

6 December 2017

**PROPOSED ACQUISITION OF PATENTS BY JOINT VENTURE ENTITY**
**A. INTRODUCTION**

1. The board of directors (the "**Board**") of Interra Resources Limited (the "**Company**") wishes to announce that that its joint venture entity, Goldpetrol Joint Operating Company Inc. ("**Goldpetrol**"), has entered into a technology transfer agreement dated 6 December 2017 (the "**TTA**") with Chengdu North Petroleum Exploration & Development Technology Co ("**CNPED**") by way of a proposed acquisition by Goldpetrol (the "**Proposed Acquisition**") of 11 patents (the "**Patents**") at the purchase price of US\$5,800,000 (the "**Purchase Price**").
2. The Company has a 60% interest in the Improved Petroleum Recovery Contracts for the Chauk field and the Yenangyaung field, and also owns 60% of Goldpetrol, which is the operator of both Chauk field and Yenangyaung field.
3. The technology from the Patents will be used by Goldpetrol to acquire production capabilities in order to enhance oil production in the Chauk field and the Yenangyaung field, both of which are situated in Myanmar, using enhanced oil recovery methods and other technologies.
4. The Purchase Price payable by Goldpetrol for the Patents is based on the asset appraisal report prepared by an independent valuer. Please see paragraph C1 for further details on the Purchase Price payable.
5. Upon the completion of the Proposed Acquisition in accordance with the TTA ("**Completion**"), Goldpetrol will be the registered proprietor of the Patents.
6. As one of the relative figures computed on the bases set out under Rule 1006 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") exceeds 5% but does not exceed 20%, the Proposed Acquisition is considered a discloseable transaction under Chapter 10 of the Listing Manual. Please see paragraph E1 below for further details on the computation of the relative figures under Rule 1006 of the Listing Manual. Accordingly, the Proposed Acquisition is not subject to the approval of shareholders of the Company ("**Shareholders**") in general meeting.

**B. RATIONALE FOR THE PROPOSED ACQUISITION**

1. Upon Completion, the Company through Goldpetrol will take ownership of the Patents and use them to acquire production capabilities in order to enhance oil production in the Chauk field and the Yenangyaung field, both of which are situated in Myanmar, using enhanced oil recovery methods and other technologies.
2. By adopting the Patents in Myanmar, Goldpetrol is introducing new technologies to the Myanmar oil and gas industry, and will benefit the industry in general.



### C. PURCHASE PRICE

1. The Purchase Price was arrived at after arm's length negotiations and on a willing-buyer willing-seller basis and relying on the asset appraisal report prepared by an independent valuer.

Pursuant to the terms of the TTA, the Purchase Price shall be paid in the following two tranches:

- (a) a deposit of US\$100,000 by bank transfer within five working days of the execution of the TTA. On Completion, this deposit shall be applied as part payment of the Purchase Price, or returned to Goldpetrol if the transactions contemplated in the TTA are called off or cancelled as provided in the TTA; and
  - (b) the balance sum of US\$5,700,000 by bank transfer on Completion.
2. The Purchase Price will be funded from existing funds on hand.
3. There are no net profits or losses attributable to the Patents being acquired pursuant to the Proposed Acquisition, as they are intangible assets that are used in tandem with other new technologies where the success cannot be accurately ascertained.

### D. OTHER SALIENT TERMS OF THE TTA

#### 1. Patents

The Proposed Acquisition involves the acquisition of technology through the transfer of the Patents.

#### 2. Representations and Warranties

Both Goldpetrol and the CNPED have provided to each other various customary representations, warranties and undertakings.

CNPED has also undertaken to communicate, transfer and/or deliver to the Goldpetrol the technical knowledge relating to or in respect of or for use with the Patents which may be necessary to enable Goldpetrol to work or practise the Patents and the inventions claimed in the Patents, and to instruct the Goldpetrol's employees in working the inventions claimed in the Patents. CNPED has also agreed that from time to time and at any time, at the request and expense of Goldpetrol, send one or more of its employees to the premises of the Goldpetrol for the purpose of teaching the staff of the Goldpetrol or demonstrating the use of any modifications, improvements or additions to the Patents and/or inventions claimed in the Patents.

Goldpetrol has agreed that it will not, without the written consent of the CNPED, assign the Patents to any other third party or encumber the Patents in any way, including granting a licence to use the Patents or entering into any arrangement

in whatsoever nature or form that may grant any rights, interests or benefits in the Patents to any third party, including an affiliate or otherwise of the Goldpetrol.

#### **E. PROPOSED ACQUISITION AS A DISCLOSEABLE TRANSACTION**

- The calculation of the relative figures under Rule 1006 of the Listing Manual are based on the audited consolidated financial information of the Company and its subsidiaries (the “**Group**”) for the financial year ended 31 December 2016 (“**FY2016**”) and are as follows:

<b>Rule 1006</b>	<b>Basis</b>	<b>Relative Figure</b>
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value. This basis is not applicable to an acquisition of assets	Not applicable
(b)	The net profits attributable to the assets acquired, compared with the Group’s net profits	Not applicable <sup>(1)</sup>
(c)	The aggregate value of the consideration <sup>(2)</sup> given or received, compared with the Company’s market capitalisation <sup>(3)</sup> based on the total number of issued shares excluding treasury shares	15.21%
(d)	The number of equity securities issued by the Company as consideration, compared with the number of equity securities previously in issue	Not applicable <sup>(4)</sup>
(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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable

Notes:

- Not applicable, as the Patents to be acquired are intangible assets.
- The aggregate value of the consideration is based on 60% of the Purchase Price equivalent to US\$3,480,000.
- The market capitalisation is based on 506,446,757 ordinary shares of the Company (“**Shares**”) in issue and the weighted average price of the Share transacted on the SGX-ST on 6 December 2017 of S\$0.06088 and converted at the exchange rate of US\$1:S\$1.3478 as at 6 December 2017.
- Not applicable, as no securities are issued as consideration.

- As one of the relative figures computed on the bases set out under Rule 1006 of the Listing Manual exceeds 5% but does not exceed 20%, the Proposed Acquisition is considered a discloseable transaction, as defined under Chapter 10 of the Listing Manual, which is not subject to the approval of Shareholders in general meeting.

**F. VALUE OF THE PATENTS**

China United Assets Appraisal Co., Ltd was jointly appointed by Goldpetrol and CNPED as the independent valuer for the purpose of preparing an asset appraisal report regarding the Patents. The Patents have a valuation of not less than US\$5,800,000 as at 31 October 2017 using asset-based method and earnings – discounted cash flow method.

**G. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

The financial effects of the Proposed Acquisition on the Company's share capital, NTA per Share, earnings per Share ("EPS") and gearing of the Group in respect of FY2016 have been prepared based on the following assumptions:-

- (a) The financial effects of the Proposed Acquisition are based on the Group's audited financial statements for FY2016;
- (b) For the purpose of computing the NTA per Share and gearing of the Group after Completion, it is assumed that the Proposed Acquisition was completed on 31 December 2016; and
- (c) For the purpose of computing the earnings attributable to Shareholders and basic EPS after Completion, it is assumed that the Proposed Acquisition was completed on 1 January 2016.

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

**(1) Effect on share capital of the Company**

Share capital	No. of Shares	US\$'000
Total number of issued Shares as at the date of this announcement	506,446,757	69,258
Total number of issued Shares after the Proposed Acquisition	506,446,757	69,258

**(2) Effect on the Company's NTA per Share**

FY2016	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (US\$'000)	10,908	7,428
Total number of issued Shares	506,446,757	506,446,757
NTA per Share (US cents)	2.154	1.467

**(3) Effect on the Company's EPS**

<b>FY2016</b>	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
Losses attributable to Shareholders (US\$'000)	8,062	8,062
Weighted average number of issued Shares	506,446,757	506,446,757
EPS (US cents)	(1.592)	(1.592)

**(4) Effect on gearing of the Group**

<b>As at 31 December 2016</b>	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
Total borrowings (US\$'000)	3,739	3,739
Shareholders' fund (US\$'000)	21,492	21,492
Gearing ratio (times)	0.174	0.174

**H. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS**

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

There are no directors proposed to be appointed to the Company in connection with the Proposed Acquisition.

**I. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the TTA 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.

**J. CAUTION IN TRADING**

Shareholders and potential investors are advised to exercise caution when trading in the Shares. There is no certainty or assurance as at the date of this announcement that the Proposed Acquisition 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 Acquisition. 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

**About Interra**

Interra Resources Limited, a Singapore-incorporated company listed on SGX Mainboard, is engaged in the business of petroleum exploration and production (E&P). Our E&P activities include petroleum production, field development and exploration. We are positioning ourselves to become a leading regional independent producer of petroleum.