INTERRA RESOURCES LIMITED
Company Registration No. 197300166Z

26 February 2007

Dear Shareholders

UNAUDITED RESULTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2006

Main Events in 4Q 2006
➢ Net loss for the quarter of US$0.25 million due mainly to expenses resulting from the suspension of the proposed deep drilling program in Myanmar amounting to US$0.30 million.
➢ Allotment of US$1.0 million of Salamander Energy plc's ("Salamander") shares being the final portion of the proceeds from the sale of Orchard Energy Holding Java and Sumatra B.V. ("Orchard")
➢ Completion of the capital reduction

The Board of Directors of Interra Resources Limited (the "Company" or "Interra") wishes to announce that for the fourth quarter ("4Q") of 2006, the Group incurred a net loss after tax of US$0.25 million compared to a profit of US$0.59 million in 4Q 2005. The net loss was US$1.74 million for the year ended 31 December 2006 ("FY 2006") compared to a net profit of US$2.03 million for FY 2005.

4Q 2006 Review

Revenue decreased by 2% to US$2.80 million in 4Q 2006 from US$2.85 million in 4Q 2005 due to lower shareable production. Shareable production for 4Q 2006 decreased by 5% to 65,774 barrels from 69,310 barrels for 4Q 2005. However, this decrease was offset by higher oil prices. The weighted average oil price transacted during 4Q 2006 was US$57.97 per barrel whereas during 4Q 2005 it was US$54.48 per barrel.

The higher cost of production caused gross profit to decrease by 42% to US$0.52 million in 4Q 2006 from US$0.90 million in 4Q 2005. This was mainly attributable to the cancellation fees and expenses amounting to US$0.30 million incurred as a result of the suspension of the proposed deep drilling program in Myanmar.

FY 2006 Review

Revenue climbed 21% (US$2.23 million) to US$13.08 million in FY 2006 from US$10.85 million in FY 2005. The rise was mainly driven by higher oil prices. The weighted average oil price transacted in FY 2006 was US$64.51 per barrel compared with US$53.34 per barrel in FY 2005. Shareable production increased by 2% (6,266 barrels) to 276,423 barrels in FY 2006 from 270,157 barrels in FY 2005.

Gross profit only increased by 12% (US$0.48 million) to US$4.48 million in FY 2006 from US$4.00 million in FY 2005 due to higher cost of production. Cost of production increased by 26% (US$1.77 million) to US$8.61 million in FY 2006 from US$6.84 million in FY 2005. Production expenses increased across all categories including salaries and wages, diesel fuel and equipment rental.

The Group recorded a net loss of US$1.74 million in FY 2006 compared to a net profit of US$2.03 million in FY 2005 due mainly to the impairment of Myanmar assets amounting to US$10.01 million including an additional allowance for doubtful debts of US$2.56 million in FY 2006. However, this loss was partially offset by the US$5.86 million gain realised from the sale of the 50% stake in Orchard.

Notwithstanding the difficulties faced in Myanmar, the Group's financial position has strengthened during FY 2006. As at 31 December 2006, the Group had cash on hand of US$24.24 million and no interest-bearing debt.

Other Events in 4Q 2006

Allotment of Salamander Shares

On 1 December 2006, the Company received the final portion of the proceeds from the sale of Orchard, being US$1 million shares in Salamander. This investment is currently held by the Group's wholly owned subsidiary, Goldwater Eagle Limited.

The investment in Salamander is being classified as a financial asset held as "available-for-sale" under Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("FRS 39").

Completion of Capital Reduction

The Capital Reduction exercise approved by Shareholders on 18 August 2006 was completed on 11 October 2006. Shareholders are advised that the capital reduction is an accounting and legal exercise which will not have any impact on the number of shares or shareholders' equity.

Yours sincerely,

The Board of Directors
Interra Resources Limited

INTERRA RESOURCES LIMITED
UNAUDITED RESULTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2006

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From 1 Sep 2006 onwards, the Company's functional currency and the Group's reporting currency changed from SGD to USD. The figures for the respective periods in FY 2005 have been translated into USD for comparison purposes (see Item 5 for further details).

1(a)(i) PROFIT AND LOSS STATEMENT

Group	Note	4Q 2006 US$'000	4Q 2005 Restated US$'000	Change %	FY 2006 US$'000	FY 2005 Restated US$'000	Change %
Revenue	A1	2,801	2,853	↓ 2	13,082	10,847	↑ 21
Cost of production	A2	(2,278)	(1,950)	↑ 17	(8,606)	(6,844)	↑ 26
Gross profit		523	903	↓ 42	4,476	4,003	↑ 12
Other income	A3	308	795	↓ 61	1,116	1,255	↓ 11
Administrative expenses		(679)	(663)	↑ 2	(2,772)	(2,083)	↑ 33
Impairment, allowance for doubtful debts and other reversals for Myanmar projects	A4	(104)	(354)	↓ 71	(10,013)	(354)	↑ 2,729
Other operating expenses	A5	(83)	(144)	↓ 42	(538)	(651)	↓ 17
Finance costs	A6	(59)	(567)	↓ 90	(908)	(1,128)	↓ 20
Share of profit after tax of associates		-	905	↓ 100	2,042	1,711	↑ 19
Loss from bond redemption	A7	-	-	NM	(80)	-	NM
Gain on disposal of associates	A8	32	-	NM	5,855	-	NM
(Loss)/Profit before tax		(62)	875	NM	(822)	2,753	NM
Taxation		(191)	(281)	↓ 32	(921)	(719)	↑ 28
(Loss)/Profit after tax		(253)	594	NM	(1,743)	2,034	NM

↑ means increase
↓ means decrease
NM = not meaningful

1(a)(ii) EXPLANATORY NOTES TO PROFIT AND LOSS STATEMENT

Group	4Q 2006 US$'000	4Q 2005 Restated US$'000	FY 2006 US$'000	FY 2005 Restated US$'000
A1 Revenue				
Sales of crude oil (see 8(iii) for production profile)	2,801	2,853	13,082	10,847
A2 Cost of production				
Production expenses	2,017	1,555	7,091	5,384
Depreciation of property, plant and equipment	97	135	411	443
Amortisation of exploration, evaluation and development costs	162	260	1,098	1,017
Amortisation of computer software	2	-	6	-
	2,278	1,950	8,606	6,844
A3 Other income				
Interest income from deposits	287	34	515	89
Interest income from associates	-	50	135	124
Deferred income	-	107	320	426
Petroleum services fees	26	-	127	-
Other income	(5)	3	19	15
Gain from adjustment in fair value of financial liabilities	-	601	-	601
	308	795	1,116	1,255
A4 Impairment, allowance for doubtful debts and other reversals for Myanmar projects				
Allowance for doubtful debts	-	354	2,563	354
Impairment of exploration, evaluation and development	104	-	7,228	-
Impairment of concession rights	-	-	222	-
Impairment of intangible benefits		-	4,473	-
Reversal of deferred income	-	-	(4,473)	
	104	354	10,013	354
A5 Other operating expenses				
Depreciation of property, plant and equipment	6	7	25	34
Amortisation of concession rights	2	7	24	29
Amortisation of participation rights	42	42	169	169
Amortisation of intangible benefits	-	107	320	426
Foreign exchange loss/(gain), net	33	(19)	-	(7)
	83	144	538	651
A6 Finance costs				
Interest expense amortisation for bonds issued	-	332	613	893
Interest expense on loan from a related party	-	23	59	23
Deemed interest expense on interest free loans	59	212	236	212
	59	567	908	1,128

A7 Loss from bond redemption

Loss from bond redemption is an one-off accounting write-off between the carrying value of the bond as at the date of redemption and the deemed proceeds arising from the warrant exercise (see 1(d)(ii) for further details).

Group	4Q 2006 US$'000	4Q 2005 Restated US$'000	FY 2006 US$'000	FY 2005 Restated US$'000
A8 Gain on disposal of associates				
Net gain realised from disposal of associates	32	-	9,729	-
Cost incurred from disposal of associates	-	-	(121)	-
Share of profit from associates previously recognised	-	-	(3,753)	-
	32	-	5,855	-

1(b)(i) BALANCE SHEET

	Note	Group 31-Dec-06 US$'000	Group 31-Dec-05 Restated US$'000	Company 31-Dec-06 US$'000	Company 31-Dec-05 Restated US$'000
Non-Current Assets					
Property, plant and equipment		742	1,011	24	8
Exploration, evaluation and development costs	B1	6,155	14,263	-	-
Intangible assets	B2	3,282	8,487	8	6
Interest in subsidiary companies	B1	-	-	9,616	24,258
Interest in associates	B3	-	12,959	-	11,248
Investments	B4	1,041	4	1,004	4
		11,220	36,724	10,652	35,524
Current Assets					
Inventories		1,563	941	-	-
Work in progress		61	94	-	-
Trade receivables	B5	2,610	3,088	-	-
Other receivables, deposits and prepayments	B6	648	446	81	200
Cash at bank and in hand	B7	24,236	2,891	20,742	1,721
Restricted cash	B7	-	1,939	-	1,939
		29,118	9,399	20,823	3,860
Current Liabilities					
Trade payables		(582)	(539)	-	-
Amount due to related parties (trade)		-	(64)	-	-
Other payables and accruals		(2,008)	(2,124)	(403)	(882)
Loan from a related party (interest-bearing)		-	(750)	-	-
Bond coupon payable		-	(167)	-	(167)
Interest payable		-	(8)	-	-
Provision for taxation		(2,706)	(1,799)	(3)	(3)
		(5,296)	(5,451)	(406)	(1,052)
Net Current Assets		23,822	3,948	20,417	2,808
Non-Current Liabilities					
Loan from a director	B8	(1,293)	(1,217)	-	-
Loan from a substantial shareholder	B8	(1,374)	(1,294)	-	-
Loan from a related party	B8	-	(1,294)	-	-
Loan from a third party	B8	(1,374)	-	-	-
Secured Bond 7% due 2010	B9	-	(10,727)	-	(10,727)
Deferred income	B1	-	(4,793)	-	-
Provision for restoration costs		(79)	-	-	-
		(4,120)	(19,325)	-	(10,727)
Net Assets		30,922	21,347	31,069	27,605
Representing:					
Share capital		40,109	29,392	40,109	29,392
Reserves		(9,187)	(8,045)	(9,040)	(1,787)
		30,922	21,347	31,069	27,605

Explanatory Notes to Balance Sheet

B1 In FY 2006, the Group wrote down the carrying amount of the assets relating to the Myanmar projects that comprised exploration, evaluation and development costs (US$7.22 mil), concession rights (US$0.22 mil) and trade receivables (US$2.56 mil) (see note B5) amounting to US$10.01 mil.

Intangible benefits consitituting future technical assistance to be received in respect of the Myanmar projects have been fully written off (see note B2). The corresponding outstanding deferred income has also been reversed. There is no effect on the Group's net assets.

In light of the above, the Company has also written down the cost of investment amounting to US$17.62 mil in Goldwater Company Limited. However, the write-down at the Company level does not have any impact on the Group's results as it is eliminated on consolidation.

B2 Details on Intangible assets are as follows:-

	Group	
	31-Dec-06	31-Dec-05 Restated
	US$'000	US$'000
Intangible benefits (see note B1)	115	5,151
Goodwill on reverse acquisition	1,489	1,489
Participating rights	1,678	1,847
	3,282	8,487

B3 Interest in associates represents the Group's former 50% interest in Orchard Energy Holding Java & Sumarta B.V.

	Group	
	31-Dec-06	31-Dec-05 Restated
	US$'000	US$'000
Unquoted equity shares at cost	-	7,073
Advances made to associates	-	4,175
Group's share of changes in post acquisition reserves	-	1,711
	-	12,959

B4 Details on Investments are as follows:-

	Group	
	31-Dec-06	31-Dec-05 Restated
	US$'000	US$'000
(a) Financial assets, available-for-sale *		
Quoted equity at cost		
Salamander Energy plc		
- 205,181 ordinary shares of 10p each	1,000	-
Fair value gain recognised in equity	37	-
	1,037	-
(b) Other investments		
Club membership	4	4
	1,041	4

* Under FRS 39, financial assets held as "available-for-sale" are initially recognised at its fair value and subsequently re-measured at fair value. Any changes in fair value are taken into equity directly. This means that any gain or loss arises from the change in fair value are not taken into the Profit and Loss Statement but in the equity section of the Balance Sheet as fair value reserves. Gain or losses will only be taken into the Profit and Loss Statement when the investments are disposed.

Explanatory Notes to Balance Sheet

B5 As part of the impairment assessment, the Group has made an additional allowance for doubtful debts amounting to US$2.56 mil in FY 2006.

	Group	
	31-Dec-06	31-Dec-05 Restated
	US$'000	US$'000
Trade receivables	5,527	3,442
Allowance for doubtful debts	(2,917)	(354)
	2,610	3,088

B6 Other receivables, deposits and prepayments include advance payments to suppliers for Myanmar operations of US$0.40 mil.

B7 Cash and cash equivalents as at 31 Dec 2005 include cash and bank balances and restricted cash deposits (Secured Debt Service Reserve Account) of US$1.94 mil relating to the Secured Bond 7% due 2010 issued on 25 Apr 2005 (see 1(d)(ii) for further details).

	Group	
	31-Dec-06	31-Dec-05 Restated
	US$'000	US$'000
Cash at bank and in hand	1,721	1,462
Fixed deposits	22,515	1,429
Restricted cash (Secured Debt Service Reserve Account)	-	1,939
Cash and cash equivalents	24,236	4,830

B8 These are interest free loans from a director, a substantial shareholder, a related party and a third party which are stated at amortised cost in accordance with FRS 39 - Financial Instruments: Recognition and Measurement ("FRS 39"). The difference between the loan amount and present value of the loan is amortised as deemed interest expense over 37 months from Apr 2005 to Apr 2008. These loans will only be due for repayment on 30 Apr 2008.

	Group	
	31-Dec-06	31-Dec-05 Restated
	US$'000	US$'000
Loan from a director, a substantial shareholder, a related party and a third party	4,381	4,381
Less: Unamortised deemed interest expense	(340)	(576)
	4,041	3,805

B9 Details on Secured Bond 7% due 2010 are as follows:-

	Group	
	31-Dec-06	31-Dec-05 Restated
	US$'000	US$'000
Principal outstanding	-	11,000
Bond accretion account	-	(273)
	-	10,727

(See 1(d)(ii) for further details)

1(b)(ii) BORROWINGS AND DEBT SECURITIES

Group	31-Dec-06 Secured US$'000	31-Dec-06 Unsecured Restated US$'000	31-Dec-05 Secured US$'000	31-Dec-05 Unsecured Restated US$'000
Amount repayable in one year or less, or on demand	-	-	-	750
Amount repayable after one year	-	4,041	10,727	3,805

<u>Details of Collateral</u>

The secured borrowings of the Group were secured by:

a) a charge over the shares held by the Company in the capital of Goldwater Company Limited;

b) a charge over the shares held by the Company in the capital of Goldwater TMT Pte. Ltd.; and

c) an assignment of all rights in respect of the Secured Debt Service Reserve Account.

As a result of the bond redemption arising from the warrant exercise (see 1(d)(ii) for further details), the charges on the above collateral have been released.

1(c) CASH FLOW STATEMENT

Group	4Q 2006 US$'000	4Q 2005 Restated US$'000	FY 2006 US$'000	FY 2005 Restated US$'000
Cash Flows from Operating Activities				
(Loss)/Profit before taxation	(62)	875	(822)	2,753
Adjustments for non-cash items:				
Foreign currency translation	(1)	(20)	1	33
Share of profit after tax of associates	-	(905)	(2,042)	(1,711)
Depreciation and amortisation of:				
Property, plant and equipment	103	142	436	477
Exploration, evaluation and development costs	162	260	1,098	1,017
Concession rights	2	7	24	29
Intangible benefits	-	107	320	426
Computer software	2	-	6	-
Participating rights	42	42	169	169
Impairment of exploration, evaluation and development costs	104	-	7,228	-
Impairment of concession rights	-	-	222	-
Impairment of intangible benefits	-	-	4,473	-
Reversal of deferred income	-	-	(4,473)	-
Allowance for doubtful debts	-	354	2,563	354
Gain from adjustment in fair value of financial liabilities	-	(601)	-	(601)
Interest income	(287)	(84)	(650)	(213)
Interest expense	59	567	908	1,128
Deferred income	-	(107)	(320)	(426)
Exchange difference	18	(19)	(15)	(6)
Loss from bond redemption	-	-	80	-
Gain on disposal of associates	(32)	-	(5,855)	-
Other income	-	-	-	(2)
Operating profit before working capital changes	**110**	**618**	**3,351**	**3,427**
Changes in working capital:				
Inventories	(652)	(103)	(623)	208
Trade and other receivables	772	(222)	(2,270)	(2,178)
Trade and other payables	219	364	230	(489)
Accrued operating expenses	(36)	214	60	930
Amount due to related parties (trade)	(16)	(102)	(64)	(1,007)
Work in progress	(24)	(94)	33	(94)
Provision for restoration costs	46	-	79	-
Tax paid	-	-	(14)	-
Net cash inflows from operating activities	**419**	**675**	**782**	**797**
Cash Flows from Investing Activities				
Interest income received	283	110	623	212
Net proceeds from disposal of associates	32	-	20,285	-
Net proceeds from disposal of property, plant and equipment	-	-	-	4
Investment in associates	-	(195)	(453)	(11,376)
Repayment of loan from associates	-	250	-	250
Investment in club membership	-	-	-	(4)
Capital expenditure:				
Purchase of property, plant and equipment	(124)	(6)	(165)	(161)
Purchase of computer software	-	(29)	(10)	(29)
Well drillings and improvements	(219)	(17)	(249)	(732)
Geological and geophysical studies	-	-	-	(162)
Net cash (outflows)/inflows from investing activities	**(28)**	**113**	**20,031**	**(11,998)**
Cash Flows from Financing Activities				
Interest paid	-	(467)	(657)	(467)
Repayment of loan from a related party	-	750	(750)	750
Proceeds from bond issue	-	-	-	11,000
Net cash inflows/(outflows) from financing activities	**-**	**283**	**(1,407)**	**11,283**
Net increase in cash and cash equivalents	**391**	**1,071**	**19,406**	**82**
Cash and cash equivalents at beginning of period	23,845	3,759	4,830	4,748
Cash and cash equivalents at end of period (see Note B7)	**24,236**	**4,830**	**24,236**	**4,830**

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

Group	Share Capital US$'000	Share Premium US$'000	Warrant Premium Reserves US$'000	Foreign Currency Translation Reserve US$'000	Special Reserves US$'000	Fair Value Reserves US$'000	Retained Earnings US$'000	Total US$'000
Balance as at 30 Sep 2005	29,392	66,730	546	(189)	(82,714)	-	7,026	20,791
Effect of change in functional currency	-	-	-	(39)	-	-	-	(39)
Net profit after tax for 4Q 2005	-	-	-	-	-	-	595	595
Balance as at 31 Dec 2005	29,392	66,730	546	(228)	(82,714)	-	7,621	21,347
Balance as at 30 Sep 2006	152,991	-	-	(1,224)	(122,344)	-	1,715	31,138
Reduction in share capital	(112,882)	-	-	-	105,799	-	7,083	-
Fair value gain on financial assets, available-for-sale	-	-	-	-	-	37	-	37
Net loss after tax for 4Q 2006	-	-	-	-	-	-	(253)	(253)
Balance as at 31 Dec 2006	40,109	-	-	(1,224)	(16,545)	37	8,545	30,922

Company	Share Capital US$'000	Share Premium US$'000	Warrant Premium Reserves US$'000	Foreign Currency Translation Reserve US$'000	Accumulated Losses US$'000	Total US$'000
Balance as at 30 Sep 2005	29,392	106,360	546	(188)	(108,118)	27,992
Effect of change in functional currency	-	-		(40)	-	(40)
Net loss after tax for 4Q 2005	-	-	-	-	(347)	(347)
Balance as at 31 Dec 2005	29,392	106,360	546	(228)	(108,465)	27,605
Balance as at 30 Sep 2006	152,991	-	-	-	(122,000)	30,991
Reduction in share capital	(112,882)	-	-	-	112,882	-
Net profit after tax for 4Q 2006	-	-	-	-	78	78
Balance as at 31 Dec 2006	40,109	-	-	-	(9,040)	31,069

1(d)(ii) SHARE CAPITAL

1Q 2006
In light of the abolition of the par value concept in the Companies (Amendment) Act 2005 which took effect on 30 Jan 2006, the share premium of the Company was reclassified from reserves into issued and paid up share capital of the Company in 1Q 2006. This led to an increase in the share capital of the Company during the quarter. No additional shares were issued in 1Q 2006.

2Q 2006
In 2Q 2006, the Company received an exercise notice from the warrantholder to exercise all outstanding warrants ("Warrants") and to subscribe to 64,393,214 shares ("New Shares") in the capital of the Company. The Warrants had an aggregate nominal value of US$11 mil and an exercise price of S$0.28 per share. The New Shares were issued and alloted on 20 Jun 2006. In accordance with the terms and conditions of the Warrants, the warrantholder elected to surrender all US$11 mil Secured Bond 7% due 2010 ("Bonds") in lieu of cash payment for the aggregate subscription price of US$11 mil payable upon exercise of the Warrants. As a result of the full exercise of the Warrants, the total number of issued shares in the capital of the Company increased from 192,527,024 shares to 256,920,238 shares.

3Q 2006
No additional shares were issued and there was no movement in the share capital of the Company in 3Q 2006.

4Q 2006
In 4Q 2006, the capital reduction exercise was completed. As a result of the capital reduction, the issued share capital of the Company decreased from S$240,778,656 to S$63,123,347 (equivalent to US$152,990,758 to US$40,108,575). Nevertheless, there was no change in the total number of issued shares in the share capital of the Company.

2 WHETHER THE FIGURES HAVE BEEN AUDITED OR REVIEWED, AND IN ACCORDANCE WITH WHICH STANDARD (EG. THE STANDARD ON AUDITING 910 (ENGAGEMENTS TO REVIEW FINANCIAL STATEMENTS), OR AN EQUIVALENT STANDARD)

The figures have not been audited or reviewed by auditors.

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

Not applicable.

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 year ended 31 Dec 2005, except for FRS 21 - The Effect of Changes in Foreign Exchange Rate ("FRS 21"), which is elaborated in Item 5 below.

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

From 1 Sep 2006 onwards, the Company changed its functional currency from SGD to USD. The Company is of the opinion that USD is the currency of the primary economic environment in which the Company operates. Due to the sales proceeds from the disposal of Orchard being USD, the Company will receive most of its interest income in USD. Future dividend income is also expected to be in USD. Furthermore, the future source of funds for the Company's business acquisitions and funding of subsidiaries' activities will be predominantly from the USD proceeds of the Orchard disposal.

Following the change in the Company's functional currency, the Group's reporting currency was also changed to USD. The Group primarily invests in the upstream oil and gas sector. Globally, the pricing of and sources of funds for transactions in this sector are in USD. This is also consistent with the operations and activities of the Company's subsidiary companies and jointly controlled entities which are already denominated in USD. The Group's financial statements are presented in USD from 3Q 2006 onwards.

In accordance with FRS 21, the Company applied the new functional currency prospectively from 1 Sep 2006. The figures for the respective periods in FY 2005 have been translated into USD for comparison purposes. Shareholders are advised that the changes above do not change the economic substance in which the Group operates. However, as the Company's and the Group's financial statements are now prepared in USD, they are now subject to translation risk in respect of transactions which are denominated in currencies other than USD (likely to be primarily SGD and Indonesia Rupiah). Prior to the change in functional and reporting currency, transactions which were denominated in currencies other than SGD were subject to translation risks.

6 EARNINGS PER SHARE

Group	4Q 2006	4Q 2005 Restated	FY 2006	FY 2005 Restated
Basic earnings per share (USD cents)	- 0.099	+ 0.309	- 0.768	+ 1.057
Weighted average number of shares for the purpose of computing basic earnings	256,920,238	192,527,024	226,928,878	192,527,024
Fully diluted earnings per share (USD cents)	- 0.099	+ 0.309	- 0.735	+ 1.057
Weighted average number of shares for the purpose of computing fully diluted earnings per share	256,920,238	192,527,024	237,056,510	192,527,024

In accordance with FRS 33 - Earnings per share ("EPS"), potential shares arising from the conversion of warrant instruments whose subscription price is higher than the average share price of the Company for the relevant period is considered to be anti-dilutive and should be disregarded from the computation of fully diluted earnings per share. As the warrant instrument was exercised on 19 Jun 2006, the relevant period for the purpose of computing fully diluted earnings per share for FY 2006 is from 1 Jan 2006 to 18 Jun 2006. During this period, the average share price of the Company was S$0.332 and hence considered to be dilutive.

The average share price of the Company for the period 1 Oct 2005 to 31 Dec 2005 was S$0.241 and for the period 26 Apr 2005 to 31 Dec 2005 was S$0.258. The warrant subscription price in 4Q 2005 was S$0.280 and the lowest subscription price for the period 26 Apr 2005 to 31 Dec 2005 was also S$0.280. As the average share price of the Company during the respective periods was lower than the subscription price, potential shares arising from the exercise of warrants were deemed to be anti-dilutive and were disregarded from the computation of fully diluted earnings per share for the period 4Q 2005 and FY 2005 respectively. Therefore, there was no difference between basic earnings per share and fully diluted earnings per share for 4Q 2005 and FY 2005.

7 NET ASSET VALUE PER SHARE

	Group		Company	
	31-Dec-06	31-Dec-05 Restated	31-Dec-06	31-Dec-05 Restated
Net asset value per ordinary share based on issued share capital (USD cents)	12.036	11.088	12.093	14.338
Number of ordinary shares in issue	256,920,238	192,527,024	256,920,238	192,527,024

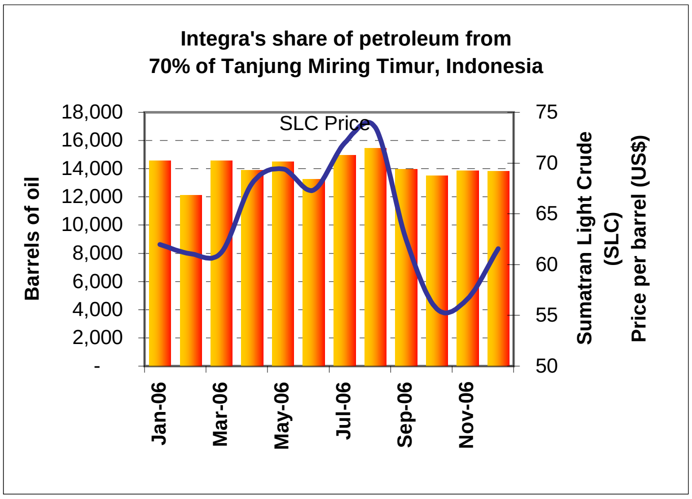
8(i) PERFORMANCE REVIEW

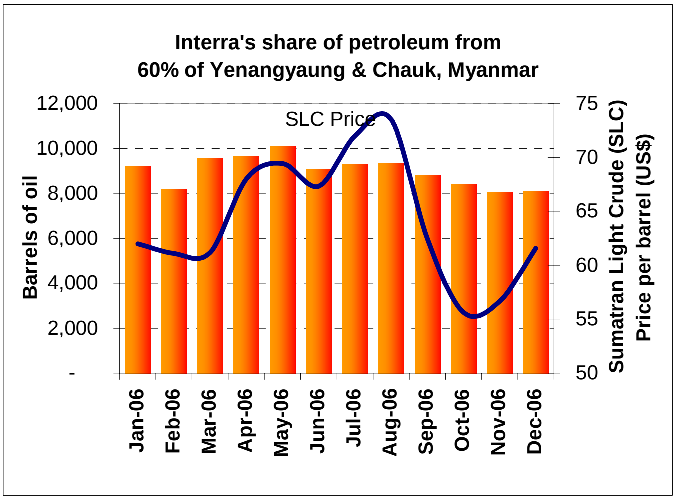
Significant factors affecting the turnover, costs and earnings of the Group

4Q 2006 Review

Production & Revenue

Revenue decreased by 2% to US$2.80 mil in 4Q 2006 from US$2.85 mil in 4Q 2005 due to lower shareable production. Shareable production for 4Q 2006 decreased by 5% to 65,774 barrels from 69,310 barrels for 4Q 2005. However, this decrease was offset by higher oil prices. The weighted average oil price transacted during 4Q 2006 was US$57.97 per barrel whereas during 4Q 2005 it was US$54.48 per barrel.





Cost of Production

The higher cost of production caused gross profit to decrease by 42% to US$0.52 mil in 4Q 2006 from US$0.90 mil in 4Q 2005. This was mainly attributable to the cancellation fees and expenses amounting to US$0.30 mil incurred as a result of the suspension of the proposed deep drilling program in Myanmar.

Net Loss After Tax

The Group posted a net loss after tax of US$0.25 mil in 4Q 2006 compared to a profit of US$0.59 mil in 4Q 2005. The higher contribution in 4Q 2005 mainly arose from the Group's 2.5% net working interest in ONWJ and SES which contributed US$0.90 mil and also a one-time gain of US$0.60 mil arising from the adjustment of fair value of non interest bearing loans from a director, a substantial shareholders and a related party. There were no such items in 4Q 2006.

Group (4Q 2006)	Profit Before Tax US$'000	Taxation US$'000	Financing Cost US$'000	Net Contribution to Group US$'000	Net Contribution to Group %
TMT	310	(99)	-	211	100%
ONWJ & SES	-	(1)	-	(1)	NM
Myanmar	(184)	(93)	-	(277)	NM
Profit/(Loss) from operations	**126**	**(193)**	**-**	**(67)**	**100%**
Head office expenses and income				(161)	
Deemed interest expense (FRS 39)				(59)	
Gain on disposal of associates				32	
Taxation				1	
Net loss after tax				**(253)**	

Significant factors affecting the turnover, costs and earnings of the Group (cont'd)

FY 2006 Review

Production & Revenue

Revenue climbed 21% (US$2.23 mil) to US$13.08 mil in FY 2006 from US$10.85 mil in FY 2005. The rise was mainly driven by higher oil prices. The weighted average oil price transacted in FY 2006 was US$64.51 per barrel compared with US$53.34 per barrel in FY 2005. Shareable production increased by 2% (6,266 barrels) to 276,423 in FY 2006 from 270,157 barrels in FY 2005.

Cost of Production

Due to higher cost of production, gross profit only increased by 12% (US$0.48 mil) to US$4.48 mil in FY 2006 from US$4.00 mil from FY 2005. Cost of production increased by 26% (US$1.77 mil) to US$8.61 mil in FY 2006 from US$6.84 mil in FY 2005. In general, high oil prices led to upward pressure on operating costs which have increased across the board especially at TMT which increased by US$1.25 mil. The higher cost of production was also due to shallow drilling expenditure in Myanmar which would normally be capitalized amounting to US$0.50 mil and cancellation fees and expenses arising from the suspension of deep drilling program in Myanmar amounting to US$0.30 mil.

Net Loss After Tax

The Group incurred a net loss of US$1.74 mil in FY 2006 compared to a profit of US$2.03 mil in FY 2005 due mainly to the impairment of Myanmar assets amounting to US$10.01 mil including an additional allowance for doubtful debts of US$2.56 mil in FY 2006. This impairment provision stemmed from the irregular payment of trade receivables in Myanmar. However, this loss was partially offset by the US$5.86 mil gain realised from the sale of the 50% stake in Orchard.

Group (FY 2006)	Profit Before Tax US$'000	Taxation US$'000	Financing Cost US$'000	Net Contribution to Group US$'000	Net Contribution to Group %
TMT	2,289	(449)	-	1,840	56%
ONWJ & SES	4,718	(2,676)	(613)	1,429	44%
Myanmar	(8,981)	(458)	(59)	(9,498)	NM
Loss from operations	(1,974)	(3,583)	(672)	(6,229)	100%
Head office expenses and income				(1,039)	
Deemed interest expense (FRS 39)				(236)	
Loss from bond redemption				(80)	
Gain on disposal of associates				5,855	
Taxation				(14)	
Net loss after tax				(1,743)	

Material factors affecting the cash flow, working capital, assets or liabilities of the Group during the current financial period

The increase in the Group's net assets from US$21.35 mil (as at 31 Dec 2005) to US$30.92 mil (as at 31 Dec 2006) was due mainly to:

(a) the conversion of Warrants into new shares on 19 Jun 2006. The warrantholder elected to surrender all US$11 mil bonds in lieu of paying cash for the aggregate subscription price of US$11 mil payable upon exercise of the Warrants.

(b) the disposal of Orchard in Aug 2006 for consideration of US$21.51 mil. As a result of this disposal, the Group's net assets increased by US$5.86 mil and net working capital by US$21.51 mil.

(c) the write-down in the carrying value of assets and trade receivables relating to the Myanmar projects amounting to US$10.01 mil.

The Group's cash flow from operating activities during FY 2006 was lower than would otherwise be expected due the deterioration in the trade receivables ageing in respect of Myanmar operations.

8(ii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia 4Q 2006 US$'000	Indonesia 4Q 2005 Restated US$'000	Myanmar 4Q 2006 US$'000	Myanmar 4Q 2005 Restated US$'000	Consolidated 4Q 2006 US$'000	Consolidated 4Q 2005 Restated US$'000
Results						
EBITDA	478	484	145	171	623	655
EBIT	302	254	(191)	(49)	111	205
Sales to external customers	1,778	1,745	1,023	1,108	2,801	2,853
Segment results	317	235	(191)	(49)	126	186
Finance costs					(59)	(567)
Share of profit after tax from associates					-	905
Gain on disposal of associates					32	-
Unallocated corporate net operating results					(161)	351
(Loss)/Profit before tax					(62)	875
Taxation					(191)	(281)
Net (loss)/profit after tax					(253)	594

Geographical Segment	Indonesia FY 2006 US$'000	Indonesia FY 2005 Restated US$'000	Myanmar FY 2006 US$'000	Myanmar FY 2005 Restated US$'000	Consolidated FY 2006 US$'000	Consolidated FY 2005 Restated US$'000
Results						
EBITDA	3,106	3,153	(8,117)	1,148	(5,011)	4,301
EBIT	2,241	2,268	(8,973)	353	(6,732)	2,621
Sales to external customers	8,078	6,653	5,004	4,194	13,082	10,847
Segment results	2,289	2,258	(8,973)	353	(6,684)	2,611
Finance costs					(908)	(1,128)
Share of profit after tax from associates					2,042	1,711
Gain on disposal of associates					5,855	-
Unallocated corporate net operating results					(1,127)	(441)
(Loss)/Profit before tax					(822)	2,753
Taxation					(921)	(719)
Net (loss)/profit after tax					(1,743)	2,034

Notes

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

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

8(iii) PRODUCTION PROFILE

Myanmar Production		4Q 2006 barrels	4Q 2005 barrels	FY 2006 barrels	FY 2005 barrels
Average gross production per day		2,037	2,174	2,111	2,188
Gross production		187,439	199,995	770,402	798,671
Non-shareable production		(146,541)	(152,901)	(590,687)	(616,472)
Production shareable with Myanma Oil and Gas Enterprise		40,898	47,094	179,715	182,199
Group's 60% share of production		24,539	28,256	107,829	109,319
Group's average shareable production per day		267	307	295	300

Myanmar Revenue		4Q 2006	4Q 2005	FY 2006	FY 2005
Weighted average transacted oil price	US$	57.92	54.48	64.51	53.34
Revenue shareable with MOGE	US$'000	1,421	1,539	6,956	5,831
MOGE's share	US$'000	(398)	(431)	(1,952)	(1,637)
Group's net share of revenue	US$'000	1,023	1,108	5,004	4,194

Indonesia Production		4Q 2006 barrels	4Q 2005 barrels	FY 2006 barrels	FY 2005 barrels
Average gross production per day		698	710	722	710
Gross production		64,191	65,312	263,452	259,069
Non-shareable production		(5,284)	(6,664)	(22,604)	(29,300)
Production shareable with Pertamina		58,907	58,648	240,849	229,769
Group's 70% share of production		41,235	41,054	168,594	160,838
Group's average shareable production per day		448	446	462	441

Indonesia Revenue		4Q 2006	4Q 2005	FY 2006	FY 2005
Weighted average transacted oil price	US$	57.97	54.47	64.41	53.26
Revenue shareable with Pertamina	US$'000	2,390	2,236	10,860	8,567
Pertamina's share	US$'000	(612)	(491)	(2,782)	(1,914)
Group's net share of revenue	US$'000	1,778	1,745	8,078	6,653

Group Production and Revenue		4Q 2006	4Q 2005	FY 2006	FY 2005
Group's share of shareable production	barrels	65,774	69,310	276,423	270,157
Group's average shareable production per day	barrels	715	753	757	740
Group's total revenue	US$'000	2,801	2,853	13,082	10,847

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

No forecast was made in the last unaudited results announcement for the period ended 30 Sep 2006.

10 COMMENTARY ON PROSPECTS

Notwithstanding the difficulties faced in Myanmar, the Group's financial position has strengthened in 2006. As at 31 Dec 2006, the Group had cash on hand of US$24.24 mil and no interest-bearing debt.

Barring any unforseen circumstances, the Group expects positive contributions from its working interest in TMT at the current oil price level. Any increase in contribution from TMT in FY 2007 hinges on the success of the planned 3 well drilling program which was delayed due to the operator's inability to locate a drilling rig. The operator has advised that drilling should commence in the first quarter of 2007.

Due to the high oil prices, net oil importing countries including Myanmar have encountered financial strains. The Group continues to receive payment of outstanding invoices from MOGE on an irregular basis. As documented in the 3Q 2006 result annoucements, the trade receivables position in Myanmar has deteriorated. This has resulted in the suspension of the proposed deep drilling program and also the impairment of the carrying value of the Group's Myanmar assets. The Group will continue to take steps to make sure that payments are received in a more timely manner. The actual frequency of future payments by MOGE is a major determining factor of whether the Myanmar operations will be profitable or loss making in the future.

Apart from enhancing the Group's existing concessions, the Group is actively seeking the acquisition of new concessions. There is extreme competition for new acreage and existing producing fields. As such, profitable contributions from any new concessions depends on the Group's ability to secure such properties at commercially realistic prices.

11 DIVIDEND

No dividend for the period ended 31 Dec 2006 is recommended.

12 INTERESTED PERSON TRANSACTION

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 4Q 2006 US$	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) 4Q 2006 US$
Nil	Nil	Nil

13 CONFIRMATION BY THE BOARD OF DIRECTORS PURSUANT TO RULE 705(4) OF THE SGX LISTING MANUAL

The Board of Directors of the Company hereby confirms to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the fourth quarter and year ended 31 Dec 2006 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Submitted by
Luke Christopher Targett
Executive Director

26-Feb-07

14 ABBREVIATIONS

1Q 2006	means	First calendar quarter of year 2006
2Q 2006	means	Second calendar quarter of year 2006
3Q 2006	means	Third calendar quarter of year 2006
3Q 2005	means	Third calendar quarter of year 2005
4Q 2006	means	Fourth calendar quarter of year 2006
4Q 2005	means	Fourth calendar quarter of year 2005
bbls	means	barrels
boe	means	barrels of oil equivalent
FRS	means	Financial Reporting Standards
FY 2006	means	Full year ended 31 December 2006
FY 2005	means	Full year ended 31 December 2005
Geopetrol	means	Geopetrol Singu Inc.
Goldpetrol	means	Goldpetrol Joint Operating Company Inc.
Goldwater	means	Goldwater Company Limited
Group	means	Interra Resources Limited, its subsidiary companies and joint ventures
GTMT	means	Goldwater TMT Pte. Ltd.
Interra	means	Interra Resources Limited
IPR	means	Improved Petroleum Recovery
k	means	thousand
mil	means	million
MOGE	means	Myanma Oil and Gas Enterprise
NA	means	Not applicable
NM	means	Not meaningful
ONWJ	means	Offshore North West Java PSC
Orchard	means	Orchard Energy Holding Java & Sumatra B.V.
Pertamina	means	Perusahaan Pertambangan Minyak Dan Gas Bumi Negara
PSC	means	Production Sharing Contract
Retco	means	PT Retco Prima Energi
Salamander	means	Salamander Energy plc
SES	means	South East Sumatra PSC
TAC	means	Technical Assistance Contract
TMT	means	Tanjung Miring Timur

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