

12 May 2017

Dear Shareholders,

**UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2017**

**Highlights in Q1 2017**

- Revenue from continuing operations for the quarter was US\$3.26 million, 18% lower than the previous quarter. The decrease was due mainly to lower sales of shareable oil of 79,868 barrels during the quarter as compared to the previous quarter of 110,287 barrels, although weighted average transacted oil prices of US\$51.18 per barrel were higher as compared to the previous quarter of US\$46.42 per barrel.
- Shareable oil production for the quarter decreased to 80,115 barrels from 108,980 barrels in the previous quarter.
- Total profit after tax for the quarter was US\$0.42 million, as compared to total loss after tax of US\$6.54 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\$1.48 million.
- Net cash inflow for the quarter was US\$0.59 million, due mainly to net cash provided by operating activities of US\$1.08 million and net cash used in investing and financing activities of US\$0.23 million and US\$0.26 million respectively.
- Cash and cash equivalents (excluding restricted cash and deposits pledged) were US\$10.47 million as at 31 March 2017.

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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Group	Note	Q1 2017 US\$'000	Q1 2016 US\$'000	Change %
<b>Continuing operations</b>				
Revenue	A1	3,257	3,101	↑ 5
Cost of production	A2	(1,542)	(2,485)	↓ 38
<b>Gross profit</b>		<b>1,715</b>	<b>616</b>	<b>↑ 178</b>
Other income, net	A3	123	70	↑ 76
Administrative expenses		(1,098)	(1,241)	↓ 12
Finance expenses		(30)	(15)	↑ 100
Other expenses	A4	(15)	(15)	NM
Share of losses of associated companies		(1)	-	NM
<b>Profit/(Loss) before income tax</b>		<b>694</b>	<b>(585)</b>	<b>↑ 219</b>
Income tax expense	A6	(214)	(208)	↑ 3
<b>Profit/(Loss) from continuing operations for the financial period</b>		<b>480</b>	<b>(793)</b>	<b>↑ 161</b>
<b>Discontinued operations</b>				
<b>Loss from discontinued operations for the financial period</b>	A7	<b>(62)</b>	<b>(207)</b>	<b>↓ 70</b>
<b>Total profit/(loss)</b>		<b>418</b>	<b>(1,000)</b>	<b>↑ 142</b>
<b>Attributable to:</b>				
Equity holders of the company		503	(634)	
Non-controlling interests		(85)	(366)	
		<b>418</b>	<b>(1,000)</b>	
<b>Profit/(Loss) attributable to equity holders of the Company relates to:</b>				
Profit/(Loss) from continuing operations		533	(523)	
Loss from discontinued operations		(30)	(111)	
		<b>503</b>	<b>(634)</b>	
<b>Earnings/(Losses) per share for continuing and discontinued operations attributable to equity holders of the Company</b>				
<b>Basic earnings/(losses) per share (US cents)</b>				
- From continuing operations		0.105	(0.103)	
- From discontinued operations		(0.006)	(0.022)	
<b>Diluted earnings/(losses) per share (US cents)</b>				
- From continuing operations		0.105	(0.103)	
- From discontinued operations		(0.006)	(0.022)	
<b>Total profit/(loss) for the financial period</b>		<b>418</b>	<b>(1,000)</b>	<b>↑ 142</b>
<b>Other comprehensive income, net of tax</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Currency translation differences arising from consolidation - gains		103	258	↓ 60
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
Defined benefit obligation re-measurements		(4)	-	NM
<b>Total comprehensive profit/(loss) for the financial period</b>		<b>517</b>	<b>(742)</b>	<b>↑ 170</b>
<b>Attributable to:</b>				
Equity holders of the Company		545	(527)	
Non-controlling interests		(28)	(215)	
		<b>517</b>	<b>(742)</b>	

↑ denotes increase  
↓ denotes decrease  
NM denotes not meaningful

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

Group		Q1 2017	Q1 2016
		barrels	barrels
Group's share of shareable oil production		80,115	138,120
Group's sales of shareable oil		79,868	139,127
Group		Q1 2017	Q1 2016
		US\$'000	US\$'000
<b>A1</b>	<b>Revenue</b>		
	Sale of oil and petroleum products	3,257	3,101
<b>A2</b>	<b>Cost of production</b>		
	Production expenses	1,497	2,465
	Amortisation of producing oil and gas properties	45	20
		<b>1,542</b>	<b>2,485</b>
<b>A3</b>	<b>Other income, net</b>		
	Interest income	65	75
	Petroleum services fees	38	70
	Management fees	8	26
	Currency translation gain/(loss), net	9	(84)
	Other income/(loss)	3	(17)
		<b>123</b>	<b>70</b>
<b>A4</b>	<b>Other expenses</b>		
	Depreciation of property, plant and equipment	10	12
	Amortisation of producing oil and gas properties	5	3
		<b>15</b>	<b>15</b>
<b>A6</b>	<b>Income tax expense</b>		
	Current income tax	235	208
	Deferred income tax	(21)	-
		<b>214</b>	<b>208</b>
<b>A7</b>	<b>Loss from discontinued operations for the financial period</b>		
	Revenue	440	530
	Expenses	(453)	(539)
	Loss before income tax from discontinued operations	(13)	(9)
	Income tax expense	(16)	(12)
	Loss after income tax from discontinued operations	(29)	(21)
	Pre-tax loss recognised on the measurement to fair values		
	less cost to sell on disposal group	(41)	(232)
	Income tax credit	8	46
	Loss after tax recognised on the measurement to fair value		
	less cost to sell on disposal group	(33)	(186)
	<b>Total loss from discontinued operations</b>	<b>(62)</b>	<b>(207)</b>

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

	Note	Group		Company	
		31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16
		US\$'000	US\$'000	US\$'000	US\$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment		85	92	10	12
Producing oil and gas properties	B1	321	206	-	-
Mining properties	B2	-	-	-	-
Exploration and evaluation costs	B3	10,594	10,584	-	-
Intangible assets	B4	-	-	-	-
Investments in subsidiary corporations		-	-	30,948	31,100
Investments in associated companies	B5	1,160	1,091	-	-
Other receivables	B6	2,487	2,430	-	-
Restricted cash*		237	225	-	-
Investment properties	B7	155	153	-	-
		<b>15,039</b>	<b>14,781</b>	<b>30,958</b>	<b>31,112</b>
<b>Current assets</b>					
Inventories	B8	5,042	4,880	-	-
Trade and other receivables	B6	14,065	13,379	45	49
Other current assets		302	377	125	61
Restricted cash*		2,223	2,221	-	-
Cash and cash equivalents	B9	12,466	11,865	2,333	2,610
		<b>34,098</b>	<b>32,722</b>	<b>2,503</b>	<b>2,720</b>
Assets of disposal group classified as held-for-sale	B10	4,569	4,599	-	-
		<b>38,667</b>	<b>37,321</b>	<b>2,503</b>	<b>2,720</b>
<b>Total assets</b>		<b>53,706</b>	<b>52,102</b>	<b>33,461</b>	<b>33,832</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share capital		69,258	69,258	69,258	69,258
Accumulated losses		(28,975)	(29,369)	(39,160)	(39,315)
Other reserves		(18,710)	(18,397)	-	357
<b>Equity attributable to owners of the Company</b>		<b>21,573</b>	<b>21,492</b>	<b>30,098</b>	<b>30,300</b>
Non-controlling interests		5,597	3,846	-	-
<b>Total equity</b>		<b>27,170</b>	<b>25,338</b>	<b>30,098</b>	<b>30,300</b>
<b>Non-current liabilities</b>					
Retirement benefit obligations		18	8	-	-
Provision for environmental and restoration costs		1,612	1,565	-	-
Deferred income tax liabilities		29	44	-	-
		<b>1,659</b>	<b>1,617</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Trade and other payables	B11	9,157	9,499	363	532
Borrowings		3,750	3,739	3,000	3,000
Provision for environmental and restoration costs		3,300	3,300	-	-
Current income tax liabilities		7,337	7,327	-	-
		<b>23,544</b>	<b>23,865</b>	<b>3,363</b>	<b>3,532</b>
Liabilities directly associated with disposal group classified as held-for-sale	B10	1,333	1,282	-	-
		<b>24,877</b>	<b>25,147</b>	<b>3,363</b>	<b>3,532</b>
<b>Total liabilities</b>		<b>26,536</b>	<b>26,764</b>	<b>3,363</b>	<b>3,532</b>
<b>Total equity and liabilities</b>		<b>53,706</b>	<b>52,102</b>	<b>33,461</b>	<b>33,832</b>

\* Fund intended for environmental and restoration costs.

Group		31-Mar-17 US\$'000	31-Dec-16 US\$'000
<b>B1</b>	<b><u>Producing oil and gas properties</u></b>		
	Development tangible assets	321	206
<b>B2</b>	<b><u>Mining properties</u></b>		
	Deferred exploration expenditures	318	353
	Development tangible assets	2,371	2,337
		2,689	2,690
	Less: Assets of disposal group classified as held-for-sale	(2,689)	(2,690)
		-	-
<b>B3</b>	<b><u>Exploration and evaluation costs</u></b>		
	Exploration and evaluation assets	9,159	9,149
	Participating rights of exploration asset	1,435	1,435
		<b>10,594</b>	<b>10,584</b>
<b>B4</b>	<b><u>Intangible assets</u></b>		
	Non-contractual customer relationships	413	413
	Less: Assets of disposal group classified as held-for-sale	(413)	(413)
		-	-
<b>B5</b>	<b><u>Investments in associated companies</u></b>		
	Equity investment at costs	8,358	8,358
	Share of losses in associated companies	(7,383)	(7,381)
	Share of other comprehensive income in associated companies	8	8
	Loan to associated companies (non-trade)	177	106
		<b>1,160</b>	<b>1,091</b>
<b>B6</b>	<b><u>Trade and other receivables</u></b>		
	<b>Non-current</b>		
	Other receivables - loan to non-related parties	2,487	2,430
	<b>Current</b>		
	Trade receivables - non-related parties	4,030	5,039
	Other receivables - loan to non-related parties	8,856	7,195
	Other receivables - non-related parties	1,179	1,145
		14,065	13,379
		<b>16,552</b>	<b>15,809</b>

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

Group		31-Mar-17 US\$'000	31-Dec-16 US\$'000
<b>B7</b>	<b><u>Investment properties</u></b>		
	Land and Building in Pacet	143	141
	Shophouse at Pasar Kemis, Tangerang	-	-
	Kiosk at ITC Kuningan	12	12
		<b>155</b>	<b>153</b>
<b>B8</b>	<b><u>Inventories</u></b>		
	Consumable inventories	3,994	4,103
	Mining sparts parts and others	481	538
	Granite rocks	932	672
	Crude oil inventory#	116	105
		5,523	5,418
	Less: Assets of disposal group classified as held-for-sale	(481)	(538)
		<b>5,042</b>	<b>4,880</b>
<b>B9</b>	<b><u>Cash and cash equivalents</u></b>		
	Cash at bank and on hand	2,896	2,997
	Short-term fixed deposits	9,570	8,868
	<b>Cash and bank balances</b>	<b>12,466</b>	<b>11,865</b>
	Less: Bank deposits pledged	(2,000)	(2,000)
	<b>Cash and cash equivalents per statement of cash flows</b>	<b>10,466</b>	<b>9,865</b>
<b>B10</b>	<b><u>Disposal group classified as held-for-sale</u></b>		
	Property, plant and equipment	41	40
	Mining properties (tangible assets)	2,371	2,337
	Mining properties (intangible assets)	318	353
	Intangible assets	413	413
	Restricted cash	945	918
	Inventories	481	538
	<b>Assets of disposal group</b>	<b>4,569</b>	<b>4,599</b>
	Retirement benefit obligations	(182)	(158)
	Provision for environmental and restoration costs	(945)	(918)
	Deferred income tax liabilities	(206)	(206)
	<b>Liabilities directly associated with disposal group</b>	<b>(1,333)</b>	<b>(1,282)</b>
		<b>3,236</b>	<b>3,317</b>
<b>B11</b>	<b><u>Trade and other payables</u></b>		
	Trade payables - non-related parties	1,346	1,536
	Other payables - non-related parties	6,943	7,151
	Accruals	868	812
		<b>9,157</b>	<b>9,499</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 Mar 2017 and 31 Dec 2016.

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

Group	31-Mar-17		31-Dec-16	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand - Bank loan *	3,750	-	3,739	-
Amount repayable after one year	-	-	-	-

\* (i) The secured bank loan of US\$0.75 mil 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 secured bank loan of US\$3.00 mil represents a bank loan from United Overseas Bank Limited ("UOB") to finance the Company's working capital. The interest rate is charged at 4.08% per annum for a tenor period of 2 months. The fixed deposit of US\$2.00 mil is placed with UOB to secure the bank loan and restrict to withdraw until the bank loan have been fully discharged.



## 1(c) STATEMENT OF CASH FLOWS

Group	Note	Q1 2017 US\$'000	Q1 2016 US\$'000
<b>Cash Flows from Operating Activities</b>			
Total profit/(loss)		418	(1,000)
<b>Adjustments for non-cash items:</b>			
Income tax expense		222	174
Share of losses of associated companies		1	-
Depreciation of property, plant and equipment		10	12
Amortisation of producing oil and gas properties		50	23
Interest income		(65)	(75)
Loss on measurement to fair value on disposal group		41	232
Defined benefit obligation re-measurements		(4)	-
Unwinding of discount on provision of site restoration		36	100
Interest expenses		30	15
Unrealised currency translation gain		(89)	(142)
<b>Operating profit/(loss) before working capital changes</b>		<b>650</b>	<b>(661)</b>
<b>Changes in working capital</b>			
Inventories		(105)	(454)
Trade and other receivables and other current assets		1,063	2,445
Trade and other payables		(299)	(697)
Restricted cash		(2)	(2)
<b>Cash generated from operations</b>		<b>1,307</b>	<b>631</b>
Income tax paid		(224)	(153)
<b>Net cash provided by operating activities</b>		<b>1,083</b>	<b>478</b>
<b>Cash Flows from Investing Activities</b>			
Interest received		16	161
Loans to an associated company		(70)	-
Additions to property, plant and equipment		(2)	-
Additions to producing oil and gas properties		(164)	-
Additions to exploration and evaluation assets		(10)	(78)
<b>Net cash (used in)/provided by investing activities</b>		<b>(230)</b>	<b>83</b>
<b>Cash Flows from Financing Activities</b>			
Interest paid		(16)	(20)
Proceeds received from dilution of interests in a subsidiary without loss of control		1,299	-
Loan to non-related parties		(1,544)	(257)
<b>Net cash used in financing activities</b>		<b>(261)</b>	<b>(277)</b>
<b>Net increase in cash and cash equivalents</b>		<b>592</b>	<b>284</b>
Cash and cash equivalents at beginning of financial period		9,865	17,828
Effects of currency translation on cash and cash equivalents		9	142
<b>Cash and cash equivalents at end of financial period</b>	<b>B9</b>	<b>10,466</b>	<b>18,254</b>

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

Group	Share Capital US\$'000	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
<b>Balance as at 1 Jan 2017</b>	69,258	(2,209)	(16,545)	357	(29,369)	21,492	3,846	25,338
Employee share option - share option lapsed	-	-	-	(357)	357	-	-	-
Dilution of interests in a subsidiary without loss of control	-	-	-	-	(464)	(464)	1,763	1,299
Additional increase of non-controlling interests	-	-	-	-	-	-	16	16
Total transactions with owners, recognised directly in equity	69,258	(2,209)	(16,545)	-	(29,476)	21,028	5,625	26,653
Profit/(Loss) for Q1 2017	-	-	-	-	503	503	(85)	418
Other comprehensive income	-	-	-	-	-	-	-	-
Foreign currency translation differences	-	44	-	-	-	44	59	103
Defined benefit obligation re-measurements	-	-	-	-	(2)	(2)	(2)	(4)
Total comprehensive income/(loss) for Q1 2017	-	44	-	-	501	545	(28)	517
<b>Balance as at 31 Mar 2017</b>	<b>69,258</b>	<b>(2,165)</b>	<b>(16,545)</b>	<b>-</b>	<b>(28,975)</b>	<b>21,573</b>	<b>5,597</b>	<b>27,170</b>

Group	Share Capital US\$'000	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
<b>Balance as at 1 Jan 2016</b>	69,258	(2,409)	(16,545)	357	(21,271)	29,390	3,961	33,351
Additional increase of non-controlling interests	-	-	-	-	-	-	241	241
Total transactions with owners, recognised directly in equity	69,258	(2,409)	(16,545)	357	(21,271)	29,390	4,202	33,592
Loss for Q1 2016	-	-	-	-	(634)	(634)	(366)	(1,000)
Other comprehensive income	-	-	-	-	-	-	-	-
Foreign currency translation differences	-	107	-	-	-	107	151	258
Total comprehensive loss for Q1 2016	-	107	-	-	(634)	(527)	(215)	(742)
<b>Balance as at 31 Mar 2016</b>	<b>69,258</b>	<b>(2,302)</b>	<b>(16,545)</b>	<b>357</b>	<b>(21,905)</b>	<b>28,863</b>	<b>3,987</b>	<b>32,850</b>

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
<b>Balance as at 1 Jan 2017</b>	69,258	357	(39,315)	30,300
Employee share option - share option lapsed	-	(357)	357	-
Total comprehensive loss for Q1 2017	-	-	(202)	(202)
<b>Balance as at 31 Mar 2017</b>	<b>69,258</b>	<b>-</b>	<b>(39,160)</b>	<b>30,098</b>
<b>Balance as at 1 Jan 2016</b>	69,258	357	(34,385)	35,230
Total comprehensive loss for Q1 2016	-	-	(300)	(300)
<b>Balance as at 31 Mar 2016</b>	<b>69,258</b>	<b>357</b>	<b>(34,685)</b>	<b>34,930</b>

1(d)(ii) SHARE CAPITAL

No new ordinary shares were issued in Q1 2017.

The number of ordinary shares comprised in the options granted and outstanding under the Interra Share Option Plan as at 31 Mar 2017 was nil (31 Dec 2016: 7,110,000).

The Company does not hold any treasury shares.

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

Group and Company	31 Mar 2017	31 Dec 2016
<u>Issued and fully paid</u> Opening and 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 2016.

**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 2017.

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

- Amendments to FRS 7 - Disclosure Initiative
- Amendments to FRS 12 - Recognition of Deferred Tax Assets for Unrealised Losses
- FRS 109 - Financial Instruments
- FRS 115 - Revenue from Contracts with Customers
- Amendments to FRS 40 - Transfer of Investment Property
- Amendments to FRS 102 - Classification and Measurement of Share-based Payment Transactions
- Improvements to FRSs (Dec 2016)
  - Amendments to FRS 28 - Investments in Associates and Joint Ventures
  - Amendments to FRS 101 - First-Time Adoption of Financial Reporting Standards
  - Amendments to FRS 112 - Disclosure of Interests in Other Entities
- FRS 116 - Leases

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 2017	Q1 2016
<b>Basic earnings/(losses) per ordinary share (US cents)</b>		
- From continuing operations	0.105	(0.103)
- From discontinued operations	(0.006)	(0.022)
Weighted average number of ordinary shares for the computing basic earnings/(losses) per share	506,446,757	506,446,757
<b>Fully diluted earnings/(losses) per ordinary share (US cents)</b>		
- From continuing operations	0.105	(0.103)
- From discontinued operations	(0.006)	(0.022)
Weighted average number of ordinary shares for the computing fully diluted earnings/(losses) per share	506,446,757	513,556,757

No new ordinary shares were issued in Q1 2017.

On 20 Jan 2017, all the outstanding share options of 7,110,000 had lapsed and became null and void.

For the purpose of computing basic and fully diluted earnings/(losses) per share, the relevant periods are from 1 Jan 2017 to 31 Mar 2017 and 1 Jan 2016 to 31 Mar 2016 respectively.

7 NET ASSET VALUE PER SHARE

	Group		Company	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares) (US cents)	4.260	4.244	5.943	5.983
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 increased by 5% to US\$3.26 mil in Q1 2017 from US\$3.10 mil in Q1 2016. This was largely due to higher weighted average transacted oil prices in Q1 2017 of US\$51.18 per barrel (Q1 2016: US\$29.01 per barrel) although sales of shareable oil of 79,868 barrels in Q1 2017 (Q1 2016: 139,127 barrels) were lower.

The Group's shareable oil production decreased by 42% to 80,115 barrels in Q1 2017 from 138,120 barrels in Q1 2016. The decrease was mainly due to no contribution from TMT TAC after the expiry of the contract in Dec 2016 (Q1 2016: 46,943 barrels) and lower shareable production from Myanmar of 70,096 barrels in Q1 2017 (Q1 2016: 81,945 barrels). This was offset by a slight increase of shareable production from LS TAC of 10,019 barrels in Q1 2017 (Q1 2016: 9,232 barrels).

**Cost of Production**

The decrease in cost of production to US\$1.54 mil in Q1 2017 from US\$2.49 mil in Q1 2016 was largely attributable to lower production expenses of US\$0.97 mil in Q1 2017, in line with the decrease of shareable production. Production expenses from TMT TAC operation decreased by US\$0.99 mil in Q1 2017, due to expiry of TMT TAC in Dec 2016. Myanmar operations incurred higher production expenses of US\$0.11 mil due to higher royalty paid in line with higher revenue. LS TAC operations incurred lower production expenses of US\$0.09 mil due to cost-cutting measures.

**Net Profit After Tax**

The Group posted a total profit after tax of US\$0.42 mil in Q1 2017 as compared to a total loss of US\$1.00 mil in Q1 2016. The increase was mainly due after taking the following into consideration:

- (1) Higher revenue of US\$3.26 mil in Q1 2017 (Q1 2016: US\$3.10 mil) due to higher oil prices although sales of shareable oil were lower.
- (2) Lower cost of production of US\$1.54 mil in Q1 2017 (Q1 2016: US\$2.49 mil), due to lower production expenses offset against higher amortisation charges of producing oil and gas properties.
- (3) Higher other income of US\$0.12 mil in Q1 2017 (Q1 2016: US\$0.07 mil), due to foreign exchange gain in Q1 2017 as compared to foreign exchange loss in Q1 2016.
- (4) Lower administrative expenses of US\$1.10 mil in Q1 2017 (Q1 2016: US\$1.24 mil), mainly due to expiry of TMT TAC operations, resulted in lower expenses in Q1 2017 by US\$0.10 mil.
- (5) Current income tax expenses of US\$0.21 mil are in line with the taxable income (Q1 2016: US\$0.21 mil).
- (6) Loss from discontinued operations of US\$0.06 mil in Q1 2017 (Q1 2016: US\$0.21 mil). To-date, the disposal of granite operations is still pending completion.

**(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 increased by US\$0.11 mil to US\$0.32 mil in Q1 2017 from US\$0.21 mil in FY 2016, due to amortisation charges of US\$0.05 mil and offset by capitalised drilling expenditure of US\$0.16 mil.

Exploration and evaluation costs increased to US\$10.59 mil in Q1 2017 from US\$10.58 mil in FY 2016 mainly due to capitalisation of 2D seismic costs for KP PSC.

Investments in associated companies increased by US\$0.07 mil to US\$1.16 mil in Q1 2017 from US\$1.09 mil in FY2016. This was mainly due to loan to associated companies in Q1 2017 to finance the operation activities.

Inventories increased by US\$0.16 mil to US\$5.04 mil in Q1 2017 from US\$4.88 mil in FY 2016. This was mainly due to the higher granite rocks on hand by US\$0.26 mil in Q1 2017 as compared in FY 2016.

Trade and other receivables (current and non-current) increased by US\$0.74 mil to US\$16.55 mil in Q1 2017 from US\$15.81 mil in FY 2016. This was mainly due to loan to a non-related party (current) increased to US\$8.86 mil in Q1 2017 from US\$7.20 mil in FY 2016. The loan was between MITI with PT Pratama Media Abadi as per the loan agreement valid till 27 Aug 2017. The loan was unsecured and interest-free.

Trade and other payables decreased by US\$0.34 mil to US\$9.16 mil in Q1 2017 from US\$9.50 mil in FY 2016. This was mainly due to settlement of vendors of US\$0.23 mil for TMT TAC operations.

**Statement of Cash Flows**

Cash and cash equivalents showed a net increase of US\$0.59 mil in Q1 2017 due to the following:

- (1) Net cash provided by operating activities of US\$1.08 mil was mainly due to cash generated from oil and gas operations of US\$1.90 mil offset against the settlement of exploration and evaluation costs and corporate expenses.
- (2) Net cash used in investing activities of US\$0.23 mil was mainly capital expenditure incurred at the Myanmar operations of US\$0.16 mil.
- (3) Net cash used in financing activities of US\$0.26 mil was mainly due to loan to non-related parties of US\$1.54 mil offset by the proceeds received from dilution of interests in a subsidiary corporation without loss of control of US\$1.30 mil.

8(ii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia		Myanmar		Consolidated	
	Oil and Gas		Oil and Gas			
	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2017	Q1 2016
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Results</b>						
<b>EBITDA</b>	127	(335)	1,352	569	1,479	234
<b>EBIT</b>	82	(358)	1,347	569	1,429	211
<b>Sales to external customers</b>	636	1,350	2,621	1,751	3,257	3,101
<b>Segment results</b>	77	(292)	1,347	569	1,424	277
Unallocated corporate net operating results					(730)	(862)
<b>Profit/(Loss) before income tax</b>					694	(585)
Income tax expense					(214)	(208)
<b>Net profit/(loss) from continuing operations</b>					480	(793)
<b>Loss from discontinued operations for the financial period</b>					(62)	(207)
<b>Total profit/(loss)</b>					418	(1,000)

**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**

Shareable production at Linda Sele TAC ("LS TAC") increased by 10% to 10,019 barrels in Q1 2017 from 9,082 barrels in Q4 2016. Uplifting of oil at LS TAC has been regular this quarter.

Myanmar shareable production decreased by 5%, from 73,840 barrels in Q4 2016 to 70,096 barrels in Q1 2017. The Company has been negotiating with the local authority to seek an extension to the existing contracts, which expired in early Apr 2017. The supplemental agreements for the extension will be signed once approval has been granted. Operations at both fields continue pending the approval.

For Kuala Pambuang Production Sharing Contract, the initial 3 year exploration programme has been completed. The preparations for the drilling of an exploration well are underway. No significant contribution is expected from this field in the near term.

Due to the low oil prices during the year, the Group has adopted an extremely cautious approach with its capital and operating expenditures. In the case of Myanmar assets, all significant capital expenditures have been suspended pending the approval from higher authority for the contract extension. Despite the low oil price in the first quarter of 2017, which resulted in lower revenue, the Company has managed to maintain a reasonable level of cashflow during the year. Nevertheless barring any sudden decline in oil price in 2017 or change of events, the Group has sufficient cash on hand to meet its existing work commitments for the year. 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 31 Mar 2017 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 7.7).

By Order of the Board of Directors of  
INTERRA RESOURCES LIMITED  
Marcel Tjia  
Chief Executive Officer  
12-May-17

## 16 ABBREVIATIONS

Q1 2016	denotes	First calendar quarter of the year 2016
Q1 2017	denotes	First calendar quarter of the year 2017
Q4 2016	denotes	Fourth calendar quarter of the year 2016
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

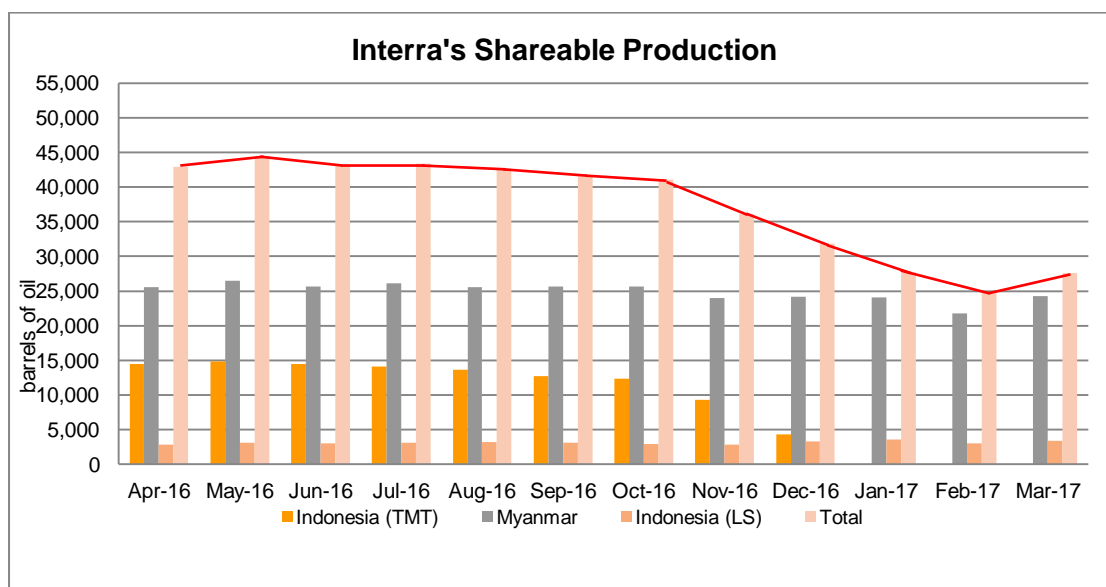
This release may contain forward-looking statements that are not statements of historical facts, and are subject to risk factors associated with the upstream petroleum and mining businesses. Actual future results, performance and outcomes may differ materially from those anticipated, expressed or implied 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 May 2017

## PRODUCTION, DEVELOPMENT & EXPLORATION ACTIVITIES FOR THE QUARTER ENDED 31 MARCH 2017 (“Q1 2017”)

### Production Profile

(Barrels)	Myanmar		Indonesia (TMT)		Indonesia (LS)	
	Q4 2016	Q1 2017	Q4 2016	Q1 2017	Q4 2016	Q1 2017
Shareable production	123,066	116,826	26,058	-	15,556	18,057
Interra’s share of shareable production	73,840	70,096	26,058	-	9,082	10,019



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.

### Reserves and Resources

As at the date hereof, there is no update to the reserves or resources.



**Development and Production Activities**

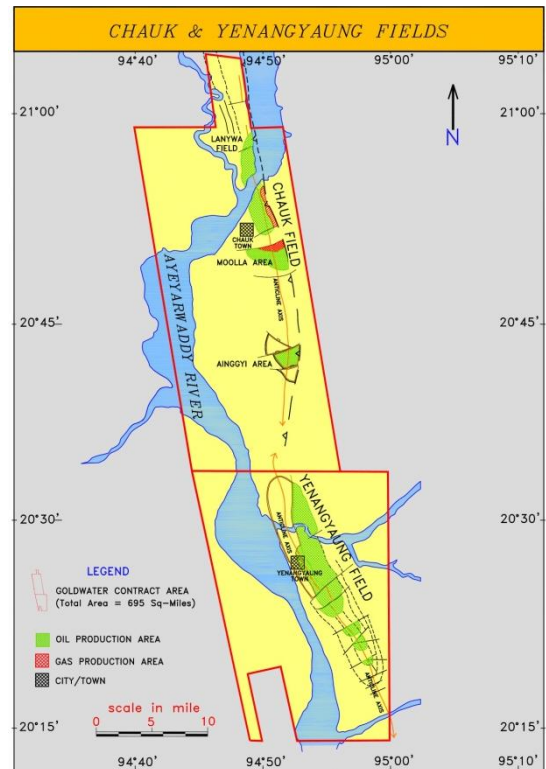
**Myanmar: Chauk and Yenangyaung IPRCs (Interra 60%)**

In Q1 2017, the combined shareable production for both fields was 70,096 barrels of oil, a decrease of 5% over the preceding quarter of 73,840 barrels of oil.

Production and development expenditures for the period were US\$1,129,491 and US\$164,351 respectively.

During Q1 2017, the operator, Goldpetrol Joint Operating Company Inc. (“**Goldpetrol**”) (Interra 60%) continued with efforts to optimise production via surface and borehole enhancements combined with scheduled maintenance with the objective of reducing production declines in existing wells. Goldpetrol drilled and completed one intermediate depth development well in Q1 2017 as an oil producer in Chauk field.

Advanced field studies continued by an external research centre as well as Goldpetrol technical staff and are aimed at the feasibility and effectiveness of accomplishing certain future development activities. These have included studies of the petroleum reservoirs, increasing production in existing wells, infrastructure improvements and other field enhancements that may optimize production.





**Indonesia: Linda Sele TAC (Interra 53.99%)**

In Q1 2017, shareable production was 10,019 barrels of oil, an increase of 10% as compared to the previous quarter of 9,082 barrels of oil. There were three upliftings of approximately 9,772 barrels of oil during the quarter.

Production and development expenditures for the period were US\$301,092 and nil respectively.

Geological, geophysical and reservoir studies continued with respect to evaluating future potential for new development wells, new perforations in existing wells, etc. pending favourable future economic conditions. No new wells were drilled in Q1 2017. Field operations with respect to production optimisation and scheduled maintenance aimed at maximizing efficient production continued and the positive effects can be seen as noted above by the production increases.



**Exploration Activities**

**Indonesia: Kuala Pambuang PSC (Interra 67.5%)**

Interra has delineated several very high quality drillable exploration prospects based on a comprehensive sub-surface model generated from the integration of geologic, geophysical and reservoir data. These have been interpreted as areas of Berai formation carbonate reefs anchored on an extensive carbonate platform.

Exploration costs for the period were US\$10,446.



**Granite Mining Activities**

**Indonesia: Bukit Piatu Quarry (Interra 48.87%)**

The gross granite production at the quarry in Q1 2017 was 146,001 tonnes, a decrease of 31% over the preceding quarter of 210,723 tonnes.

Production and development expenditures for the period were US\$381,497 and nil respectively.