

10 November 2011

Dear Shareholders

UNAUDITED RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2011

Highlights in Q3 2011

- Net profit after tax for the quarter was US\$1.28 million
- Revenue for the quarter was US\$6.91 million, 15% higher than the previous quarter, as a result of increased sales of shareable oil of 20%, mainly due to more uplifting of oil from LS TAC
- Net cash outflow for the quarter was US\$1.47 million

The Board of Directors of Interra Resources Limited (the “Company” or “Interra”) wishes to announce that for the third quarter (“Q3”) of 2011, the Group generated a net profit after tax of US\$1.28 million.

Q3 2011 vs Q2 2011 review

Revenue increased by 15% to US\$6.91 million in Q3 2011, up from US\$6.00 million in Q2 2011, as a result of increased sales of shareable oil of 20% (13,541 barrels) from 68,993 barrels in Q2 2011 to 82,534 barrels in Q3 2011. This was mainly due to the more frequent uplifting of oil by LS TAC during the quarter.

In Q3 2011, the weighted average SLC oil price transacted was lower, at US\$115.44 per barrel as compared to US\$119.74 per barrel in Q2 2011. The weighted average Walio Mix oil price transacted was also lower at US\$111.55 per barrel as compared to US\$113.39 per barrel in Q2 2011.

The Group's share of shareable production in Q3 2011 increased by 3% (2,004 barrels) to 76,430 barrels from 74,426 barrels in Q2 2011. This was due to higher production from TMT TAC and Myanmar.

Cost of production in Q3 2011 amounted to US\$3.81 million, an increase of 8% as compared to the previous quarter of US\$3.52 million. This was largely due to higher overall direct operating cost which increased 10% from US\$2.82 million in Q2 2011 to US\$3.10 million in Q3 2011.

During Q3 2011, 3 payments were received in respect of the Myanmar trade receivables and 2 invoices remained outstanding as at the end of the quarter. As at the date of this announcement, the Group received a total of 15 payments (FY2010: 16 payments).

Foreign exchange loss of US\$0.09 million in Q3 2011, as compared to foreign exchange gain of US\$0.09 million in Q2 2011, due to the strengthening of US dollar against both Singapore and Australian dollars against the previous quarter. There was no impairment of TMT TAC EED costs in Q3 2011 as compared to US\$0.50 million in Q2 2011.

Net cash outflow in Q3 2011 was US\$1.47 million and the cash and cash equivalents as at 30 September 2011 was US\$18.08 million.

Other Matters

To-date, we have not obtained the final approval from the relevant government agencies for the acquisition of the remaining 30% participating interest in TMT TAC.

Yours sincerely,

The Board of Directors
Interra Resources Limited

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Collins Stewart Pte. Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Collins Stewart has not independently verified the contents of this announcement. This announcement has not been examined or reviewed by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Alex Tan, Managing Director, Corporate Finance, Collins Stewart Pte. Limited, at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.

**INTERRA RESOURCES LIMITED
UNAUDITED RESULTS FOR THE QUARTER
ENDED 30 SEPTEMBER 2011**

TABLE OF CONTENTS

Item No.	Description	Page No.
1(a)(i)	Profit and Loss Statement	2
1(a)(ii)	Statement of Comprehensive Income	2
1(a)(iii)	Explanatory Notes to Profit and Loss Statement	3
1(b)(i)	Statement of Financial Position & Explanatory Notes to Statement of Financial Position	4 - 5
1(b)(ii)	Borrowings and Debt Securities	5
1(c)(i) & (ii)	Cash Flow Statement & Explanatory Notes to Cash Flow Statement	6 - 7
1(d)(i)	Statements of Changes in Equity	7
1(d)(ii)	Share Capital	7
1(d)(iii) & (iv)	Number of Ordinary Shares (Excluding Treasury Shares)	8
2 & 3	Audit	8
4 & 5	Accounting Policies and Methods of Computation	8
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	Prospect Statement & Commentary	14
11 & 12	Dividend & Dividend Statement	14
13	Interested Person Transactions	14
14	Confirmation by Board of Directors	14
15	Abbreviations	15

1(a)(i) PROFIT AND LOSS STATEMENT

Group	Note	Q3 2011 US\$'000	Q3 2010 US\$'000	Change %	9M 2011 US\$'000	9M 2010 US\$'000	Change %
Revenue	A1	6,909	3,406	↑ 103	17,674	11,065	↑ 60
Cost of production	A2	(3,808)	(2,580)	↑ 48	(10,128)	(7,517)	↑ 35
Gross profit		3,101	826	↑ 275	7,546	3,548	↑ 113
Other (loss) / income	A3	(69)	496	↓ 114	94	1,115	↓ 92
Administrative expenses		(1,094)	(801)	↑ 37	(3,280)	(2,265)	↑ 45
Other operating expenses	A4	(122)	(68)	↑ 79	(364)	(196)	↑ 86
Impairment and allowances	A5	-	-	NA	(500)	(642)	↓ 22
Profit before income tax		1,816	453	↑ 301	3,496	1,560	↑ 124
Income tax expense		(539)	(275)	↑ 96	(1,439)	(884)	↑ 63
Profit for the financial period		1,277	178	↑ 617	2,057	676	↑ 204
Attributable to:							
Equity holders of the Company		1,277	178		2,057	676	
Earnings per share (US cents)							
- Basic		0.432	0.069		0.729	0.263	
- Fully diluted		0.432	0.069		0.729	0.263	

1(a)(ii) STATEMENT OF COMPREHENSIVE INCOME

Group	Note	Q3 2011 US\$'000	Q3 2010 US\$'000	Change %	9M 2011 US\$'000	9M 2010 US\$'000	Change %
Profit for the financial period		1,277	178	↑ 617	2,057	676	↑ 204
Exchange differences on translating foreign operations		(4)	(318)	NM	(6)	(453)	NM
Total comprehensive income / (loss) for the financial period		1,273	(140)	↑ 1,009	2,051	223	↑ 820

↑ means increase
↓ means decrease
NM means not meaningful
NA means not applicable

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

Group		Q3 2011 US\$'000	Q3 2010 US\$'000	9M 2011 US\$'000	9M 2010 US\$'000
Group's share of shareable production	barrels	76,430	60,750	218,246	191,431
Group's sales of shareable oil	barrels	82,534	60,750	213,271	191,431
A1 Revenue					
Sales of crude oil (see 8(iii) Production Profile)		6,909	3,406	17,674	11,065
A2 Cost of production					
Production expenses		3,099	1,926	8,034	5,609
Depreciation of property, plant and equipment		117	200	453	566
Amortisation of EED costs		584	446	1,616	1,316
Amortisation of computer software		8	8	25	26
		3,808	2,580	10,128	7,517
A3 Other (loss) / income					
Interest income from bank deposits		9	12	30	32
Petroleum services fees		14	19	45	70
Fair value gain on financial assets, at fair value through profit or loss		-	17	-	117
Reversal of allowance for impairment of trade receivables		-	-	-	350
Other income		-	-	7	30
Gain on disposal of property, plant and equipment		-	-	3	-
Foreign exchange gain / (loss), net		(92)	448	9	516
		(69)	496	94	1,115
A4 Other operating expenses					
Depreciation of property, plant and equipment		23	22	68	59
Amortisation of computer software		1	2	2	4
Amortisation of concession rights		2	2	6	6
Amortisation of participation rights		96	42	288	127
		122	68	364	196
A5 Impairment and allowances					
Impairment of EED costs		-	-	500	642
		-	-	500	642

1(b)(i) STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		30-Sep-11 US\$'000	31-Dec-10 US\$'000	30-Sep-11 US\$'000	31-Dec-10 US\$'000
Assets					
Non-Current Assets					
Property, plant and equipment		1,028	1,184	65	100
Exploration, evaluation and development costs	B1	21,973	14,871	-	-
Intangible assets	B2	5,114	3,736	-	2
Investments in subsidiaries		-	-	27,268	20,220
		28,115	19,791	27,333	20,322
Current Assets					
Inventories	B3	3,235	1,663	-	-
Trade receivables (net)	B4	4,365	5,832	-	-
Other receivables, deposits and prepayments		1,743	494	113	77
Cash and cash equivalents	B5	19,575	18,748	7,237	12,056
		28,918	26,737	7,350	12,133
Total assets		57,033	46,528	34,683	32,455
Equity and Liabilities					
Equity					
Share capital		43,956	40,109	43,956	40,109
Retained earnings / (Accumulated losses)		16,805	14,748	(9,890)	(8,256)
Other reserves		(18,226)	(18,220)	15	15
Total equity		42,535	36,637	34,081	31,868
Non-Current Liabilities					
Provision for environmental and restoration costs		1,846	813	-	-
Total non-current liabilities		1,846	813	-	-
Current Liabilities					
Trade payables		1,042	721	-	-
Other payables and accruals		3,037	2,445	602	581
Deferred revenue	B3	1,107	-	-	-
Current income tax liabilities		7,466	5,912	-	6
Total current liabilities		12,652	9,078	602	587
Total equity and liabilities		57,033	46,528	34,683	32,455

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

Group	30-Sep-11	31-Dec-10
	US\$'000	US\$'000
B1 Exploration, evaluation and development costs		
Initial joint study cost	370	416
Contractual bonuses	380	431
Exploration, geological and geophysical costs	4,805	2,806
Assets under construction	5	1
Completed assets	15,056	9,664
Cost recovery	1,357	1,553
	21,973	14,871
B2 Intangible assets		
Computer software	16	43
Goodwill on reverse acquisition	1,489	1,489
Participating and concession rights	919	1,052
Participating rights in Indonesia (LS TAC)	1,538	-
Participating rights in Australia	1,152	1,152
	5,114	3,736
B3 Inventories		
Consumable inventories	2,128	1,663
Crude oil on hand*	1,107	-
	3,235	1,663
B4 Trade receivables (net)		
Trade receivables	4,365	5,832
Impairment of trade receivables		
Opening balance	-	1,998
Write-back on impairment of trade receivables	-	(1,998)
Closing balance	-	-
Trade receivables, net of allowance for impairment of trade receivables	4,365	5,832
B5 Cash and cash equivalents		
Cash at bank and on hand	15,553	11,047
Restricted cash	1,494	1,484
Fixed deposits	2,528	6,217
Cash and cash equivalents (as per Statement of Financial Position)	19,575	18,748
Less: Fixed deposit held as collateral for banker's guarantee	-	(670)
Less: Restricted cash	(1,494)	(1,484)
Cash and cash equivalents (as per Cash Flow Statement)	18,081	16,594

* Based on the number of barrels of crude oil on hand and the Walio Mix oil price as at 30 Sep 2011, the approximate deferred revenue was US\$1.11 mil.

1(b)(ii) BORROWINGS AND DEBT SECURITIES

Group	30-Sep-11		31-Dec-10	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand	-	-	-	-
Amount repayable after one year	-	-	-	-

Details of Collateral

NA

1(c)(i) CASH FLOW STATEMENT

Group	Note	Q3 2011 US\$'000	Q3 2010 US\$'000	9M 2011 US\$'000	9M 2010 US\$'000
Cash Flows from Operating Activities					
Profit before income tax		1,816	453	3,496	1,560
Adjustments for non-cash items:					
Depreciation of property, plant and equipment		140	222	521	625
Amortisation of:					
EED costs		584	446	1,616	1,316
Concession rights		2	2	6	6
Computer software		9	10	27	30
Participating rights		96	42	288	127
Impairment of EED costs (TMT TAC)		-	-	500	500
Impairment of EED costs (Thailand)		-	-	-	142
Interest income		(9)	(12)	(30)	(32)
Financial assets, at fair value through profit or loss - fair value gain		-	(17)	-	(117)
Net gain on disposal of property, plant and equipment		-	-	(3)	-
Unrealised currency translation loss / (gain)		93	(429)	(10)	(679)
Reversal of allowance for impairment of trade receivables		-	-	-	(350)
Fixed assets written off		-	-	-	1
Dividend income		-	-	-	(14)
Operating profit before working capital changes		2,731	717	6,411	3,115
Changes in working capital, net of effects from acquisition of subsidiary					
Inventories		342	76	(843)	216
Trade and other receivables		(910)	519	1,301	(797)
Trade and other payables		(2,909)	174	166	(1,119)
Accrued operating expenses		65	149	(23)	64
Provision for environmental and restoration costs		30	30	85	101
Restricted cash		(3)	-	(9)	-
Cash (used in) / generated from operations		(654)	1,665	7,088	1,580
Income tax (paid) / refunded		(124)	-	(456)	12
Net cash (used in) / provided by operating activities		(778)	1,665	6,632	1,592
Cash Flows from Investing Activities					
Interest income received		10	11	32	29
Net proceeds from disposal of property, plant and equipment		-	-	2	-
Deposit paid for the proposed acquisition of remaining 30% participating interest in TMT TAC		-	-	(590)	-
Fixed deposit released as collateral for banker's guarantee (net)		-	80	670	2,140
Acquisition of subsidiary, net of cash acquired	C1	(250)	-	(5,789)	-
Acquisition cost for exploration concession in Australia		-	-	-	(8)
Capital expenditure:					
Additions to property, plant and equipment		(216)	(183)	(309)	(255)
Well drillings and improvements		(181)	(150)	(733)	(401)
Geological and geophysical studies (including seismic)		(53)	(654)	(2,221)	(2,191)
Net cash used in investing activities		(690)	(896)	(8,938)	(686)
Cash Flows from Financing Activities					
Net proceeds from share placement		-	-	3,793	-
Dividend received		-	-	-	14
Net cash provided by financing activities		-	-	3,793	14
Net (decrease) / increase in cash and cash equivalents		(1,468)	769	1,487	920
Cash and cash equivalents at beginning of period		19,549	14,755	16,594	14,531
Effects of currency translation on cash and cash equivalents		-	4	-	77
Cash and cash equivalents at end of period (see Note B5)		18,081	15,528	18,081	15,528

1(c)(ii) EXPLANATORY NOTES TO CASH FLOW STATEMENT

Group	9M 2011 US\$'000	9M 2010 US\$'000
(C1) Net cash flow effect for acquisition of subsidiary		
Property, plant and equipment	56	-
Exploration, evaluation and development costs	6,263	-
Current assets	1,432	-
Current liabilities	(3,200)	-
Net assets acquired	4,551	-
Participating rights	1,699	-
Purchase consideration	6,250	-
Less: cash acquired	(211)	-
Net cash flow effect for acquisition of subsidiary (exclude cash acquired)	6,039	-
Less: balance of purchase consideration to be settled	(250)	-
Cash outflow on acquisition of subsidiary	5,789	-

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

Group	Share Capital US\$'000	Foreign Currency Translation Reserve US\$'000	Special Reserve US\$'000	Share Option Reserve US\$'000	Retained Earnings US\$'000	Total Equity US\$'000
Balance as at 1 Jul 2010	40,109	(1,438)	(16,545)	15	13,536	35,677
Total comprehensive (loss) / income for Q3 2010	-	(318)	-	-	178	(140)
Balance as at 30 Sep 2010	40,109	(1,756)	(16,545)	15	13,714	35,537
Balance as at 1 Jul 2011	43,956	(1,692)	(16,545)	15	15,528	41,262
Total comprehensive (loss) / income for Q3 2011	-	(4)	-	-	1,277	1,273
Balance as at 30 Sep 2011	43,956	(1,696)	(16,545)	15	16,805	42,535

Company	Share Capital US\$'000	Share Option Reserve US\$'000	Accumulated Losses US\$'000	Total Equity US\$'000
Balance as at 1 Jul 2010	40,109	15	(8,703)	31,421
Total comprehensive loss for Q3 2010	-	-	(327)	(327)
Balance as at 30 Sep 2010	40,109	15	(9,030)	31,094
Balance as at 1 Jul 2011	43,956	15	(9,316)	34,655
Total comprehensive loss for Q3 2011	-	-	(574)	(574)
Balance as at 30 Sep 2011	43,956	15	(9,890)	34,081

1(d)(ii) SHARE CAPITAL

Share Options Outstanding

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

	No. of Unissued Ordinary Shares Under Option	Exercise Price	Exercise Period
Frank Overall 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

The number of unissued ordinary shares under option was 250,000 ordinary shares at an exercise price of S\$0.45 per share and 250,000 ordinary shares at an exercise price of S\$0.55 per share ("2008 Options"). The 2008 Options are exercisable from 4 Mar 2010 and will expire on 2 Mar 2013. The total fair value of the 2008 Options granted and still valid was estimated to be S\$20,603 (US\$14,776).

On 4 Apr 2011, the Company completed the placement of 38,500,000 new ordinary shares at an issue price of S\$0.126 cents per share.

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

Group and Company	Q3 2011	Q3 2010
Issued and fully paid		
Opening balance and closing balance	295,420,238	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**

NA.

2 **WHETHER THE FIGURES HAVE BEEN AUDITED OR REVIEWED, AND IN ACCORDANCE WITH WHICH AUDITING STANDARD OR PRACTICE**

The figures have not been audited or reviewed by the independent auditor, Nexia TS Public Accounting Corporation.

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

NA.

4 **WHETHER THE SAME ACCOUNTING POLICIES AND METHODS OF COMPUTATION AS IN THE ISSUER'S MOST RECENTLY AUDITED ANNUAL FINANCIAL STATEMENTS HAVE BEEN APPLIED**

Other than those disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 Dec 2010.

5 **IF THERE ARE ANY CHANGES IN THE ACCOUNTING POLICIES AND METHODS OF COMPUTATION, INCLUDING ANY REQUIRED BY AN ACCOUNTING STANDARD, WHAT HAS CHANGED, AS WELL AS THE REASONS FOR, AND THE EFFECT OF, THE CHANGE**

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 Jan 2011. Consequential amendments were also made to various standards as a result of these new or revised standards.

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

- (1) Amendments to FRS 24 - Related Party Disclosures
- (2) Amendments to FRS 32 Financial Instruments: Presentation - Classification of Rights Issues
- (3) Amendments to INT FRS 114 - Prepayments of a Minimum Funding Requirement
- (4) INT FRS 119 - Extinguishing Financial Liabilities with Equity Instruments

The adoption of these new or revised FRS and INT FRS does not result in any changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current period or prior years.

6 EARNINGS PER SHARE

Group	Q3 2011	Q3 2010	9M 2011	9M 2010
Basic earnings per share (US cents)	0.432	0.069	0.729	0.263
Weighted average number of shares for the purpose of computing basic earnings per share	295,420,238	256,920,238	282,256,635	256,920,238
Fully diluted earnings per share (US cents)	0.432	0.069	0.729	0.263
Weighted average number of shares for the purpose of computing fully diluted earnings per share	295,420,238	256,920,238	282,256,635	256,920,238

On 4 Apr 2011, 38,500,000 new ordinary shares were issued pursuant to a placement. For the purpose of computing basic and fully diluted earnings per share for Q3 2011 and 9M 2011, the relevant period is from 1 Jul 2011 to 30 Sep 2011 and 1 Jan 2011 to 30 Sep 2011 respectively.

There were no new shares issued during the quarter.

7 NET ASSET VALUE PER SHARE

	Group		Company	
	30 Sep 2011	31 Dec 2010	30 Sep 2011	31 Dec 2010
Net asset value per ordinary share based on issued share capital (excluding treasury shares) (US cents)	14.398	14.260	11.536	12.404
Number of ordinary shares in issue	295,420,238	256,920,238	295,420,238	256,920,238

On 4 Apr 2011, 38,500,000 new ordinary shares were issued pursuant to a placement.

8(i) PERFORMANCE REVIEW

Significant factors that affect the turnover, costs and earnings of the Group

Production & Revenue

Revenue increased by 103% (US\$3.50 mil) to US\$6.91 mil in Q3 2011, up from US\$3.41 mil in Q3 2010, largely due to higher SLC oil prices and contribution of US\$1.33 mil to the revenue from LS TAC in Q3 2011. The weighted average SLC oil price transacted in Q3 2011 was US\$115.44 per barrel as compared to US\$77.18 per barrel in Q3 2010.

The Group's share of shareable production increased by 26% (15,680 barrels) from 60,750 barrels in Q3 2010 to 76,430 barrels in Q3 2011. The increase was due mainly to new contribution of 9,875 barrels of oil (16%) from LS TAC and 5,634 barrels of oil (9%) from Myanmar. The Group's sales of shareable oil increased by 36% (21,784 barrels) from 60,750 barrels in Q3 2010 to 82,534 barrels in Q3 2011, also due to the uplifting of 15,979 barrels by LS TAC.

The Group's share of sharable production increased by 14% (26,815 barrels) to 218,246 barrels in 9M 2011 from 191,431 barrels in 9M 2010. The Group's revenue increased by 60% (US\$6.61 million) to US\$17.67 million in 9M 2011, due to higher weighted average SLC oil price transacted of US\$114 per barrel (9M 2010: US\$79.52 per barrel) and new revenue contribution from LS TAC with weighted average Walio Mix oil price transacted of US\$111.98 per barrel.

Cost of Production

Cost of production increased by 48% (US\$1.23 mil) to US\$3.81 mil in Q3 2011 as compared to US\$2.58 mil in Q3 2010. This was largely due to additional cost from LS TAC operations of US\$0.72 mil and higher direct operating cost from TMT TAC and Myanmar operations of US\$0.51 mil.

Cost of production increased by 35% (US\$2.61 mil) from US\$7.52 mil in 9M 2010 to US\$10.13 mil in 9M 2011, mainly due to additional cost from LS TAC operations of US\$1.56 mil and higher overall direct operating cost from Myanmar operations of US\$1.05 mil.

Net Profit After Tax

The Group posted a higher net profit after tax of US\$1.28 mil in Q3 2011 as compared to US\$0.18 mil in Q3 2010. The increase in net profit was due to higher revenue, partly offset by higher cost of production as well as the following:

- (1) Foreign exchange loss of US\$0.09 mil in Q3 2011 as compared to foreign exchange gain of US\$0.45 mil in Q3 2010. This was due to the strengthening of US dollar against both Singapore and Australian dollars.
- (2) Higher administrative expenses in Q3 2011 of US\$1.09 mil as compared to US\$0.80 mil in Q3 2010, mainly due to expenses incurred for new ventures (i.e data fees) and increased staff costs of US\$0.08 mil. LS TAC operations also incurred additional administrative expenses of US\$0.14 mil.
- (3) Higher other operating expenses of US\$0.12 mil in Q3 2011 as compared to US\$0.07 mil in Q3 2010, due largely to the additional amortisation of LS TAC participating rights of US\$0.05 mil.
- (4) Higher income tax expenses of US\$0.54 mil in Q3 2011 as compared to US\$0.28 mil in Q3 2010, due largely to higher profit oil tax from Myanmar operations and LS TAC of US\$0.15 mil and US\$0.08 mil respectively.

The Group posted a net profit after tax of US\$2.06 mil in 9M 2011 as compared to US\$0.68 mil in 9M 2010. This was due mainly to higher revenue, partly offset by higher cost of production, administrative expenses and other operating expenses as well as a decrease in other income.

Other income decreased to US\$0.09 mil in 9M 2011 (9M 2010: US\$1.12 mil), due to the strengthening of US dollar against both Singapore and Australian dollars, which resulted in reduction in foreign exchange gain of US\$0.51 mil. There was a reversal of allowance of trade receivables and fair value gain on financial assets of US\$0.35 mil and US\$0.12 mil respectively which gave rise to an increase in other income in 9M 2010.

8(i) PERFORMANCE REVIEW (CONT'D)

Group (Q3 2011)	Profit / (Loss) Before Tax US\$'000	Taxation US\$'000	Net Contribution to Group US\$'000	Net Contribution to Group %
Indonesia (TMT)	373	(86)	287	14%
Indonesia (LS)	421	(84)	337	16%
Myanmar	1,906	(370)	1,536	75%
Thailand	(27)	-	(27)	(1%)
Australia	(76)	-	(76)	(4%)
Profit from operations	2,597	(540)	2,057	100%
Head office expenses and income			(781)	
Income tax expense			1	
Net profit after tax			1,277	

Group (9M 2011)	Profit / (Loss) Before Tax US\$'000	Taxation US\$'000	Net Contribution to Group US\$'000	Net Contribution to Group %
Indonesia (TMT)	398	(236)	162	4%
Indonesia (LS)	(239)	(136)	(375)	(9%)
Myanmar	5,752	(1,067)	4,685	109%
Thailand	(67)	-	(67)	(2%)
Australia	(104)	-	(104)	(2%)
Profit from operations	5,740	(1,439)	4,301	100%
Head office expenses and income			(2,244)	
Income tax expense			-	
Net profit after tax			2,057	

Material factors that affect the cash flow, working capital, assets or liabilities of the Group**Statement of Financial Position**

- Trade receivables balances increased during the current period due to higher amount invoiced in Q3 2011 of US\$6.35 mil (included US\$1.33 mil invoicing from LS TAC) as compared to amount received for the invoice of US\$5.23 mil. This resulted in higher outstanding of US\$1.12 mil as compared to last quarter. In Q3 2011, the Group received 3 payments in respect of the Myanmar trade receivables and generated a net cash inflow from its operating activities of US\$1.74 mil.
- Inventories decreased by US\$0.34 mil due to lower crude oil on hand of LS TAC of US\$1.11 mil as compared to the previous quarter. As a result, deferred revenue also decreased by the same amount.
- Other receivables, deposits and prepayments decreased by US\$0.21 mil, mainly because VAT refund from Pertamina of US\$0.12 mil was received and deposits of US\$0.04 mil was utilised against the invoice for truckline costs incurred during the quarter.
- Trade payables decreased by US\$1.92 mil, mainly because the TMT TAC suppliers for the 3D seismic program of US\$1.70 mil was settled during the quarter.
- Other payables and accruals decreased by US\$0.52 mil, due to the settlement of US\$0.25 mil relating to the remaining acquisition cost of LS TAC and the payment of Myanmar training funds of US\$0.19 mil.

Cash Flow Statement

Cash and cash equivalents decreased by US\$1.47 mil for the quarter due to the following:

- Net cash used in operations of US\$0.78 mil, mainly due to the settlement of trade payables and other accruals which was outstanding at the end of last quarter, for TMT TAC 3D seismic program of US\$1.70 mil, Myanmar training funds of US\$0.19 mil and severance contribution for LS TAC of US\$0.16 mil. These are partly offset by increased trade receivables of US\$1.12 mil.
- Capital expenditure of US\$0.45 mil was incurred. These mainly comprised property, plant and equipment of US\$0.22 mil for LS TAC, well drilling expenditure for Myanmar operations of US\$0.19 mil and seismic costs of US\$0.04 mil for TMT TAC and Australia operations.
- Partial settlement of the remaining acquisition cost of US\$0.25 mil relating to the acquisition of LS TAC.

8(ii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia		Myanmar		Consolidated	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Results						
EBITDA	1,000	33	2,442	1,282	3,442	1,315
EBIT	713	(257)	1,910	866	2,623	609
Sales to external customers	2,874	1,021	4,035	2,385	6,909	3,406
Segment results	765	(234)	1,910	865	2,675	631
Unallocated corporate net operating results					(859)	(178)
Profit before income tax					1,816	453
Income tax expense					(539)	(275)
Net profit after income tax					1,277	178

Geographical Segment	Indonesia		Myanmar		Consolidated	
	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Results						
EBITDA	1,468	733	7,240	4,199	8,708	4,932
EBIT	34	(650)	5,754	3,366	5,788	2,716
Sales to external customers	6,013	3,553	11,661	7,512	17,674	11,065
Segment results	91	(662)	5,754	3,366	5,845	2,704
Unallocated corporate net operating results					(2,349)	(1,144)
Profit before income tax					3,496	1,560
Income tax expense					(1,439)	(884)
Net profit after income tax					2,057	676

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

Myanmar Production		Q3 2011 barrels	Q3 2010 barrels	9M 2011 barrels	9M 2010 barrels
Average gross production per day		2,183	2,137	2,184	2,175
Gross production		200,839	196,574	596,306	593,684
Non-shareable production		(119,851)	(124,977)	(359,358)	(374,748)
Production shareable with MOGE		80,988	71,597	236,948	218,936
Group's 60% share of shareable production		48,593	42,959	142,169	131,363
Group's average shareable production per day		528	467	521	481
Myanmar Revenue		Q3 2011	Q3 2010	9M 2011	9M 2010
Weighted average transacted oil price	US\$	115.44	77.18	114.00	79.50
Revenue shareable with MOGE	US\$'000	5,609	3,315	16,208	10,443
MOGE's share	US\$'000	(1,574)	(930)	(4,547)	(2,931)
Group's net share of revenue	US\$'000	4,035	2,385	11,661	7,512
Indonesia Production (TMT)		Q3 2011	Q3 2010	9M 2011	9M 2010
Average gross production per day		291	300	278	339
Gross production		26,762	27,620	75,821	92,643
Non-shareable production		(1,102)	(2,202)	(4,148)	(6,828)
Production shareable with Pertamina		25,660	25,418	71,673	85,815
Group's 70% share of shareable production		17,962	17,791	50,171	60,068
Group's average shareable production per day		195	193	184	220
Indonesia Revenue (TMT)		Q3 2011	Q3 2010	9M 2011	9M 2010
Weighted average transacted oil price	US\$	115.40	77.15	113.74	79.52
Revenue shareable with Pertamina	US\$'000	2,073	1,373	5,706	4,776
Pertamina's share*	US\$'000	(531)	(352)	(1,461)	(1,223)
Group's net share of revenue	US\$'000	1,542	1,021	4,245	3,553
Indonesia Production (LS)		Q3 2011	Q3 2010	9M 2011	9M 2010
Average gross production per day		130	-	128	-
Gross production		12,004	-	31,883	-
Non-shareable production		(2,129)	-	(5,977)	-
Production shareable with Pertamina		9,875	-	25,906	-
Group's 100% share of shareable production		9,875	-	25,906	-
Group's average shareable production per day		107	-	104	-
Indonesia Crude Oil on Hand (LS)		Q3 2011	Q3 2010	9M 2011	9M 2010
<u>Shareable with Pertamina</u>					
Opening balance		19,624	-	8,545	-
Production		9,875	-	25,906	-
Lifting		(15,979)	-	(20,931)	-
Closing balance		13,520	-	13,520	-
Indonesia Revenue (LS)		Q3 2011	Q3 2010	9M 2011	9M 2010
Weighted average transacted oil price	US\$	111.55	-	111.98	-
Revenue shareable with Pertamina	US\$'000	1,782	-	2,344	-
Pertamina's share	US\$'000	(450)	-	(576)	-
Group's net share of revenue	US\$'000	1,332	-	1,768	-
Group Production, Crude Oil on Hand and Revenue		Q3 2011	Q3 2010	9M 2011	9M 2010
Group's share of shareable production	barrels	76,430	60,750	218,246	191,431
Group's average shareable production per day	barrels	831	660	809	702
Group's sales of shareable oil	barrels	82,534	60,750	213,271	191,431
Group's total shareable oil revenue	US\$'000	6,909	3,406	17,674	11,065

* Under the TAC production sharing regime, once the unrecovered cost pool is exhausted, the net oil entitlement and the Group's share of revenue also reduce accordingly.

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

NA.

10 COMMENTARY

Oil prices remained above US\$110 in Q3 2011. The Group's revenue increased by 15% as compared to the previous quarter due largely to more frequent oil uplifting at LS TAC during the quarter. Shareable oil production increased slightly, due to higher production from Myanmar and TAC TMT operations.

Currently, the Group is still awaiting approval from the local government authority for the acquisition of the remaining 30% participating interest in TMT TAC. The 3D seismic program at TMT TAC has re-commenced at the end of Sep 2011, and the results of the program are expected to facilitate better understanding of the field for the drilling program to be commenced next year.

In Australia, exploration well Windermere-3 is expected to spud in Q4 2011, and the results of the drilling would be known before the end of the year. The Group does not expect any significant contribution from this asset in the near term.

In Thailand, the Group has received notice from the local government confirming the official relinquishment of Block L17/48, after having fulfilled all its contractual commitments. As announced, the Group has entered into an agreement with the local partner to assign all its concession rights in Block L9/48, for certain cash considerations, and is presently awaiting local government approval on the transfer. Upon approval of the transfer, the Group will no longer hold any concession rights in Thailand.

The Group is in a stable financial position, with sufficient cash on hand and no debts, to meet its operating costs for the foreseeable future. The Group will strive to improve production of the concessions in which it holds operatorship and will work closely with its partners in other concessions to improve performance. The Group will continue to actively seek new concessions and assets to strengthen its presence in the region as well as to achieve growth sustainability.

11 DIVIDEND

- (a) Any dividend recommended for the current financial period reported on?
No.
- (b) Any dividend declared for the corresponding period of the immediately preceding financial year?
No.
- (c) Whether the dividend is before tax, net of tax or tax exempt.
NA.
- (d) Date payable
NA.
- (e) Books closure date
NA.

12 IF NO DIVIDEND HAS BEEN DECLARED (RECOMMENDED), A STATEMENT TO THAT EFFECT

The Company has not declared a dividend for the current financial period.

13 INTERESTED PERSON TRANSACTIONS

No general mandate from shareholders for interested person transactions has been obtained.

14 CONFIRMATION BY THE BOARD OF DIRECTORS PURSUANT TO RULE 705(5)

The Board of Directors of the Company hereby confirms to the best of its knowledge that nothing has come to its attention which may render the interim financial statements for the quarter ended 30 Sep 2011 to be false or misleading in any material respect.

Submitted by
Marcel Tiia
Executive Director

10-Nov-11

15 ABBREVIATIONS

Q3 2010	means	Third quarter of the financial year 2010
Q3 2011	means	Third quarter of the financial year 2011
9M 2010	means	Nine months of the financial year 2010
9M 2011	means	Nine months of the financial year 2011
bopd	means	barrels of oil per day
BAS	means	Bass Strait Oil Company Ltd
DMO	means	Domestic Market Obligation
EED	means	Exploration, evaluation and development
FRS	means	Financial Reporting Standards
Goldpetrol	means	Goldpetrol Joint Operating Company Inc.
Goldwater	means	Goldwater Company Limited
Group	means	Interra Resources Limited, its subsidiary companies and joint ventures
GLS	means	Goldwater LS Pte. Ltd.
GTMT	means	Goldwater TMT Pte. Ltd.
IBN	means	IBN Oil Holdico Ltd
Interra	means	Interra Resources Limited
IPR	means	Improved Petroleum Recovery
IRA	means	Interra Resources (Australia) Pte. Ltd.
IRT	means	Interra Resources (Thailand) Limited
JSXT	means	JSX Energy (Thailand) Limited
k	means	thousand
LS	means	Linda Sele
mil	means	million
MOGE	means	Myanma Oil and Gas Enterprise
NA	means	Not applicable
NM	means	Not meaningful
PCA	means	Petroleum Concession Agreement
PEP	means	Petroleum Exploration Permit
Pertamina	means	Perusahaan Pertambangan Minyak Dan Gas Bumi Negara
PSC	means	Production Sharing Contract
RPE	means	PT Retco Prima Energi
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.