

13 August 2015

Dear Shareholders,

UNAUDITED RESULTS FOR THE QUARTER ENDED 30 JUNE 2015

Highlights in Q2 2015

- Revenue for the quarter was US\$10.38 million, 23% higher than the previous quarter.
- Shareable production from oil for the quarter decreased to 161,116 barrels from 168,999 barrels in the previous quarter.
- Net loss after tax for the quarter was US\$7.54 million, as compared to a net loss of US\$3.23 million in the previous quarter. This was largely due to impairment of producing oil and gas properties of US\$5.30 million which was a result of the current low oil prices and the decline in production.
- Earnings before divestment gain, interest income, exchange difference, finance cost, tax, depreciation, amortisation, allowance and impairment (EBITDA) for the quarter was US\$2.39 million.
- Net cash outflow for the quarter was US\$2.50 million, mainly due to net cash used in operating activities of US\$2.34 million and net cash used in investing activities of US\$1.66 million for investments in associated companies of US\$1.00 million. Net cash provided by financing activities was US\$1.49 million from proceeds from bank loans.
- Cash and cash equivalents (excluding restricted cash) were US\$14.23 million as at 30 June 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 30 JUNE 2015**

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1(a)(i) PROFIT OR LOSS

Group	Note	Q2 2015 US\$'000	Q2 2014 US\$'000	Change %	6M 2015 US\$'000	6M 2014 US\$'000	Change %
Revenue	A1	10,382	15,009	↓ 31	18,836	27,821	↓ 32
Cost of production	A2	(10,913)	(10,755)	↑ 1	(20,208)	(18,770)	↑ 8
Gross (loss)/profit		(531)	4,254	↓ 112	(1,372)	9,051	↓ 115
Other income/(loss), net	A3	165	264	↓ 38	452	(506)	↑ 189
Administrative expenses		(2,061)	(2,944)	↓ 30	(3,915)	(4,517)	↓ 13
Finance expenses		(18)	-	NM	(22)	-	NM
Other expenses	A4	(281)	(168)	↑ 67	(563)	(396)	↑ 42
Impairment and allowances	A5	(5,300)	-	NM	(5,275)	-	NM
Share of losses of associated companies		(80)	-	NM	(80)	-	NM
(Loss)/Profit before income tax		(8,106)	1,406	NM	(10,775)	3,632	NM
Income tax credit/(expense)	A6	566	(1,202)	↓ 147	7	(2,217)	NM
(Loss)/Profit for the financial period		(7,540)	204	NM	(10,768)	1,415	NM
Attributable to:							
Equity holders of the company		(7,168)	204		(10,195)	1,415	
Non-controlling interests		(372)	-		(573)	-	
		(7,540)	204		(10,768)	1,415	
(Loss)/Earnings per share (US cents)							
- Basic		(1.554)	0.046		(2.239)	0.317	
- Fully diluted		(1.554)	0.045		(2.239)	0.314	

1(a)(i) STATEMENT OF COMPREHENSIVE INCOME

Group	Note	Q2 2015 US\$'000	Q2 2014 US\$'000	Change %	6M 2015 US\$'000	6M 2014 US\$'000	Change %
Total (loss)/profit for the financial period		(7,540)	204	NM	(10,768)	1,415	NM
Other comprehensive income, net of tax							
Items that may be reclassified subsequently to profit or loss:							
Currency translation differences arising from consolidation - losses		(246)	(37)	↑ 565	(875)	(1)	NM
Total comprehensive (loss)/income for the financial period		(7,786)	167	NM	(11,643)	1,414	NM
Attributable to:							
Equity holders of the company		(7,292)	167		(10,638)	1,414	
Non-controlling interests		(494)	-		(1,005)	-	
		(7,786)	167		(11,643)	1,414	

↑ denotes increase
↓ denotes decrease
NM denotes not meaningful

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

Group	Q2 2015 barrels	Q2 2014 barrels	6M 2015 barrels	6M 2014 barrels
Group's share of shareable production	161,116	201,655	330,114	373,926
Group's sales of shareable oil	162,435	196,360	331,008	365,472
Group	Q2 2015 US\$'000	Q2 2014 US\$'000	6M 2015 US\$'000	6M 2014 US\$'000
A1 Revenue				
Sale of oil and petroleum products	7,350	15,009	13,684	27,821
Sale of granite	3,032	-	5,152	-
	10,382	15,009	18,836	27,821
A2 Cost of production				
Production expenses	6,924	6,072	12,712	10,826
Amortisation of producing oil and gas properties	3,758	4,683	7,024	7,944
Amortisation of intangible assets	3	-	5	-
Amortisation of mining properties	228	-	467	-
	10,913	10,755	20,208	18,770
A3 Other income/(loss), net				
Interest income	46	28	72	55
Petroleum services fees	33	16	124	37
Management fees	80	85	164	163
Other income	4	-	7	-
Foreign exchange gain/(loss), net	8	26	90	(1)
Loss on measurement to fair value on disposal group	-	109	-	(760)
Loss on disposal of property, plant and equipment	(6)	-	(5)	-
	165	264	452	(506)
A4 Other expenses				
Depreciation of property, plant and equipment	18	3	38	6
Amortisation of intangible assets	29	-	59	-
Amortisation of producing oil and gas properties	234	165	466	390
	281	168	563	396
A5 Impairment and allowances				
Write back of allowance for impairment of trade receivables	-	-	(25)	-
Impairment of producing oil and gas properties	5,300	-	5,300	-
	5,300	-	5,275	-
A6 Income tax credit/(expense)				
Current income tax	(565)	(1,202)	(1,162)	(2,217)
Prior year overprovision of income tax *	1,089	-	1,089	-
Deferred income tax	42	-	80	-
	566	(1,202)	7	(2,217)
* Being reduction of corporate tax rate by 5% (i.e. from 30% to 25%) from Myanmar tax authority for 3 Assessment years that income tax already paid. Upon finalisation of assessment, the overpayment was reversed to profit or loss.				

1(b)(i) STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		30-Jun-15 US\$'000	31-Dec-14 US\$'000	30-Jun-15 US\$'000	31-Dec-14 US\$'000
Assets					
Non-current assets					
Property, plant and equipment		160	222	42	56
Producing oil and gas properties	B1	36,810	47,207	-	-
Mining properties	B2	5,787	6,660	-	-
Exploration and evaluation costs	B3	10,481	5,121	-	-
Intangible assets	B4	1,981	2,045	-	-
Investments in subsidiaries		-	-	49,628	39,226
Investments in associated companies	B5	8,278	-	-	-
Other receivables	B6	1,266	319	-	-
Restricted cash*		3,476	3,444	-	-
Retirement benefit obligations		115	154	-	-
Investment properties	B7	214	226	-	-
		68,568	65,398	49,670	39,282
Current assets					
Inventories	B8	9,079	9,430	-	-
Trade and other receivables	B6	12,249	11,952	257	198
Other current assets		1,116	1,318	285	256
Cash and cash equivalents	B9	14,226	18,737	301	3,596
		36,670	41,437	843	4,050
Total assets		105,238	106,835	50,513	43,332
Equity and Liabilities					
Equity					
Share capital		69,257	63,125	69,257	63,125
Retained profits/(Accumulated losses)		16,199	26,395	(21,964)	(20,866)
Other reserves		(18,325)	(17,882)	365	365
Equity attributable to owners of the Company		67,131	71,638	47,658	42,624
Non-controlling interests		8,877	8,932	-	-
Total equity		76,008	80,570	47,658	42,624
Non-current liabilities					
Provision for environmental and restoration costs		5,473	5,287	-	-
Deferred income tax liabilities		822	893	-	-
		6,295	6,180	-	-
Current liabilities					
Trade and other payables	B10	13,464	12,108	555	708
Bank loan		3,050	807	2,300	-
Finance lease payable		252	382	-	-
Current income tax liabilities		6,169	6,788	-	-
Total current liabilities		22,935	20,085	2,855	708
Total equity and liabilities		105,238	106,835	50,513	43,332

* Fund intended for environmental and restoration costs.

Group		30-Jun-15 US\$'000	31-Dec-14 US\$'000
B1	<u>Producing oil and gas properties</u>		
	Development tangible assets	5,594	5,505
	Development and production assets	29,624	39,718
	Participating and concession rights	1,592	1,984
		36,810	47,207
B2	<u>Mining Properties</u>		
	Deferred exploration expenditures	1,290	1,462
	Development tangible assets	4,497	5,198
		5,787	6,660
B3	<u>Exploration and evaluation costs</u>		
	Exploration and evaluation assets	9,046	3,686
	Participating rights of exploration asset	1,435	1,435
		10,481	5,121
B4	<u>Intangible assets</u>		
	Goodwill on reverse acquisition	1,489	1,489
	Non-contractual customer relationship	457	516
	Computer software	35	40
		1,981	2,045
B5	<u>Investments in Associated Companies</u>		
	Equity investment at costs	8,358	-
	Share of losses in associated companies	(80)	-
		8,278	-
B6	<u>Trade and other receivables</u>		
	Non-current		
	Other receivables - loan to a third parties	1,266	319
	Current		
	Trade receivables - non-related parties	7,878	8,405
	Other receivables	4,371	3,547
		12,249	11,952
		13,515	12,271
B7	<u>Investment properties</u>		
	Land and Building in Pacet	90	96
	Shophouse at Pasar Kemis, Tangerang	69	73
	Kiosk at ITC Kuningan	55	57
		214	226
B8	<u>Inventories</u>		
	Consumable inventories	6,544	6,836
	Mining sparts parts and others	660	1,041
	Granite rocks	1,366	970
	Crude oil inventory#	509	583
		9,079	9,430
B9	<u>Cash and cash equivalents</u>		
	Cash and bank balances	14,226	15,737
	Short-term fixed deposits	-	3,000
	Cash and cash equivalents per statement of cash flows	14,226	18,737

1(b)(i) EXPLANATORY NOTES TO STATEMENT OF FINANCIAL POSITION (CONT'D)

Group	30-Jun-15	31-Dec-14
	US\$'000	US\$'000
B10 Trade and other payables		
Trade payables	9,567	7,215
Other payables	2,677	3,461
Accruals	1,220	1,432
	13,464	12,108

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 30 Jun 2015.

1(b)(ii) BORROWINGS AND DEBT SECURITIES

Group	30-Jun-15		31-Dec-14	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand				
- Bank loan *	750	2,300	807	-
- Finance lease **	252	-	382	-
Amount repayable after one year	-	-	-	-

* (i) 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.

(ii) The Company obtained a bank loans of US\$2.30 mil from UOB to finance the 2D seismic acquisition in KP PSC. The interest rate is charged 2.58% per annum for the tenor period of 3 months.

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

1(c) STATEMENT OF CASH FLOWS

Group	Note	Q2 2015 US\$'000	Q2 2014 US\$'000	6M 2015 US\$'000	6M 2014 US\$'000
Cash Flows from Operating Activities					
(Loss)/Profit before income tax		(8,106)	1,406	(10,775)	3,632
Adjustments for non-cash items:					
Share of losses of associated companies		80	-	80	-
Depreciation of property, plant and equipment		18	3	38	6
Amortisation of producing oil and gas properties		3,992	4,848	7,490	8,333
Amortisation of mining properties		228	-	467	-
Amortisation of intangible assets		32	-	64	-
Write back of allowance for impairment of trade receivables		-	-	(25)	-
Interest income		(46)	(28)	(72)	(54)
Loss on measurement to fair value on disposal group		-	(109)	-	759
Unrealised currency translation (gain)/loss		(76)	(17)	(191)	39
Loss on disposal of property, plant and equipment		6	-	5	-
Impairment of producing oil and gas properties		5,300	-	5,300	-
Unwinding of discount on provision of site restoration		121	79	186	147
Interest expenses		18	-	22	-
Operating profit before working capital changes		1,567	6,182	2,589	12,862
Changes in working capital					
Inventories		1,027	(1,012)	351	(729)
Trade and other receivables and other current assets		(1,766)	(1,148)	878	(131)
Trade and other payables		(2,999)	3,524	1,395	2,309
Restricted cash		(59)	(5)	(106)	(10)
Cash (used in)/generated from operations		(2,230)	7,541	5,107	14,301
Income tax paid		(105)	(811)	(676)	(1,746)
Net cash (used in)/provided by operating activities		(2,335)	6,730	4,431	12,555
Cash Flows from Investing Activities					
Interest income received		46	8	72	16
Investments in associated companies		(1,000)	-	(2,226)	-
Net proceeds from disposal of property, plant and equipment		-	-	23	-
Additions to property, plant and equipment		-	(1)	(15)	(8)
Additions to mining properties		(50)	-	(50)	-
Additions to producing oil and gas properties		(593)	(3,643)	(2,392)	(8,829)
Additions to exploration and evaluation assets		(58)	-	(5,360)	-
Net cash used in investing activities		(1,655)	(3,636)	(9,948)	(8,821)
Cash Flows from Financing Activities					
Interest paid		(3)	-	(8)	-
Proceeds from bank loans		2,300	-	2,300	-
Repayment of finance lease		(53)	-	(106)	-
Loan to a third party		(755)	-	(949)	(104)
Net cash provided by/(used in) financing activities		1,489	-	1,237	(104)
Net (decrease)/increase in cash and cash equivalents		(2,501)	3,094	(4,280)	3,630
Cash and cash equivalents at beginning of period		16,799	12,938	18,737	12,402
Effects of currency translation on cash and cash equivalents		(72)	-	(231)	-
Cash and cash equivalents at end of period	B9	14,226	16,032	14,226	16,032

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

Group	Share Capital US\$'000	Foreign Currency Translation Reserve US\$'000	Special Reserve US\$'000	Share Option Reserve US\$'000	Retained Profits US\$'000	Total US\$'000	Non-Controlling Interests US\$'000	Total Equity US\$'000
Balance as at 1 Apr 2014	62,138	(1,186)	(16,545)	365	35,102	79,874	-	79,874
Total comprehensive income for Q2 2014	-	(37)	-	-	204	167	-	167
Balance as at 30 June 2014	62,138	(1,223)	(16,545)	365	35,306	80,041	-	80,041
Balance as at 1 Apr 2015	63,125	(2,021)	(16,545)	365	23,367	68,291	8,616	76,907
Issuance of new ordinary shares pursuant to purchase consideration shares	6,132	-	-	-	-	6,132	-	6,132
Additional contribution from non-controlling interests	-	-	-	-	-	-	755	755
Loss for Q2 2015	-	-	-	-	(7,168)	(7,168)	(372)	(7,540)
Other comprehensive income	-	-	-	-	-	-	-	-
Foreign currency translation differences	-	(124)	-	-	-	(124)	(122)	(246)
Total comprehensive loss for Q2 2015	-	(124)	-	-	(7,168)	(7,292)	(494)	(7,786)
Balance as at 30 June 2015	69,257	(2,145)	(16,545)	365	16,199	67,131	8,877	76,008

Company	Share Capital US\$'000	Share Option Reserve US\$'000	Accumulated Losses US\$'000	Total Equity US\$'000
Balance as at 1 Apr 2014	62,138	365	(13,931)	48,572
Total comprehensive loss for Q2 2014	-	-	(2,124)	(2,124)
Balance as at 30 June 2014	62,138	365	(16,055)	46,448
Balance as at 1 Apr 2015	63,125	365	(21,336)	42,154
Issuance of new ordinary shares pursuant to purchase consideration shares	6,132	-	-	6,132
Total comprehensive loss for Q2 2015	-	-	(628)	(628)
Balance as at 30 June 2015	69,257	365	(21,964)	47,658

1(d)(ii) SHARE CAPITAL

On 11 Jun 2015, an aggregate of 57,086,112 ordinary shares were issued at the issued price of S\$0.1492 per share for the remaining purchase consideration for the acquisition of 21.510812% equity interests in PT Benakat Integra TBk of S\$8,517,247 (US\$6,131,928). These newly issued ordinary shares ranked pari passu in all respects with the existing ordinary shares.

The number of ordinary shares comprised in the options granted and outstanding under the Interra Share Option Plan for Q2 2015 was 7,260,000 (Q2 2014: 7,260,000). In Q2 2015, no warrant was exercised and converted into ordinary shares.

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

Group and Company	30 Jun 2015	31 Dec 2014
Issued and fully paid		
Opening balance	449,350,357	446,170,357
Issuance of new ordinary shares pursuant to purchase consideration shares/remuneration shares	57,086,112	3,180,000
Closing balance	506,436,469	449,350,357

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	Q2 2015	Q2 2014	6M 2015	6M 2014
Basic (losses)/earnings per ordinary share (US cents)	(1.554)	0.046	(2.239)	0.317
Weighted average number of ordinary shares for the purpose of computing basic earnings per share	461,269,435	446,170,357	455,342,822	446,170,357
Fully diluted (losses)/earnings per ordinary share (US cents)	(1.554)	0.045	(2.239)	0.314
Weighted average number of ordinary shares for the purpose of computing fully diluted earnings per share	468,529,435	450,682,828	462,602,822	450,687,789

On 11 Jun 2015, an aggregate of 57,086,112 ordinary shares were issued at the issued price of S\$0.1492 per share for the remaining purchase consideration for the acquisition of 21.510812% equity interests in PT Benakat Integra Tbk of S\$8,517,247 (US\$6,131,928). These newly issued ordinary shares ranked pari passu in all respects with the existing ordinary shares.

The weighted average number of ordinary shares on issue has been adjusted as if all dilutive share options and warrants were exercised in Q2 2015. For the purpose of computing basic and fully diluted (losses)/earnings per share, the relevant periods are from 1 Apr 2015 to 30 Jun 2015 and from 1 Jan 2015 to 30 Jun 2015. The impact to loss per share for Q2 2015 and 6M 2015 are 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	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares) (US cents)	13.256	15.943	9.410	9.486
Total number of issued shares (excluding treasury shares)	506,436,469	449,350,357	506,436,469	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 31% to US\$10.38 mil in Q2 2015 from US\$15.01 mil in Q2 2014. This was largely due to lower weighted average transacted oil prices for Q2 2015 of US\$59.20 per barrel (Q2 2014: US\$107.49 per barrel) and lower sales of shareable oil of 162,435 barrels in Q2 2015 from 196,360 barrels in Q2 2014 for oil and gas operations. Revenue from granite operation generated US\$3.03 mil in Q2 2015 (Q2 2014: Nil).

The Group's shareable production from oil decreased by 20% to 161,116 barrels in Q2 2015 from 201,655 barrels in Q2 2014. The decrease was mainly due to lower contributions from Myanmar to 96,079 barrels in Q2 2015 (Q2 2014: 122,222 barrels), Tanjung Miring Timur ("TMT TAC") to 55,518 barrels in Q2 2015 (Q2 2014: 61,372 barrels) and LS TAC operations to 9,519 barrels in Q2 2015 (Q2 2014: 18,061 barrels).

Cost of Production

The slight increase in cost of production to US\$10.91 mil in Q2 2015 from US\$10.76 mil in Q2 2014, was largely attributable to cost of production for granite operation of US\$2.52 mil (included amortisation of mining properties of US\$0.23 mil) after the acquisition of MITI on 5 Aug 2014 (Q2 2014: Nil). Amortisation charges of producing oil and gas properties decreased slightly by US\$0.93 mil in Q2 2015 as compared to Q2 2014.

8(i) PERFORMANCE REVIEW

Net Loss After Tax

The Group posted a net loss after tax of US\$7.54 mil in Q2 2015 as compared to net profit of US\$0.20 mil in Q2 2014. The decrease was mainly due after taking the following into consideration:

- (1) Lower revenue of US\$10.38 mil (Q2 2014: US\$15.01 mil).
- (2) Higher cost of production of US\$10.91 mil (Q2 2014: US\$10.76 mil), due to higher production expenses by US\$0.85 mil.
- (3) Lower other income of US\$0.17 mil in Q2 2015 (Q2 2014: US\$0.26 mil), mainly due to non-recurring item on loss on measurement to fair value on disposal group of US\$0.11 mil in Q2 2014.
- (4) Impairment of producing oil and gas properties of US\$5.30 mil for TMT operation in Q2 2015 which was a result of the current low oil prices and the decline in production.
- (5) Lower administrative expenses of US\$2.06 mil (Q2 2015: US\$2.94 mil) although higher administrative costs contributed by granite operation of US\$0.44 mil in Q2 2015 after the acquisition of MITI on 5 Aug 2014 as compared to Q2 2014.
- (6) Income tax credit of US\$0.57 mil due to reversal of overpayment of income tax expenses of US\$0.84 mil and overprovision of US\$0.25 mil from Myanmar operations for year of assessment 2013, 2014 and 2015 due to the reduction of corporate tax rate by 5% (Q2 2014: Income tax expenses US\$1.20 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\$10.40 mil to US\$36.81 mil in Q2 2015 from US\$47.21 mil in FY 2014. This was mainly due to amortisation and impairment charges of US\$12.79 mil which were partially offset by capitalised drilling expenditure of US\$2.39 mil.

Mining properties decreased by US\$0.87 mil to US\$5.79 mil in Q2 2015 from US\$6.66 mil in FY 2014 mainly due to amortisation charges of US\$0.47 mil.

Exploration and evaluation costs increased by US\$5.36 mil to US\$10.48 mil in Q2 2015 from US\$5.12 mil in FY 2014 mainly due to capitalisation of 2D seismic acquisition for KP PSC.

Investments in associated companies increased by US\$8.28 mil following the completion of the acquisition of equity interests of 21.510812% in PT Benakat Integra TBK at purchase consideration of US\$7.36 mil (consisting of cash consideration of US\$1.23 mil and share consideration of US\$6.13 mil) and equity interests of 33.33% in Mentari Garung Energy Ltd through its subsidiary, MITI, at purchase consideration of US\$1.00 mil in cash.

Inventories decreased by US\$0.35 mil to US\$9.08 mil in Q2 2015 from US\$9.43 mil in FY 2014. This was mainly due to the lower consumable inventories in Q2 2015 of US\$6.54 mil as compared to FY 2014 of US\$6.84 mil.

Trade and other receivables (current and non-current) increased by US\$1.25 mil to US\$13.52 mil in Q2 2015 from US\$12.27 mil in FY 2014. This was mainly due to increase in loan to third parties of US\$0.95 mil to US\$1.27 mil in Q2 2015.

Trade and other payables increased by US\$1.35 mil to US\$13.46 mil in Q2 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\$1.73 mil incurred for the 2D seismic acquisition which was completed but has not settled in Q2 2015.

Statement of Cash Flows

Cash and cash equivalents showed a net decrease of US\$2.50 mil in Q2 2015 due to the following:

- (1) Net cash used in operating activities of US\$2.34 mil mainly due to cash outflow for partial settlement of seismic acquisition of KP PSC of US\$3.67 mil and cash outflow from TMT and LS operation of US\$2.35 mil offset by cash generated from Myanmar oil and gas operations and granite operation of US\$2.03 mil.
- (2) Net cash used in investing activities of US\$1.66 mil mainly for investments in associated companies of US\$1 mil following the completion in Q2 2015. In addition, the capital expenditure incurred for drilling activities at the Myanmar operations and TMT TAC of US\$0.59 mil and seismic acquisition of KP PSC of US\$0.06 mil.
- (3) Net cash provided by financing activities of US\$1.49 mil, being proceeds from bank loans of US\$2.30 mil. In addition, there was a loan to third parties to finance for KP PSC operations.

8(ii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia				Myanmar		Consolidated	
	Oil and Gas		Granite		Oil and Gas			
	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Results								
EBITDA	(359)	1,597	303	-	2,442	6,804	2,386	8,401
EBIT	(8,254)	(123)	168	-	1,044	3,676	(7,042)	3,553
Sales to external customers	3,153	5,316	3,032	-	4,197	9,693	10,382	15,009
Segment results	(8,242)	(96)	209	-	1,044	3,676	(6,989)	3,580
Unallocated corporate net operating results							(1,117)	(2,174)
(Loss)/Profit before income tax							(8,106)	1,406
Income tax credit/(expense)							566	(1,202)
Net (loss)/profit after income tax							(7,540)	204

Geographical Segment	Indonesia				Myanmar		Consolidated	
	Oil and Gas		Granite		Oil and Gas			
	6M 2015	6M 2014	6M 2015	6M 2014	6M 2015	6M 2014	6M 2015	6M 2014
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Results								
EBITDA	(908)	3,859	760	-	4,185	12,068	4,037	15,927
EBIT	(11,097)	591	488	-	1,580	7,002	(9,029)	7,593
Sales to external customers	5,661	10,414	5,152	-	8,023	17,407	18,836	27,821
Segment results	(11,077)	592	637	-	1,580	7,002	(8,860)	7,594
Unallocated corporate net operating results							(1,915)	(3,962)
(Loss)/Profit before income tax							(10,775)	3,632
Income tax credit/(expense)							7	(2,217)
Net (loss)/profit after income tax							(10,768)	1,415

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 remained relatively unchanged from last quarter, stabilizing at 55,518 barrels for the quarter. Due to technical issues, production has not increased despite efforts to improve the condition of the existing wells. The last well for 2014 was drilled in early Nov 2014, and completion has been delayed due to technical difficulties. The results are expected to be known by Q3 2015.

Shareable production at Linda Sele TAC ("LS TAC") increased slightly by 4% to 9,519 barrels of oil in Q2 2015. Uplifting of oil at LS TAC was also more regular during this quarter. Revenue for granite mining in Bintan increased by 43% from US\$2.12 mil in Q1 2015 to US\$3.03 mil in Q2 2015.

Myanmar shareable production decreased by 8% over last quarter, from 104,350 barrels to 96,079 barrels in Q2 2015 as a result of a slowing down of new well drilling. During the quarter, only 1 well was drilled and completed as an oil producer.

For Kuala Pambuang Production Sharing Contract ("KP PSC"), the seismic acquisition has been completed and presently the data are under processing. The decision to drill one exploration well will be made at the end of the year after the seismic data has been processed and interpreted. No significant contribution is expected from this field in the near term.

Due to the recent falling oil prices, the Group has adopted a prudent approach with its capital expenditures. 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 30 Jun 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
13-Aug-15

15 ABBREVIATIONS

Q2 2014	denotes	Second calendar quarter of the year 2014
Q2 2015	denotes	Second calendar quarter of the year 2015
6M 2014	denotes	Six months ended 30 June 2014
6M 2015	denotes	Six months ended 30 June 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

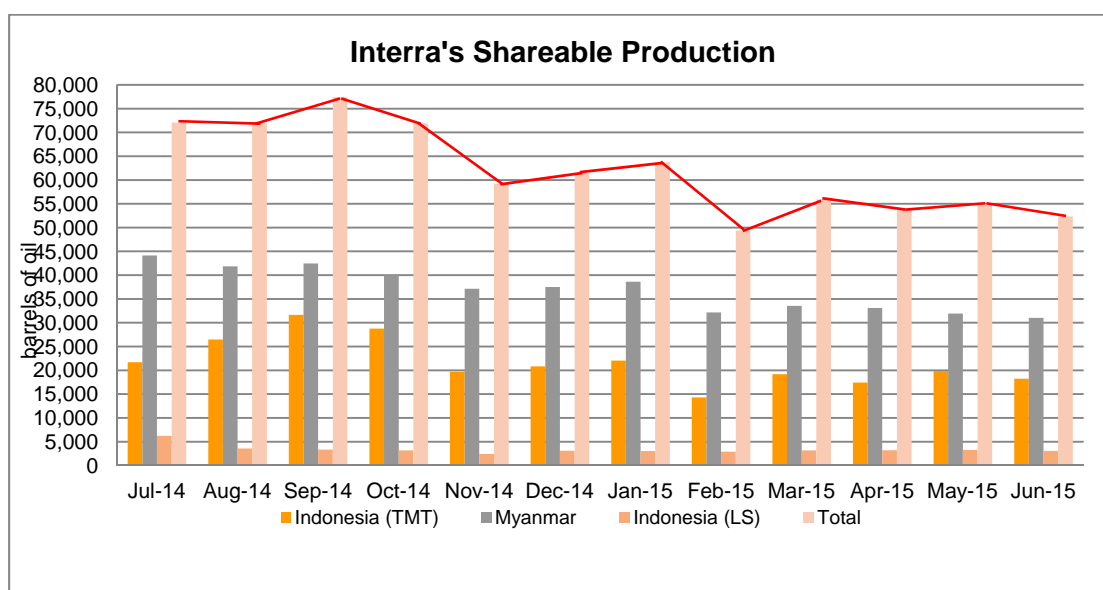
This release may contain forward-looking statements that are subject to risk factors associated with oil and gas businesses. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions 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.

13 August 2015

PRODUCTION, DEVELOPMENT & EXPLORATION ACTIVITIES FOR THE QUARTER ENDED 30 JUNE 2015 (“Q2 2015”)

Production Profile

(barrels)	Myanmar		Indonesia (TMT)		Indonesia (LS)	
	Q1 2015	Q2 2015	Q1 2015	Q2 2015	Q1 2015	Q2 2015
Shareable production	173,918	160,131	55,528	55,518	15,622	16,305
Interra's share of shareable production	104,350	96,079	55,528	55,518	9,121	9,519



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

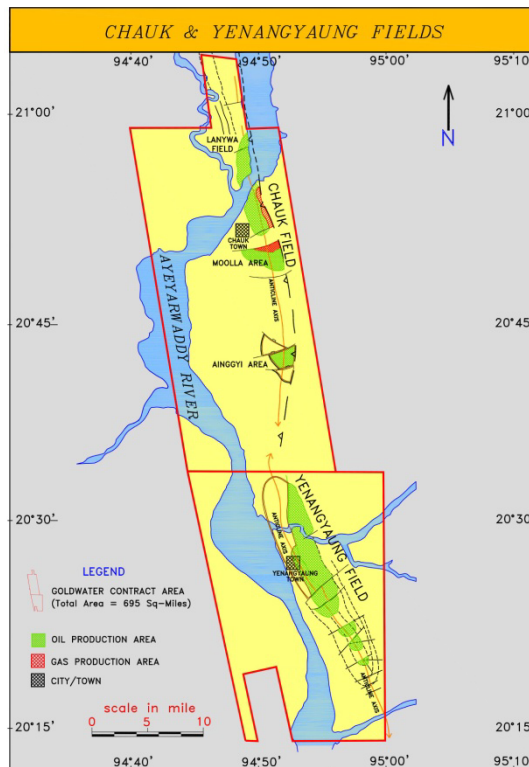
Myanmar: Chauk and Yenangyaung IPRCs (Interra 60%)

In Q2 2015, the combined shareable production for both fields was 96,079 barrels of oil, a decrease of 8% over the preceding quarter of 104,350 barrels of oil.

Production and development expenditures for the period were US\$1,615,227 and US\$536,710 respectively.

During Q2 2015 the operator, Goldpetrol Joint Operating Company Inc. (“**Goldpetrol**”) (Interra 60%), continued to monitor the worldwide depressed price of oil and as such has adopted a more prudent drilling program considering the current economics. The hired rig capable of drilling more complex higher cost wells has been temporarily released from contract as Goldpetrol develops a strategy reflecting the current financial environment. New wells are being drilled using Goldpetrol's own rig capable of drilling intermediate depth wells and as such cost have been kept low. One development well in Chauk field - the second in Myanmar in 2015 - was drilled and completed as an oil producer during Q2 2015.

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 were ongoing





Indonesia: Tanjung Miring Timur TAC (Interra 100%)

In Q2 2015, shareable production was 55,518 barrels of oil, a slight decrease as compared to the previous quarter of 55,528 barrels of oil.

Production and development expenditures for the period were US\$2,213,769 and US\$56,324 respectively.

The negligible production decline relative to that as seen in the previous two Quarters illustrates that production enhancement operations have contributed to arresting the field production decline. This has included surface and borehole improvements combined with scheduled maintenance as well as the implementation of new casing perforations in existing wells with prospective untested reservoirs. 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 external contractors continued with respect to reservoir studies aimed at identifying new prospective drilling locations. High resolution reprocessing of the TMT 3D data was commenced to augment this in an attempt to gain a more complete understanding of the producing reservoirs. There were no new wells drilled during Q2 2015.

Indonesia: Linda Sele TAC (Interra 58.38%)

In Q2 2015, shareable production was 9,519 barrels of oil, an increase of 4% as compared to the previous quarter of 9,121 barrels of oil. There were two uplifting of approximately 10,838 barrels of oil during the quarter.

Production and development expenditures for the period were US\$807,961 and US\$ nil respectively.

Production optimisation and scheduled maintenance continued during Q2 2015 with goal of maintaining or increasing current production levels. Geological, geophysical and reservoir studies were ongoing with the goal of delineating possible optimal future locations. No new wells were drilled in the Linda Sele TAC during Q2 2015.





Exploration Activities

Indonesia: Kuala Pambuang PSC (Interra 49%)

The processing of the 304 kilometre 2D seismic program was ongoing during Q2 2015 and preliminary results are very encouraging. Upon the completion of the processing the combination of the seismic interpretation and geologic studies are expected to yield possible drillable prospects.

Exploration costs for the period was US\$45,851.



Granite Mining Activities

Indonesia: Bukit Piatu Quarry (Interra 53.76%)

The gross granite production at the quarry in Q2 2015 was 277,046 tonnes, a decrease of 12% over the preceding quarter of 315,482 tonnes.

Production and development expenditures for the period were US\$2,286,981 and US\$50,205 respectively.