

20 April 2020

PROPOSED PLACEMENT OF 62,500,000 NEW ORDINARY SHARES IN THE CAPITAL OF INTERRA RESOURCES LIMITED (THE “PLACEMENT”)

A. INTRODUCTION


1. The Board of Directors of Interra Resources Limited (the “**Company**”) wishes to announce that the Company has entered into a conditional subscription agreement dated 20 April 2020 (the “**SA**”) with Poly Legend International Limited (the “**Placee**”) for the subscription of an aggregate of 62,500,000 new ordinary and fully paid-up shares in the capital of the Company (“**Subscription Shares**”) by way of a private placement at an issue price of S\$0.045 per Subscription Share (“**Subscription Price**”).

B. INFORMATION ON THE PLACEE

2. The Placee is a Hong Kong incorporated company, whose main business is petrochemicals and other commodities trading.
3. The Placee was introduced through Mr Yin Lifeng, a Non-Executive Director of the Company. The Placee is a strategic investor in the Company and agreed to subscribe for the Subscription Shares as part of its business strategy to gain exposure and experience with the upstream business of the oil industry.
4. Upon completion of the Placement, the Placee will become a substantial shareholder of the Company, holding approximately 9.53% of the enlarged issued share capital of the Company. The Placee has not asked for a board seat.
5. The Placee does not fall within the category of persons set out under Rule 812(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).


C. THE PLACEMENT


6. The Placement will be undertaken by way of a private placement in accordance with Section 272(B) 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 SGX-ST in connection with the Placement. The Company did not appoint any placement agent for the purposes of the Placement, and no commission or introduction fee is payable by the Company other than those incurred for administrative or professional services.

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7. The Subscription Price represents a discount of 9.64% to the volume-weighted average price (“**VWAP**”) of S\$0.0498 for each ordinary and fully paid-up share in the capital of the Company (“**Share**”), based on trades done on the SGX-ST on 20 April 2020 (being the full market day on which the SA is signed). The Subscription Price was arrived at following arm’s length negotiations between the Company and the Placee.
 8. The Subscription Shares, when allotted and issued, shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with and carry all rights similar to the existing issued Shares.
 9. The Subscription Shares will be issued pursuant to the general mandate (“**General Mandate**”) approved by the shareholders of the Company by ordinary resolution pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual of the SGX-ST at the Company’s Annual General Meeting (“**AGM**”) on 29 April 2019. The General Mandate authorises the board of directors of the Company (the “**Board**”) to issue up to 20% of the issued share capital of the Company other than on a pro-rata basis as at the date of the AGM.
 10. Rule 811 of the Listing Manual of the SGX-ST allows an issuer to give up to a maximum discount of 10% to the VWAP for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed or the VWAP based on the trades done on the preceding market day up to the time the SA is signed if trading in the issuer’s shares is not available for a full market day, for issuance of new Shares.
 11. The 62,500,000 Subscription Shares represent approximately 10.67% of the Company’s issued and paid-up share capital of 585,973,604 Shares as at the date of the AGM. Since the AGM up to the date of this announcement, 2,395,000 Shares and 4,630,000 Shares had been issued pursuant to the exercise of options granted under the Interra Share Option Plan 2017 on 30 December 2019 and 10 January 2020 respectively. The 62,500,000 Subscription Shares represent approximately 10.54% of the Company’s issued and paid-up share capital of 592,998,604 Shares as at the date of this announcement, and 9.53% of the Company’s enlarged issued and paid-up share capital of 655,498,604 Shares immediately after the completion of the Placement.

D. CONDITIONS PRECEDENT TO COMPLETION

12. Pursuant to the SA, the completion of the Placement is subject to the following conditions being fulfilled:
 - 12.1. the VWAP of the Shares on the date of the Placement shall not be lower than 90% of the Subscription Price;

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- 12.2. no act, default or omission, or occurrence or non-occurrence, event, agreement, arrangement or transaction, which has or is likely to have a material adverse effect on the business, financial position or the value of the Subscription Shares of the Company (but does not include the COVID-19 pandemic or any dispute between OPEC and Russia) having occurred at any time from the date hereof up to the completion Date;
 - 12.3. the approval of the Board and shareholders of the Company, if required, for:
 - (a) the subscription by and issuance to the Placee of the Subscription Shares; and
 - (b) the execution of the SA and the transactions contemplated herein;
 - 12.4. in-principle approval for the admission of all the Subscription Shares to the Official List of the SGX-ST and the listing and quotation of all the Subscription Shares on the SGX-ST being obtained from the SGX-ST and not being revoked or amended and, to the extent that any conditions for the listing and quotation of the Subscription Shares on the Main Board of the SGX-ST are required to be fulfilled on or before completion date, they are so fulfilled on or before that date to the satisfaction of SGX-ST or waived by SGX-ST;
 - 12.5. the allotment, issue and subscriptions of the Subscription Shares not being prohibited (except where relevant waivers have been obtained from the relevant authorities in Singapore and SGX-ST (where applicable)) by any statute, order, rule, regulation or practice direction promulgated or issued whether before or after the date of the SA by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company or the Placee;
 - 12.6. on the completion date, the representations and warranties of the Placee therein being true, accurate and correct in all respects as if made on the completion date, with reference to the then existing facts and circumstances; and
 - 12.7. on or at any time prior to the completion date, the representations and warranties of the Company therein being true, accurate and correct in all respects as if made on and repeated at all time up to the completion date, with reference to the then existing facts and circumstances.
13. If any of the conditions specified in above at paragraph 12 is not fulfilled, the SA shall, unless the said condition is waived by the party to the SA that is adversely affected by it, save for the events in paragraphs 12.3, 12.4 and



12.5 which cannot be waived, *ipso facto* cease and terminate and in that event, the parties thereto shall be released and discharged from their respective obligations thereunder and no party shall have any claim against the other for costs, expenses, damages, losses, compensation or otherwise arising from the SA.

14. The Placee shall pay within five (5) business days of the date of the SA a deposit sum of S\$100,000 to the Company. The deposit sum of S\$100,000 shall be applied as part of the aggregate Subscription Price in the event that the parties to the SA proceed to completion.
15. The Company will be making an application to the SGX-ST for the dealing in, listing and quotation of the Subscription Shares on the Official List of the SGX-ST and will make the necessary announcements once the approval-in-principal of the listing and quotation of the Subscription Shares has been obtained from the SGX-ST.

E. USE OF NET PROCEEDS

16. The aggregate consideration payable by the Placee is S\$2,812,500. The Placement will allow the Company to raise estimated net proceeds, after deducting expenses incurred in connection with the Placement, (the “**Net Proceeds**”) of S\$2,797,500.
17. The Company intends to use 100% of the Net Proceeds for the general working capital purposes. Pending the deployment of the Net Proceeds, such proceeds may be deposited with banks and/or financial institutions and/or invested in short-term money market instruments and/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. The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and provide a status report of the use of the Net Proceeds in the Company’s annual report.

F. FINANCIAL EFFECTS

18. As at the date of this announcement, the Company has an issued and paid-up share capital of S\$105,529,702 comprising 592,998,604 Shares. On completion of the Placement, the issued and paid-up share capital of the Company will increase to S\$108,342,202, comprising 655,498,604 Shares.
19. Based on the audited financial statements of the Company and its subsidiaries (the “**Group**”) for the full year ended 31 December 2019:
 - (a) assuming the Placement was completed on 31 December 2019, the Group’s consolidated net tangible asset per Share after adjusting for the Subscription Shares and the Net Proceeds would increase from 2.249 US cents to 2.319 US cents; and

- (b) assuming that the Placement was completed on 1 January 2019 with all the Subscription Shares being issued during the period, the Group's consolidated earnings per Share would decrease from (0.082) US cents to (0.073) US cents.

20. The financial effects of the Placement set out above are purely for illustrative purposes and do not purport to be an indication or projection of the financial position and financial performance of the Group following the completion of the Placement.

G. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

21. None of the Directors or (in so far as the Directors are aware) substantial shareholders of the Company or their respective associates has any interest, whether direct or indirect, in the Placement, save for their interests by virtue of their shareholdings and/or directorships, as the case may be, in the Company.

H. TRADING CAUTION

22. 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 Placement 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 Placement. Persons who are in doubt as to the action they should take, should consult their financial, tax, legal or other professional advisers.
23. The Company's media release on the Placement, which will be released today following this announcement, is attached.

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.