-tax NPV for the 2P case when assuming constant crude oil price and un-escalated costs is estimated to be US$2.68 million.

It should be noted that the NPVs assessed are not a direct measure of the Fair Market Value ("**FMV**") of the LS TAC, and GCA's Economic Evaluation Report does not purport to provide such.

1.2 IQPR

The IQPR was commissioned by the Company to assess the reserves and contingent resources of the LS fields. The IQPR has been prepared in accordance with the requirements of Practice Note 6.3 of the Listing Manual and conforms to the standards promulgated by SPE-PRMS, as defined under the Listing Manual.

The table below summarises the gross reserves of the LS fields as stated in the IQPR which were assessed by GCA based on the following assumptions:

(a) the effective date of the reserves is 31 December 2013;

(b) costs escalate at 2% per annum from 1 January 2015;

(c) GCA's 1Q2014 price scenario for Brent crude oil, adjusted for LS crude quality and location differentials; and

(d) the overall long term work programme will be executed as currently planned by the Company.

Case	Gross Reserves (mmstb)
1P	0.14
2P	0.46
3P	1.04

Notes:

(1) Gross reserves represent 100% of the LS TAC commercially recoverable volumes by the particular development plan adopted for the 1P, 2P or 3P development scenarios after economic cut-offs have been applied. Gross volumes include volumes attributable to third parties and the government.

(2) "mmstb" means millions of stock tank barrels.

Gross reserves are before the application of contractual terms with the host government and does not account for the government's take of petroleum under the relevant petroleum licence and differs from net entitlement interest as a means of calculating reserves and resources. Under certain fiscal regimes, the contractor's net entitlement (or economic) share in oil and gas reserves or resources can be greater or less than its working interest in a given period due to the deduction of government take payable to the applicable host government and other variables such as oil price, cost estimates and any unrecovered cost pools.

Further information on the estimates of reserves and contingent resources associated with the LS fields, including the details of the key assumptions, parameters and methods used in the estimation, are set out in the IQPR.

1.3 Documents for Inspection

A copy of the IQPR and Economic Evaluation Report 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.

2. RELATIVE FIGURES UNDER RULE 1006(E) OF THE LISTING MANUAL IN RELATION TO THE PROPOSED DISPOSAL

For illustrative purposes only, the relative figure for the Proposed Disposal calculated in accordance with the base set out in Rule 1006(e) is as follows:

Rule 1006(e)	Relative Figure
The aggregate volume or amount of proved and probable (2P) reserves to be disposed of[1], compared with the aggregate of the Group's 2P reserves[2]	16.30%

Notes:

(1) The aggregate volume of 2P reserves as stated in the IQPR is 0.460 mmstb and the aggregate volume of 2P reserves attributable to the Disposal Interest is 0.414 mmstb.

(2) The aggregate of the Group's 2P reserves is 2.540 mmstb as stated in Qualified Person's Report dated 28 February 2014 by GCA for Chauk, Yenangyaung, Tanjung Miring Timur and LS fields.

By Order of the Board of Directors of
INTERRA RESOURCES LIMITED
Marcel Tjia
Chief Executive Officer

GCA is an independent international energy advisory group of more than 50 years' standing, whose expertise includes petroleum reservoir evaluation and economic analysis.

The qualified person with overall responsibility for the IQPR and Valuation Report is Mr Robert George, the Vice President of GCA. He is a member of the American Association of Petroleum Geologists (AAPG), the Petroleum Exploration Society of Great Britain (PESGB), the Society of Petroleum Engineers (SPE) and the Association of International Petroleum Negotiators (AIPN) and has over 40 years' industry experience in the estimation, assessment and evaluation of oil and gas that is under consideration and to the activity which he is undertaking to qualify as a qualified person as defined under the Listing Manual, and satisfies the criterion under rule 210(9)(b) of the Listing Manual to qualify as an independent qualified person. The IQPR and Valuation Report were reviewed by Mr Stephen M Lane, Technical Director of GCA, and approved by Mr Robert George. The information in the IQPR, Valuation Report and this announcement is based on information compiled by persons who are or were at the time professional associates of GCA, all of whom hold degrees in geoscience, petroleum engineering or related disciplines. They include Ms Nila Murti, Mr David Waldo, Mr Azlan Majid, Mr Raymond Tsuen, Mr Andrew Duncan, Ms Lalitha Seelam, Mr Paul McGhee and Mr David Ahye.

Mr George has reviewed and approved the technical information contained in this announcement and consents to the inclusion of the matters based on his information in the form and context in which it appears. Mr George further confirms that the forecast crude oil prices used in arriving at the valuations were arrived at after due and careful enquiry and reflects GCA's view of a reasonable outlook of the future.

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.