

13 August 2008

Dear Shareholders

**UNAUDITED RESULTS FOR THE QUARTER ENDED 30 JUNE 2008**

**Highlights**

- Improving payment frequency of accounts receivable in Myanmar
- Net profit after tax for the quarter was US\$0.50 million
- In April 2008, the Group repaid outstanding loans of US\$4.38 million from a director, substantial shareholder and third party
- In May 2008, the Group paid its maiden dividend to shareholders of Sing 0.5 cents per share totalling US\$0.94 million
- In June 2008, the Company was successfully admitted to the official list of the Australian Securities Exchange (“ASX”)

The Board of Directors of Interra Resources Limited (the “Company” or “Interra”) wishes to announce that for the second quarter (“Q2”) of 2008, the Group generated a net profit after tax of US\$0.50 million compared to US\$0.28 million in Q2 2007.

**Q2 2008 vs Q2 2007 Review**

Revenue increased by 36% to US\$4.71 million in Q2 2008 from US\$3.46 million in Q2 2007 due to higher oil prices and higher shareable production. The weighted average oil price transacted during Q2 2008 was US\$123.70 per barrel whereas during Q2 2007 it was US\$68.16 per barrel, an increase of 81%. Shareable production for Q2 2008 increased to 74,902 barrels (823 BOPD) from 68,960 barrels for Q2 2007 (758 BOPD), an increase of 8.6%.

In Q2 2008, the Group incurred a consistent cost of production of US\$2.48 million as compared to the corresponding period in 2007 of US\$2.34 million. The higher cost of production in Myanmar of US\$0.34 million in Q2 2008 as compared with Q2 2007 was offset by reduced costs at TMT of US\$0.18 million in Q2 2008.

Unlike Q2 2007, there was no impairment and allowances provided in Q2 2008. A foreign exchange loss of US\$0.26 million was incurred which arose due to the weakening of the Thai Baht compared to the United States Dollar (“USD”). The Group’s accounts are maintained in USD except for one subsidiary, Interra Resources (Thailand) Limited, which must maintain its accounts in Thai Baht.

The Group is pleased to report an improvement in the payment frequency of its accounts receivable in Myanmar. As at the date of this report, the Group had received payment of 9 months of outstanding invoices during 2008. During 2007, 10 payments were received.

**6M 2008 vs 6M 2007**

Gross profit for the first 6 months ("6M") of 2008 of US\$4.18 million compares favourably to US\$1.96 million for 6M 2007. The year on year increase was due to higher shareable production and oil price. Shareable production for 6M 2008 of 156,888 barrels of oil was higher as compared to 135,229 barrels of oil in 6M 2007 (an increase of 16%). The weighted average oil price for 6M 2008 of US\$111 per barrel was significantly higher than that of the corresponding period in 2007 of US\$63.11 per barrel. The cost of production in 6M 2008 of US\$4.96 million was higher compared to US\$4.32 million for 6M 2007 (an increase of 15%).

The net profit after tax recorded in 6M 2008 of US\$1.39 million was higher than the net profit after tax in 6M 2007 of US\$0.29 million due to the following:

- a) Higher shareable production and oil price;
- b) a one-off gain of US\$0.21 million on disposal of all shares held by Interra in Salamander Energy Plc; and
- c) No impairment and allowances whereas US\$0.23 million was charged in the previous corresponding period.

**Other Events**

Despite the repayment of loans from a director, substantial shareholder and third party of US\$4.38 million and payment of the Group's maiden dividend totalling US\$0.94 million, the Group's cash position remains robust with cash on hand as at 30 June 2008 of US\$20.73 million. As highlighted in the 2<sup>nd</sup> quarter activity report, the second half of 2008 will be capital intensive with various wells and further seismic acquisition planned.

Yours sincerely,

The Board of Directors  
Interra Resources Limited



**INTERRA RESOURCES LIMITED  
UNAUDITED RESULTS FOR THE QUARTER  
ENDED 30 JUNE 2008**

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1(a)(i) PROFIT AND LOSS STATEMENT

Group	Note	Q2 2008 US\$'000	Q2 2007 US\$'000	Change %	6M 2008 US\$'000	6M 2007 US\$'000	Change %
Revenue	A1	4,712	3,455	↑ 36	9,145	6,271	↑ 46
Cost of production	A2	(2,488)	(2,336)	↑ 7	(4,963)	(4,316)	↑ 15
<b>Gross profit</b>		<b>2,224</b>	<b>1,119</b>	<b>↑ 99</b>	<b>4,182</b>	<b>1,955</b>	<b>↑ 114</b>
Other income	A3	(85)	299	↓ 128	620	611	↑ 1
Administrative expenses		(968)	(692)	↑ 40	(2,161)	(1,395)	↑ 55
Impairment and allowances	A4	-	(93)	NM	-	(229)	NM
Other operating expenses	A5	(54)	(55)	↓ 2	(106)	(110)	↓ 4
Finance costs	A6	(22)	(63)	↓ 65	(89)	(126)	↓ 29
<b>Profit before income tax</b>		<b>1,095</b>	<b>515</b>	<b>↑ 113</b>	<b>2,446</b>	<b>706</b>	<b>↑ 246</b>
Income tax expense		(597)	(235)	↑ 154	(1,057)	(415)	↑ 155
<b>Profit after income tax</b>		<b>498</b>	<b>280</b>	<b>↑ 78</b>	<b>1,389</b>	<b>291</b>	<b>↑ 377</b>

↑ means increase

↓ means decrease

NM = not meaningful

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

Group	Q2 2008 US\$'000	Q2 2007 US\$'000	6M 2008 US\$'000	6M 2007 US\$'000
<b>A1 Revenue</b>				
Sales of crude oil (see 8(iii) for production profile)	<b>4,712</b>	<b>3,455</b>	<b>9,145</b>	<b>6,271</b>
<b>A2 Cost of production</b>				
Production expenses	2,153	2,022	4,240	3,709
Depreciation of property, plant and equipment	116	104	241	200
Amortisation of exploration, evaluation and development costs	217	208	478	403
Amortisation of computer software	2	2	4	4
	<b>2,488</b>	<b>2,336</b>	<b>4,963</b>	<b>4,316</b>
<b>A3 Other income</b>				
Interest income from deposits	120	274	311	554
Petroleum services fees	53	35	104	70
Other income	-	6	210	6
Foreign exchange (loss) / gain, net*	(258)	(16)	(5)	(19)
	<b>(85)</b>	<b>299</b>	<b>620</b>	<b>611</b>
<b>A4 Impairment and allowances</b>				
Impairment of EED costs (Myanmar)	-	93	-	229
	<b>-</b>	<b>93</b>	<b>-</b>	<b>229</b>
<b>A5 Other operating expenses</b>				
Depreciation of property, plant and equipment	10	11	18	22
Amortisation of concession rights	2	2	4	4
Amortisation of participation rights	42	42	84	84
	<b>54</b>	<b>55</b>	<b>106</b>	<b>110</b>
<b>A6 Finance costs</b>				
Deemed interest expense on interest free loans	22	63	89	126
	<b>22</b>	<b>63</b>	<b>89</b>	<b>126</b>
* It is the Group's policy to minimise the quantum of intercompany balances, in order to reduce reported foreign exchange gains or losses.				

## 1(b)(i) BALANCE SHEET

	Note	Group		Company	
		30-Jun-08 US\$'000	31-Dec-07 US\$'000	30-Jun-08 US\$'000	31-Dec-07 US\$'000
<b>Non-Current Assets</b>					
Property, plant and equipment		968	1,029	54	69
Exploration, evaluation and development costs		7,666	7,495	-	-
Intangible assets	B1	5,429	5,539	7	8
Interest in subsidiary companies		-	-	15,568	13,107
Investments	B2	4	1,034	4	4
		<b>14,067</b>	<b>15,097</b>	<b>15,633</b>	<b>13,188</b>
<b>Current Assets</b>					
Inventories		1,629	1,075	-	-
Trade receivables (net)	B3	5,297	4,640	-	-
Other receivables, deposits and prepayments		492	628	154	134
Cash and bank balances	B4	20,729	24,993	15,912	19,979
		<b>28,147</b>	<b>31,336</b>	<b>16,066</b>	<b>20,113</b>
<b>Total Assets</b>		<b>42,214</b>	<b>46,433</b>	<b>31,699</b>	<b>33,301</b>
<b>Current Liabilities</b>					
Trade payables		(917)	(933)	-	-
Other payables and accruals		(2,995)	(3,826)	(654)	(660)
Provision for taxation		(4,281)	(3,850)	(65)	(146)
Loan from a director	B5	-	(1,374)	-	-
Loan from a substantial shareholder	B5	-	(1,459)	-	-
Loan from a third party	B5	-	(1,459)	-	-
		<b>(8,193)</b>	<b>(12,901)</b>	<b>(719)</b>	<b>(806)</b>
<b>Non-Current Liabilities</b>					
Provision for environmental and restoration costs		(384)	(294)	-	-
		<b>(384)</b>	<b>(294)</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>(8,577)</b>	<b>(13,195)</b>	<b>(719)</b>	<b>(806)</b>
<b>Net Assets</b>		<b>33,637</b>	<b>33,238</b>	<b>30,980</b>	<b>32,495</b>
<b>Representing:</b>					
Share capital		40,109	40,109	40,109	40,109
Reserves		(6,472)	(6,871)	(9,129)	(7,614)
		<b>33,637</b>	<b>33,238</b>	<b>30,980</b>	<b>32,495</b>

## Explanatory Notes to Balance Sheet

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

	<b>Group</b>	
	<b>30-Jun-08</b>	<b>31-Dec-07</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Computer software	18	23
Goodwill on reverse acquisition	1,489	1,489
Participating and concession rights	1,496	1,584
Participating rights in Thailand	2,426	2,443
	<u>5,429</u>	<u>5,539</u>

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

	<b>Group</b>	
	<b>30-Jun-08</b>	<b>31-Dec-07</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
Fair value gain recognised in equity	-	30
Market value	<u>-</u>	<u>1,030</u>
(b) Other investments		
Club membership	4	4
	<u>4</u>	<u>1,034</u>

On 29 February 2008, the Company disposed of all its investment in Salamander Energy Plc for a cash consideration of US\$1.22 mil. Gains in respect of this asset were recognised in the profit and loss statement at the point of disposal.

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

	<b>Group</b>	
	<b>30-Jun-08</b>	<b>31-Dec-07</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Trade receivables	8,214	7,557
Allowance for impairment of trade receivables	(2,917)	(2,917)
	<u>5,297</u>	<u>4,653</u>

## Explanatory Notes to Balance Sheet

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

	Group	
	30-Jun-08 US\$'000	31-Dec-07 US\$'000
Cash at bank and on hand	2,840	1,804
Fixed deposits	17,889	23,189
<b>Cash and bank balances (as per Balance Sheet)</b>	<b>20,729</b>	<b>24,993</b>
Less: Fixed deposit held as collateral for banker's guarantees	(4,187)	(4,187)
<b>Cash and cash equivalents (as per Cash Flow Statement)</b>	<b>16,542</b>	<b>20,806</b>

Cash collateral represents fixed deposits of the Company pledged as security for issuance of the bank guarantees in favour of the Thailand Ministry of Energy for a period of up to 3 years with effect from 19 Apr 2007.

**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 was less than 12 months away (ie 30 Apr 2008).

	Group	
	30-Jun-08 US\$'000	31-Dec-07 US\$'000
Loans from a director, a substantial shareholder and a third party	-	4,381
Less: Unamortised deemed interest expense	-	(89)
	<b>-</b>	<b>4,292</b>

The above loans were repaid in full on 30 April 2008.

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

Group	30-Jun-08		31-Dec-07	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand	-	-	-	4,292
Amount repayable after one year	-	-	-	-

#### Details of Collateral

Fixed deposits of US\$4.19 mil were held as collateral for banker's guarantees in favour of the Thailand Ministry of Energy for a period of up to 3 years with effect from 19 Apr 2007.



**1(c) CASH FLOW STATEMENT**

Group	Q2 2008 US\$'000	Q2 2007 US\$'000	6M 2008 US\$'000	6M 2007 US\$'000
<b>Cash Flows from Operating Activities</b>				
Profit before income tax	1,095	515	2,446	706
<b>Adjustments for non-cash items:</b>				
Foreign currency translation	(11)	-	24	-
Depreciation of property, plant and equipment	126	115	260	222
Amortisation of:				
EED costs	217	208	478	403
Concession rights	2	2	4	4
Computer software	2	2	4	4
Participating rights	42	42	84	84
Impairment of EED costs (Myanmar)	-	93	-	229
Interest income	(120)	(274)	(312)	(554)
Interest expense	22	63	89	126
Exchange loss	258	-	5	-
Gain on disposal of marketable securities	-	-	(210)	-
<b>Operating profit before working capital changes</b>	<b>1,633</b>	<b>766</b>	<b>2,872</b>	<b>1,224</b>
<b>Changes in working capital:</b>				
Inventories	(318)	226	(554)	96
Trade and other receivables	(551)	(249)	(560)	(597)
Trade and other payables	(200)	248	(841)	253
Accrued operating expenses	(29)	(41)	18	21
Work in progress	-	63	-	61
Provision for environmental and restoration costs	37	53	89	103
Tax (paid) / refund	(425)	(1)	(625)	11
<b>Net cash inflows from operating activities</b>	<b>147</b>	<b>1,065</b>	<b>399</b>	<b>1,172</b>
<b>Cash Flows from Investing Activities</b>				
Interest income received	130	277	345	557
Net proceeds from disposal of marketable securities	-	-	1,210	-
Acquisition costs for exploration concessions in Thailand	-	(229)	-	(229)
Fixed deposit held as collateral for banker's guarantee	-	(4,187)	-	(4,187)
Capital expenditure:				
Purchase of property, plant and equipment	(186)	(249)	(197)	(290)
Well drillings and improvements	(154)	(903)	(154)	(1,147)
Geological and geophysical studies	(77)	-	(542)	-
<b>Net cash inflows / (outflows) from investing activities</b>	<b>(287)</b>	<b>(5,291)</b>	<b>662</b>	<b>(5,296)</b>
<b>Cash Flows from Financing Activities</b>				
Repayment of loan from a related party	(4,381)	-	(4,381)	-
Dividend	(944)	-	(944)	-
<b>Net cash (outflows) from financing activities</b>	<b>(5,325)</b>	<b>-</b>	<b>(5,325)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5,465)</b>	<b>(4,226)</b>	<b>(4,264)</b>	<b>(4,124)</b>
Cash and cash equivalents at beginning of period	22,007	24,331	20,806	24,229
<b>Cash and cash equivalents at end of period (see Note B4)</b>	<b>16,542</b>	<b>20,105</b>	<b>16,542</b>	<b>20,105</b>

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

Group	Share Capital	Foreign Currency Translation Reserve	Special Reserves	Other Reserves	Retained Earnings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance as at 1 Apr 2007</b>	40,109	(1,224)	(16,545)	188	8,556	31,084
Fair value gain on financial assets, available-for-	-	-	-	(366)	-	(366)
Net profit after tax for Q2 2007	-	-	-	-	280	280
<b>Balance as at 30 Jun 2007</b>	<b>40,109</b>	<b>(1,224)</b>	<b>(16,545)</b>	<b>(178)</b>	<b>8,836</b>	<b>30,998</b>
<b>Balance as at 1 Apr 2008</b>	40,109	(1,342)	(16,545)	-	11,700	33,922
First and final dividend of S\$0.005 per share in respect of FY2008	-	-	-	-	(944)	(944)
Employee share option scheme - value of employee services	-	-	-	2	-	2
Translation differences	-	159	-	-	-	159
Net profit after tax for Q2 2008	-	-	-	-	498	498
<b>Balance as at 30 Jun 2008</b>	<b>40,109</b>	<b>(1,183)</b>	<b>(16,545)</b>	<b>2</b>	<b>11,254</b>	<b>33,637</b>

Company	Share Capital	Other Reserves	Retained (Losses)	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance as at 1 Apr 2007</b>	40,109	-	(9,168)	30,941
Net loss after tax for Q2 2007	-	-	(5)	(5)
<b>Balance as at 30 Jun 2007</b>	<b>40,109</b>	<b>-</b>	<b>(9,173)</b>	<b>30,936</b>
<b>Balance as at 1 Apr 2008</b>	40,109	-	(7,756)	32,353
First and final dividend of S\$0.005 per share in respect of FY2008	-	-	(944)	(944)
Employee share option scheme - value of employee services	-	2	-	2
Net loss after tax for Q2 2008	-	-	(431)	(431)
<b>Balance as at 30 Jun 2008</b>	<b>40,109</b>	<b>2</b>	<b>(9,131)</b>	<b>30,980</b>

**1(d)(ii) SHARE CAPITAL**
**Share Options Outstanding**

The number of unissued ordinary shares of the Company under option in relation to the Share Option Plan outstanding was as follows

	No. of unissued ordinary shares under option	Exercise Price	Exercise Period
Luke Christopher Targett	350,000	S\$0.45	4 March 2010 to 2 March 2013
	350,000	S\$0.55	4 March 2010 to 2 March 2013
Frank Hollinger	250,000	S\$0.45	4 March 2010 to 2 March 2013
	250,000	S\$0.55	4 March 2010 to 2 March 2013

On 3 March 2008, the Company granted options to subscribe for 600,000 ordinary shares at an exercise price of S\$0.45 per share and 600,000 ordinary shares at an exercise price of S\$0.55 per share ("2008 Options"). The 2008 Options are exercisable from 4 March 2010 and expire on 2 March 2013. The total fair value of the 2008 Options granted over the vesting period was estimated to be S\$11,930 (US\$8,765) using the Binomial Option Pricing Model.

On 19 May 2008, the Company successfully quoted all the Company's current issued ordinary shares on the Australian Securities Exchange ("ASX"). Upon admission to the official list of the ASX, the Company is now dual listed on both the Catalyst in Singapore being the primary exchange and the ASX in Australia being the secondary exchange on which the Company's shares will be traded.

No additional share capital was issued in Q2 2008.

1(d)(iii) **NUMBER OF ORDINARY SHARES (EXCLUDING TREASURY SHARES)**

Group and Company	Q2 2008	Q2 2007
<u>Issued and fully paid</u>		
Opening balance and closing balance	256,920,238	256,920,238
	256,920,238	256,920,238

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

Not applicable.

**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 2007.

**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	Q2 2008	Q2 2007	6M 2008	6M 2007
<b>Basic earnings per share (USD cents)</b>	<b>0.194</b>	<b>0.109</b>	<b>0.541</b>	<b>0.113</b>
Weighted average number of shares for the purpose of computing basic earnings per share	256,920,238	256,920,238	256,920,238	256,920,238
<b>Fully diluted earnings per share (USD cents)</b>	<b>0.194</b>	<b>0.109</b>	<b>0.541</b>	<b>0.113</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	256,920,238

Basic and fully diluted earnings per share for Q2 2008 and 6M 2008 are based on the weighted average number of 256,920,238 shares. There were no new shares issued.

**7 NET ASSET VALUE PER SHARE**

	Group		Company	
	30-Jun-08	31-Dec-07	30-Jun-08	31-Dec-07
Net asset value per ordinary share based on issued share capital (excluding treasury shares) (USD cents)	13.092	12.937	12.058	12.648
Number of ordinary shares in issue	256,920,238	256,920,238	256,920,238	256,920,238

## 8(i) PERFORMANCE REVIEW

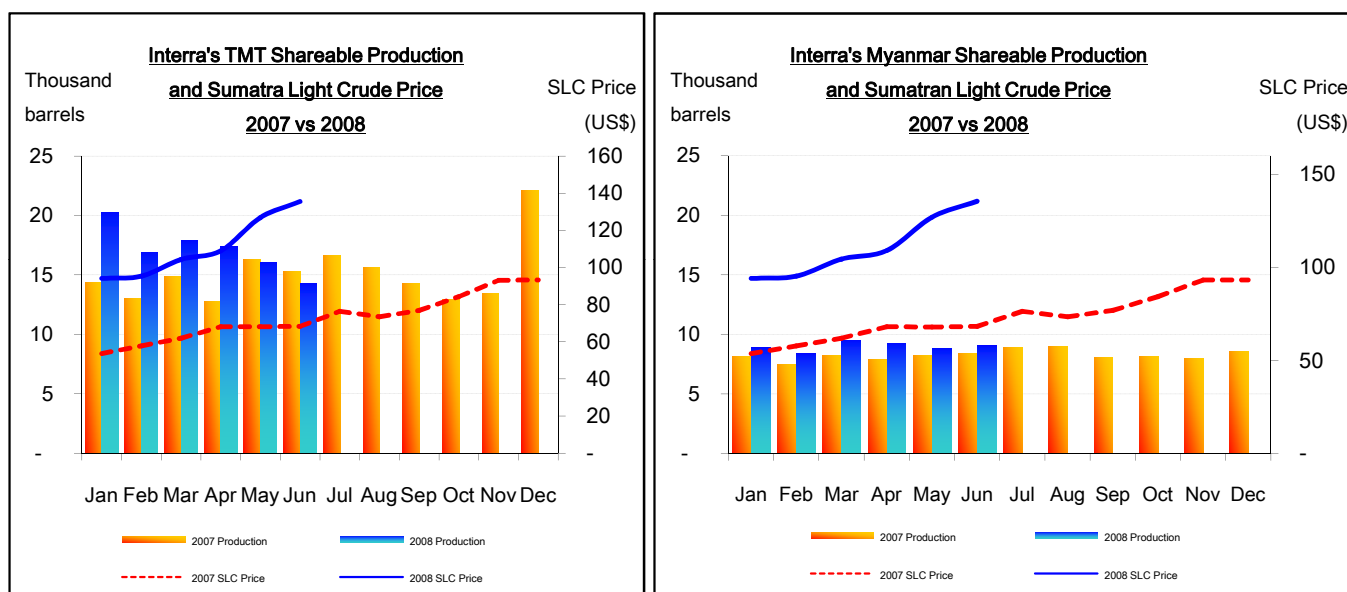
### Significant factors affecting the turnover, costs and earnings of the Group

#### Production & Revenue

Revenue increased by 36% to US\$4.71 mil in Q2 2008 from US\$3.46 mil in Q2 2007 due to higher oil prices and shareable production. The weighted average oil price transacted during Q2 2008 was US\$123.70 per barrel whereas during Q2 2007 it was US\$68.16 per barrel. Shareable production for Q2 2008 increased by 8.6% to 74,902 barrels (823 bopd) from 68,960 barrels (758 bopd) for Q2 2007.

The shareable production contributed by TMT increased from 44,363 barrels in Q2 2007 (6M 2007: 86,676 barrels) to 47,735 barrels in Q2 2008 (6M 2008: 102,861 barrels) due to the contribution from the new wells drilled during 2007. Production from well TMT-48 which was drilled in 2007 in Q2 2008 contributed 20% of the total production by TMT. The shareable production from Myanmar also increased from 24,597 barrels in Q2 2007 (6M 2007: 48,553 barrels) to 27,167 barrels in Q2 2008 (6M 2008: 54,027 barrels).

On a year on year basis, the Group's share of shareable production increased by 16% (21,659 barrels) to 156,888 barrels for 6M 2008 from 135,229 barrels during 6M 2007.



#### Cost of Production

The cost of production in Q2 2008 increased by 7% (US\$0.15 mil) as compared to Q2 2007. This is consistent with the increased level of shareable production which increased by almost 9%. Direct production expenses in Q2 2008 were higher than Q2 2007.

On the year on year basis, cost of production in 6M 2008 increased by 15% (US\$0.65 mil) as compared to Q2 2007 due to higher operating expenses at TMT of US\$2.91 mil.

## 8(i) PERFORMANCE REVIEW (CONT'D)

### Net Profit After Tax

The Group posted net profit after tax of US\$0.50 mil in Q2 2008 compared to US\$0.28 mil in Q2 2007. The improved performance in Q2 2008 was mainly attributable to higher shareable production and oil prices. A foreign exchange loss of US\$0.26 mil was incurred in Q2 2008 as compared in Q2 2007. The foreign exchange loss arose due to the weakening of the Thai Baht compared to the US dollar. The Group's accounts are maintained in US dollars except for one subsidiary, Interra Resources (Thailand) Limited, whose books must be maintained in Thai Baht. The net profit was also impacted by a decrease in the interest income earned from the deposits due to reduced prevailing interest rates.

The Group posted a higher net profit after tax of US\$1.39 mil in 6M 2008 as compared to US\$0.29 mil in 6M 2007. The increased net profit was due mainly to higher shareable production, oil prices and one-off gain on disposal of marketable securities of US\$0.21 mil.

Group (Q2 2008)	Profit / (Loss) Before Tax US\$'000	Taxation US\$'000	Net Contribution to Group US\$'000	Net Contribution to Group %
TMT	703	(375)	328	28%
Myanmar	1,271	(221)	1,050	90%
Thailand	(210)	-	(210)	-18%
<b>Profit / (Loss) from operations</b>	<b>1,764</b>	<b>(596)</b>	<b>1,168</b>	<b>100%</b>
Head office expenses and income			(646)	
Deemed interest expense (FRS 39)			(22)	
Income tax expense			(2)	
<b>Net profit after tax</b>			<b>498</b>	

Group (6M 2008)	Profit / (Loss) Before Tax US\$'000	Taxation US\$'000	Net Contribution to Group US\$'000	Net Contribution to Group US\$'000
TMT	1,247	(656)	591	26%
Myanmar	2,180	(395)	1,785	79%
Thailand	(126)	-	(126)	-6%
<b>Profit / (Loss) from operations</b>	<b>3,301</b>	<b>(1,051)</b>	<b>2,250</b>	<b>100%</b>
Head office expenses and income			(765)	
Deemed interest expense (FRS 39)			(89)	
Income tax expense			(7)	
<b>Net profit after tax</b>			<b>1,389</b>	

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

- (1) The Group generated a net cash inflow at TMT from operating activities of US\$0.75 mil in Q2 2008.
- (2) On 30 April 2008, the Group repaid outstanding loans of US\$4.38 mil from a director, substantial shareholder and third party.
- (3) On 22 May 2008, the Group paid a dividend of US\$0.94 mil to its shareholders in respect of FY2007.
- (4) During the second quarter of 2008, the Group received 3 payments in respect of outstanding trade receivables in Myanmar. The Group generated a net cash inflow from operating activities of US\$1.18 mil from Myanmar operations in Q2 2008.

**8(ii) SEGMENTED REVENUE AND RESULTS**

Geographical Segment	Indonesia		Myanmar		Consolidated	
	Q2 2008 US\$'000	Q2 2007 US\$'000	Q2 2008 US\$'000	Q2 2007 US\$'000	Q2 2008 US\$'000	Q2 2007 US\$'000
<b>Results</b>						
EBITDA	892	694	1,440	445	2,332	1,139
EBIT	680	472	1,273	312	1,953	784
<b>Sales to external customers</b>	2,295	2,249	2,417	1,206	4,712	3,455
<b>Segment results</b>	705	504	1,273	312	1,978	816
Finance costs					(22)	(63)
Unallocated corporate net operating results					(861)	(238)
<b>Profit before income tax</b>					1,095	515
Income tax expense					(597)	(235)
<b>Net profit after income tax</b>					498	280

Geographical Segment	Indonesia		Myanmar		Consolidated	
	6M 2008 US\$'000	6M 2007 US\$'000	6M 2008 US\$'000	6M 2007 US\$'000	6M 2008 US\$'000	6M 2007 US\$'000
<b>Results</b>						
EBITDA	1,677	1,320	2,524	663	4,201	1,983
EBIT	1,209	890	2,184	401	3,393	1,291
<b>Sales to external customers</b>	4,831	4,069	4,314	2,202	9,145	6,271
<b>Segment results</b>	1,265	951	2,184	401	3,449	1,352
Finance costs					(89)	(126)
Unallocated corporate net operating results					(914)	(520)
<b>Profit before income tax</b>					2,446	706
Income tax expense					(1,057)	(415)
<b>Net profit after income tax</b>					1,389	291

**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, amortisation, allowance and impairment. This is net of joint venture partner's share.

**8(iii) PRODUCTION PROFILE**

<b>Myanmar Production</b>		<b>Q2 2008 barrels</b>	<b>Q2 2007 barrels</b>	<b>6M 2008 barrels</b>	<b>6M 2007 barrels</b>
Average gross production per day		1,991	2,010	1,996	2,015
Gross production		181,206	182,870	363,352	364,652
Non-shareable production		(135,928)	(141,874)	(273,307)	(283,732)
Production shareable with MOGE		45,278	40,996	90,045	80,920
Group's 60% share of production		27,167	24,597	54,027	48,553
Group's average shareable production per day		299	270	297	268
<b>Myanmar Revenue</b>		<b>Q2 2008</b>	<b>Q2 2007</b>	<b>6M 2008</b>	<b>6M 2007</b>
Weighted average transacted oil price	US\$	123.70	68.16	111.00	63.04
Revenue shareable with MOGE	US\$'000	3,361	1,676	5,997	3,061
MOGE's share	US\$'000	(944)	(470)	(1,683)	(859)
Group's net share of revenue	US\$'000	2,417	1,206	4,314	2,202
<b>Indonesia Production</b>		<b>Q2 2008 barrels</b>	<b>Q2 2007 barrels</b>	<b>6M 2008 barrels</b>	<b>6M 2007 barrels</b>
Average gross production per day		788	741	847	730
Gross production		71,690	67,420	154,066	132,213
Non-shareable production		(3,495)	(4,045)	(7,120)	(8,392)
Production shareable with Pertamina		68,195	63,375	146,946	123,821
Group's 70% share of production		47,735	44,363	102,861	86,676
Group's average shareable production per day		525	488	565	479
<b>Indonesia Revenue</b>		<b>Q2 2008</b>	<b>Q2 2007</b>	<b>6M 2008</b>	<b>6M 2007</b>
Weighted average transacted oil price	US\$	122.99	68.16	109.51	63.11
Revenue shareable with Pertamina	US\$'000	5,871	3,024	11,264	5,470
Pertamina's share *	US\$'000	(3,576)	(775)	(6,433)	(1,401)
Group's net share of revenue	US\$'000	2,295	2,249	4,831	4,069
<b>Group Production and Revenue</b>		<b>Q2 2008</b>	<b>Q2 2007</b>	<b>6M 2008</b>	<b>6M 2007</b>
Group's share of shareable production	barrels	74,902	68,960	156,888	135,229
Group's average shareable production per day	barrels	823	758	862	747
Group's total revenue	US\$'000	4,712	3,455	9,145	6,271

Note: \* Under the 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. As a result, Pertamina's share of revenue, which includes Domestic Market Obligation ("DMO") increased.



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

N.A

**10 COMMENTARY ON PROSPECTS**

The Group expects to continue to earn positive contributions from its working interest in TMT at the current oil price level.

In Myanmar, the Group continues to receive payment of outstanding invoices from MOGE on an irregular basis although the payment frequency has improved so far during 2008. 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. During the second quarter of 2008, the Group received a total of 3 payments. As at the date of this report, the Group has received 9 monthly payments (Full Year 2007: 10 monthly payments). 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.

In Thailand, there is no production or revenue generated by the 3 blocks as they are exploration in nature. Interpretation of the seismic data is ongoing to determine optimal exploration drilling locations and further work steps.

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**

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) Date Payable

NA

d) Books closure date

NA

**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)  Q2 2008 US\$	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)  Q2 2008 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 quarter ended 30 Jun 2008 to be false or misleading in any material respect.

Submitted by  
Luke Christopher Targett  
Executive Director

13 Aug 2008

## 14 ABBREVIATIONS

bopd	means	barrels of oil per day
EED	means	Exploration, evaluation and development
FRS	means	Financial Reporting Standards
Q2 2007	means	Second calendar quarter of year 2007
Q2 2008	means	Second calendar quarter of year 2008
6M 2007	means	For the period ended 30 June 2007
6M 2008	means	For the period ended 30 June 2008
FY 2007	means	Full year ended 31 December 2007
FY 2008	means	Full year ended 31 December 2008
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
IRT	means	Interra Resources (Thailand) Limited
JSXT	means	JSX Energy (Thailand) Limited
k	means	thousand
mil	means	million
MOGE	means	Myanma Oil and Gas Enterprise
DMO	means	Domestic Market Obligation
NA	means	Not applicable
NM	means	Not meaningful
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
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 the current view of management on future events.