

12 August 2016

Dear Shareholders,

UNAUDITED RESULTS FOR THE QUARTER ENDED 30 JUNE 2016

Highlights in Q2 2016

- Revenue from continuing operations for the quarter was US\$4.16 million, 34% higher than the previous quarter. The increase was due mainly to higher weighted average transacted oil prices of US\$41.81 per barrel as compared to the previous quarter of US\$29.01 per barrel.
- Shareable oil production for the quarter decreased to 130,515 barrels from 138,120 barrels in the previous quarter.
- Total loss after tax for the quarter was US\$0.25 million, as compared to total loss after tax of US\$1.00 million in the previous quarter.
- Earnings before divestment gain, interest income, exchange difference, finance cost, tax, depreciation, amortisation, allowance and impairment (EBITDA) from the continuing operations for the quarter was US\$1.53 million.
- Net cash outflow for the quarter was US\$2.16 million, due mainly to net cash used in financing activities of US\$2.05 million.
- Cash and cash equivalents (excluding restricted cash) were US\$16.19 million as at 30 June 2016.

Yours sincerely,

The Board of Directors
Interra Resources Limited

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.

INTERRA RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 197300166Z)

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ENDED 30 JUNE 2016****TABLE OF CONTENTS**

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1(a)(i) PROFIT OR LOSS

Group	Note	Q2 2016 US\$'000	Q2 2015 US\$'000	Change %	6M 2016 US\$'000	6M 2015 US\$'000	Change %
Continuing operations							
Revenue	A1	4,156	7,350	↓ 43	7,258	13,684	↓ 47
Cost of production	A2	(2,334)	(8,397)	↓ 72	(4,819)	(16,191)	↓ 70
Gross profit/(loss)		1,822	(1,047)	↓ 274	2,439	(2,507)	↓ 197
Other (losses)/income, net	A3	(21)	156	↓ 113	49	436	↓ 89
Administrative expenses		(1,353)	(1,967)	↓ 31	(2,595)	(3,724)	↓ 30
Finance expenses		(22)	(17)	↑ 29	(37)	(22)	↑ 68
Other expenses	A4	(22)	(247)	↓ 91	(37)	(495)	↓ 93
Impairment and allowances	A5	-	(5,300)	↓ 100	-	(5,300)	↓ 100
Share of losses of associated companies		(302)	(80)	↑ 278	(303)	(80)	↑ 279
Profit/(loss) before income tax		102	(8,502)	↓ 101	(484)	(11,692)	↓ 96
Income tax (expense)/credit	A6	(285)	587	↓ 149	(493)	98	↓ 603
Loss from continuing operations for the financial period		(183)	(7,915)	↓ 98	(977)	(11,594)	↓ 92
Discontinued operations							
(Loss)/Profit from discontinued operations for the financial period	A7	(63)	375		(269)	826	
Total loss		(246)	(7,540)	↓ 97	(1,246)	(10,768)	↓ 88
Attributable to:							
Equity holders of the company		(17)	(7,168)		(651)	(10,195)	
Non-controlling interests		(229)	(372)		(595)	(573)	
		(246)	(7,540)		(1,246)	(10,768)	
Profit/(Loss) attributable to equity holders of the Company relates to:							
Profit/(Loss) from continuing operations		17	(7,370)		(506)	(10,639)	
(Loss)/Profit from discontinued operations		(34)	202		(145)	444	
		(17)	(7,168)		(651)	(10,195)	
Earnings/(Losses) per share for continuing and discontinued operations attributable to equity holders of the Company							
Basic earnings/(losses) per share (US cents)							
- From continuing operations		0.003	(1.598)		(0.100)	(2.337)	
- From discontinued operations		(0.007)	0.044		(0.029)	0.098	
Diluted earnings/(losses) per share (US cents)							
- From continuing operations		0.003	(1.598)		(0.100)	(2.337)	
- From discontinued operations		(0.007)	0.043		(0.029)	0.096	

1(a)(i) STATEMENT OF COMPREHENSIVE INCOME

Group	Note	Q2 2016 US\$'000	Q2 2015 US\$'000	Change %	6M 2016 US\$'000	6M 2015 US\$'000	Change %
Total loss for the financial period		(246)	(7,540)	↓ 97	(1,246)	(10,768)	↓ 88
Other comprehensive income, net of tax							
Items that may be reclassified							
subsequently to profit or loss:							
Share of foreign currency translation differences of associated companies		121	-	NM	121	-	NM
Currency translation differences arising from consolidation - gain/(losses)		85	(246)	↓ 135	343	(875)	↓ 139
Items that may not be							
reclassified subsequently to profit or loss:							
Share of defined benefit obligation re-measurements of associated companies		(18)	-	NM	(18)	-	NM
Total comprehensive loss for the financial period		(58)	(7,786)	↓ 99	(800)	(11,643)	↓ 93
Attributable to:							
Equity holders of the company		146	(7,292)		(382)	(10,638)	
Non-controlling interests		(204)	(494)		(418)	(1,005)	
		(58)	(7,786)		(800)	(11,643)	

↑ denotes increase
↓ denotes decrease
NM denotes not meaningful

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

Group	Q2 2016 barrels	Q2 2015 barrels	6M 2016 barrels	6M 2015 barrels
Group's share of shareable production	130,515	161,116	268,635	330,114
Group's sales of shareable oil	130,176	162,435	269,303	331,008
Group	Q2 2016 US\$'000	Q2 2015 US\$'000	6M 2016 US\$'000	6M 2015 US\$'000
A1 Revenue				
Sale of oil and petroleum products	4,156	7,350	7,258	13,684
A2 Cost of production				
Production expenses	2,250	4,636	4,715	9,162
Amortisation of producing oil and gas properties	84	3,758	104	7,024
Amortisation of intangible assets	-	3	-	5
	2,334	8,397	4,819	16,191
A3 Other (losses)/income, net				
Interest income	44	46	119	72
Petroleum services fees	42	32	112	124
Management fees	20	80	47	164
Other (loss)/income	-	(4)	(17)	(9)
Foreign exchange (loss)/gain, net	(127)	8	(212)	90
Loss on disposal of property, plant and equipment	-	(6)	-	(5)
	(21)	156	49	436
A4 Other expenses				
Depreciation of property, plant and equipment	10	13	22	29
Amortisation of producing oil and gas properties	12	234	15	466
	22	247	37	495
A5 Impairment and allowances				
Impairment of producing oil and gas properties	-	5,300	-	5,300
	-	5,300	-	5,300

1(a)(ii) EXPLANATORY NOTES TO PROFIT OR LOSS (CONT'D)

Group		Q2 2016 US\$'000	Q2 2015 US\$'000	6M 2016 US\$'000	6M 2015 US\$'000
A6	<u>Income tax (expense)/credit</u>				
	Current income tax	(285)	(502)	(493)	(991)
	Prior year over-provision of current income tax *	-	1,089	-	1,089
		(285)	587	(493)	98
	* Being reduction of corporate tax rate by 5% (i.e. from 30% to 25%) from Myanmar tax authority for 3 Assessment years of which income tax has been paid. Upon finalisation of assessment, the overpayment was reversed to profit or loss.				
A7	<u>(Loss)/Profit from discontinued operations for the financial period</u>				
	Revenue	1,075	3,032	1,606	5,152
	Expenses	(1,141)	(2,635)	(1,681)	(4,235)
	(Loss)/Profit before income tax from discontinued operations	(66)	397	(75)	917
	Income tax	(27)	(22)	(38)	(91)
	(Loss)/Profit after income tax from discontinued operations	(93)	375	(113)	826
	Pre-tax gain/(loss) recognised on the measurement to fair values				
	less cost to sell on disposal group	37	-	(195)	-
	Income tax (expense)/credit	(7)	-	39	-
	Profit/(Loss) after tax recognised on the measurement to fair value				
	less cost to sell on disposal group	30	-	(156)	-
	Total (loss)/profit from discontinued operations	(63)	375	(269)	826

1(b)(i) STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		30-Jun-16 US\$'000	31-Dec-15 US\$'000	30-Jun-16 US\$'000	31-Dec-15 US\$'000
Assets					
Non-current assets					
Property, plant and equipment		115	133	22	33
Producing oil and gas properties	B1	316	359	-	-
Mining properties	B2	-	-	-	-
Exploration and evaluation costs	B3	10,577	10,488	-	-
Intangible assets	B4	-	-	-	-
Investments in subsidiary corporations		-	-	37,363	37,673
Investments in associated companies	B5	7,422	7,621	-	-
Other receivables	B6	2,009	1,686	-	-
Restricted cash*		2,479	2,447	-	-
Retirement benefit obligations		45	57	-	-
Investment properties	B7	329	315	-	-
		23,292	23,106	37,385	37,706
Current assets					
Inventories	B8	6,809	6,804	-	-
Trade and other receivables	B6	10,095	12,450	344	331
Other current assets		426	777	104	73
Cash and cash equivalents	B9	16,192	17,828	209	516
		33,522	37,859	657	920
Assets of disposal group classified as held-for-sale	B10	4,533	4,453	-	-
		38,055	42,312	657	920
Total assets		61,347	65,418	38,042	38,626
Equity and Liabilities					
Equity					
Share capital		69,258	69,258	69,258	69,258
Accumulated losses		(21,940)	(21,271)	(35,044)	(34,385)
Other reserves		(18,309)	(18,597)	357	357
Equity attributable to owners of the Company		29,009	29,390	34,571	35,230
Non-controlling interests		3,799	3,961	-	-
Total equity		32,808	33,351	34,571	35,230
Non-current liabilities					
Provision for environmental and restoration costs		4,701	4,474	-	-
Deferred income tax liabilities		20	39	-	-
		4,721	4,513	-	-
Current liabilities					
Trade and other payables	B11	11,777	16,096	471	396
Bank loan		3,760	3,728	3,000	3,000
Current income tax liabilities		7,128	6,657	-	-
		22,665	26,481	3,471	3,396
Liabilities directly associated with disposal group classified as held-for-sale	B10	1,153	1,073	-	-
		23,818	27,554	3,471	3,396
Total liabilities		28,539	32,067	3,471	3,396
Total equity and liabilities		61,347	65,418	38,042	38,626

* Fund intended for environmental and restoration costs.

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

Group		30-Jun-16 US\$'000	31-Dec-15 US\$'000
B1	<u>Producing oil and gas properties</u>		
	Development tangible assets	316	359
		316	359
B2	<u>Mining properties</u>		
	Deferred exploration expenditures	134	315
	Development tangible assets	2,403	2,302
		2,537	2,617
	Less: Assets of disposal group classified as held-for-sale	(2,537)	(2,617)
		-	-
B3	<u>Exploration and evaluation costs</u>		
	Exploration and evaluation assets	9,142	9,053
	Participating rights of exploration asset	1,435	1,435
		10,577	10,488
B4	<u>Intangible assets</u>		
	Non-contractual customer relationships	413	413
	Less: Assets of disposal group classified as held-for-sale	(413)	(413)
		-	-
B5	<u>Investments in associated companies</u>		
	Equity investment at costs	8,358	8,358
	Share of losses in associated companies	(929)	(626)
	Share of other comprehensive losses in associated companies	(7)	(111)
		7,422	7,621
B6	<u>Trade and other receivables</u>		
	Non-current		
	Other receivables - loan to non-related parties	2,009	1,686
	Current		
	Trade receivables - non-related parties	3,493	5,476
	Other receivables - loan to non-related parties	5,195	2,866
	Other receivables - non-related parties	1,407	4,108
		10,095	12,450
		12,104	14,136

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

Group		30-Jun-16 US\$'000	31-Dec-15 US\$'000
B7	<u>Investment properties</u>		
	Land and Building in Pacet	133	127
	Shophouse at Pasar Kemis, Tangerang	146	140
	Kiosk at ITC Kuningan	50	48
		329	315
B8	<u>Inventories</u>		
	Consumable inventories	5,790	5,951
	Mining sparts parts and others	641	550
	Granite rocks	843	605
	Crude oil inventory#	176	248
		7,450	7,354
	Less: Assets of disposal group classified as held-for-sale	(641)	(550)
		6,809	6,804
B9	<u>Cash and cash equivalents</u>		
	Cash and bank balances	6,585	8,819
	Short-term fixed deposits	9,607	9,009
	Cash and cash equivalents per statement of cash flows	16,192	17,828
B10	<u>Disposal group classified as held-for-sale</u>		
	Property, plant and equipment	41	39
	Mining properties (tangible assets)	2,403	2,302
	Mining properties (Intangible assets)	134	315
	Intangible assets	413	413
	Restricted cash	901	834
	Inventories	641	550
	Asset of disposal group	4,533	4,453
	Retirement benefit obligations	(109)	(97)
	Provision for environmental and restoration costs	(901)	(833)
	Deferred income tax liabilities	(143)	(143)
	Liabilities directly associated with disposal group	(1,153)	(1,073)
		3,380	3,380
B11	<u>Trade and other payables</u>		
	Trade payables - non-related parties	3,499	6,806
	Other payables - non-related parties	7,379	8,554
	Accruals	899	736
		11,777	16,096

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 2016 and 31 Dec 2015.

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

Group	30-Jun-16		31-Dec-15	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand - Bank loan *	760	3,000	728	3,000
Amount repayable after one year	-	-	-	-

* (i) The secured 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 none of the parties have come forward to claim for payment.

(ii) The unsecured bank loan represents a bank loan of US\$3.00 mil from United Overseas Bank Limited to finance the Company's working capital. The interest rate is charged at 2.95% per annum for a tenor period of 3 months.

1(c) STATEMENT OF CASH FLOWS

Group	Note	Q2 2016 US\$'000	Q2 2015 US\$'000	6M 2016 US\$'000	6M 2015 US\$'000
Cash Flows from Operating Activities					
Total loss		(246)	(7,540)	(1,246)	(10,768)
Adjustments for non-cash items:					
Income tax expense/(credit)		319	(566)	492	(7)
Share of losses of associated companies		302	80	303	80
Depreciation of property, plant and equipment		9	18	21	38
Amortisation of producing oil and gas properties		96	3,992	119	7,490
Amortisation of mining properties		-	228	-	467
Amortisation of intangible assets		-	32	-	64
Impairment of producing oil and gas properties		-	5,300	-	5,300
Interest income		(44)	(46)	(119)	(72)
(Gain)/Loss on measurement to fair value on disposal group		(37)	-	195	-
Unrealised currency translation gain		(112)	(75)	(225)	(185)
Loss on disposal of property, plant and equipment		-	6	-	5
Unwinding of discount on provision of site restoration		140	121	295	186
Interest expenses		22	17	37	22
Operating profit/(loss) before working capital changes		449	1,567	(128)	2,620
Changes in working capital					
Inventories		357	1,027	(97)	351
Trade and other receivables and other current assets		2,582	(1,766)	4,981	853
Trade and other payables		(3,535)	(2,999)	(4,251)	1,395
Restricted cash		(35)	(59)	(56)	(106)
Cash (used in)/generated from operations		(182)	(2,230)	449	5,113
Income tax refund/(paid)		131	(105)	(22)	(676)
Net cash (used in)/provided by operating activities		(51)	(2,335)	427	4,437
Cash Flows from Investing Activities					
Interest income received		29	46	190	72
Investments in associated companies		-	(1,000)	-	(2,226)
Net proceeds from disposal of property, plant and equipment		-	-	-	23
Additions to property, plant and equipment		-	-	-	(15)
Additions to mining properties		-	(50)	-	(50)
Additions to producing oil and gas properties		(76)	(593)	(76)	(2,392)
Additions to exploration and evaluation assets		(11)	(58)	(89)	(5,360)
Net cash (used in)/provided by investing activities		(58)	(1,655)	25	(9,948)
Cash Flows from Financing Activities					
Interest paid		(23)	(3)	(43)	(8)
Proceeds from bank loans		-	2,300	-	2,300
Repayment of finance lease		-	(53)	-	(106)
Loan to non-related third parties		(2,029)	(755)	(2,286)	(949)
Net cash (used in)/provided by financing activities		(2,052)	1,489	(2,329)	1,237
Net decrease in cash and cash equivalents		(2,161)	(2,501)	(1,877)	(4,274)
Cash and cash equivalents at beginning of period		18,254	16,799	17,828	18,737
Effects of currency translation on cash and cash equivalents		99	(72)	241	(237)
Cash and cash equivalents at end of period	B9	16,192	14,226	16,192	14,226

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 2016	69,258	(2,302)	(16,545)	357	(21,905)	28,863	3,987	32,850
Additional increase of non-controlling interests	-	-	-	-	-	-	16	16
Total transactions with owners, recognised directly in equity	69,258	(2,302)	(16,545)	357	(21,905)	28,863	4,003	32,866
Loss for the financial period	-	-	-	-	(17)	(17)	(229)	(246)
<u>Other comprehensive income</u>								
Foreign currency translation differences	-	60	-	-	-	60	25	85
Share of foreign currency translation differences of associated companies	-	121	-	-	-	121	-	121
Share of defined benefit obligation re-measurements of associated companies	-	-	-	-	(18)	(18)	-	(18)
Total comprehensive loss for Q2 2016	-	181	-	-	(35)	146	(204)	(58)
Balance as at 30 Jun 2016	69,258	(2,121)	(16,545)	357	(21,940)	29,009	3,799	32,808

Group	Share Capital US\$'000	Foreign Currency Translation Reserve US\$'000	Special Reserve US\$'000	Share Option Reserve US\$'000	Accumulated Losses US\$'000	Total US\$'000	Non-Controlling Interests US\$'000	Total Equity US\$'000
Balance as at 1 Apr 2015	63,125	(2,021)	(16,545)	365	23,367	68,291	8,616	76,907
Issue of new ordinary shares pursuant to purchase consideration shares	6,132	-	-	-	-	6,132	-	6,132
Additional increase of non-controlling interests	-	-	-	-	-	-	755	755
Total transactions with owners, recognised directly in equity	69,257	(2,021)	(16,545)	365	23,367	74,423	9,371	83,794
Loss for the financial period	-	-	-	-	(7,168)	(7,168)	(372)	(7,540)
<u>Other comprehensive income</u>								
Foreign currency translation differences	-	(124)	-	-	-	(124)	(122)	(246)
Total comprehensive loss loss for Q2 2015	-	(124)	-	-	(7,168)	(7,292)	(494)	(7,786)
Balance as at 30 Jun 2015	69,257	(2,145)	(16,545)	365	16,199	67,131	8,877	76,008

1(d)(i) STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company	Share Capital US\$'000	Share Option Reserve US\$'000	Accumulated Losses US\$'000	Total Equity US\$'000
Balance as at 1 Apr 2016	69,258	357	(34,685)	34,930
Total comprehensive loss for Q2 2016	-	-	(359)	(359)
Balance as at 30 Jun 2016	69,258	357	(35,044)	34,571
Balance as at 1 Apr 2015	63,125	365	(21,336)	42,154
Issue 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 Jun 2015	69,257	365	(21,964)	47,658

1(d)(ii) SHARE CAPITAL

No new ordinary shares were issued in Q2 2016.

The number of ordinary shares comprised in the options granted and outstanding under the Interra Share Option Plan as at 30 Jun 2016 was 7,110,000 (31 Dec 2015: 7,110,000).

The Company does not hold any treasury shares.

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

Group and Company	30 Jun 2016	31 Dec 2015
Issued and fully paid		
Opening balance	506,446,757	449,350,357
Issuance of new ordinary shares pursuant to purchase consideration shares and warrant issues	-	57,096,400
Closing balance	506,446,757	506,446,757

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 2015.

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 2016.

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

- FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets (effective for annual periods beginning on or after 1 Jan 2016)
- FRS 111 Joint Arrangements (effective for annual periods beginning on or after 1 Jan 2016)
- FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 Jan 2016)
- FRS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 Jan 2016)
- FRS 115 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 Jan 2018)
- FRS 109 Financial Instruments (effective for annual periods beginning on or after 1 Jan 2018)

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 2016	Q2 2015	6M 2016	6M 2015
Basic earnings/(losses) per ordinary share (US cents)				
- From continuing operations	0.003	(1.598)	(0.100)	(2.337)
- From discontinued operations	(0.007)	0.044	(0.029)	0.098
Weighted average number of ordinary shares for the computing basic earnings per share	506,446,757	461,269,435	506,446,757	455,342,822
Fully diluted earnings/(losses) per ordinary share (US cents)				
- From continuing operations	0.003	(1.598)	(0.100)	(2.337)
- From discontinued operations	(0.007)	0.043	(0.029)	0.096
Weighted average number of ordinary shares for the computing fully diluted earnings per share	513,556,757	468,529,435	513,556,757	462,602,822

No new ordinary shares were issued in Q2 2016.

The weighted average number of ordinary shares on issue has been adjusted as if all dilutive share options and warrants are exercised in Q2 2016. For the purpose of computing basic and fully diluted earnings/(losses) per share, the relevant periods are from 1 Apr 2016 to 30 Jun 2016 and from 1 Jan 2016 to 30 Jun 2016.

7 NET ASSET VALUE PER SHARE

	Group		Company	
	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares) (US cents)	5.728	5.803	6.826	6.956
Total number of issued shares (excluding treasury shares)	506,446,757	506,446,757	506,446,757	506,446,757

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

Revenue & Production

Revenue decreased by 43% to US\$4.16 mil in Q2 2016 from US\$7.35 mil in Q2 2015. This was largely due to lower weighted average transacted oil prices for Q2 2016 of US\$41.81 per barrel (Q2 2015: US\$59.20 per barrel) and lower sales of shareable oil of 130,176 barrels in Q2 2016 from 162,435 barrels in Q2 2015 for oil and gas operations.

The Group's shareable oil production decreased by 19% to 130,515 barrels in Q2 2016 from 161,116 barrels in Q2 2015. The decrease was mainly due to lower contributions from Myanmar of 77,665 barrels in Q2 2016 (Q2 2015: 96,079 barrels), Tanjung Miring Timur ("TMT TAC") of 43,850 barrels in Q2 2016 (Q2 2015: 55,518 barrels) and LS TAC operations of 9,000 barrels in Q2 2016 (Q2 2015: 9,519 barrels).

Cost of Production

The decrease in cost of production to US\$2.33 mil in Q2 2016 from US\$8.40 mil in Q2 2015 was largely attributable due to the lower production expenses for producing oil and gas operations by US\$2.39 mil in Q2 2016 which was in line with declining production and cost-cutting measures. Amortisation charges of producing oil and gas properties decreased by US\$3.67 mil in Q2 2016 as compared to Q2 2015 due to the significant impairment made in FY 2015.

Net Loss After Tax

The Group posted a total loss after tax of US\$0.25 mil in Q2 2016 as compared to a net loss of US\$7.54 mil in Q2 2015. The decrease was mainly due after taking the following into consideration:

- (1) Lower revenue of US\$4.16 mil in Q2 2016 (Q2 2015: US\$7.35 mil) due to lower sales of shareable oil.
- (2) Lower cost of production of US\$2.33 mil in Q2 2016 (Q2 2015: US\$8.40 mil), due to lower production expenses and amortisation charges of producing oil and gas properties.
- (3) No impairment of oil and gas properties in Q2 2016 as compared of US\$5.30 mil in Q2 2015 after assessing the carrying value of its assets against the recoverable amount.
- (4) Other losses of US\$0.02 mil in Q2 2016 (Q2 2015: Other income of US\$0.16 mil), mainly due to foreign exchange loss of US\$0.13 mil in Q2 2016 as compared to foreign exchange gain of US\$0.01 mil in Q2 2015.
- (5) Lower administrative expenses of US\$1.35 mil in Q2 2016 (Q2 2015: US\$1.97 mil), mainly due to implementation of cost cutting measures.
- (6) Lower current income tax expenses of US\$0.29 mil due to lower taxable income in Q2 2016 as compared to Q2 2015 of US\$0.50 mil. In Q2 2015, there was a overprovision of prior year tax of US\$1.09 mil as a result to a tax credit of US\$0.59 mil.
- (7) Loss from discontinued operations of US\$0.06 mil in Q2 2016 as compared to profit from discontinued operations of US\$0.38 mil in Q2 2015.

(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 to US\$0.32 mil in Q2 2016 from US\$0.36 mil in FY 2015, due to amortisation charges.

Exploration and evaluation costs increased by US\$0.09 mil to US\$10.58 mil in Q2 2016 from US\$10.49 mil in FY 2015 mainly due to capitalisation of 2D seismic costs for KP PSC.

Investments in associated companies decreased to US\$7.42 mil in Q2 2016 from US\$7.62 mil in FY2015. The investments comprised the acquisition of equity interests of 21.510812% in PT Benakat Oil 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 MITI at purchase consideration of US\$1.00 mil in cash. The accumulated post-acquisition share of losses and other comprehensive losses of associated companies was US\$0.93 mil and US\$0.01 mil respectively.

Inventories increased to US\$6.81 mil in Q2 2016 from US\$6.80 mil in FY 2015. This was mainly due to the higher granite stocks by US\$0.24 mil offset by lower consumable inventories of US\$0.16 mil.

Trade and other receivables (current and non-current) decreased by US\$2.04 mil to US\$12.10 mil in Q2 2016 from US\$14.14 mil in FY 2015. This was mainly due to decrease in other receivables - non-related parties (current) by US\$2.70 mil resulted from the VAT reimbursement of US\$2.95 mil from TMT TAC and LS TAC operations in Q2 2016. Trade receivables was decreased by US\$1.98 mil mainly due to offset of the advance received from the buyer to finance the granite operation of US\$2.86 mil against MITI's trade receivables of US\$3.66 mil as well as lower outstanding balance from Myanmar operations by US\$0.52 mil in Q2 2016. The loan to a non-related party (current) increased to US\$5.20 mil in Q2 2016 from US\$2.87 mil in FY 2015 was between MITI with PT Pratama Media Abadi as per the loan agreement. The loan is unsecured, interest-free and repayable within 12 months.

Trade and other payables decreased by US\$4.32 mil to US\$11.78 mil in Q2 2016 from US\$16.10 mil in FY 2015. This was mainly due to advance received from the buyer to finance the granite operation of US\$2.86 mil was offset against the trade receivables, decreased the other payables by US\$0.71 mil and settlement of vendors of US\$3.31 mil mainly for TMT TAC and KP PSC operations.

Statement of Cash Flows

Cash and cash equivalents showed a net decrease of US\$2.16 mil in Q2 2016 due to the following:

- (1) Net cash used in operating activities of US\$0.05 mil mainly due to cash generated from oil and gas operations of US\$0.85 mil offset against the cash used in corporate expenses.
- (2) Net cash used in investing activities of US\$0.06 mil mainly related to capital expenditure incurred for drilling activities at the Myanmar operations of US\$0.08 and seismic acquisition of KP PSC of US\$0.01 mil offset against interest received of US\$0.03 mil.
- (3) Net cash used in financing activities of US\$2.05 mil, mainly due to loan to non-related third parties of US\$2.03 mil and bank loan interest payment of US\$0.02 mil.

8(ii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia Oil and Gas		Myanmar Oil and Gas		Consolidated	
	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Results						
EBITDA	443	(359)	1,084	2,442	1,527	2,083
EBIT	350	(8,254)	1,080	1,044	1,430	(7,210)
Sales to external customers	1,688	3,153	2,468	4,197	4,156	7,350
Segment results	217	(8,242)	1,080	1,044	1,297	(7,198)
Unallocated corporate net operating results					(1,195)	(1,304)
Profit/(Loss) before income tax					102	(8,502)
Income tax (expense)/credit					(285)	587
Net loss from continuing operations					(183)	(7,915)
(Loss)/Profit from discontinued operations for the financial period					(63)	375
Total loss					(246)	(7,540)

Geographical Segment	Indonesia Oil and Gas		Myanmar Oil and Gas		Consolidated	
	6M 2016	6M 2015	6M 2016	6M 2015	6M 2016	6M 2015
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Results						
EBITDA	107	(908)	1,653	4,185	1,760	3,277
EBIT	(9)	(11,097)	1,650	1,580	1,641	(9,517)
Sales to external customers	3,038	5,661	4,220	8,023	7,258	13,684
Segment results	(74)	(11,077)	1,650	1,580	1,576	(9,497)
Unallocated corporate net operating results					(2,060)	(2,195)
Loss before income tax					(484)	(11,692)
Income tax (expense)/credit					(493)	98
Net loss from continuing operations					(977)	(11,594)
(Loss)/Profit from discontinued operations for the financial period					(269)	826
Total loss					(1,246)	(10,768)

Notes

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

EBITDA represents the operating earnings before divestment gain, interest income, exchange difference, finance cost, tax, depreciation, amortisation, allowance and impairment. This is net of joint operation 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 7% from last quarter of 46,943 barrels to 43,850 barrels for the quarter. The Company continues to review the economic contribution, and production are maintained at an optimal level, in level of the low oil price and pending contract extension. Necessary steps were taken to further reduced the operating cost in view of the low production.

Shareable production at Linda Sele TAC ("LS TAC") decreased slightly to 9,000 barrels in Q2 2016 from 9,232 barrels in Q1 2016. Uplifting of oil at LS TAC has been consistently regular this quarter.

Myanmar shareable production decreased marginally by 5.2% over last quarter, from 81,945 barrels to 77,665 barrels in Q2 2016, in the absence of new well drilling during the last 2 quarters. Approval and preparation is currently underway to drill 2 new wells in the rest of the year.

For Kuala Pambuang Production Sharing Contract, the initial 3 year exploration programme has been completed. Geological and geophysical studies completed internally for the exploration well to be drilled have also been completed, and the status of the drilling will be announced in due course. No significant contribution is expected from this field in the near term.

Due to the persist low oil prices, the Group has adopted an extremely cautious approach with its capital and operating expenditures. All significant capital expenditures have been suspended until the current oil price situation improves. In addition, all operational costs have been reviewed and controlled in view of the current oil price and pending contract extension. Nevertheless barring any further decline in oil price, the Group has sufficient cash on hand to meet its work program commitments for the year 2016. 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 from shareholders 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 their attention which may render the interim financial statements for the quarter ended 30 Jun 2016 to be false or misleading in any material respect.

15 RULE 720(1)

The Company confirmed that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7).

By Order of the Board of Directors of
INTERRA RESOURCES LIMITED
Marcel Tjia
Chief Executive Officer
12-Aug-16

16 ABBREVIATIONS

Q1 2015	denotes	First calendar quarter of the year 2015
Q2 2015	denotes	Second calendar quarter of the year 2015
Q1 2016	denotes	First calendar quarter of the year 2016
Q2 2016	denotes	Second calendar quarter of the year 2016
6M 2015	denotes	Six months ended 30 June 2015
6M 2016	denotes	Six months ended 30 June 2016
FY 2015	denotes	Full year ended 31 December 2015
FY 2016	denotes	Full year ended 31 December 2016
bopd	denotes	barrels of oil per day
Company	denotes	Interra Resources Limited
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 corporations and interests in joint operations and associated companies
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.
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

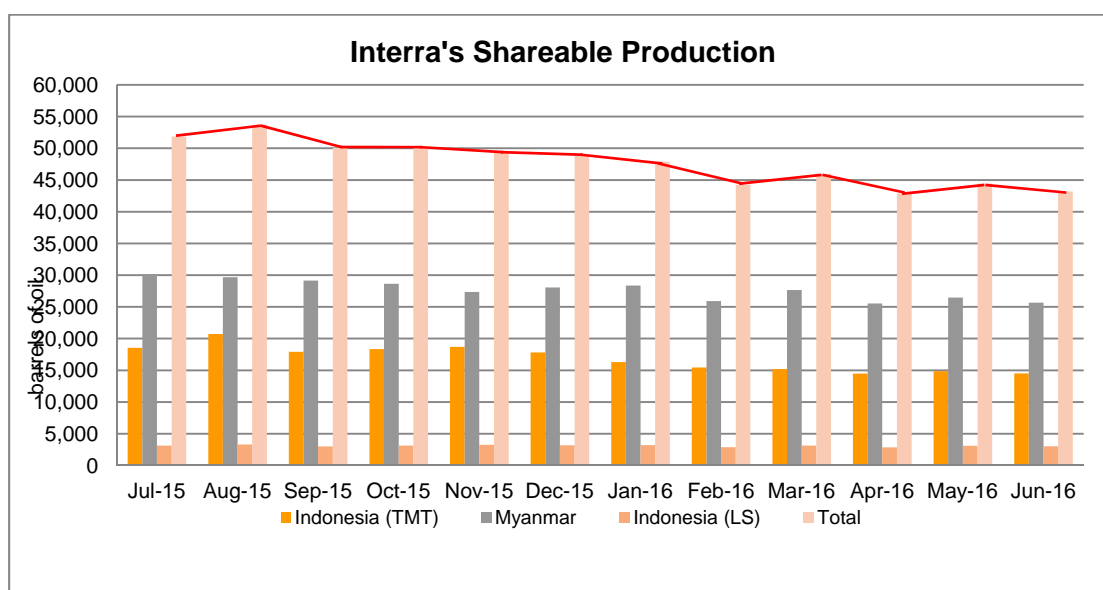
This release may contain forward-looking statements that are not statements of historical facts, and are subject to risk factors associated with the upstream petroleum and mining businesses. Actual future results, performance and outcomes may differ materially from those anticipated, expressed or implied in such forward-looking statements as a result of a number of risks, uncertainties and/or assumptions including but not limited to petroleum price fluctuations, actual petroleum demand, currency fluctuations, drilling and production results, reserve estimates, loss of contracts, industry competition, credit risks, environmental risks, geological risks, political risks, legislative, fiscal and regulatory developments, general industry conditions, economic and financial market conditions in various countries and regions, project delay or advancement, 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. Undue reliance must not be placed on these forward-looking statements, which are based on current developments, events or circumstances, and may not be updated or revised to reflect new information or events.

12 August 2016

PRODUCTION, DEVELOPMENT & EXPLORATION ACTIVITIES FOR THE QUARTER ENDED 30 JUNE 2016 (“Q2 2016”)

Production Profile

(Barrels)	Myanmar		Indonesia (TMT)		Indonesia (LS)	
	Q1 2016	Q2 2016	Q1 2016	Q2 2016	Q1 2016	Q2 2016
Shareable production	136,575	129,442	46,943	43,850	15,813	15,416
Interra's share of shareable production	81,945	77,665	46,943	43,850	9,232	9,000



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.



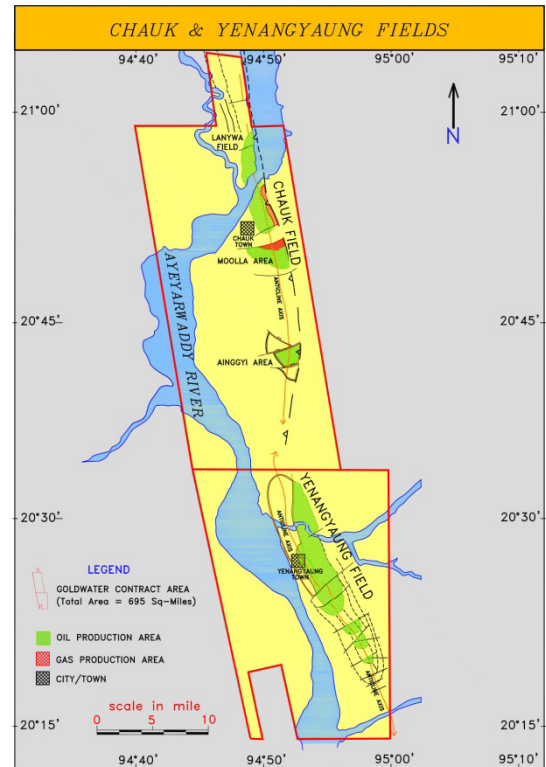
Development and Production Activities

Myanmar: Chauk and Yenangyaung IPRCs (Interra 60%)

In Q2 2016, the combined shareable production for both fields was 77,665 barrels of oil, a decrease of 5% over the preceding quarter of 81,945 barrels of oil.

Production and development expenditures for the period were US\$1,250,190 and US\$76,097 respectively.

During Q2 2016, the operator, Goldpetrol Joint Operating Company Inc. (“**Goldpetrol**”) (Interra 60%) did not drill any new wells reflecting the continued effects of the worldwide depressed oil prices. The primary portion of the decline as stated is directly related to the curtailment of drilling activities. Continued production optimization through existing well workovers and new reservoir perforations, combined with facilities enhancements and scheduled maintenance have helped to stabilize the production decline. Due to these non-drilling activities, the daily production rate over the last two months of Q2 2016 has actually been comparable.



Goldpetrol has identified several new drilling locations which meet the necessary parameters with respect to the new and challenging economic environment. Two of these have received government approval and drilling plans have commenced. Technical reservoir studies by an external research centre aimed at identifying additional opportunities with respect to increasing production in existing wells and new well delineations were ongoing.


Indonesia: Tanjung Miring Timur TAC (Interra 100%)

In Q2 2016, shareable production was 43,850 barrels of oil, a decrease of 7% as compared to the previous quarter of 46,943 barrels of oil.

Production and development expenditures for the period were US\$640,418 and nil respectively.

In Q2 2016, cost reductions with respect to operations and production facilities continued at the TMT field. In addition, work on existing wells aimed and arresting field production decline was ongoing. These included workovers, surface and borehole improvements combined with scheduled maintenance. The low oil price and subsequent industry economic conditions warranted the continued suspension of drilling activities which has directly resulted in the reduction of field production.



Reservoir studies continued incorporating seismic, geology and reservoir engineering data with the objective of gaining a more complete understanding of the producing reservoirs with the purpose of identifying new casing perforation candidates and delineate optimum future drilling locations.

Indonesia: Linda Sele TAC (Interra 58.38%)

In Q2 2016, shareable production was 9,000 barrels of oil, a decrease of 3% as compared to the previous quarter of 9,232 barrels of oil. There were three uplifting of approximately 8,661 barrels of oil during the quarter.

Production and development expenditures for the period were US\$359,343 and nil respectively.

Production optimisation and scheduled maintenance continued during Q2 2016 with goal of sustaining current production levels. The minor decrease in production seen in Q2 2016 compared to the previous quarter is significantly less than what would be expected from natural field production decline. Geological, geophysical and reservoir reviews were undertaken with the goal of evaluating potential workovers or new perforations in existing wells and, pending future economic conditions, possible optimal future drilling locations. No new wells were drilled in the Linda Sele TAC during Q2 2016.





Exploration Activities

Indonesia: Kuala Pambuang PSC (Interra 67.5%)

Geological, geophysical and reservoir work has been completed required to generate an integrated sub-surface geologic model and subsequently to delineate multiple drillable exploration prospects. In addition to the technical work, internal assessments of prospective resources as well as drilling logistics and costs have been completed.

Exploration costs for the period was US\$10,833.



Granite Mining Activities

Indonesia: Bukit Piatu Quarry (Interra 53.76%)

The gross granite production at the quarry in Q2 2016 was 144,239 tonnes, a slight increase of 1% over the preceding quarter of 143,047 tonnes.

Production and development expenditures for the period were US\$1,015,167 and nil respectively.