



14 May 2015

Dear Shareholders,

**UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2015**

**Highlights in Q1 2015**

- Revenue for the quarter was US\$8.45 million, 46% lower than the previous quarter.
- Shareable production from oil for the quarter decreased to 168,999 barrels from 192,604 barrels in the previous quarter.
- Net loss after tax for the quarter was US\$3.23 million, as compared to a net loss of US\$13.44 million in the previous quarter. This was largely due to lower revenue by 48% from oil and gas operations as a result from lower weighted average transacted prices and sales of shareable oil during the quarter. There was a one-off impairment of producing oil and gas properties and goodwill from acquisition of subsidiary of US\$9.78 million and US\$0.66 million respectively in previous quarter.
- Earnings before divestment gain, interest income, exchange difference, finance cost, tax, depreciation, amortisation, allowance and impairment (EBITDA) for the quarter was US\$1.65 million.
- Net cash outflow for the quarter was US\$1.77 million, mainly due to net cash provided by operating activities of US\$6.77 million and net cash used in investing activities of US\$8.29 million for new drillings for producing assets and seismic acquisition for exploration asset.
- Cash and cash equivalents (excluding restricted cash) were US\$16.80 million as at 31 March 2015.

Yours sincerely,

The Board of Directors  
Interra Resources Limited

**INTERRA RESOURCES LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 197300166Z)

**UNAUDITED RESULTS FOR THE FINANCIAL PERIOD  
ENDED 31 MARCH 2015**

**TABLE OF CONTENTS**

| Item No.   | Description  | Page No. |
|------------|--|----------|
| 1(a)(i)    | Profit or Loss & Statement of Comprehensive Income                                     | 2        |
| 1(a)(ii)   | Explanatory Notes to Profit or Loss  | 3        |
| 1(b)(i)    | Statement of Financial Position & Explanatory Notes to Statement of Financial Position | 4 - 5    |
| 1(b)(ii)   | Borrowings and Debt Securities   | 6        |
| 1(c)       | Statement of Cash Flows  | 7        |
| 1(d)(i)    | Statements of Changes in Equity  | 8        |
| 1(d)(ii)   | Share Capital  | 8        |
| 1(d)(iii)  | Ordinary Shares (Excluding Treasury Shares)  | 8        |
| 1(d)(iv)   | Treasury Shares  | 9        |
| 2 & 3      | Audit  | 9        |
| 4 & 5      | Accounting Policies and Methods of Computation   | 9        |
| 6          | Earnings Per Share   | 10       |
| 7          | Net Asset Value Per Share  | 10       |
| 8(i)       | Performance Review   | 10 - 11  |
| 8(ii)      | Segmented Revenue and Results  | 12       |
| 9 & 10     | Prospect Statement & Commentary  | 12       |
| 11 & 12    | Dividend & Dividend Statement  | 13       |
| 13         | Interested Person Transactions   | 13       |
| 14         | Confirmation by Board of Directors   | 13       |
| 15         | Abbreviations  | 14       |
| Appendix A | Production, Development & Exploration Activities Report                                |          |

1(a)(i) PROFIT OR LOSS

| Group   | Note | Q1 2015<br>US\$'000 | Q1 2014<br>US\$'000 | Change<br>% |
|---|------|---------------------|---------------------|-------------|
| Revenue   | A1   | 8,454               | 12,811              | ↓ 34        |
| Cost of production                              | A2   | (9,295)             | (8,015)             | ↑ 16        |
| <b>Gross (loss)/profit</b>                      |      | <b>(841)</b>        | <b>4,796</b>        | ↓ 118       |
| Other income/(loss), net                        | A3   | 287                 | (770)               | ↑ 63        |
| Administrative expenses                         |      | (1,854)             | (1,573)             | ↑ 18        |
| Finance expenses                                |      | (5)                 | -                   | NM          |
| Other expenses                                  | A4   | (281)               | (227)               | ↑ 24        |
| Impairment and allowances                       | A5   | 25                  | -                   | NM          |
| <b>(Loss)/Profit before income tax</b>          |      | <b>(2,669)</b>      | <b>2,226</b>        | ↓ 220       |
| Income tax expense                              |      | (559)               | (1,015)             | ↓ 45        |
| <b>(Loss)/Profit for the financial period</b>   |      | <b>(3,228)</b>      | <b>1,211</b>        | ↓ 367       |
| <b>Attributable to:</b>                         |      |                     |                     |             |
| Equity holders of the company                   |      | (3,028)             | 1,211               |             |
| Non-controlling interests                       |      | (200)               | -                   |             |
|   |      | <b>(3,228)</b>      | <b>1,211</b>        |             |
| <b>(Loss)/Earnings per share<br/>(US cents)</b> |      |                     |                     |             |
| - Basic   |      | (0.674)             | 0.271               |             |
| - Fully diluted                                 |      | (0.674)             | 0.269               |             |

1(a)(i) STATEMENT OF COMPREHENSIVE INCOME

| Group  | Note | Q1 2015<br>US\$'000 | Q1 2014<br>US\$'000 | Change<br>% |
|--|------|---------------------|---------------------|-------------|
| <b>Total (loss)/profit for the financial period</b>  |      | (3,228)             | 1,211               | ↓ 367       |
| <b>Other comprehensive income, net of tax<br/>Items that may be reclassified<br/>subsequently to profit or loss:</b> |      |                     |                     |             |
| Currency translation differences<br>arising from consolidation - (losses)/gain                                       |      | (629)               | 38                  | NM          |
| <b>Total comprehensive (loss)/<br/>income for the financial period</b>   |      | <b>(3,857)</b>      | <b>1,249</b>        | ↓ 409       |
| <b>Attributable to:</b>  |      |                     |                     |             |
| Equity holders of the company  |      | (3,347)             | 1,249               |             |
| Non-controlling interests  |      | (510)               | -                   |             |
|  |      | <b>(3,857)</b>      | <b>1,249</b>        |             |

↑ denotes increase  
↓ denotes decrease  
NM denotes not meaningful

## 1(a)(ii) EXPLANATORY NOTES TO PROFIT OR LOSS

| Group   | Q1 2015<br>barrels  | Q1 2014<br>barrels  |
|---|---------------------|---------------------|
| Group's share of shareable production                       | 168,999             | 172,271             |
| Group's sales of shareable oil                              | 168,573             | 169,112             |
| Group   | Q1 2015<br>US\$'000 | Q1 2014<br>US\$'000 |
| <b>A1 Revenue</b>   |                     |                     |
| Sale of oil and petroleum products                          | 6,334               | 12,811              |
| Sale of granite   | 2,120               | -                   |
|   | <b>8,454</b>        | <b>12,811</b>       |
| <b>A2 Cost of production</b>                                |                     |                     |
| Production expenses   | 5,788               | 4,754               |
| Amortisation of producing oil and gas properties            | 3,266               | 3,261               |
| Amortisation of intangible assets                           | 2                   | -                   |
| Amortisation of mining properties                           | 239                 | -                   |
|   | <b>9,295</b>        | <b>8,015</b>        |
| <b>A3 Other income/(loss), net</b>                          |                     |                     |
| Interest income   | 26                  | 26                  |
| Petroleum services fees                                     | 91                  | 21                  |
| Management fees   | 84                  | 78                  |
| Other income  | 3                   | -                   |
| Foreign exchange gain/(loss), net                           | 82                  | (27)                |
| Loss on measurement to fair value on disposal group         | -                   | (868)               |
| Gain on disposal of property, plant and equipment           | 1                   | -                   |
|   | <b>287</b>          | <b>(770)</b>        |
| <b>A4 Other expenses</b>                                    |                     |                     |
| Depreciation of property, plant and equipment               | 20                  | 3                   |
| Amortisation of intangible assets                           | 29                  | -                   |
| Amortisation of producing oil and gas properties            | 232                 | 224                 |
|   | <b>281</b>          | <b>227</b>          |
| <b>A5 Impairment and allowances</b>                         |                     |                     |
| Write back of allowance for impairment of trade receivables | <b>25</b>           | -                   |

## 1(b)(i) STATEMENT OF FINANCIAL POSITION

|   | Note | Group                 |                       | Company               |                       |
|---|------|-----------------------|-----------------------|-----------------------|-----------------------|
|   |      | 31-Mar-15<br>US\$'000 | 31-Dec-14<br>US\$'000 | 31-Mar-15<br>US\$'000 | 31-Dec-14<br>US\$'000 |
| <b>Assets</b>                                       |      |                       |                       |                       |                       |
| <b>Non-current assets</b>                           |      |                       |                       |                       |                       |
| Property, plant and equipment                       |      | 185                   | 222                   | 49                    | 56                    |
| Producing oil and gas properties                    | B1   | 45,508                | 47,207                | -                     | -                     |
| Mining properties                                   | B2   | 6,089                 | 6,660                 | -                     | -                     |
| Exploration and evaluation costs                    | B3   | 10,423                | 5,121                 | -                     | -                     |
| Intangible assets                                   | B4   | 2,013                 | 2,045                 | -                     | -                     |
| Investments in subsidiaries                         |      | -                     | -                     | 41,004                | 39,226                |
| Other receivables                                   | B5   | 501                   | 319                   | -                     | -                     |
| Restricted cash*                                    |      | 3,432                 | 3,444                 | -                     | -                     |
| Retirement benefit obligations                      |      | 134                   | 154                   | -                     | -                     |
| Investment properties                               | B6   | 217                   | 226                   | -                     | -                     |
|   |      | <b>68,502</b>         | <b>65,398</b>         | <b>41,053</b>         | <b>39,282</b>         |
| <b>Current assets</b>                               |      |                       |                       |                       |                       |
| Inventories   | B7   | 10,106                | 9,430                 | -                     | -                     |
| Trade and other receivables                         | B5   | 9,648                 | 11,952                | 223                   | 198                   |
| Other current assets                                |      | 2,422                 | 1,318                 | 328                   | 256                   |
| Cash and cash equivalents                           | B8   | 16,799                | 18,737                | 1,014                 | 3,596                 |
|   |      | <b>38,975</b>         | <b>41,437</b>         | <b>1,565</b>          | <b>4,050</b>          |
| <b>Total assets</b>                                 |      | <b>107,477</b>        | <b>106,835</b>        | <b>42,618</b>         | <b>43,332</b>         |
| <b>Equity and Liabilities</b>                       |      |                       |                       |                       |                       |
| <b>Equity</b>                                       |      |                       |                       |                       |                       |
| Share capital                                       |      | 63,125                | 63,125                | 63,125                | 63,125                |
| Retained profits/(Accumulated losses)               |      | 23,367                | 26,395                | (21,336)              | (20,866)              |
| Other reserves                                      |      | (18,201)              | (17,882)              | 365                   | 365                   |
| <b>Equity attributable to owners of the Company</b> |      | <b>68,291</b>         | <b>71,638</b>         | <b>42,154</b>         | <b>42,624</b>         |
| <b>Non-controlling interests</b>                    |      | 8,616                 | 8,932                 | -                     | -                     |
| <b>Total equity</b>                                 |      | <b>76,907</b>         | <b>80,570</b>         | <b>42,154</b>         | <b>42,624</b>         |
| <b>Non-current liabilities</b>                      |      |                       |                       |                       |                       |
| Provision for environmental and restoration costs   |      | 5,352                 | 5,287                 | -                     | -                     |
| Deferred income tax liabilities                     |      | 861                   | 893                   | -                     | -                     |
|   |      | <b>6,213</b>          | <b>6,180</b>          | -                     | -                     |
| <b>Current liabilities</b>                          |      |                       |                       |                       |                       |
| Trade and other payables                            | B9   | 16,482                | 12,108                | 464                   | 708                   |
| Bank loan   |      | 766                   | 807                   | -                     | -                     |
| Finance lease payable                               |      | 311                   | 382                   | -                     | -                     |
| Current income tax liabilities                      |      | 6,798                 | 6,788                 | -                     | -                     |
| <b>Total current liabilities</b>                    |      | <b>24,357</b>         | <b>20,085</b>         | <b>464</b>            | <b>708</b>            |
| <b>Total equity and liabilities</b>                 |      | <b>107,477</b>        | <b>106,835</b>        | <b>42,618</b>         | <b>43,332</b>         |

\* Fund intended for environmental and restoration costs.

| Group  | 31-Mar-15<br>US\$'000 | 31-Dec-14<br>US\$'000 |
|--|-----------------------|-----------------------|
| <b>B1</b> <b><u>Producing oil and gas properties</u></b>     |                       |                       |
| Development tangible assets                                  | 5,683                 | 5,505                 |
| Development and production assets                            | 38,037                | 39,718                |
| Participating and concession rights                          | 1,788                 | 1,984                 |
|  | <b>45,508</b>         | <b>47,207</b>         |
| <b>B2</b> <b><u>Mining Properties</u></b>                    |                       |                       |
| Deferred exploration expenditures                            | 1,351                 | 1,462                 |
| Development tangible assets                                  | 4,738                 | 5,198                 |
|  | <b>6,089</b>          | <b>6,660</b>          |
| <b>B3</b> <b><u>Exploration and evaluation costs</u></b>     |                       |                       |
| Exploration and evaluation assets                            | 8,988                 | 3,686                 |
| Participating rights of exploration asset                    | 1,435                 | 1,435                 |
|  | <b>10,423</b>         | <b>5,121</b>          |
| <b>B4</b> <b><u>Intangible assets</u></b>                    |                       |                       |
| Goodwill on reverse acquisition                              | 1,489                 | 1,489                 |
| Non-contractual customer relationship                        | 487                   | 516                   |
| Computer software  | 37                    | 40                    |
|  | <b>2,013</b>          | <b>2,045</b>          |
| <b>B5</b> <b><u>Trade and other receivables</u></b>          |                       |                       |
| <b>Non-current</b>   |                       |                       |
| Other receivables - loan to a third party                    | 501                   | 319                   |
| <b>Current</b>   |                       |                       |
| Trade receivables - non-related parties                      | 5,912                 | 8,405                 |
| Other receivables  | 3,736                 | 3,547                 |
|  | <b>9,648</b>          | <b>11,952</b>         |
|  | <b>10,149</b>         | <b>12,271</b>         |
| <b>B6</b> <b><u>Investment properties</u></b>                |                       |                       |
| Land and Building in Pacet                                   | 92                    | 96                    |
| Shophouse at Pasar Kemis, Tangerang                          | 70                    | 73                    |
| Kiosk at ITC Kuningan  | 55                    | 57                    |
|  | <b>217</b>            | <b>226</b>            |
| <b>B7</b> <b><u>Inventories</u></b>                          |                       |                       |
| Consumable inventories                                       | 7,074                 | 6,836                 |
| Mining sparts parts and others                               | 955                   | 1,041                 |
| Granite rocks  | 1,538                 | 970                   |
| Crude oil inventory#   | 539                   | 583                   |
|  | <b>10,106</b>         | <b>9,430</b>          |
| <b>B8</b> <b><u>Cash and cash equivalents</u></b>            |                       |                       |
| Cash and bank balances                                       | 15,799                | 15,737                |
| Short-term fixed deposits                                    | 1,000                 | 3,000                 |
| <b>Cash and cash equivalents per statement of cash flows</b> | <b>16,799</b>         | <b>18,737</b>         |
| <b>B9</b> <b><u>Trade and other payables</u></b>             |                       |                       |
| Trade payables   | 11,427                | 7,215                 |
| Other payables   | 4,037                 | 3,461                 |
| Accruals   | 1,018                 | 1,432                 |
|  | <b>16,482</b>         | <b>12,108</b>         |

# This represents costs of crude oil inventory of Linda Sele TAC ("LS TAC") which was not uplifted and was stored at stock points as at 31 March 2015.

1(b)(ii) **BORROWINGS AND DEBT SECURITIES**

| Group  | 31-Mar-15           |                       | 31-Dec-14           |                       |
|--|---------------------|-----------------------|---------------------|-----------------------|
|  | Secured<br>US\$'000 | Unsecured<br>US\$'000 | Secured<br>US\$'000 | Unsecured<br>US\$'000 |
| Amount repayable in one year or less, or on demand |                     |                       |                     |                       |
| - Bank loan *                                      | 766                 | -                     | 807                 | -                     |
| - Finance lease **                                 | 311                 | -                     | 382                 | -                     |
| Amount repayable after one year                    | -                   | -                     | -                   | -                     |

\* The bank loan represents back to back facility obtained from PT Sejahtera Bank Umum (liquidated bank), backed with the finance lease receivables from PT Intinusa Abadi Manufacturing by PT Mitra Investindo TBK ("MITI"). To-date, the liquidated team had been disbanded and all parties had not come forward to request for payment.

\*\* The finance lease is secured by the financed vehicles and machineries.

## 1(c) STATEMENT OF CASH FLOWS

| Group  | Note | Q1 2015<br>US\$'000 | Q1 2014<br>US\$'000 |
|--|------|---------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>                  |      |                     |                     |
| (Loss)/Profit before income tax                              |      | (2,669)             | 2,226               |
| <b>Adjustments for non-cash items:</b>                       |      |                     |                     |
| Depreciation of property, plant and equipment                |      | 20                  | 3                   |
| Amortisation of producing oil and gas properties             |      | 3,498               | 3,485               |
| Amortisation of mining properties                            |      | 239                 | -                   |
| Amortisation of intangible assets                            |      | 29                  | -                   |
| Write back of allowance for impairment of trade receivables  |      | (25)                | -                   |
| Interest income  |      | (26)                | (26)                |
| Loss on measurement to fair value on disposal group          |      | -                   | 868                 |
| Unrealised currency translation (gain)/loss                  |      | (107)               | 56                  |
| Gain on disposal of property, plant and equipment            |      | (1)                 | -                   |
| Unwinding of discount on provision of site restoration       |      | 65                  | 68                  |
| Interest expenses  |      | 5                   | -                   |
| <b>Operating profit before working capital changes</b>       |      | <b>1,028</b>        | <b>6,680</b>        |
| <b>Changes in working capital</b>                            |      |                     |                     |
| Inventories  |      | (676)               | 283                 |
| Trade and other receivables and other current assets         |      | 2,644               | 1,017               |
| Trade and other payables                                     |      | 4,394               | (1,215)             |
| Restricted cash  |      | (47)                | (5)                 |
| <b>Cash generated from operations</b>                        |      | <b>7,343</b>        | <b>6,760</b>        |
| Income tax paid  |      | (571)               | (935)               |
| <b>Net cash provided by operating activities</b>             |      | <b>6,772</b>        | <b>5,825</b>        |
| <b>Cash Flows from Investing Activities</b>                  |      |                     |                     |
| Interest income received                                     |      | 26                  | 8                   |
| Deposits paid for proposed acquisition of associated company |      | (1,226)             | -                   |
| Net proceeds from disposal of property, plant and equipment  |      | 23                  | -                   |
| Additions to property, plant and equipment                   |      | (15)                | (7)                 |
| Additions to producing oil and gas properties                |      | (1,799)             | (5,186)             |
| Additions to exploration and evaluation assets               |      | (5,302)             | -                   |
| <b>Net cash used in investing activities</b>                 |      | <b>(8,293)</b>      | <b>(5,185)</b>      |
| <b>Cash Flows from Financing Activities</b>                  |      |                     |                     |
| Interest paid  |      | (5)                 | -                   |
| Repayment of finance lease                                   |      | (53)                | -                   |
| Loan to a third party  |      | (194)               | (104)               |
| <b>Net cash used in financing activities</b>                 |      | <b>(252)</b>        | <b>(104)</b>        |
| <b>Net (decrease)/increase in cash and cash equivalents</b>  |      | <b>(1,773)</b>      | <b>536</b>          |
| Cash and cash equivalents at beginning of period             |      | 18,737              | 12,402              |
| Effects of currency translation on cash and cash equivalents |      | (165)               | -                   |
| <b>Cash and cash equivalents at end of period</b>            | B8   | <b>16,799</b>       | <b>12,938</b>       |



**1(d)(i) STATEMENTS OF CHANGES IN EQUITY**

| Group  | Share Capital<br>US\$'000 | Foreign Currency Translation Reserve<br>US\$'000 | Special Reserve<br>US\$'000 | Share Option Reserve<br>US\$'000 | Retained Profits<br>US\$'000 | Total<br>US\$'000 | Non-Controlling Interests<br>US\$'000 | Total Equity<br>US\$'000 |
|--|---------------------------|--|-----------------------------|----------------------------------|------------------------------|-------------------|---------------------------------------|--------------------------|
| <b>Balance as at 1 Jan 2014</b>                        | 62,138                    | (1,224)  | (16,545)                    | 365                              | 33,891                       | 78,625            | -                                     | 78,625                   |
| Total comprehensive income for Q1 2014                 | -                         | 38   | -                           | -                                | 1,211                        | 1,249             | -                                     | 1,249                    |
| <b>Balance as at 31 Mar 2014</b>                       | <b>62,138</b>             | <b>(1,224)</b>                                   | <b>(16,545)</b>             | <b>365</b>                       | <b>33,891</b>                | <b>78,625</b>     | <b>-</b>                              | <b>78,625</b>            |
| <b>Balance as at 1 Jan 2015</b>                        | 63,125                    | (1,702)  | (16,545)                    | 365                              | 26,395                       | 71,638            | 8,932                                 | 80,570                   |
| Additional contribution from non-controlling interests | -                         | -  | -                           | -                                | -                            | -                 | 194                                   | 194                      |
| Loss for Q1 2015                                       | -                         | -  | -                           | -                                | (3,028)                      | (3,028)           | (200)                                 | (3,228)                  |
| <u>Other comprehensive income</u>                      |                           |  |                             |                                  |                              |                   |                                       |                          |
| Foreign currency translation differences               | -                         | (319)  | -                           | -                                | -                            | (319)             | (310)                                 | (629)                    |
| Total comprehensive loss for Q1 2015                   | -                         | (319)  | -                           | -                                | (3,028)                      | (3,347)           | (510)                                 | (3,857)                  |
| <b>Balance as at 31 Mar 2015</b>                       | <b>63,125</b>             | <b>(2,021)</b>                                   | <b>(16,545)</b>             | <b>365</b>                       | <b>23,367</b>                | <b>68,291</b>     | <b>8,616</b>                          | <b>76,907</b>            |

| Company                              | Share Capital<br>US\$'000 | Share Option Reserve<br>US\$'000 | Accumulated Losses<br>US\$'000 | Total Equity<br>US\$'000 |
|--------------------------------------|---------------------------|----------------------------------|--------------------------------|--------------------------|
| <b>Balance as at 1 Jan 2014</b>      | 62,138                    | 365                              | (14,533)                       | 47,970                   |
| Total comprehensive loss for Q1 2014 | -                         | -                                | 602                            | 602                      |
| <b>Balance as at 31 Mar 2014</b>     | <b>62,138</b>             | <b>365</b>                       | <b>(13,931)</b>                | <b>48,572</b>            |
| <b>Balance as at 1 Jan 2015</b>      | 63,125                    | 365                              | (20,866)                       | 42,624                   |
| Total comprehensive loss for Q1 2015 | -                         | -                                | (470)                          | (470)                    |
| <b>Balance as at 31 Mar 2015</b>     | <b>63,125</b>             | <b>365</b>                       | <b>(21,336)</b>                | <b>42,154</b>            |

**1(d)(ii) SHARE CAPITAL**

No new ordinary shares were issued in Q1 2015.

The number of ordinary shares comprised in the options granted and outstanding under the Interra Share Option Plan for Q1 2015 was 7,260,000 (Q1 2014: 7,260,000). In Q1 2015, no warrant was exercised and converted into ordinary shares.

**1(d)(iii) ORDINARY SHARES (EXCLUDING TREASURY SHARES)**

| Group and Company   | 31 Mar 2015        | 31 Dec 2014        |
|---|--------------------|--------------------|
| <b>Issued and fully paid</b>                                    |                    |                    |
| Opening balance   | 449,350,357        | 446,170,357        |
| Issuance of new ordinary shares pursuant to remuneration shares | -                  | 3,180,000          |
| <b>Closing balance</b>  | <b>449,350,357</b> | <b>449,350,357</b> |

**1(d)(iv) A STATEMENT SHOWING ALL SALES, DISPOSAL, CANCELLATION AND/OR USE OF TREASURY SHARES AS AT THE END OF THE CURRENT FINANCIAL PERIOD REPORTED ON**

NA.

**2 WHETHER THE FIGURES HAVE BEEN AUDITED OR REVIEWED, AND IN ACCORDANCE WITH WHICH AUDITING STANDARD OR PRACTICE**

The figures have not been audited or reviewed by the Company's independent auditor, Nexia TS Public Accounting Corporation.

**3 WHERE THE FIGURES HAVE BEEN AUDITED OR REVIEWED, THE AUDITORS' REPORT (INCLUDING ANY QUALIFICATIONS OR EMPHASIS OF A MATTER)**

NA.

**4 WHETHER THE SAME ACCOUNTING POLICIES AND METHODS OF COMPUTATION AS IN THE ISSUER'S MOST RECENTLY AUDITED ANNUAL FINANCIAL STATEMENTS HAVE BEEN APPLIED**

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 Dec 2014.

**5 IF THERE ARE ANY CHANGES IN THE ACCOUNTING POLICIES AND METHODS OF COMPUTATION, INCLUDING ANY REQUIRED BY AN ACCOUNTING STANDARD, WHAT HAS CHANGED, AS WELL AS THE REASONS FOR, AND THE EFFECT OF, THE CHANGE**

The Group has adopted all the new and revised Singapore Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are relevant to its operations and effective for annual periods beginning on or after 1 Jan 2015.

The new or amended FRS that are relevant to the Group and the Company are as follows:

- FRS 102 Share-based Payment (effective for annual periods beginning on or after 1 July 2014)
- FRS 103 Business Combinations (effective for annual periods beginning on or after 1 July 2014)
- FRS 40 Investment Property (effective for annual periods beginning on or after 1 July 2014)
- FRS 108 Operating Segments (effective for annual periods beginning on or after 1 July 2014)
- FRS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 July 2014)
- FRS 24 Related Party Disclosures (effective for annual periods beginning on or after 1 July 2014)
- FRS 113 Fair Value Measurement (effective for annual periods beginning on or after 1 July 2014)

The adoption of the new or revised FRS and INT FRS does not result in any changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current period or prior years.

## 6 EARNINGS PER SHARE

| Group  | Q1 2015        | Q1 2014      |
|--|----------------|--------------|
| <b>Basic (losses)/earnings per ordinary share (US cents)</b>   | <b>(0.674)</b> | <b>0.271</b> |
| Weighted average number of ordinary shares for the purpose of computing basic earnings per share         | 449,350,357    | 446,170,357  |
| <b>Fully diluted (losses)/earnings per ordinary share (US cents)</b>                                     | <b>(0.674)</b> | <b>0.269</b> |
| Weighted average number of ordinary shares for the purpose of computing fully diluted earnings per share | 449,509,243    | 450,691,140  |

No new ordinary shares were issued in Q1 2015.

The weighted average number of ordinary shares on issue has been adjusted as if all dilutive share options and warrants were exercised in Q1 2015. For the purpose of computing basic and fully diluted (losses)/earnings per share, the relevant periods are from 1 Jan 2015 to 31 Mar 2015. The impact to loss per share for Q1 2015 is anti-dilutive as it resulted in lower loss per share, therefore diluted losses per share is same as basic losses per share.

## 7 NET ASSET VALUE PER SHARE

|  | Group       |             | Company     |             |
|--|-------------|-------------|-------------|-------------|
|  | 31 Mar 2015 | 31 Dec 2014 | 31 Mar 2015 | 31 Dec 2014 |
| Net asset value per ordinary share based on total number of issued shares (excluding treasury shares) (US cents) | 15.198      | 15.943      | 9.381       | 9.486       |
| Total number of issued shares (excluding treasury shares)  | 449,350,357 | 449,350,357 | 449,350,357 | 449,350,357 |

## 8(i) PERFORMANCE REVIEW

### (A) SIGNIFICANT FACTORS THAT AFFECT THE TURNOVER, COSTS AND EARNINGS OF THE GROUP

#### Revenue & Production

Revenue decreased by 34% to US\$8.45 mil in Q1 2015 from US\$12.81 mil in Q1 2014. This was largely due to lower weighted average transacted oil prices for Q1 2015 of US\$50.19 per barrel (Q1 2014: US\$106.60 per barrel) and slightly lower sales of shareable oil of 168,573 barrels in Q1 2015 from 169,112 barrels in Q1 2014 for oil and gas operations. Revenue from granite operation generated US\$2.12 mil in Q1 2015 (Q1 2014: Nil).

The Group's shareable production from oil decreased by 2% to 168,999 barrels in Q1 2015 from 172,271 barrels in Q1 2014. The decrease was mainly due to lower contributions from Tanjung Miring Timur ("TMT TAC") to 55,528 barrels in Q1 2015 (Q1 2014: 58,743 barrels) and LS TAC operations from 9,121 barrels in Q1 2015 (Q1 2014: 16,488 barrels). However, the decrease was partially offset by higher shareable production from Myanmar of 104,350 barrels in Q1 2015 (Q1 2014: 97,040 barrels) as the Group successfully completed several development wells as oil producers.

#### Cost of Production

The cost of production increased by 16% to US\$9.30 mil in Q1 2015 from US\$8.02 mil in Q1 2014. The increase was largely attributable to cost of production for granite operation of US\$1.50 mil (included amortisation of mining properties of US\$0.24 mil) after the acquisition of MITI on 5 Aug 2014 (Q1 2014: Nil). Amortisation charges of producing oil and gas properties increased slightly by US\$0.01 mil in Q1 2015 as compared to Q1 2014.

## 8(i) PERFORMANCE REVIEW

### **Net Loss After Tax**

The Group posted a net loss after tax of US\$3.23 mil in Q1 2015 as compared to net profit of US\$1.21 mil in Q1 2014. The decrease was mainly due after taking the following into consideration:

- (1) Lower revenue of US\$8.45 mil (Q1 2014: US\$12.81 mil).
- (2) Other income of US\$0.29 mil in Q1 2015 (Q1 2014: Other loss of US\$0.77 mil), mainly due to non-recurring item on loss on measurement to fair value on disposal group of US\$0.87 mil in Q1 2014.
- (3) Higher cost of production of US\$9.30 mil (Q1 2014: US\$8.02 mil), due to higher production expenses and amortisation charges.
- (4) Higher administrative expenses of US\$1.85 mil (Q1 2014: US\$1.57 mil) mainly administrative costs contributed by granite operation of US\$0.40 mil in Q1 2015 after the acquisition of MITI on 5 Aug 2014 as compared to Q1 2014.
- (5) Lower income tax expenses of US\$0.56 mil due to lower taxable income (Q1 2014: US\$1.02 mil).

### **(B) MATERIAL FACTORS THAT AFFECT THE CASH FLOW, WORKING CAPITAL, ASSETS OR LIABILITIES OF THE GROUP**

#### **Statement of Financial Position**

Producing oil and gas properties decreased by US\$1.70 mil to US\$45.51 mil in Q1 2015 from US\$47.21 mil in FY 2014. This was mainly due to amortisation charges of US\$3.50 mil and was partially offset by capitalised drilling expenditure of US\$1.80 mil.

Mining properties decreased by US\$0.57 mil to US\$6.09 mil in Q1 2015 from US\$6.66 mil in FY 2014 mainly due to amortisation charges of US\$0.24 mil.

Exploration and evaluation costs increased by US\$5.30 mil to US\$10.42 mil in Q1 2015 from US\$5.12 mil in FY 2014 mainly due to capitalise of 2D seismic acquisition for KP PSC.

Inventories increased by US\$0.68 mil to US\$10.11 mil in Q1 2015 from US\$9.43 mil in FY 2014. This was mainly due to the higher granite inventory in Q1 2015 of US\$1.54 mil as compared to FY 2014 of US\$0.97 mil.

Trade and other receivables (current and non-current) increased by US\$2.12 mil to US\$10.15 mil in Q1 2015 from US\$12.27 mil in FY 2014. This was mainly due to increase in trade receivables of US\$1.24 mil due to slower receipt from trade receivables.

Other current assets increased by US\$1.10 mil to US\$2.42 mil in Q1 2015 from US\$1.32 mil in FY 2014 mainly due to deposit paid for proposed acquisition of associated company of US\$1.23 mil.

Trade and other payables increased by US\$4.37 mil to US\$16.48 mil in Q1 2015 from US\$12.11 mil in FY 2014. This was mainly due to increase in trade payables and other payables from KP PSC operations of US\$4.47 mil incurred due to 2D seismic acquisition completed and not settled in Q1 2015.

#### **Statement of Cash Flows**

Cash and cash equivalents showed a net decrease of US\$1.77 mil in Q1 2015 due to the following:

- (1) Net cash provided by operating activities of US\$6.77 mil partly due to cash generated from TMT and Myanmar oil and gas operations and granite operation of US\$1.11 mil.
- (2) Net cash used in investing activities of US\$8.29 mil mainly for capital expenditure incurred for drilling activities at the Myanmar operations of US\$0.85 mil, TMT TAC of US\$0.91 mil and seismic acquisition of KP PSC of US\$5.30 mil. In addition, there was a deposit paid for proposed acquisition of associated company of US\$1.23 mil.

## 8(ii) SEGMENTED REVENUE AND RESULTS

| Geographical Segment                        | Indonesia   |          |          |          | Myanmar     |          | Consolidated |          |
|---|-------------|----------|----------|----------|-------------|----------|--------------|----------|
|   | Oil and Gas |          | Granite  |          | Oil and Gas |          | Q1 2015      | Q1 2014  |
|   | Q1 2015     | Q1 2014  | Q1 2015  | Q1 2014  | Q1 2015     | Q1 2014  | Q1 2015      | Q1 2014  |
|   | US\$'000    | US\$'000 | US\$'000 | US\$'000 | US\$'000    | US\$'000 | US\$'000     | US\$'000 |
| <b>Results</b>                              |             |          |          |          |             |          |              |          |
| <b>EBITDA</b>                               | (549)       | 2,261    | 456      | -        | 1,743       | 5,264    | 1,650        | 7,525    |
| <b>EBIT</b>                                 | (2,843)     | 714      | 320      | -        | 536         | 3,326    | (1,987)      | 4,040    |
| <b>Sales to external customers</b>          | 2,508       | 5,098    | 2,120    | -        | 3,826       | 7,713    | 8,454        | 12,811   |
| <b>Segment results</b>                      | (2,834)     | 688      | 428      | -        | 536         | 3,326    | (1,870)      | 4,014    |
| Unallocated corporate net operating results |             |          |          |          |             |          | (799)        | (1,788)  |
| <b>(Loss)/Profit before income tax</b>      |             |          |          |          |             |          | (2,669)      | 2,226    |
| Income tax expense                          |             |          |          |          |             |          | (559)        | (1,015)  |
| <b>Net (loss)/profit after income tax</b>   |             |          |          |          |             |          | (3,228)      | 1,211    |

**Notes**

EBIT is the operating earnings before divestment gain, interest income, exchange difference, finance cost and tax. This is net of joint venture partner's share.

EBITDA is the operating earnings before divestment gain, interest income, exchange difference, finance cost, tax, depreciation, amortisation, allowance and impairment. This is net of joint venture partner's share.

**9 WHERE A FORECAST, OR A PROSPECT STATEMENT, HAS BEEN PREVIOUSLY DISCLOSED TO SHAREHOLDERS, ANY VARIANCE BETWEEN IT AND THE ACTUAL RESULTS**

NA.

**10 COMMENTARY**

Tanjung Miring Timur TAC ("TMT TAC") shareable production decreased by 20%, from 69,262 barrels in Q4 2014 to 55,528 barrels in Q1 2015. The decrease was due primarily to natural field production decline and the rainy season which caused servicing and maintenance of existing wells to be more challenging. The last well for 2014 was drilled in early Nov 2014, and results are expected to be known by mid May 2015.

Shareable production at Linda Sele TAC ("LS TAC") increased slightly by 5% from previous quarter to 9,121 barrels of oil. Uplifting of oil at LS TAC was also more regular during this quarter. Revenue for granite mining in Bintan decreased by 40% from US\$3.53 mil in Q4 2014 to US\$2.12 mil in Q1 2015.

Myanmar shareable production decreased modestly by 9% over last quarter, from 114,637 barrels to 104,350 barrels in Q1 2015 as a result of a slowing down of new well drilling due to falling oil price. Nevertheless, the 3 new wells drilled during 2015 have contributed favorably to the total production.

For Kuala Pambuang Production Sharing Contract ("KP PSC"), the seismic acquisition has been completed and presently the data are under processing. No significant contribution is expected from this field in the near term.

Due to the recent fall oil prices in the beginning of the year, the Group has adopted a prudent approach with its capital expenditure for drilling activities. All future capital expenditures will be carefully studied and analysed before any projects are approved. Nevertheless barring any further decline in oil price, the Group has sufficient cash on hand to meet its work program commitments for the year 2015. The Group will evaluate and source funding when the need arises.

**11 DIVIDEND**

- (a) **Any dividend recommended for the current financial period reported on**  
No.
- (b) **Any dividend declared for the corresponding period of the immediately preceding financial year**  
No.
- (c) **Whether the dividend is before tax, net of tax or tax exempt**  
NA.
- (d) **Date payable**  
NA.
- (e) **Books closure date**  
NA.

**12 IF NO DIVIDEND HAS BEEN DECLARED (RECOMMENDED), A STATEMENT TO THAT EFFECT**

The Company has not declared a dividend for the current financial period reported on.

**13 INTERESTED PERSON TRANSACTIONS**

The Company has not obtained any general mandate pursuant to Rule 920(1)(a)(ii) of the Listing Rules.

**14 CONFIRMATION BY THE BOARD OF DIRECTORS PURSUANT TO RULE 705(5)**

The board of directors of the Company hereby confirms to the best of their knowledge that nothing has come to the attention of the Board of Directors which may render the interim financial statements for the quarter ended 31 Mar 2015 to be false or misleading in any material respect.

By Order of the Board of Directors of  
INTERRA RESOURCES LIMITED  
Marcel Tjia  
Chief Executive Officer  
14-May-15

## 16 ABBREVIATIONS

|            |         |   |
|------------|---------|---|
| Q1 2014    | denotes | First calendar quarter of the year 2014                                   |
| Q1 2015    | denotes | First calendar quarter of the year 2015                                   |
| FY 2014    | denotes | Full year ended 31 December 2014  |
| FY 2015    | denotes | Full year ended 31 December 2015  |
| bopd       | denotes | barrels of oil per day  |
| Company    | denotes | Interra Resources Limited   |
| DMO        | denotes | Domestic Market Obligation  |
| EED        | denotes | Exploration, evaluation and development                                   |
| FRS        | denotes | Financial Reporting Standards   |
| Goldpetrol | denotes | Goldpetrol Joint Operating Company Inc.                                   |
| Goldwater  | denotes | Goldwater Company Limited   |
| Group      | denotes | Interra Resources Limited and its subsidiary companies and joint ventures |
| GKP        | denotes | Goldwater KP Pte. Ltd.  |
| GLS        | denotes | Goldwater LS Pte. Ltd.  |
| GTMT       | denotes | Goldwater TMT Pte. Ltd.   |
| IBN        | denotes | IBN Oil Holdico Ltd   |
| IPRC       | denotes | Improved Petroleum Recovery Contract                                      |
| IRA        | denotes | Interra Resources (Australia) Pte. Ltd.                                   |
| IRT        | denotes | Interra Resources (Thailand) Limited                                      |
| k          | denotes | thousand  |
| KP         | denotes | Kuala Pambuang block  |
| LS         | denotes | Linda Sele fields   |
| mil        | denotes | million   |
| MITI       | denotes | PT Mitra Investindo TBK   |
| MOGE       | denotes | Myanma Oil and Gas Enterprise   |
| NA         | denotes | Not applicable  |
| NM         | denotes | Not meaningful  |
| Pertamina  | denotes | Perusahaan Pertambangan Minyak Dan Gas Bumi Negara                        |
| PSC        | denotes | Production Sharing Contract   |
| TAC        | denotes | Technical Assistance Contract   |
| TMT        | denotes | Tanjung Miring Timur field  |

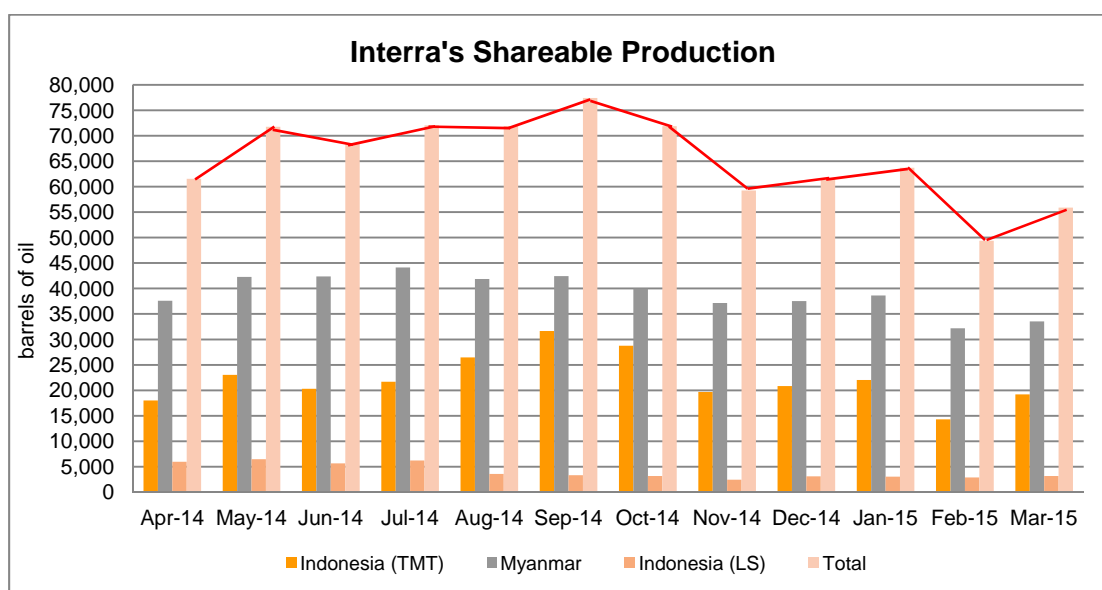
This release may contain forward-looking statements that are subject to risk factors associated with oil and gas businesses. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions including but not limited to: oil and gas price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, general industry conditions, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals, cost estimates, changes in operating expenses, cost of capital and capital availability, interest rate trends and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the current view of management on future events.

14 May 2015

## PRODUCTION, DEVELOPMENT & EXPLORATION ACTIVITIES FOR THE QUARTER ENDED 31 MARCH 2015 (“Q1 2015”)

### Production Profile

| (barrels)                               | Myanmar |         | Indonesia (TMT) |         | Indonesia (LS) |         |
|---|---------|---------|-----------------|---------|----------------|---------|
|   | Q4 2014 | Q1 2015 | Q4 2014         | Q1 2015 | Q4 2014        | Q1 2015 |
| Shareable production                    | 191,064 | 173,918 | 69,262          | 55,528  | 15,106         | 15,622  |
| Interra's share of shareable production | 114,637 | 104,350 | 69,262          | 55,528  | 8,705          | 9,121   |



*Shareable production is defined as the petroleum produced in the contract area that is over and above the non-shareable production in accordance with the respective contractual terms. The chart above represents Interra's share of the shareable production in the respective fields.*





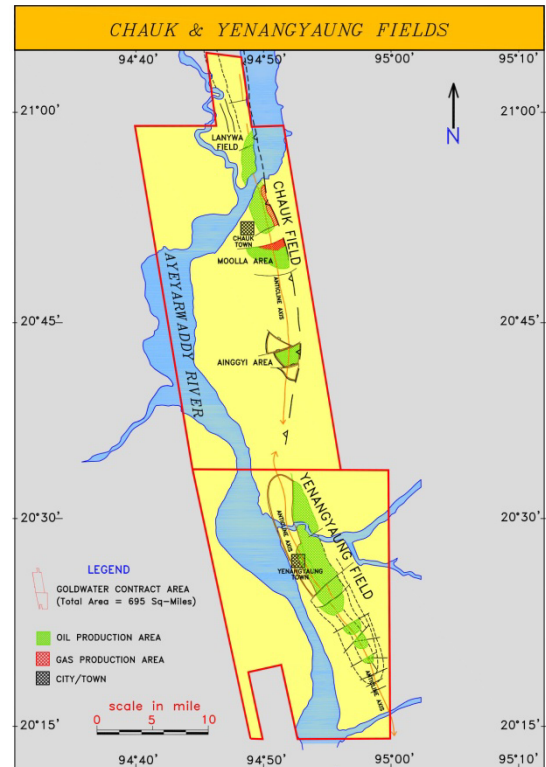
**Development and Production Activities**

**Myanmar: Chauk and Yenangyaung IPRCs (Interra 60%)**

In Q1 2015, the combined shareable production for both fields was 104,350 barrels of oil, a decrease of 9% over the preceding quarter of 114,637 barrels of oil.

Production and development expenditure for the period were US\$1,898,722 and US\$850,248 respectively.

During Q1 2015 the operator, Goldpetrol Joint Operating Company Inc. (“**Goldpetrol**”) (Interra 60%), completed one development well in Chauk field as an oil producer. This well was the eighth deviated well drilled by Goldpetrol in a continuation of the successful development program of directional drilling under the Ayeyarwaddy River from the east bank in northern Chauk field. These have accounted for significant recent production gains. Due to the recent unexpected rapid decline in the worldwide price of oil and the subsequent effects on new well drilling economics, the aggressive drilling program is currently under review.



Goldpetrol continued to optimise production via surface and borehole enhancements combined with scheduled maintenance with the objective of maintaining (or increasing) current production levels from existing wells. In conjunction with technical work done by an external research center, technical reservoir studies aimed at identifying additional opportunities with respect to increasing production in existing wells and new well delineation are ongoing. Planning for formation hydraulic fracturing have been completed and implementation is expected as soon as equipment and supplies are on-site.


**Indonesia: Tanjung Miring Timur TAC (Interra 100%)**

In Q1 2015, shareable production was 55,528 barrels of oil, a decrease of 20% as compared to the previous quarter of 69,262 barrels of oil. The decrease was due primarily to natural field production decline while awaiting production from new wells and while further work on existing wells was hampered by the rainy season.

Production and development expenditure for the period were US\$2,105,070 and US\$908,996 respectively.

Regular surface and borehole enhancements combined with scheduled maintenance as well as the implementation of new casing perforations in existing wells with prospective untested reservoirs continued. These were carried out with the goal of optimizing and increasing production from current producing wells. In-house work in conjunction with that done by an external technical contractor continued with respect to reservoir studies aimed at identifying new prospective drilling locations. There were no new wells drilled during Q1 2015.


**Indonesia: Linda Sele TAC (Interra 58.38%)**

In Q1 2015, shareable production was 9,121 barrels of oil, an increase of 5% as compared to the previous quarter of 8,705 barrels of oil. There were three uplifting of approximately 8,695 barrels of oil during the quarter.

Production and development expenditure for the period were US\$521,130 and US\$39,744 respectively.

Production optimisation and scheduled maintenance continued during Q1 2015 with goal of maintaining or increasing current production levels. Limited geology and reservoir studies were ongoing also. No new wells were drilled in the Linda Sele TAC during Q1 2015.





### Exploration Activities

#### **Indonesia: Kuala Pambuang PSC (Interra 49%)**

The 304 kilometre 2D seismic program was completed during Q1 2015 and the data is currently being processed. Once processing is completed, the combination of the seismic interpretation and geologic studies are expected to yield possible drillable prospects.

Exploration costs for the period was US\$5,301,771.



### Granite Mining Activities

#### **Indonesia: Bukit Piatu Quarry (Interra 53.76%)**

The gross granite production at the quarry in Q1 2015 was 315,482 tonnes, a decrease of 10% over the preceding quarter of 350,212 tonnes.

Production and development expenditure for the period were US\$1,263,037 and Nil respectively.