

6 November 2007

Dear Shareholders

## **UNAUDITED RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2007**

### **Main Events**

- Higher net profit for the quarter of US\$0.82 million as compared with the second quarter of 2007.
- Completion of well TMT-50 as a producing well at Tanjung Miring Timur ("TMT") in Indonesia. This is the final well in a 3 well program for 2007.

The Board of Directors of Interra Resources Limited (the "Company" or "Interra") wishes to announce that for the third quarter ("Q3") of 2007, the Group earned a net profit after tax of US\$0.82 million compared to US\$0.28 million in the second quarter ("Q2") of 2007.

### **Q3 2007 vs Q2 2007**

Revenue increased by almost 17% to US\$4.04 million during Q3 2007 compared to US\$3.46 million in Q2 2007. The increase is due to a combination of:

1. increased shareable production for the quarter of 72,666 barrels of oil compared to 68,960 barrels of oil in the previous quarter. The increase of 3,706 barrels of oil (a 5.4% increase) was due to a combination of increased production at TMT from the 3 well drilling program and the installation of new lifting equipment and improved operational effectiveness in Myanmar; and
2. higher weighted average oil price which increased from US\$68.16 per barrel in Q2 2007 to US\$75.55 per barrel in Q3 2007.

The cost of production in Q3 2007 reduced to US\$2.17 million as compared to US\$2.34 million during Q2 2007. As a result of these factors, net profit for Q3 2007 of US\$0.82 million was significantly higher compared to the net profit of US\$0.28 million for Q2 2007.

During Q3 2007, 3 payments were received in respect of Myanmar trade receivables, hence, no additional impairment provision was charged during the period. As at the date of this report, the Group has received a total of 8 payments in 2007 from the Myanmar Oil and Gas Enterprise ("MOGE"). During 2006, the Group received 7 payments for the entire year. Pending settlement of the issue of outstanding accounts receivable, the Group has reduced operating costs where possible.



**9M 2007 vs 9M 2006**

Gross profit for the first 9 months ("9M") of 2007 was US\$3.82 million compared to US\$3.95 million for 9M 2006. The year on year decrease was due to lower shareable production in 9M 2007 of 207,895 barrels of oil compared to 210,650 barrels of oil in 9M 2006. However, the weighted average oil price for 9M 2007 of US\$67.46 per barrel was higher than that of the corresponding period in 2006 of US\$66.50 per barrel. The cost of production in 9M 2007 of US\$6.49 million was slightly higher compared to US\$6.33 million for 9M 2006. All in all, the net profit after tax generated in 9M 2007 of US\$1.11 million was significantly higher than the net loss after tax incurred in 9M 2006 of US\$1.49 million. The loss in 9M 2006 was mainly due to the impairment provision on Myanmar assets amounting US\$9.91 million.

**Other Events**

Well TMT-50 at TMT was completed as a producing well. This is the final well in a 3 well infill development program at TMT. Both TMT-49 and TMT-50 are producing oil and ongoing work is being undertaken to improve their rates of production. The planned deepening of well TMT-44 in late 2007 will be postponed to 2008.

As announced on 22 Oct 2007, the Thai Government has granted approval to the assignment of 50% interest in the Petroleum Concession Agreements ("PCAs") for the onshore exploration Blocks L17/48, L3/48 and L9/48 to Interra Resources (Thailand) Limited. Substantial work has been ongoing to refine the work plans for these exploration blocks.

Yours sincerely,

The Board of Directors  
Interra Resources Limited



**INTERRA RESOURCES LIMITED  
UNAUDITED RESULTS FOR THE QUARTER  
ENDED 30 SEPTEMBER 2007**

**TABLE OF CONTENTS**

Item No.	Description	Page No.
1(a)(i)	Profit and Loss Statement	2
1(a)(ii)	Explanatory Notes to Profit and Loss Statement	3
1(b)(i)	Balance Sheet	4 - 6
1(b)(ii)	Borrowings and Debt Securities	6
1(c)	Cash Flow Statement	7
1(d)(i)	Statements of Changes in Equity	8
1(d)(ii)	Share Capital	8
2 & 3	Audit Statement	9
4 & 5	Accounting Policies and Method of Computation	9
6	Earnings Per Share	9
7	Net Asset Value Per Share	9
8(i)	Performance Review	10 - 11
8(ii)	Segmented Revenue and Results	12
8(iii)	Production Profile	13
9 & 10	Prospects	14
11	Dividend	14
12	Interested Person Transaction	14
13	Confirmation by Board of Directors	14
14	Abbreviations	15

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 2006 have been translated into USD for comparison purposes.

1(a)(i) PROFIT AND LOSS STATEMENT

Group	Note	Q3 2007 US\$'000	Q3 2006 US\$'000	Change %	9M 2007 US\$'000	9M 2006 US\$'000	Change %
Revenue	A1	4,035	3,669	↑ 10	10,306	10,282	↑ 0
Cost of production	A2	(2,173)	(2,298)	↓ 5	(6,490)	(6,328)	↑ 3
<b>Gross profit</b>		<b>1,862</b>	<b>1,371</b>	<b>↑ 36</b>	<b>3,816</b>	<b>3,954</b>	<b>↓ 3</b>
Other income	A3	338	326	↑ 4	968	808	↑ 20
Administrative expenses		(780)	(968)	↓ 19	(2,175)	(2,093)	↑ 4
Impairment and allowances	A4	(174)	(8,811)	↓ 98	(403)	(9,909)	↓ 96
Other operating expenses	A5	(31)	(246)	↓ 87	(160)	(456)	↓ 65
Finance costs	A6	(63)	(73)	↓ 14	(189)	(849)	↓ 78
Share of profit after tax of associates		-	468	NM	-	2,043	NM
Loss from bond redemption	A7	-	-	NM	-	(81)	NM
Gain on disposal of associates	A8	-	5,824	NM	-	5,824	NM
<b>Profit / (Loss) before tax</b>		<b>1,152</b>	<b>(2,109)</b>	<b>NM</b>	<b>1,857</b>	<b>(759)</b>	<b>NM</b>
Income tax expense		(336)	(260)	↑ 29	(750)	(730)	↑ 3
<b>Profit / (Loss) after tax</b>		<b>816</b>	<b>(2,369)</b>	<b>NM</b>	<b>1,107</b>	<b>(1,489)</b>	<b>NM</b>

↑ means increase

↓ means decrease

NM = not meaningful

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

Group	Q3 2007 US\$'000	Q3 2006 US\$'000	9M 2007 US\$'000	9M 2006 US\$'000
<b>A1 Revenue</b>				
Sales of crude oil (see 8(iii) for production profile)	<b>4,035</b>	<b>3,669</b>	<b>10,306</b>	<b>10,282</b>
<b>A2 Cost of production</b>				
Production expenses	1,777	1,904	5,487	5,074
Depreciation of property, plant and equipment	126	97	327	314
Amortisation of EED costs	268	293	670	936
Amortisation of computer software	2	4	6	4
	<b>2,173</b>	<b>2,298</b>	<b>6,490</b>	<b>6,328</b>
<b>A3 Other income</b>				
Interest income from deposits	301	153	855	228
Interest income from associates	-	25	-	135
Deferred income	-	107	-	320
Petroleum services fees	37	37	107	101
Other income	-	4	6	24
	<b>338</b>	<b>326</b>	<b>968</b>	<b>808</b>
<b>A4 Impairment and allowances</b>				
Allowance for doubtful debts	-	1,465	-	2,563
Write down on EED costs (Indonesia)	174	-	174	-
Impairment of EED costs (Myanmar)	-	7,124	229	7,124
Impairment of concession rights	-	222	-	222
Impairment of intangible benefits	-	4,473	-	4,473
Reversal of deferred income	-	(4,473)	-	(4,473)
	<b>174</b>	<b>8,811</b>	<b>403</b>	<b>9,909</b>
<b>A5 Other operating expenses</b>				
Depreciation of property, plant and equipment	15	5	36	20
Amortisation of concession rights	2	7	6	22
Amortisation of participation rights	42	42	127	127
Amortisation of intangible benefits	-	107	-	320
Foreign exchange loss/(gain), net	(28)	85	(9)	(33)
	<b>31</b>	<b>246</b>	<b>160</b>	<b>456</b>
<b>A6 Finance costs</b>				
Interest expense amortisation for bonds issued	-	-	-	613
Interest expense on loan from a related party	-	14	-	59
Deemed interest expense on interest free loans	63	59	189	177
	<b>63</b>	<b>73</b>	<b>189</b>	<b>849</b>
<b>A7 Loss from bond redemption</b>				
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.				
<b>A8 Gain on disposal of associates</b>				
Net gain realised from disposal of associates	-	9,698	-	9,698
Cost incurred from disposal of associates	-	(121)	-	(121)
Share of profit from associates previously recognised	-	(3,753)	-	(3,753)
	<b>-</b>	<b>5,824</b>	<b>-</b>	<b>5,824</b>

## 1(b)(i) BALANCE SHEET

	Note	Group		Company	
		30-Sep-07 US\$'000	31-Dec-06 US\$'000	30-Sep-07 US\$'000	31-Dec-06 US\$'000
<b>Non-Current Assets</b>					
Property, plant and equipment		1,132	742	77	24
Exploration, evaluation and development ("EED") costs		6,933	6,155	-	-
Intangible assets	B1	3,371	3,282	7	8
Interest in subsidiary companies		-	-	9,827	10,616
Investments	B2	966	1,041	4	4
		<b>12,402</b>	<b>11,220</b>	<b>9,915</b>	<b>10,652</b>
<b>Current Assets</b>					
Inventories		1,056	1,542	-	-
Work in progress		-	61	-	-
Trade receivables (net)	B3	3,518	2,610	-	-
Other receivables, deposits and prepayments		325	676	126	87
Cash and bank balances	B4	25,426	24,229	21,265	20,736
		<b>30,325</b>	<b>29,118</b>	<b>21,391</b>	<b>20,823</b>
<b>Total Assets</b>					
		<b>42,727</b>	<b>40,338</b>	<b>31,306</b>	<b>31,475</b>
<b>Current Liabilities</b>					
Trade payables		(833)	(516)	-	-
Other payables and accruals		(2,006)	(2,074)	(377)	(403)
Provision for taxation		(3,468)	(2,706)	(93)	(3)
Loan from a director (current)	B5	(1,436)	-	-	-
Loan from a substantial shareholder (current)	B5	(1,436)	-	-	-
Loan from a third party (current)	B5	(1,357)	-	-	-
		<b>(10,536)</b>	<b>(5,296)</b>	<b>(470)</b>	<b>(406)</b>
<b>Non-Current Liabilities</b>					
Loan from a director	B5	-	(1,293)	-	-
Loan from a substantial shareholder	B5	-	(1,374)	-	-
Loan from a third party	B5	-	(1,374)	-	-
Provision for environmental and restoration costs		(237)	(79)	-	-
		<b>(237)</b>	<b>(4,120)</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>					
		<b>(10,773)</b>	<b>(9,416)</b>	<b>(470)</b>	<b>(406)</b>
<b>Net Assets</b>					
		<b>31,954</b>	<b>30,922</b>	<b>30,836</b>	<b>31,069</b>
<b>Representing:</b>					
Share capital		40,109	40,109	40,109	40,109
Reserves		(8,155)	(9,187)	(9,273)	(9,040)
		<b>31,954</b>	<b>30,922</b>	<b>30,836</b>	<b>31,069</b>

## Explanatory Notes to Balance Sheet

**B1** Details on intangible assets are as follows:-

	<b>Group</b>	
	<b>30-Sep-07</b>	<b>31-Dec-06</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Computer software	25	31
Goodwill on reverse acquisition	1,489	1,489
Participating and concession rights	1,628	1,762
Pre-license acquisition expenditure in Thailand	229	-
	<b><u>3,371</u></b>	<b><u>3,282</u></b>

**B2** Details on investments are as follows:-

	<b>Group</b>	
	<b>30-Sep-07</b>	<b>31-Dec-06</b>
	<b>US\$'000</b>	<b>US\$'000</b>
(a) Financial assets, available-for-sale *		
Quoted equity at cost		
Salamander Energy plc		
- 205,181 ordinary shares of 10p each	1,000	1,000
Fair value (loss) / gain recognised in equity	(38)	37
Market value	<u>962</u>	<u>1,037</u>
(b) Other investments		
Club membership	4	4
	<b><u>966</u></b>	<b><u>1,041</u></b>

\* Under FRS 39 - Financial Instruments: Recognition and Measurement ("FRS 39"), financial assets held as "available-for-sale" are initially recognised at their fair value and subsequently re-measured at fair value. Any changes in fair value is taken into equity directly. This means that any gain or loss arising from the change in fair value is not taken into the Profit and Loss Statement but to the equity section of the Balance Sheet as fair value reserves. Gains or losses will only be taken into the Profit and Loss Statement when the investments are sold.

**B3** Details on trade receivables (net) are as follows:-

	<b>Group</b>	
	<b>30-Sep-07</b>	<b>31-Dec-06</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Trade receivables	6,435	5,527
Allowance for doubtful debts	(2,917)	(2,917)
	<b><u>3,518</u></b>	<b><u>2,610</u></b>

## Explanatory Notes to Balance Sheet

B4 Details on cash and cash equivalents are as follows:-

	Group	
	30-Sep-07 US\$'000	31-Dec-06 US\$'000
Cash at bank and on hand	5,728	1,725
Fixed deposits	19,698	22,504
<b>Cash and bank balances (as per Balance Sheet)</b>	<b>25,426</b>	<b>24,229</b>
Less: Cash collateral	(4,187)	-
<b>Cash and cash equivalents (as per Cash Flow Statement)</b>	<b>21,239</b>	<b>24,229</b>

Cash collateral represents fixed deposits of the Company pledged as security for issuance of the bank guarantees in favour of the Thai Ministry of Energy for a period of up to 3 years.

B5 These are unsecured and interest free loans from a director, a substantial shareholder and a third party which are stated at amortised cost in accordance with 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. As at 30 Apr 2007, all these loans were reclassified from non-current liabilities to current liabilities as the undertaking not to demand repayment from the Group is now less than 12 months (ie 30 Apr 2008).

	Group	
	30-Sep-07 US\$'000	31-Dec-06 US\$'000
Loans from a director, a substantial shareholder and a third party	4,381	4,381
Less: Unamortised deemed interest expense	(152)	(340)
	<b>4,229</b>	<b>4,041</b>

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

Group	30-Sep-07		31-Dec-06	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand	-	4,229	-	-
Amount repayable after one year	-	-	-	4,041

#### Details of Collateral

Not applicable



**1(c) CASH FLOW STATEMENT**

Group	Q3 2007 US\$'000	Q3 2006 US\$'000	9M 2007 US\$'000	9M 2006 US\$'000
<b>Cash Flows from Operating Activities</b>				
Profit / (Loss) before tax	1,152	(2,109)	1,857	(759)
<b>Adjustments for non-cash items:</b>				
Foreign currency translation	3	1	4	4
Share of profit after tax of associates	-	(468)	-	(2,043)
Depreciation of property, plant and equipment	141	102	363	334
Amortisation of:				
EED costs	268	293	670	936
Concession rights	2	7	6	22
Intangible benefits	-	107	-	320
Computer software	2	4	6	4
Participating rights	42	42	127	127
Impairment of EED costs (Myanmar)	-	7,124	229	7,124
Write down on EED costs (Indonesia)	174	-	174	-
Impairment of concession rights	-	222	-	222
Impairment of intangible benefits	-	4,473	-	4,473
Reversal of deferred income	-	(4,473)	-	(4,473)
Allowance for doubtful debts	-	1,465	-	2,563
Interest income	(301)	(178)	(855)	(363)
Interest expense	63	73	189	849
Deferred income	-	(107)	-	(320)
Exchange difference	-	85	-	(33)
Loss from bond redemption	-	-	-	81
Gain on disposal of associates	-	(5,824)	-	(5,824)
<b>Operating profit before working capital changes</b>	<b>1,546</b>	<b>839</b>	<b>2,770</b>	<b>3,244</b>
<b>Changes in working capital:</b>				
Inventories	390	15	486	29
Trade and other receivables	33	(1,491)	(564)	(3,042)
Trade and other payables	(1)	286	252	11
Accrued operating expenses	(23)	(98)	(2)	96
Amount due to related parties (trade)	-	-	-	(48)
Work in progress	-	18	61	56
Provision for environmental and restoration costs	55	33	158	33
Tax paid	-	(12)	11	(14)
<b>Net cash inflows / (outflows) from operating activities</b>	<b>2,000</b>	<b>(410)</b>	<b>3,172</b>	<b>365</b>
<b>Cash Flows from Investing Activities</b>				
Interest income received	302	264	859	340
Net proceeds from disposal of associates	-	20,253	-	20,253
Acquisition costs for exploration concessions in Thailand	-	-	(229)	-
Investment in associates	-	(101)	-	(453)
Cash pledged for cash backed bankers' guarantees	-	-	(4,187)	-
Capital expenditure:				
Purchase of property, plant and equipment	(464)	(7)	(754)	(41)
Purchase of computer software	-	(2)	-	(10)
Well drillings and improvements	(704)	-	(1,851)	(30)
<b>Net cash (outflows) / inflows from investing activities</b>	<b>(866)</b>	<b>20,407</b>	<b>(6,162)</b>	<b>20,059</b>
<b>Cash Flows from Financing Activities</b>				
Interest paid	-	(29)	-	(658)
Repayment of loan from a related party	-	(750)	-	(750)
<b>Net cash (outflows) from financing activities</b>	<b>-</b>	<b>(779)</b>	<b>-</b>	<b>(1,408)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1,134</b>	<b>19,218</b>	<b>(2,990)</b>	<b>19,016</b>
Cash and cash equivalents at beginning of period	20,105	4,627	24,229	4,829
<b>Cash and cash equivalents at end of period (see Note B4)</b>	<b>21,239</b>	<b>23,845</b>	<b>21,239</b>	<b>23,845</b>

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

Group	Share Capital US\$'000	Foreign Currency Translation Reserve US\$'000	Special Reserves US\$'000	Fair Value Reserves US\$'000	Retained Earnings US\$'000	Total US\$'000
<b>Balance as at 1 Jul 2006</b>	147,314	(394)	(122,344)	-	8,501	33,077
Effect of change in functional currency	5,677	(830)	-	-	(4,417)	430
Net loss after tax for Q3 2006	-	-	-	-	(2,369)	(2,369)
<b>Balance as at 30 Sep 2006</b>	<b>152,991</b>	<b>(1,224)</b>	<b>(122,344)</b>	<b>-</b>	<b>1,715</b>	<b>31,138</b>
<b>Balance as at 1 Jul 2007</b>	40,109	(1,224)	(16,545)	(178)	8,836	30,998
Fair value gain on available-for-sale financial assets	-	-	-	140	-	140
Net profit after tax for Q3 2007	-	-	-	-	816	816
<b>Balance as at 30 Sep 2007</b>	<b>40,109</b>	<b>(1,224)</b>	<b>(16,545)</b>	<b>(38)</b>	<b>9,652</b>	<b>31,954</b>
<b>Company</b>						
Company	Share Capital US\$'000	Foreign Currency Translation Reserve US\$'000	Retained (Losses) US\$'000	Total US\$'000		
<b>Balance as at 1 Jul 2006</b>	147,314	(393)	(109,277)	37,644		
Effect of change in functional currency	5,677	393	(4,416)	1,654		
Net loss after tax for Q3 2006	-	-	(8,307)	(8,307)		
<b>Balance as at 30 Sep 2006</b>	<b>152,991</b>	<b>-</b>	<b>(122,000)</b>	<b>30,991</b>		
<b>Balance as at 1 Jul 2007</b>	40,109	-	(9,173)	30,936		
Net loss after tax for Q3 2007	-	-	(100)	(100)		
<b>Balance as at 30 Sep 2007</b>	<b>40,109</b>	<b>-</b>	<b>(9,273)</b>	<b>30,836</b>		

1(d)(ii) SHARE CAPITAL

No additional share capital was issued in Q3 2007.

**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 2006.

**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**

See 4 above.

**6 EARNINGS PER SHARE**

Group	Q3 2007	Q3 2006	9M 2007	9M 2006
<b>Basic earnings per share (USD cents)</b>	<b>+ 0.318</b>	<b>- 0.922</b>	<b>+ 0.431</b>	<b>- 0.687</b>
Weighted average number of shares for the purpose of computing basic earnings per share	256,920,238	256,920,238	256,920,238	216,821,900
<b>Fully diluted earnings per share (USD cents)</b>	<b>+ 0.318</b>	<b>- 0.922</b>	<b>+ 0.431</b>	<b>- 0.656</b>
Weighted average number of shares for the purpose of computing fully diluted earnings per share	256,920,238	256,920,238	256,920,238	226,949,532

Basic and fully diluted earnings per share for Q3 2007 and 9M 2007 are based on the weighted average number of 256,920,238 shares. There were no new shares issued in 2007.

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 converted into shares on 19 Jun 2006, for the purpose of computing fully diluted earnings per share for 9M 2006, the relevant period is from 1 Jan 2006 to 18 Jun 2006 respectively. During this period, the average share price of the Company was S\$0.332 and hence considered to be dilutive.

**7 NET ASSET VALUE PER SHARE**

	Group		Company	
	30-Sep-07	31-Dec-06	30-Sep-07	31-Dec-06
Net asset value per ordinary share based on issued share capital (USD cents)	12.438	12.035	12.002	12.093
Number of ordinary shares in issue	256,920,238	256,920,238	256,920,238	256,920,238

## 8(i) PERFORMANCE REVIEW

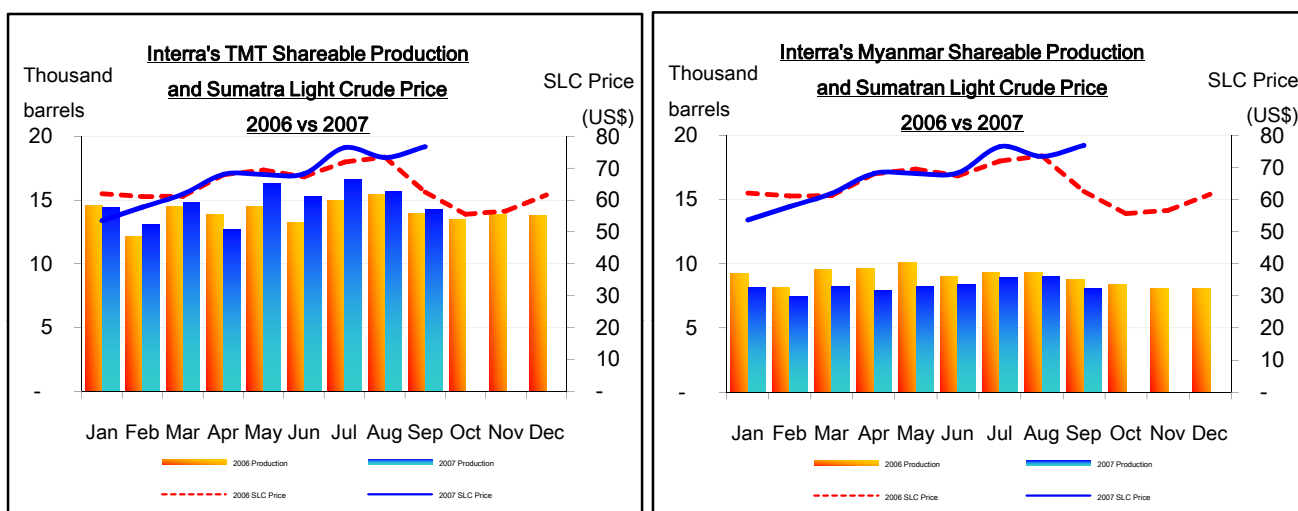
### Significant factors affecting the turnover, costs and earnings of the Group

#### Production & Revenue

Revenue increased by 10% to US\$4.04 mil in Q3 2007 from US\$3.67 mil in Q3 2006 due to higher oil prices and shareable production. The weighted average oil price transacted during Q3 2007 was US\$75.55 per barrel whereas during Q3 2006 it was US\$69.52 per barrel. Shareable production for Q3 2007 increased to 72,666 barrels (790 bopd) from 71,868 barrels (781 bopd) for Q3 2006.

The Group's share of shareable production of 207,895 barrels for 9M 2007 was comparable that of 9M 2006 of 210,650 barrels.

The shareable production contributed by TMT increased from 44,391 barrels in Q3 2006 (9M 2006: 127,360 barrels) to 46,578 barrels in Q3 2007 (9M 2007: 133,254 barrels) due to the contribution from 3 new wells drilled during 2007. However, shareable production from Myanmar decreased from 27,477 barrels in Q3 2006 (9M 2006: 83,290 barrels) to 26,088 barrels in Q3 2007 (9M 2007: 76,641 barrels). This decrease is not unexpected due to the reduced capital expenditure in the Myanmar operations.



#### Cost of Production

The cost of production in Q3 2007 decreased by 5% (US\$0.13 mil) as compared to Q3 2006, thus contributing to the increase in gross profit.

Cost of production in 9M 2007 increased by 3% (US\$0.14 mil) to US\$6.49 mil compared to the same period in 2006 mainly due to higher operating expenses at TMT of US\$0.59 mil. However, this increase was partially offset by a decrease in operating expenses in Myanmar, as a result of the reduced activity level.

### Net Profit After Tax

The Group posted a net profit after tax of US\$0.82 mil in Q3 2007 compared to a net loss after tax of US\$2.37 mil in Q3 2006. Similarly, the Group posted a net profit after tax of US\$1.11 mil for 9M 2007 as compared to a net loss after tax of US\$1.49 mil in 9M 2006. The net loss after tax in Q3 2006 and 9M 2006 was due mainly to the significant impairment of the carrying value of the Myanmar assets of US\$8.81 mil.

Group (Q3 2007)	Profit Before Tax US\$'000	Taxation US\$'000	Net Contribution to Group US\$'000	Net Contribution to Group %
TMT	655	(116)	539	49%
Myanmar	692	(130)	562	51%
<b>Profit / (Loss) from operations</b>	<b>1,347</b>	<b>(246)</b>	<b>1,101</b>	<b>100%</b>
Head office expenses and income			(132)	
Deemed interest expense (FRS 39)			(63)	
Income tax (expense) / refund			(90)	
<b>Net profit after tax</b>			<b>816</b>	

Group (9M 2007)	Profit Before Tax US\$'000	Taxation US\$'000	Net Contribution to Group US\$'000	Net Contribution to Group %
TMT	1,563	(342)	1,221	62%
Myanmar	1,089	(331)	758	38%
<b>Profit / (Loss) from operations</b>	<b>2,652</b>	<b>(673)</b>	<b>1,979</b>	<b>100%</b>
Head office expenses and income			(606)	
Deemed interest expense (FRS 39)			(189)	
Income tax (expense) / refund			(77)	
<b>Net profit after tax</b>			<b>1,107</b>	

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

- (1) As at 30 Sep 2007, the Group has received 7 payments in respect of trade receivables in the 9 month period of 2007. Notwithstanding this, the Group generated a net cash inflow from operating activities of US\$1.21 mil for Myanmar operations in 9M 2007.
- (2) As at 30 Sep 2007, the drilling expenditure incurred on new wells, TMT-48, TMT-49 and TMT-50, amounted to US\$2.58 mil.

8(ii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia		Myanmar		Consolidated	
	Q3 2007	Q3 2006	Q3 2007	Q3 2006	Q3 2007	Q3 2006
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Results</b>						
EBITDA	1,108	732	1,049	(8,262)	2,157	(7,530)
EBIT	807	520	694	(8,413)	1,501	(7,893)
<b>Sales to external customers</b>	2,618	2,296	1,417	1,373	4,035	3,669
<b>Segment results</b>	677	539	694	(8,413)	1,371	(7,874)
Finance costs					(63)	(73)
Share of profit after tax from associates					-	468
Gain on disposal of associates					-	5,824
Unallocated corporate net operating results					(156)	(454)
<b>Profit / (Loss) before tax</b>					1,152	(2,109)
Income tax expense					(336)	(260)
<b>Net profit / (loss) after tax</b>					816	(2,369)

Geographical Segment	Indonesia		Myanmar		Consolidated	
	9M 2007	9M 2006	9M 2007	9M 2006	9M 2007	9M 2006
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Results</b>						
EBITDA	2,428	2,629	1,495	(8,056)	3,923	(5,427)
EBIT	1,697	1,939	1,095	(8,782)	2,792	(6,843)
<b>Sales to external customers</b>	6,687	6,300	3,619	3,982	10,306	10,282
<b>Segment results</b>	1,628	1,972	1,095	(8,782)	2,723	(6,810)
Finance costs					(189)	(849)
Share of profit after tax from associates					-	2,043
Gain on disposal of associates					-	5,824
Unallocated corporate net operating results					(677)	(967)
<b>Profit / (Loss) before tax</b>					1,857	(759)
Income tax expense					(750)	(730)
<b>Net profit / (loss) after tax</b>					1,107	(1,489)

**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**

<b>Myanmar Production</b>		<b>Q3 2007 barrels</b>	<b>Q3 2006 barrels</b>	<b>9M 2007 barrels</b>	<b>9M 2006 barrels</b>
Average gross production per day		2,015	2,108	2,015	2,135
Gross production		185,375	193,931	550,027	582,963
Non-shareable production		(141,896)	(148,137)	(425,628)	(444,147)
Production shareable with Myanma Oil and Gas Enterprise		43,479	45,794	124,399	138,816
Group's 60% share of production		26,088	27,477	74,641	83,290
Group's average shareable production per day		284	299	273	305
<b>Myanmar Revenue</b>		<b>Q3 2007</b>	<b>Q3 2006</b>	<b>9M 2007</b>	<b>9M 2006</b>
Weighted average transacted oil price	US\$	75.52	69.45	67.40	66.45
Revenue shareable with MOGE	US\$'000	1,970	1,908	5,031	5,534
MOGE's share	US\$'000	(553)	(535)	(1,412)	(1,552)
Group's net share of revenue	US\$'000	1,417	1,373	3,619	3,982
<b>Indonesia Production</b>		<b>Q3 2007 barrels</b>	<b>Q3 2006 barrels</b>	<b>9M 2007 barrels</b>	<b>9M 2006 barrels</b>
Average gross production per day		766	749	742	730
Gross production		70,440	68,912	202,653	199,260
Non-shareable production		(3,900)	(5,497)	(12,292)	(17,320)
Production shareable with Pertamina		66,540	63,415	190,361	181,940
Group's 70% share of production		46,578	44,391	133,254	127,360
Group's average shareable production per day		506	483	488	467
<b>Indonesia Revenue</b>		<b>Q3 2007</b>	<b>Q3 2006</b>	<b>9M 2007</b>	<b>9M 2006</b>
Weighted average transacted oil price	US\$	75.55	69.52	67.46	66.50
Revenue shareable with Pertamina	US\$'000	3,520	3,086	8,990	8,469
Pertamina's share	US\$'000	(902)	(790)	(2,303)	(2,169)
Group's net share of revenue	US\$'000	2,618	2,296	6,687	6,300
<b>Group Production and Revenue</b>		<b>Q3 2007</b>	<b>Q3 2006</b>	<b>9M 2007</b>	<b>9M 2006</b>
Group's share of shareable production	barrels	72,666	71,868	207,895	210,650
Group's average shareable production per day	barrels	790	781	762	772
Group's total revenue	US\$'000	4,035	3,669	10,306	10,282

**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 Jun 2007.

**10 COMMENTARY ON PROSPECTS**

Barring any unforeseen circumstances, the Group expects to continue to earn positive contributions from its working interest in TMT at the current oil price level. Due to the recent oil price increase, TMT's unrecovered cost pool has reduced rapidly. Under the Technical Assistance Contract ("TAC") production sharing regime, once the unrecovered cost pool is exhausted, the net oil entitlement and the Group's share of revenue will also reduce. This may result in lower reported profit in the future.

In Myanmar, the Group continues to receive payment of outstanding invoices from MOGE on an irregular basis. The Group will continue to assess the carrying value of the Group's Myanmar assets and take steps to try to ensure that payments are received in a more timely manner. As such, the Group has reduced operating costs where possible. 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.

As announced on 22 Oct 2007, the Thai Government has granted approval to the assignment of a 50% interest in the Petroleum Concession Agreements ("PCAs") for onshore exploration Blocks L17/48, L3/48 and L9/48 to Interra Resources (Thailand) Limited. Substantial work has been ongoing to refine the work plans for these exploration blocks.

Apart from the existing business operations, the Group continues to actively seek new concessions and acquisitions. There is intense competition for new acreage and existing producing fields. As such, profitable contributions from any new concessions depend on the Group's ability to secure such properties at commercially realistic prices.

**11 DIVIDEND**

No dividend for the period ended 30 Sep 2007 is recommended.

**12 INTERESTED PERSON TRANSACTION**

<b>Name of Interested Person</b>	<b>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) Q3 2007 US\$</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)  Q3 2007 US\$</b>
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 quarter ended 30 Sep 2007 to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

Submitted by  
Luke Christopher Targett  
Executive Director

6 Nov 2007



## 14 ABBREVIATIONS

bopd	means	barrels of oil and oil equivalent
EED	means	Exploration, evaluation and development
FRS	means	Financial Reporting Standards
Q3 2006	means	Third calendar quarter of year 2006
Q3 2007	means	Third calendar quarter of year 2007
9M 2007	means	For the period ended 30 September 2007
9M 2006	means	For the period ended 30 Septmeber 2006
FY 2006	means	Full year ended 31 December 2006
FY 2007	means	Full year ended 31 December 2007
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
JSXT	means	JSX Energy (Thailand) Limited
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.
PCA	means	Petroleum Concession Agreement
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.