

14 May 2018

Dear Shareholders,

UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2018

Highlights in Q1 2018

- Revenue from continuing operations for the quarter was US\$2.94 million, 5% lower than the previous quarter. The decrease was due mainly to lower sales of shareable oil of 55,592 barrels as compared to the previous quarter of 61,609 barrels despite the higher weighted average transacted oil prices of US\$63.12 per barrel as compared to the previous quarter of US\$57.83 per barrel.
- Shareable oil production for the quarter decreased to 57,315 barrels from 60,464 barrels in the previous quarter.
- Total loss after income tax for the quarter was US\$0.65 million, as compared to total profit after income tax in previous quarter of US\$0.44 million.
- 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\$0.58 million.
- Net cash inflow for the quarter was US\$0.01 million, due mainly to net cash provided by operating activities and financing activities of US\$0.33 million and US\$3.35 million respectively, offset by net cash used in investing activities of US\$3.67 million.
- Cash and cash equivalents (excluding restricted cash and deposits pledged) were US\$9.20 million as at 31 March 2018.

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 31 MARCH 2018****TABLE OF CONTENTS**

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1(a)(i) PROFIT OR LOSS

Group	Note	Q1 2018 US\$'000	Q1 2017 US\$'000	Change %
Continuing operations				
Revenue	A1	2,937	3,257	↓ 10
Cost of production	A2	(2,157)	(1,542)	↑ 40
Gross profit		780	1,715	↓ 55
Other income, net	A3	394	123	↑ 220
Administrative expenses		(1,436)	(1,098)	↑ 31
Finance expenses		(35)	(30)	↑ 17
Other expenses	A4	(6)	(15)	↓ 60
Share of losses of associated companies		(140)	(1)	NM
(Loss)/Profit before income tax		(443)	694	↑ 164
Income tax expense	A5	(155)	(214)	↓ 28
(Loss)/Profit from continuing operations for the financial period		(598)	480	↓ 225
Discontinued operations				
Loss from discontinued operations for the financial period	A6	(54)	(62)	↑ 13
Total (loss)/profit		(652)	418	↓ 256
Attributable to:				
Equity holders of the Company		(564)	503	
Non-controlling interests		(88)	(85)	
		(652)	418	
Profit/(Loss) attributable to equity holders of the Company relates to:				
(Loss)/Profit from continuing operations		(538)	533	
Loss from discontinued operations		(26)	(30)	
		(564)	503	
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		(0.096)	0.105	
- From discontinued operations		(0.005)	(0.006)	
Diluted earnings/(losses) per share (US cents)				
- From continuing operations		(0.096)	0.105	
- From discontinued operations		(0.005)	(0.006)	

1(a)(i)

STATEMENT OF COMPREHENSIVE INCOME

Group	Note	Q1 2018 US\$'000	Q1 2017 US\$'000	Change %
Total (loss)/profit for the financial period		(652)	418	↓ 256
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Share of currency translation losses of associated companies		(13)	-	NM
Currency translation (losses)/gains arising consolidation		(178)	103	↓ 273
Items that will not be reclassified subsequently to profit or loss:				
Share of defined benefit obligation re-measurements of associated companies		(1)	-	NM
Defined benefit obligation re-measurements		(45)	(4)	NM
Total comprehensive (loss)/income for the financial period		(889)	517	↓ 272
Attributable to:				
Equity holders of the Company		(680)	545	
Non-controlling interests		(209)	(28)	
		(889)	517	

↑ denotes increase

↓ denotes decrease

NM denotes not meaningful

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

Group		Q1 2018 barrels	Q1 2017 barrels
Group's share of shareable oil production		57,315	80,115
Group's sales of shareable oil		55,592	79,868
Group		Q1 2018 US\$'000	Q1 2017 US\$'000
A1	<u>Revenue</u>		
	Sale of oil and petroleum products	2,937	3,257
A2	<u>Cost of production</u>		
	Production expenses	1,987	1,497
	Amortisation of producing oil and gas properties	84	45
	Amortisation of intangible assets	86	-
		2,157	1,542
A3	<u>Other income, net</u>		
	Interest income	111	65
	Petroleum services fees	84	38
	Management fees	6	8
	Currency translation (loss)/gain, net	(23)	9
	Other (loss)/income	(1)	3
	Gain on disposal of granite operations	217	-
		394	123
A4	<u>Other expenses</u>		
	Depreciation of property, plant and equipment	6	10
	Amortisation of producing oil and gas properties	-	5
		6	15
A5	<u>Income tax expense</u>		
	Current income tax	155	235
	Deferred income tax	-	(21)
		155	214
A6	<u>Loss from discontinued operations</u>		
	Revenue	1,599	440
	Expenses	(1,653)	(453)
	Loss before income tax from discontinued operations	(54)	(13)
	Income tax expense	-	(16)
	Loss after income tax from discontinued operations	(54)	(29)
	Pre-tax loss recognised on the measurement to fair values less cost to sell on disposal group	-	(41)
	Income tax expense	-	8
	Loss after tax recognised on the measurement to fair value less cost to sell on disposal group	-	(33)
	Total loss from discontinued operations	(54)	(62)

1(b)(i) STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		31-Mar-18	31-Dec-17	31-Mar-18	31-Dec-17
		US\$'000	Restated** US\$'000	US\$'000	US\$'000
Assets					
Non-current assets					
Property, plant and equipment		88	95	28	31
Producing oil and gas properties	B1	3,250	3,152	-	-
Exploration and evaluation costs	B3	10,624	10,616	-	-
Intangible assets	B4	3,391	3,477	-	-
Investments in subsidiary corporations		-	-	28,879	28,976
Investments in associated companies	B5	3,616	3,771	-	-
Other receivables	B6	3,892	3,828	-	-
Restricted cash*		95	139	-	-
Investment properties	B7	232	235	-	-
		25,188	25,313	28,907	29,007
Current assets					
Inventories	B8	4,371	5,202	-	-
Trade and other receivables	B6	6,959	8,295	30	15
Other current assets		346	353	96	77
Restricted cash*		98	99	-	-
Cash and bank balances	B9	11,197	11,192	5,738	2,812
		22,971	25,141	5,864	2,904
Assets of disposal group classified as held-for-sale	B10	-	4,497	-	-
		22,971	29,638	5,864	2,904
Total assets		48,159	54,951	34,771	31,911
Equity and Liabilities					
Equity					
Share capital		72,738	69,258	72,738	69,258
Accumulated losses		(30,965)	(30,378)	(41,497)	(40,897)
Other reserves		(16,529)	(16,504)	91	23
Equity attributable to owners of the Company		25,244	22,376	31,332	28,384
Non-controlling interests		4,510	4,746	-	-
Total equity		29,754	27,122	31,332	28,384
Non-current liabilities					
Retirement benefit obligations		25	20	-	-
Provision for environmental and restoration costs		138	139	-	-
Deferred income tax liabilities		4	4	-	-
		167	163	-	-
Current liabilities					
Trade and other payables	B11	5,295	13,234	439	527
Borrowings		3,726	3,736	3,000	3,000
Provision for environmental and restoration costs		1,580	1,581	-	-
Current income tax liabilities		7,637	7,604	-	-
		18,238	26,155	3,439	3,527
Liabilities directly associated with disposal group classified as held-for-sale	B10	-	1,511	-	-
		18,238	27,666	3,439	3,527
Total liabilities		18,405	27,829	3,439	3,527
Total equity and liabilities		48,159	54,951	34,771	31,911

* Fund intended for environmental and restoration costs.

** Comparative figures have been restated upon adoption of SFRS(I). Refer to Note 4 for details.

Group		31-Mar-18 US\$'000	31-Dec-17 US\$'000
B1	<u>Producing oil and gas properties</u>		
	Development tangible assets	279	203
	Development intangible assets	2,971	2,949
		3,250	3,152
B2	<u>Mining properties</u>		
	Deferred exploration expenditures	-	358
	Development tangible assets	-	2,328
		-	2,686
	Less: Assets of disposal group classified as held-for-sale	-	(2,686)
		-	-
B3	<u>Exploration and evaluation costs</u>		
	Exploration and evaluation assets	9,189	9,181
	Participating rights of exploration assets	1,435	1,435
		10,624	10,616
B4	<u>Intangible assets</u>		
	Non-contractual customer relationships	-	413
	Less: Assets of disposal group classified as held-for-sale	-	(413)
		-	-
	Patent rights	3,367	3,452
	Computer software	24	25
		3,391	3,477
B5	<u>Investments in associated companies</u>		
	Equity investment at costs	11,310	11,310
	Share of losses in associated companies	(7,707)	(7,567)
	Share of other comprehensive income in associated companies	13	28
		3,616	3,771
B6	<u>Trade and other receivables</u>		
	Non-current		
	Loan to non-related parties	2,680	2,631
	Loan to an associated company	1,212	1,197
		3,892	3,828
	Current		
	Trade receivables - non-related parties	2,638	4,209
	Other receivables - non-related parties	362	353
	Loan to non-related parties	1,223	1,240
	Loan to an associated company	2,736	2,493
		6,959	8,295
		10,851	12,123
B7	<u>Investment properties</u>		
	Land and Building in Pacet	220	223
	Kiosk at ITC Kuningan	12	12
		232	235

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

Group	31-Mar-18 US\$'000	31-Dec-17 US\$'000
B8 <u>Inventories</u>		
Consumable inventories	4,131	3,866
Mining sparts parts and others	-	380
Granite inventory	-	1,133
Crude oil inventory#	240	203
	4,371	5,582
Less: Assets of disposal group classified as held-for-sale	-	(380)
	4,371	5,202
B9 <u>Cash and cash equivalents</u>		
Cash at bank and on hand	3,725	3,081
Short-term fixed deposits	7,472	8,111
Cash and bank balances	11,197	11,192
Less: Bank deposits pledged	(2,000)	(2,000)
Cash and cash equivalents per statement of cash flows	9,197	9,192
B10 <u>Disposal group classified as held-for-sale</u>		
Property, plant and equipment	-	40
Mining properties (tangible assets)	-	2,328
Mining properties (intangible assets)	-	358
Intangible assets	-	413
Restricted cash	-	944
Cash at bank	-	31
Other receivables	-	3
Inventories	-	380
Assets of disposal group	-	4,497
Retirement benefit obligations	-	(174)
Provision for environmental and restoration costs	-	(944)
Deferred income tax liabilities	-	(393)
Liabilities directly associated with disposal group	-	(1,511)
	-	2,986
B11 <u>Trade and other payables</u>		
Trade payables - non-related parties	1,465	1,785
Other payables - non-related parties	3,016	10,693
Accruals	814	756
	5,295	13,234

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 2018 and 31 Dec 2017.

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

Group	31-Mar-18		31-Dec-17	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less, or on demand - Bank loan *	3,726	-	3,736	-
Amount repayable after one year	-	-	-	-

* (i) The secured bank loan of US\$0.73 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 4.75% per annum for a tenor period of 1 month. 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 has been fully discharged.

1(c) STATEMENT OF CASH FLOWS

Group	Note	Q1 2018 US\$'000	Q1 2017 US\$'000
Cash Flows from Operating Activities			
Total (loss)/profit		(652)	418
Adjustments for non-cash items:			
Income tax expense		155	222
Share of losses of associated companies		140	1
Share option expense		68	-
Depreciation of property, plant and equipment		6	10
Amortisation of producing oil and gas properties		84	50
Amortisation of intangible assets		86	-
Interest income		(111)	(65)
Gain on re-measurement of disposal group		-	41
Gain on disposal of granite operations		(217)	-
Gain on curtailment		(45)	(4)
Unwinding of discount of provision of site restoration		-	36
Interest expense		35	30
Unrealised currency translation gains		(122)	(89)
Operating (loss)/profit before working capital changes		(573)	650
Changes in working capital			
Inventories		248	(105)
Trade and other receivables and other current assets		1,570	1,063
Trade and other payables		(790)	(299)
Restricted cash		-	(2)
Cash generated from operations		455	1,307
Income tax paid		(123)	(224)
Net cash provided by operating activities		332	1,083
Cash Flows from Investing Activities			
Interest received		30	16
Net proceeds from disposal of granite operations	A1	185	-
Loans to an associated company (non-trade)		(271)	(70)
Additions to property, plant and equipment		-	(2)
Additions to producing oil and gas properties		(183)	(164)
Additions to exploration and evaluation assets		(8)	(10)
Additions to intangible assets		(3,420)	-
Net cash used in investing activities		(3,667)	(230)
Cash Flows from Financing Activities			
Interest paid		(34)	(16)
Proceeds received from dilution of interests in a subsidiary corporation without loss of control		-	1,299
Proceeds from issuance of new ordinary shares pursuant to private placement of shares		3,380	-
Loan to non-related parties		-	(1,544)
Net cash provided by/(used in) financing activities		3,346	(261)
Net increase in cash and cash equivalents		11	592
Cash and cash equivalents at beginning of financial period		9,192	9,865
Effects of currency translation on cash and cash equivalents		(6)	9
Cash and cash equivalents at end of financial period		9,197	10,466

1(c) EXPLANATORY NOTES TO STATEMENT OF CASH FLOWS

Group	Total US\$'000
A1 <u>Net proceeds from disposal of granite operations</u>	
Property, plant and equipment	40
Mining properties (tangible assets)	2,362
Mining properties (intangible assets)	338
Intangible assets	413
Restricted cash	959
Inventories	963
	5,075
Retirement benefit obligations	(187)
Provision for environmental and restoration costs	(959)
Deferred income tax liabilities	(393)
	(1,539)
Total net identifiable assets and liabilities to dispose	3,536
Total purchase consideration	3,753
Gain on disposal of granite operation	(217)
<u>Effects on cash flows of the Group</u>	
Total purchase consideration	3,753
Less: Deposit received for proposed disposal of granite operations in FY2015 and FY2017	(3,130)
Less: Cash inflow from disposal of granite operations in Q1 2018	(185)
	438
Less: Foreign exchange loss	(224)
Balance of purchase consideration not settled (included in Other payables)	214

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
Balance as at 31 Dec 2017 as previously reported	69,258	(2,191)	(16,545)	23	(28,169)	22,376	4,746	27,122
Effects of adopting SFRS(l)	-	2,209	-	-	(2,209)	-	-	-
Balance as at 1 Jan 2018, restated	69,258	18	(16,545)	23	(30,378)	22,376	4,746	27,122
Additional increase of non-controlling interests	-	-	-	-	-	-	9	9
Disposal of subsidiary with non-controlling interests	-	-	-	-	-	-	(36)	(36)
Issuance of new ordinary shares pursuant to private placement	3,480	-	-	-	-	3,480	-	3,480
Share issue expenses	-	-	-	-	-	-	-	-
Employee share option plan - value of employee services	-	-	-	68	-	68	-	68
Total transactions with owners, recognised directly in equity	72,738	18	(16,545)	91	(30,378)	25,924	4,719	30,643
Loss for Q1 2018	-	-	-	-	(564)	(564)	(88)	(652)
<u>Other comprehensive loss</u>								
Currency translation differences	-	(80)	-	-	-	(80)	(98)	(178)
Share of currency translation difference of associated companies	-	(13)	-	-	-	(13)	-	(13)
Share of defined benefit obligation re-measurements of associated companies	-	-	-	-	(1)	(1)	-	(1)
Defined benefit obligation re-measurements	-	-	-	-	(22)	(22)	(23)	(45)
Total comprehensive loss for Q1 2018	-	(93)	-	-	(587)	(680)	(209)	(889)
Balance as at 31 Mar 2018	72,738	(75)	(16,545)	91	(30,965)	25,244	4,510	29,754

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

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
Balance as at 31 Dec 2016 as previously reported	69,258	(2,209)	(16,545)	357	(29,369)	21,492	3,846	25,338
Effects of adopting SFRS(I)	-	2,209	-	-	(2,209)	-	-	-
Balance as at 1 Jan 2017, restated	69,258	-	(16,545)	357	(31,578)	21,492	3,846	25,338
Additional increase of non-controlling interests	-	-	-	-	-	-	16	16
Dilution of interests in a subsidiary without loss of control	-	-	-	-	(464)	(464)	1,763	1,299
Employee share option plan - share options lapsed	-	-	-	(357)	357	-	-	-
Total transactions with owners, recognised directly in equity	69,258	-	(16,545)	-	(31,685)	21,028	5,625	26,653
Profit/(Loss) for Q1 2017	-	-	-	-	503	503	(85)	418
<u>Other comprehensive income</u>								
Currency translation differences	-	44	-	-	-	44	59	103
Share of currency translation differences of associated companies	-	-	-	-	-	-	-	-
Defined benefit obligation re-measurements	-	-	-	-	(2)	(2)	(2)	(4)
Share of defined benefit obligation re-measurements of associated companies	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for Q1 2017	-	44	-	-	501	545	(28)	517
Balance as at 31 Mar 2017	69,258	44	(16,545)	-	(31,184)	21,573	5,597	27,170

Company	Share Capital US\$'000	Share Option Reserve US\$'000	Accumulated Losses US\$'000	Total Equity US\$'000
Balance as at 31 Dec 2017	69,258	23	(40,897)	28,384
Issuance of new ordinary shares pursuant to private placement	3,480	-	-	3,480
Employee share option plan - value of employee services	-	68	-	68
Total comprehensive loss for Q1 2018	-	-	(600)	(600)
Balance as at 31 Mar 2018	72,738	91	(41,497)	31,332
Balance as at 31 Dec 2016	69,258	357	(39,315)	30,300
Employee share option plan - share options lapsed	-	(357)	357	-
Total comprehensive loss for Q1 2017	-	-	(202)	(202)
Balance as at 31 Mar 2017	69,258	-	(39,160)	30,098

1(d)(ii) SHARE CAPITAL

On 30 Jan 2018, an aggregate of 79,526,847 new ordinary shares were issued by a way of a private placement at an issue price of S\$0.059 per subscription price with aggregate subscription price of US\$3.48 mil. 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 as at 31 Mar 2018 was 24,000,000 (FY 2017: 24,000,000).

The Company does not have any treasury shares or subsidiary holdings as at 31 Mar 2018.

1(d)(iii) ORDINARY SHARES (EXCLUDING TREASURY SHARES AND SUBSIDIARY HOLDINGS)

Group and Company	31 Mar 2018	31 Dec 2017
Issued and fully paid		
Opening balance	506,446,757	506,446,757
Issuance of new ordinary shares pursuant to private placement	79,526,847	-
Closing balance	585,973,604	506,446,757

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

NA.

1(d)(v) A STATEMENT SHOWING ALL SALES, TRANSFERS, CANCELLATION AND/OR USE OF SUBSIDIARY HOLDINGS 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

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 2017 except the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") and all the new and revised standards which are effective for annual financial periods beginning on or after 1 Jan 2018. The adoption of SFRS(I) have no significant impact on the Group's financial statements except as described below:

The Group elected the optional exemption in SFRS(I) to reset its cumulative currency translation reserves for all foreign operations to zero at the date of transition and reclassify the cumulative currency translation reserves of US\$2.21 mil as at 1 Jan 2017 to accumulated losses.

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

Refer to paragraph 4 above.

The Group has adopted all the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") that are relevant to its operations and effective for annual periods beginning on or after 1 Jan 2018.

The adoption of the new or revised SFRS(I) and INT SFRS(I) 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 2018	Q1 2017
Basic earnings/(losses) per ordinary share (US cents)		
- From continuing operations	(0.096)	0.105
- From discontinued operations	(0.005)	(0.006)
Weighted average number of ordinary shares for the computing basic earnings/(losses) per share	559,464,655	506,446,757
Fully diluted earnings/(losses) per ordinary share (US cents)		
- From continuing operations	(0.096)	0.105
- From discontinued operations	(0.005)	(0.006)
Weighted average number of ordinary shares for the computing fully diluted earnings/(losses) per share	560,739,925	506,446,757

On 30 Jan 2018, an aggregate of 79,526,847 new ordinary shares were issued by a way of a private placement at an issue price of S\$0.059 per subscription price with aggregate subscription price of US\$3.48 mil. 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 are exercised in Q1 2018. For the purpose of computing basic and fully diluted earnings/(losses) per share, the relevant periods are from 1 Jan 2018 to 31 Mar 2018 and 1 Jan 2017 and 31 Mar 2017 respectively. The impact on losses per share from discontinued operations for Q1 2018 and Q1 2017 are anti-dilutive as it resulted in lower earnings per share. Therefore, diluted losses per share is same as basic losses per share.

7 NET ASSET VALUE PER SHARE

	Group		Company	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares) (US cents)	4.308	4.418	5.347	5.604
Total number of issued shares (excluding treasury shares)	585,973,604	506,446,757	585,973,604	506,446,757

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

Revenue & Production

Revenue decreased by 10% to US\$2.94 mil in Q1 2018 from US\$3.26 mil in Q1 2017. This was largely due to lower sales of shareable oil of 55,592 barrels in Q1 2018 (Q1 2017: 79,868 barrels) despite the higher weighted average transacted oil prices in Q1 2018 of US\$63.12 per barrel (Q1 2017: US\$51.18 per barrel).

The Group's shareable oil production decreased by 28% to 57,315 barrels in Q1 2018 from 80,115 barrels in Q1 2017. The decrease was mainly due to lower shareable production from Myanmar of 51,131 barrels in Q1 2018 (Q1 2017: 70,096 barrels). In addition, the decrease of shareable production from LS TAC of 6,184 barrels in Q1 2018 (Q1 2017: 10,019 barrels) also contributed to lower production.

Cost of Production

The increase in cost of production to US\$2.16 mil in Q1 2018 from US\$1.54 mil in Q1 2017 was largely attributable to higher production expenses of US\$0.49 mil in Q1 2018. Myanmar operations incurred higher production expenses by US\$0.58 mil and higher amortisation charges by US\$0.13 mil in Q1 2018 as compared to Q1 2017.

Net (Loss)/Profit After Tax

The Group posted a total loss after tax of US\$0.65 mil in Q1 2018 as compared to a total profit after tax of US\$0.42 mil in Q1 2017. The loss was mainly due to the following:

- (1) Lower revenue of US\$2.94 mil in Q1 2018 (Q1 2017: US\$3.26 mil) due to lower sales of shareable oil although at higher oil prices.
- (2) Higher cost of production of US\$2.16 mil in Q1 2018 (Q1 2017: US\$1.54 mil), due to higher production expenses and amortisation charges of producing oil and gas properties and intangible assets.
- (3) Higher other income of US\$0.39 mil in Q1 2018 (Q1 2017: US\$0.12 mil), mainly due to disposal of granite operation resulted to a gain on disposal of US\$0.22 mil in Q1 2018 (Q1 2017: nil) and higher interest income of US\$0.11 mil in Q1 2018 (Q1 2017: US\$0.07 mil) and higher petroleum services fees of US\$0.08 mil (Q1 2017: US\$0.04 mil) offset by foreign exchange loss of US\$0.02 mil in Q1 2018 (Q1 2017: foreign exchange gain of US\$0.01 mil).
- (4) Higher administrative expenses of US\$1.44 mil in Q1 2018 (Q1 2017: US\$1.10 mil), mainly due to increase from Myanmar operations of US\$0.13 mil and corporate expenses of US\$0.25 mil in Q1 2018.
- (5) Lower current income tax expense of US\$0.16 mil was in line with lower taxable income (Q1 2017: US\$0.21 mil).
- (6) Loss from discontinued operations of US\$0.05 mil in Q1 2018 (Q1 2017: US\$0.06 mil) upon the completion on 31 Jan 2018.

(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\$0.10 mil to US\$3.25 mil in Q1 2018 from US\$3.15 mil in FY 2017, due to capitalisation of drilling expenditure of US\$0.18 mil and offset by amortisation charges of US\$0.08 mil.

Exploration and evaluation costs remained at US\$10.62 mil in Q1 2018 and FY 2017 mainly due to capitalisation of 2D seismic costs for KP PSC of US\$0.01 mil.

Intangible assets decreased to US\$3.39 mil in Q1 2018 from US\$3.48 mil in FY 2017, mainly due to amortisation charges of US\$0.09 mil.

Investments in associated companies increased by US\$0.15 mil to US\$3.62 mil in Q1 2018 from US\$3.77 mil in FY 2017. This was mainly due to the share post-acquisition losses of 23.44% in PT Indelberg Oil Indonesia ("IOI") of US\$0.14 mil in Q1 2018.

Inventories decreased by US\$0.83 mil to US\$4.37 mil in Q1 2018 from US\$5.20 mil in FY 2017. This was mainly due to no granite inventories on hand and mining spare parts and others upon the completion of the disposal of granite operations in Q1 2018. The decrease was offset by higher crude oil inventory and consumable inventories by US\$0.04 mil and US\$0.27 mil respectively in Q1 2018 as compared in FY 2017.

Trade and other receivables (current and non-current) decreased by US\$1.27 mil to US\$10.85 in Q1 2018 from US\$12.12 mil in FY 2017. Trade and other receivables (current) decreased to US\$6.96 mil in Q1 2018 from US\$8.30 mil in FY 2017, mainly contributed from the decrease of trade receivables by US\$1.57 mil to US\$2.64 mil in Q1 2018 from US\$4.21 mil in FY 2017, due to higher receipts compared to billing during the period. The outstanding loan of US\$1.22 mil between MITI with PT Pratama Media Abadi as per the revised loan agreement with validity date extended to 27 Aug 2018. The loan was unsecured and interest-free. The increase of other receivable (current) - loan to an associated company by US\$0.24 mil to US\$2.74 mil in Q1 2018 from US\$2.49 mil in FY 2017, being additional loan to IOI to finance the operation in IMP. Other receivables (non-current) increased to US\$3.89 mil in Q1 2018 to US\$3.83 mil in FY 2017, mainly due to additional loan to non-related parties.

Trade and other payables decreased by US\$7.93 mil to US\$5.30 mil in Q1 2018 from US\$13.23 mil in FY 2017. This was mainly due to settlement of acquisition of patent rights for technology know-how of US\$3.42 mil in Q1 2018 and realisation of deposit received from the buyers of US\$3.75 mil for the disposal of granite operations completed in Q1 2018.

Statement of Cash Flows

Cash and cash equivalents showed a net increase of US\$0.01 mil in Q1 2018 due to the following:

- (1) Net cash provided by operating activities of US\$0.33 mil was mainly due to cash generated from oil and gas operations of US\$0.97 mil offset against the settlement of exploration and evaluation costs and corporate expenses.
- (2) Net cash used in investing activities of US\$3.67 mil related mainly to addition of capital expenditure and settlement of patent rights for Myanmar operations of US\$3.60 mil and loan to associated company of US\$0.27 mil.
- (3) Net cash provided by financing activities of US\$3.35 mil was mainly due to net proceeds from private placement of shares of US\$3.38 mil.

8(i) PERFORMANCE REVIEW (CONT'D)

Use of Proceeds

The utilisation of the proceeds from the placement completed on 30 Jan 2018 (the "Placement") is in line with the intended uses stated in the announcement of the Placement dated 15 Dec 2017. The remaining balance of the net proceeds amounts to approximately US\$1,704,800 as announced on 14 Mar 2018. The breakdown of the use of proceeds is as follows:

Purpose	Q1 2018 US\$'000
Net proceeds (subject to finalisation of related expenses)	3,470
Payment of work activities relating to the work programme of the Chauk and Yenangyaung fields in Myanmar for the year 2018	(1,765)
	1,705

8(ii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia		Myanmar		Consolidated	
	Oil and Gas		Oil and Gas			
	Q1 2018 US\$'000	Q1 2017 US\$'000	Q1 2018 US\$'000	Q1 2017 US\$'000	Q1 2018 US\$'000	Q1 2017 US\$'000
Results						
EBITDA	(19)	127	602	1,352	583	1,479
EBIT	(31)	82	444	1,347	413	1,429
Sales to external customers	366	636	2,571	2,621	2,937	3,257
Segment results	(82)	77	444	1,347	362	1,424
Unallocated corporate net operating results					(805)	(730)
(Loss)/Profit before income tax					(443)	694
Income tax expense					(155)	(214)
Net (loss)/profit from continuing operations					(598)	480
Loss from discontinued operations for the financial period					(54)	(62)
Total (loss)/profit					(652)	418

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

Myanmar's shareable production decreased by 5% from 51,131 barrels in Q1 2018 to 53,796 barrels in Q4 2017. The production is gradually improving with the resumption of the work program after the signing of contract extension in late 2017. The operator has commenced its Water Flood Project in the 1st quarter of the year. The company will update shareholders on the progress of this project as and when significant progress is made.

Shareable production at Linda Sele TAC ("LS TAC") decreased by 7% to 6,184 barrels in Q1 2018 from 6,668 barrels in Q4 2017 due largely to the extreme weather conditions in the field which have improved since last quarter. However, uplifting of oil at LS TAC has been lower this quarter as compared to Q4 2017. As the LS TAC contract will be expiring at the end of 2018, negotiations with the local authority have commenced and any updates will be announced immediately.

For Kuala Pambuang PSC, preparations for the drilling of an exploration well are underway. High quality drillable prospects have been carefully identified and evaluated, both internally and externally, to minimise any potential risk. The first exploration well is expected to start drilling at the end of this year. No significant contribution is expected from this field in the near term.

Further to our announcement on 30 Jan 2018 on the completion of the placement and allotment of new shares, the additional inflow of capital has further strengthened the company's financial position. Barring any unforeseen circumstances, the Company has sufficient cash resources to fulfil the current year work program. In view of the recent extension of Myanmar contract, the drilling campaign will be gradually stepped-up and the Secondary Oil Recovery Project will be progressively implemented in both oilfields in order to capitalise and maximise the potential of the oilfields during the contract period. The recent improvement in oil prices in the 2nd quarter of the year reinforces our confidence in our commitment to embark on an aggressive work program in Myanmar. In addition, the planning and preparation for the drilling of an exploration well in Kuala Pambuang PSC at the end of 2018 is well underway. The Company will explore and evaluate the various funding alternatives to fund the forthcoming projects and investment. We will make the necessary and appropriate announcement in the future.

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 2018 to be false or misleading in any material

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
14-May-18

16 ABBREVIATIONS

Q1 2017	denotes	First calendar quarter of the year 2017
Q1 2018	denotes	First calendar quarter of the year 2018
Q2 2018	denotes	Second calendar quarter of the year 2018
FY 2017	denotes	Full year ended 31 December 2017
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
IOI	denotes	PT Indelberg Oil Indonesia
IPRC	denotes	Improved Petroleum Recovery Contract
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

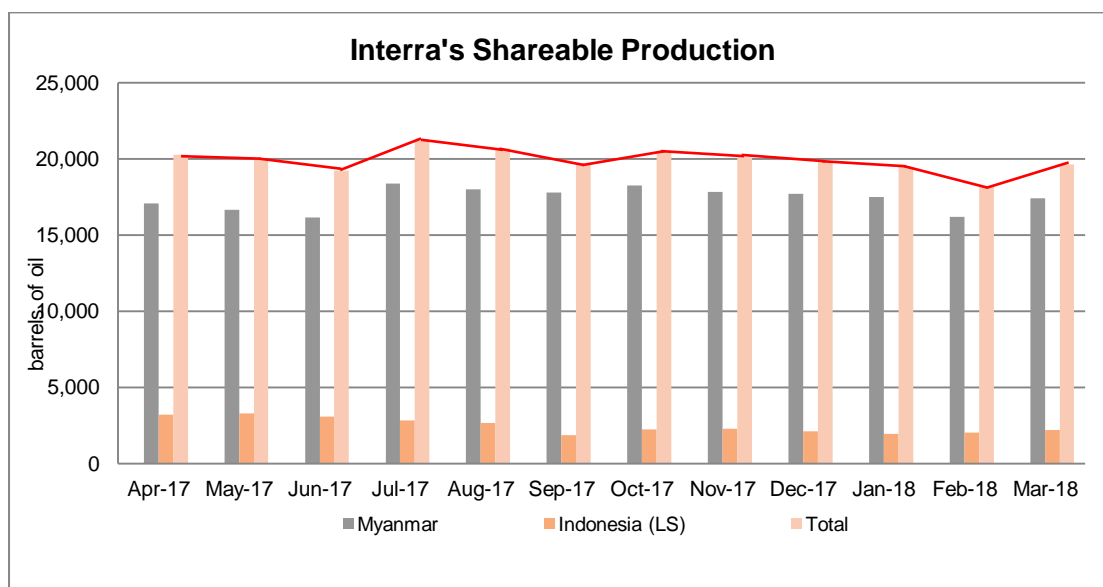
This release may contain forward-looking statements that are not statements of historical facts, and are subject to risk factors associated with the upstream petroleum and mining businesses. Actual future results, performance and outcomes may differ materially from those anticipated, expressed or implied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

14 May 2018

PRODUCTION, DEVELOPMENT & EXPLORATION ACTIVITIES FOR THE QUARTER ENDED 31 MARCH 2018 ("Q1 2018")

Production Profile

(Barrels)	Myanmar		Indonesia (LS)	
	Q4 2017	Q1 2018	Q4 2017	Q1 2018
Shareable production	89,659	85,218	12,351	11,454
Interra's share of shareable production	53,796	51,131	6,668	6,184



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

Interra's year 2017 hydrocarbon reserves and resources of the various petroleum assets were evaluated by a reputable reservoir evaluation firm, ERC Equipoise Pte Ltd ("ERCE"), and a "Qualified Person's Report" was issued for each. A Summary of the same is reported in the Company's 2017 Annual Report.



Development and Production Activities

Myanmar: Chauk and Yenangyaung IPRCs (Interra 60%)

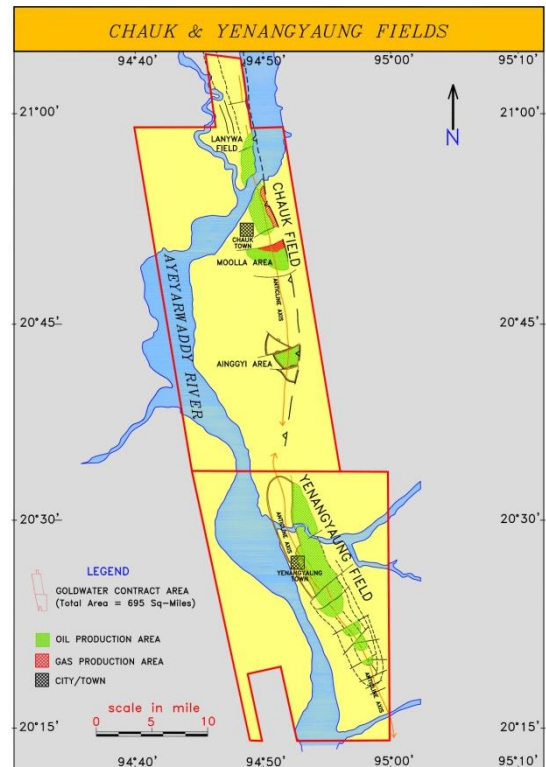
In Q1 2018, the combined shareable production for both fields was 51,131 barrels of oil, a decrease of 5% over the preceding quarter of 53,796 barrels of oil.

Production and development expenditures for the period were US\$1,704,657 and US\$3,602,514 respectively.

The operator, Goldpetrol Joint Operating Company Inc. (“**Goldpetrol**”) (Interra 60%) during Q1 2018 completed the planning, engineering and construction work necessary for the implementation of the initial "full fault block compartment" water flood project. Water injection commenced utilizing six existing non producing wells with the targeted injection into the two primary reservoirs.

3D seismic survey objectives have been determined with respect to the subsurface architecture aimed at enhancing production and delineating new drilling opportunities. The tender process involving several acquisition companies with operations in Myanmar is underway.

Goldpetrol did not drill any new wells during Q1 2018. Planning and selection of optimum locations for early Q2 2018 drilling of new development wells was finalized and Goldpetrol completed one well as an oil producer in May 2018. Normal field operations have been ongoing with respect to surface and borehole improvements combined with scheduled maintenance in existing wells with the objective of minimizing production declines.





Indonesia: Linda Sele TAC (Interra 53.99%)

In Q1 2018, shareable production was 6,184 barrels of oil, a decrease of 7% as compared to the previous quarter of 6,668 barrels of oil. There were two upliftings of approximately 4,461 barrels of oil during the quarter.

Production and development expenditures for the period were US\$281,965 and nil respectively.

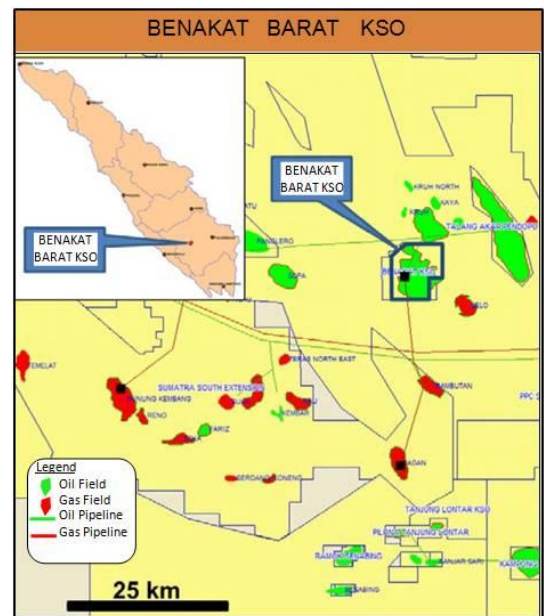
Internal technical studies continued with respect to possibly expanding the area of interest in addition to evaluating potential for possible future development opportunities. Field operations with respect to production optimisation and scheduled maintenance aimed at maximising efficient production were ongoing. No new wells were drilled in Q1 2018.



Indonesia: Benakat Barat KSO (Interra 30.65%*)

The primary focus of operations activity has been to reactivate existing wells that have not been producing due to poor surface facilities maintenance and replacements. This has included general improvement in field infrastructure with all aimed at production optimisation and increased oil production.

Technical feasibility studies are on-going with respect to implementing secondary water flood and possibly tertiary (EOR - Enhanced Oil Recovery) recovery methods. Geological, geophysical and reservoir studies are also ongoing in support of these. No new wells were drilled in Q1 2018.



* Indirect interest as an associate company of which the financial statements are not consolidated into Interra's books.



Exploration Activities

Indonesia: Kuala Pambuang PSC (Interra 67.5%)

The sub-surface interpretation by both Interra and an external consultant group has confirmed several very high quality drillable exploration prospects. These prospects have been interpreted as widespread areas of Berai Formation carbonate reefs anchored on an extensive carbonate platform. As reported in the 2017 annual report, there are significant Prospective Resources possibly contained within the reservoirs of this carbonate complex.

Exploration costs for the period were US\$7,668.

