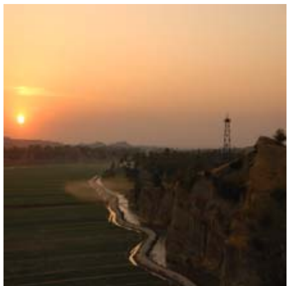
interraresources

INTERRA RESOURCES LIMITED

Singapore Company Registration No. 197300166Z
Australian Business No. 37 129 575275

SGX & ASX ANNOUNCEMENT

SGX Code: Interra Res (5GI), ASX Code: ITR



12 August 2011

RESULTS FOR ANNOUNCEMENT TO THE MARKET
FOR THE HALF YEAR ENDED 30 JUNE 2011

Group	6M 2011 (US$'000)	6M 2010 (US$'000)	Change (%)
Revenue	10,765	7,660	41%
Profit from ordinary activities after income tax	780	498	57%
Net profit attributable to shareholders	780	498	57%
Net tangible assets per ordinary share (USD cents) (1)	13.967	13.886	1%

Group	Amount per security (SGD cents)	Franked Amount per security (SGD cents)
Dividend per share - Final and interim (2)	Nil	Nil

Notes:
(1) Number of ordinary shares increased from 256,920,238 as at 30 June 2010 to 295,420,238 as at 30 June 2011.
(2) No dividend was declared for the half year ended 30 June 2011 and 30 June 2010.

Commentary

The Group generated a net profit after tax of US$0.42 million in the second quarter of 2011, against a net profit after tax of US$0.36 million in the first quarter of 2011, resulting in a net profit after tax of US$0.78 million for the six months ended 30 June 2011.

Important Notes:

This half year report should be read in conjunction with the audited annual report for the financial year ended 31 December 2010 and results announcement released during the six months ended 30 June 2011.

The figures presented in this announcement have been reviewed by independent auditor in accordance with Singapore Standard on Review Engagements 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

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12 August 2011

Dear Shareholders

UNAUDITED RESULTS FOR THE QUARTER ENDED 30 JUNE 2011

Highlights in Q2 2011
➢ Net profit after tax for the quarter was US$0.42 million ➢ Revenue for the quarter was US$6.00 million, being 26% higher than the previous quarter due to higher weighted average transacted oil price for the quarter of US$119.74 per barrel and increased sales of shareable oil of 12%, mainly contributed from the LS TAC ➢ Impairment of exploration, evaluation and development ("EED") costs of US$0.50 million of the TMT TAC as a result of its declining production ➢ Net cash inflow for the quarter was US$5.25 million

The Board of Directors of Interra Resources Limited (the "Company" or "Interra") wishes to announce that for the second quarter ("Q2") of 2011, the Group generated a net profit after tax of US$0.42 million.

Q2 2011 vs Q1 2011 review

Revenue increased by 26% to US$6.00 million in Q2 2011 up from US$4.77 million in Q1 2011, largely due to higher Sumatran Light Crude ("SLC") oil prices. The weighted average SLC oil price transacted in Q2 2011 was US$119.74 per barrel as compared to US$106.33 per barrel in Q1 2011. In addition, new revenue from the LS TAC based on transacted Walio Mix oil price of US$113.39 per barrel contributed US$0.44 million to the revenue in Q2 2011.

The Group's share of shareable production for Q2 2011 increased by 10% (7,036 barrels) to 74,426 barrels from 67,390 barrels for Q1 2011. This was due to higher production from Myanmar and LS TAC. The Group's sales of shareable oil increased by 12% (7,249 barrels) from 61,744 barrels in Q1 2011 to 68,993 barrels in Q2 2011, mainly due to the first uplifting of 4,952 barrels by LS TAC.

Cost of production in Q2 2011 amounted to US$3.52 million, an increase of 26% as compared to the previous quarter. This was largely due to higher overall direct operating cost which increased from US$2.11 million in Q1 2011 to US$2.82 million in Q2 2011.

During Q2 2011, 5 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 11 payments (FY2010: 16 payments).

Based on the assessment of the current production level of the TMT TAC, the Company is of the opinion that it is prudent to recognise a write-down of the carrying value of the EED costs and record an impairment of such EED costs of US$0.50 million in Q2 2011.

Net cash inflow in Q2 2011 was US$5.25 million and the cash and cash equivalents as at 30 June 2011 was US$21.04 million. The total cash inflow from the net proceeds of the share placement completed in April 2011 was US$3.79 million while the Myanmar operations generated a net cash inflow of US$3.45 million.

Other Matters

As per our announcement on 22 June 2011, the Group had entered into an assignment agreement with PT Retco Prima Energy ("RPE") to acquire RPE's remaining 30% participating interest in the TMT TAC. Upon obtaining the approval from the relevant government agencies, the Group will own 100% and assume operatorship of TMT TAC.

Yours sincerely,

The Board of Directors
Interra Resources Limited

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 JUNE 2011

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1(a)(i) PROFIT AND LOSS STATEMENT

Group	Note	Q2 2011 US$'000	Q2 2010 US$'000	Change %	6M 2011 US$'000	6M 2010 US$'000	Change %
Revenue	A1	5,998	3,888	↑ 54	10,765	7,660	↑ 41
Cost of production	A2	(3,517)	(2,480)	↑ 42	(6,320)	(4,937)	↑ 28
Gross profit		**2,481**	**1,408**	↑ 76	**4,445**	**2,723**	↑ 63
Other income	A3	112	354	↓ 68	163	618	↓ 74
Administrative expenses		(1,085)	(720)	↑ 51	(2,186)	(1,463)	↑ 49
Other operating expenses	A4	(145)	(65)	↑ 123	(242)	(129)	↑ 88
Impairment and allowances	A5	(500)	(500)	NA	(500)	(642)	↓ 22
Profit before income tax		**863**	**477**	↑ 81	**1,680**	**1,107**	↑ 52
Income tax expense		(444)	(311)	↑ 43	(900)	(609)	↑ 48
Profit for the financial period		**419**	**166**	↑ 152	**780**	**498**	↑ 57
Attributable to:							
Equity holders of the Company		419	166		780	498	
Earnings per share (US cents)							
- Basic		0.143	0.064		0.283	0.194	
- Fully diluted		0.143	0.064		0.283	0.194	

1(a)(ii) STATEMENT OF COMPREHENSIVE INCOME

Group	Note	Q2 2011 US$'000	Q2 2010 US$'000	Change %	6M 2011 US$'000	6M 2010 US$'000	Change %
Profit for the financial period		419	166	↑ 152	780	498	↑ 57
Exchange differences on translating foreign operations		(2)	16	NM	(2)	(135)	NM
Total comprehensive income for the financial period		**417**	**182**	↑ 129	**778**	**363**	↑ 114

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

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

Group		Q2 2011 US$'000	Q2 2010 US$'000	6M 2011 US$'000	6M 2010 US$'000
Group's share of shareable production	barrels	74,426	64,618	141,816	130,682
Group's sales of shareable oil	barrels	68,993	64,618	130,737	130,682

		Q2 2011 US$'000	Q2 2010 US$'000	6M 2011 US$'000	6M 2010 US$'000
A1	Revenue				
	Sales of crude oil (see 8(iii) Production Profile)	5,998	3,888	10,765	7,660
A2	Cost of production				
	Production expenses	2,821	1,887	4,935	3,683
	Depreciation of property, plant and equipment	132	150	336	367
	Amortisation of EED costs	555	434	1,031	870
	Amortisation of computer software	9	9	18	17
		3,517	2,480	6,320	4,937
A3	Other income				
	Interest income from bank deposits	11	13	21	20
	Petroleum services fees	14	22	30	51
	Fair value gain on financial assets, at fair value through profit or loss	-	5	-	100
	Reversal of allowance for impairment of trade receivables	-	350	-	350
	Other income	-	14	7	30
	Gain on disposal of property, plant and equipment	-	-	3	-
	Foreign exchange gain / (loss), net	87	(50)	102	67
		112	354	163	618
A4	Other operating expenses				
	Depreciation of property, plant and equipment	25	19	45	37
	Amortisation of computer software	1	2	1	3
	Amortisation of concession rights	2	2	4	4
	Amortisation of participation rights	117	42	192	85
		145	65	242	129
A5	Impairment and allowances				
	Impairment of EED costs	500	500	500	642
		500	500	500	642

1(b)(i) STATEMENT OF FINANCIAL POSITION

	Note	Group 30-Jun-11 US$'000	Group 31-Dec-10 US$'000	Company 30-Jun-11 US$'000	Company 31-Dec-10 US$'000
Assets					
Non-Current Assets					
Property, plant and equipment		952	1,184	77	100
Exploration, evaluation and development costs	B1	22,324	14,871	-	-
Intangible assets	B2	5,221	3,736	1	2
Investments in subsidiaries		-	-	26,520	20,220
		28,497	**19,791**	**26,598**	**20,322**
Current Assets					
Inventories	B3	3,577	1,663	-	-
Trade receivables (net)	B4	3,249	5,832	-	-
Other receivables, deposits and prepayments		1,949	494	111	77
Cash and cash equivalents	B5	21,040	18,748	8,488	12,056
		29,815	**26,737**	**8,599**	**12,133**
Total assets		**58,312**	**46,528**	**35,197**	**32,455**
Equity and Liabilities					
Equity					
Share capital		43,956	40,109	43,956	40,109
Retained earnings / (Accumulated losses)		15,528	14,748	(9,316)	(8,256)
Other reserves		(18,222)	(18,220)	15	15
Total equity		**41,262**	**36,637**	**34,655**	**31,868**
Non-Current Liabilities					
Provision for environmental and restoration costs		1,816	813	-	-
Total non-current liabilities		**1,816**	**813**	**-**	**-**
Current Liabilities					
Trade payables		2,962	721	-	-
Other payables and accruals		3,561	2,445	541	581
Deferred revenue	B3	1,660	-	-	-
Current income tax liabilities		7,051	5,912	1	6
Total current liabilities		**15,234**	**9,078**	**542**	**587**
Total equity and liabilities		**58,312**	**46,528**	**35,197**	**32,455**

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

Group		30-Jun-11 US$'000	31-Dec-10 US$'000
B1	Exploration, evaluation and development costs		
	Initial joint study cost	386	416
	Contractual bonuses	398	431
	Exploration, geological and geophysical costs	4,838	2,806
	Assets under construction	17	1
	Completed assets	15,259	9,664
	Cost recovery	1,426	1,553
		22,324	14,871
B2	Intangible assets		
	Computer software	25	43
	Goodwill on reverse acquisition	1,489	1,489
	Participating and concession rights	964	1,052
	Participating rights in Indonesia (LS TAC)	1,591	-
	Participating rights in Australia	1,152	1,152
		5,221	3,736
B3	Inventories		
	Consumable inventories	1,917	1,663
	Crude oil on hand*	1,660	-
		3,577	1,663
B4	Trade receivables (net)		
	Trade receivables	3,249	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	3,249	5,832
B5	Cash and cash equivalents		
	Cash at bank and on hand	11,846	11,047
	Restricted cash	1,491	1,484
	Fixed deposits	7,703	6,217
	Cash and cash equivalents (as per Statement of Financial Position)	**21,040**	**18,748**
	Less: Fixed deposit held as collateral for banker's guarantee	-	(670)
	Less: Restricted cash	(1,491)	(1,484)
	Cash and cash equivalents (as per Cash Flow Statement)	19,549	16,594

* Based on the number of barrels of crude oil on hand and the Walio Mix oil price as at 30 Jun 2011, the approximated deferred revenue was US$1.66 mil.

1(b)(ii) BORROWINGS AND DEBT SECURITIES

Group	30-Jun-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		Q2 2011 US$'000	Q2 2010 US$'000	6M 2011 US$'000	6M 2010 US$'000
Cash Flows from Operating Activities					
Profit before income tax		863	477	1,680	1,107
Adjustments for non-cash items:					
Depreciation of property, plant and equipment		157	169	381	404
Amortisation of:					
EED costs		555	434	1,031	870
Concession rights		2	2	4	4
Computer software		9	11	18	21
Participating rights		117	42	192	85
Impairment of EED costs (TMT TAC)		500	500	500	500
Impairment of EED costs (Thailand)		-	-	-	142
Interest income		(11)	(13)	(21)	(20)
Financial assets, at fair value through profit or loss - fair value gain		-	(5)	-	(100)
Net gain on disposal of property, plant and equipment		-	-	(3)	-
Exchange difference		(87)	20	(102)	(202)
Reversal of allowance for impairment of trade receivables		-	(350)	-	(350)
Fixed assets written off		-	1	-	1
Dividend income		-	(14)	-	(14)
Operating profit before working capital changes		**2,105**	**1,274**	**3,680**	**2,448**
Changes in working capital, net of effects from acquisition of subsidiary					
Inventories		(566)	175	(1,185)	140
Trade and other receivables		774	(258)	2,211	(1,316)
Trade and other payables		1,306	32	3,075	(1,293)
Accrued operating expenses		(208)	(469)	(88)	(85)
Provision for environmental and restoration costs		11	34	55	71
Restricted cash		(3)	-	(6)	-
Cash generated from / (used in) operations		3,419	788	7,742	(35)
Income tax (paid) / refund		(181)	-	(332)	12
Net cash provided by / (used in) operating activities		**3,238**	**788**	**7,410**	**(23)**
Cash Flows from Investing Activities					
Interest income received		11	10	22	18
Net proceeds from disposal of property, plant and equipment		-	-	2	-
Deposit paid for the proposed acquisition of remaining 30% participating interest in the TMT TAC		(590)	-	(590)	-
Fixed deposit released as collateral for banker's guarantee (net)		-	-	670	2,060
Acquisition of subsidiary, net of cash acquired	C1	-	-	(5,539)	-
Acquisition cost for exploration concession in Australia		-	-	-	(8)
Capital expenditure:					
Additions to property, plant and equipment		(92)	(59)	(93)	(72)
Well drillings and improvements		(396)	(105)	(552)	(251)
Geological and geophysical studies (including seismic)		(715)	(605)	(2,168)	(1,537)
Net cash (used in) / provided by investing activities		**(1,782)**	**(759)**	**(8,248)**	**210**
Cash Flows from Financing Activities					
Net proceeds from share placement		3,793	-	3,793	-
Dividend received		-	14	-	14
Net cash provided by financing activities		**3,793**	**14**	**3,793**	**14**
Net increase in cash and cash equivalents		**5,249**	**43**	**2,955**	**201**
Cash and cash equivalents at beginning of period		14,300	14,712	16,594	14,531
Effects of currency translation on cash and cash equivalents		-	-	-	23
Cash and cash equivalents at end of period (see Note B5)		**19,549**	**14,755**	**19,549**	**14,755**

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

Group	6M 2011 US$'000	6M 2010 US$'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	(500)	-
Cash outflow on acquisition of subsidiary	**5,539**	**-**

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 Apr 2010	**40,109**	**(1,454)**	**(16,545)**	**15**	**13,370**	**35,495**
Total comprehensive income for Q2 2010	-	16	-	-	166	**182**
Balance as at 30 Jun 2010	**40,109**	**(1,438)**	**(16,545)**	**15**	**13,536**	**35,677**
Balance as at 1 Apr 2011	**40,109**	**(1,690)**	**(16,545)**	**15**	**15,109**	**36,998**
Issue of new ordinary shares pursuant to placement	3,847	**-**	**-**	**-**	**-**	**3,847**
Total comprehensive (loss) / income for Q2 2011	-	(2)	-	-	419	**417**
Balance as at 30 Jun 2011	**43,956**	**(1,692)**	**(16,545)**	**15**	**15,528**	**41,262**

Company	Share Capital US$'000	Share Option Reserve US$'000	Accumulated Losses US$'000	Total Equity US$'000
Balance as at 1 Apr 2010	**40,109**	15	**(8,453)**	**31,671**
Total comprehensive loss for Q2 2010	**-**	-	(250)	**(250)**
Balance as at 30 Jun 2010	**40,109**	**15**	**(8,703)**	**31,421**
Balance as at 1 Apr 2011	**40,109**	**15**	**(8,903)**	**31,221**
Issue of new ordinary shares pursuant to placement	3,847	**-**	**-**	**3,847**
Total comprehensive loss for Q2 2011	-	-	(413)	**(413)**
Balance as at 30 Jun 2011	**43,956**	**15**	**(9,316)**	**34,655**

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	Q2 2011	Q2 2010
Issued and fully paid		
Opening balance	256,920,238	256,920,238
Issue of new ordinary shares pursuant to placement	38,500,000	-
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 but have been 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	Q2 2011	Q2 2010	6M 2011	6M 2010
Basic earnings per share (US cents)	**0.143**	**0.064**	**0.283**	**0.194**
Weighted average number of shares for the purpose of computing basic earnings per share	293,727,930	256,920,238	275,528,571	256,920,238
Fully diluted earnings per share (US cents)	**0.143**	**0.064**	**0.283**	**0.194**
Weighted average number of shares for the purpose of computing fully diluted earnings per share	293,727,930	256,920,238	275,528,571	256,920,238

In 4 Apr 2011, 38,500,000 new ordinary shares were issued pursuant to placement. For the purpose of computing basic and fully diluted earnings per share for Q2 2011 and 6M 2011, the relevant period is from 4 Apr 2011 to 30 Jun 2011 and 1 Jan 2011 to 30 Jun 2011 respectively.

7 NET ASSET VALUE PER SHARE

	Group		Company	
	30 Jun 2011	31 Dec 2010	30 Jun 2011	31 Dec 2010
Net asset value per ordinary share based on issued share capital (excluding treasury shares) (US cents)	13.967	14.260	11.731	12.404
Number of ordinary shares in issue	295,420,238	256,920,238	295,420,238	256,920,238

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

8(i) PERFORMANCE REVIEW

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

Q2 2011 vs Q2 2010 Review

Production & Revenue

Revenue increased by 54% (US$2.11 mil) to US$6.00 mil in Q2 2011 up from US$3.89 mil in Q2 2010, largely due to higher Sumatran Light Crude ("SLC") oil prices in Q2 2011. The weighted average SLC oil price transacted in Q2 2011 was US$119.74 per barrel as compared to US$82.76 per barrel in Q2 2010. In addition, new revenue from LS TAC based on transacted Walio Mix oil price of US$113.39 per barrel contributed US$0.44 mil to the revenue in Q2 2011.

The Group's share of shareable production increased by 15% (9,808 barrels), due mainly to the additional contribution of 10,385 barrels of oil from the LS TAC. The Group's sales of shareable oil increased by 7% (4,375 barrels) from 64,618 barrels in Q2 2010 to 68,993 barrels in Q2 2011, also due to the first uplifting of 4,952 barrels by LS TAC.

The shareable production contributed by the TMT TAC decreased by 22% (4,358 barrels) from 20,100 barrels in Q2 2010 to 15,742 barrels in Q2 2011. However, the shareable production from Myanmar increased by 8% (3,781 barrels) from 44,518 barrels in Q2 2010 to 48,299 barrels in Q2 2011, due to contributions from the successful development wells drilled during the quarter.

The Group's share of sharable production increased by 9% (11,134 barrels) to 141,816 barrels for 6M 2011 from 130,682 barrels for 6M 2010. The Group's revenue increased by 41% (US$3.11 million) to US$10.77 million in 6M 2011, due to higher oil prices and slight increase in sales of shareable oil.

Cost of Production

Cost of production in Q2 2011 increased by US$1.04 mil to US$3.52 mil in Q2 2011 as compared to US$2.48 mil in Q2 2010. This was largely due to additional cost from LS TAC operations of US$0.59 mil and higher direct operating cost of US$0.41 mil in Q2 2011.

Cost of production in 6M 2011 increased by 28% (US$1.38 mil) from US$4.94 mil in 6M 2010 to US$6.32 mil in 6M 2011, due to additional cost from the LS TAC operations of US$0.84 mil and higher overall direct operating cost of US$0.53 mil in 6M 2011.

Net Profit After Tax

The Group posted a higher net profit after tax of US$0.42 mil in Q2 2011 as compared to US$0.17 mil in Q2 2010. The increase in net profit was due to the following:

(1) Higher revenue largerly due to higher weighted average oil prices transacted in Q2 2011 and new revenue from the LS TAC.

(2) Foreign exchange gain of US$0.09 mil in Q2 2011 compared to foreign exchange loss of US$0.05 mil in Q2 2010. This was due to the weakening of US dollar against both Singapore and Australian dollars. In addition, with the closure of Thailand office in Q1 2011, the number of Thai Baht denominated transactions decreased in Q2 2011 as compared to Q2 2010.

However, the higher net profit after tax was partly offset by:

(1) Net loss after tax of US$0.32 mil incurred by the LS TAC operations in Q2 2011.

(2) Higher administrative expenses in Q2 2011 of US$1.09 mil as compared to US$0.72 mil in Q2 2010, mainly due to expenses incurred for the proposed acquisition of the remaining 30% participating interest in the TMT TAC of US$0.05 mil and placement related expenses of US$0.09 mil. LS TAC operations also incurred additional administrative expenses of US$0.11 mil in Q2 2011.

(3) Impairment of EED costs of US$0.50 mil in Q2 2011, as, based on the assessment of the current production level of the TMT TAC, the Company is of the opinion that it is prudent to recognise a write-down on the carrying value of such EED costs.

(4) No one-off adjustment on the Myanmar asset in Q2 2011 as compared to an impairment write-back of US$0.35 mil in Q2 2010.

(5) Higher other operating expenses of US$0.14 mil in Q2 2011 compared to US$0.07 mil in Q2 2010, due largely to additional amortisation of the LS TAC participating rights of US$0.08 mil.

The Group posted a net profit after tax of US$0.78 mil in 6M 2011 as compared to US$0.50 mil in 6M 2010. This was due mainly to higher weighted average SLC oil price transacted of US$113.25 per barrel (6M 2010: US$80.63 per barrel) and new revenue contributed from the LS TAC with a transacted Walio Mix oil price of US$113.39 per barrel, partly offset by higher administrative and other operating expenses, impairment of EED costs and lower other income.

8(i) PERFORMANCE REVIEW (CONT'D)

Group (Q2 2011)	Profit / (Loss) Before Tax US$'000	Taxation US$'000	Net Contribution to Group US$'000	Net Contribution to Group %
Indonesia (TMT)	(225)	(78)	(303)	(28%)
Indonesia (LS)	(333)	14	(319)	(29%)
Myanmar	2,103	(380)	1,723	159%
Thailand	(28)	-	(28)	(3%)
Australia	9	-	9	1%
Profit from operations	**1,526**	**(444)**	**1,082**	**100%**
Head office expenses and income			(663)	
Income tax expense			-	
Net profit after tax			**419**	

Group (6M 2011)	Profit / (Loss) Before Tax US$'000	Taxation US$'000	Net Contribution to Group US$'000	Net Contribution to Group %
Indonesia (TMT)	25	(150)	(125)	(6%)
Indonesia (LS)	(660)	(52)	(712)	(32%)
Myanmar	3,846	(697)	3,149	140%
Thailand	(40)	-	(40)	(2%)
Australia	(28)	-	(28)	(1%)
Profit from operations	**3,143**	**(899)**	**2,244**	**100%**
Head office expenses and income			(1,463)	
Income tax expense			(1)	
Net profit after tax			**780**	

Material factors that affect the cash flow, working capital, assets or liabilities of the Group

Statement of Financial Position

(1) In Q2 2011, the Group received 5 payments in respect of the Myanmar trade receivables and generated a net cash inflow from operating activities of US$3.45 mil from the Myanmar operations.

(2) Inventories increased by US$0.57 mil due to higher crude oil on hand of US$1.66 mil from the LS TAC as compared to the previous quarter. As a result, deferred revenue also increased by the same amount.

(3) Other receivables, deposits and prepayments increased by US$1.12 mil, due to deposit of US$0.59 mil paid for the proposed acquisition of the remaining 30% participating interest in the TMT TAC and US$0.22 mil being VAT to be reimbursed from Pertamina for costs incurred for 3D seismic program and advance payment to supplier to secure the purchase of US$0.16 mil from Myanmar and LS TAC operations.

(4) Trade payables increased by US$0.64 mil, mainly owing to the TMT TAC's suppliers for the 3D seismic program in 2011.

Cash Flow Statement

Cash and cash equivalents increased by US$5.25 mil for the quarter due to the following:

(1) Net cash generated from operations of US$3.24 mil, mainly due to the higher number of invoice payments received from the trade receivables in Myanmar.

(2) Capital expenditure of US$1.20 mil incurred, mainly comprise seismic costs of the TMT TAC of US$0.75 mil and the Myanmar operations of US$0.40 mil.

(3) Net proceeds from the share placement of US$3.79 mil completed in Apr 2011.

8(ii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia		Myanmar		Consolidated	
	Q2 2011	Q2 2010	Q2 2011	Q2 2010	Q2 2011	Q2 2010
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Results						
EBITDA	216	347	2,630	1,483	2,846	1,830
EBIT	(582)	(411)	3,844	1,445	3,262	1,034
Sales to external customers	1,838	1,238	4,160	2,650	5,998	3,888
Segment results	(577)	(417)	2,100	1,444	1,523	1,027
Unallocated corporate net operating results					(660)	(550)
Profit before income tax					863	477
Income tax expense					(444)	(311)
Net profit after income tax					419	166

Geographical Segment	Indonesia		Myanmar		Consolidated	
	6M 2011	6M 2010	6M 2011	6M 2010	6M 2011	6M 2010
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Results						
EBITDA	470	700	4,798	2,917	5,268	3,617
EBIT	(679)	(393)	3,844	2,500	3,165	2,107
Sales to external customers	3,139	2,532	7,626	5,128	10,765	7,660
Segment results	(673)	(428)	3,844	2,500	3,171	2,072
Unallocated corporate net operating results					(1,491)	(965)
Profit before income tax					1,680	1,107
Income tax expense					(900)	(609)
Net profit after income tax					780	498

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		Q2 2011 barrels	Q2 2010 barrels	6M 2011 barrels	6M 2010 barrels
Average gross production per day		2,201	2,188	2,185	2,194
Gross production		200,285	199,115	395,467	397,110
Non-shareable production		(119,788)	(124,919)	(239,507)	(249,771)
Production shareable with MOGE		80,497	74,196	155,960	147,339
Group's 60% share of shareable production		48,299	44,518	93,577	88,405
Group's average shareable production per day		531	489	517	488

Myanmar Revenue		Q2 2011	Q2 2010	6M 2011	6M 2010
Weighted average transacted oil price	US$	119.74	82.75	113.25	80.63
Revenue shareable with MOGE	US$'000	5,783	3,684	10,598	7,128
MOGE's share	US$'000	(1,623)	(1,034)	(2,972)	(2,000)
Group's net share of revenue	US$'000	4,160	2,650	7,626	5,128

Indonesia Production (TMT)		Q2 2011 barrels	Q2 2010 barrels	6M 2011 barrels	6M 2010 barrels
Average gross production per day		260	341	271	359
Gross production		23,619	30,990	49,059	65,023
Non-shareable production		(1,128)	(2,275)	(3,045)	(4,626)
Production shareable with Pertamina		22,491	28,715	46,014	60,397
Group's 70% share of shareable production		15,742	20,100	32,208	42,277
Group's average shareable production per day		173	221	178	234

Indonesia Revenue (TMT)		Q2 2011	Q2 2010	6M 2011	6M 2010
Weighted average transacted oil price	US$	119.73	82.76	112.81	80.51
Revenue shareable with Pertamina	US$'000	1,885	1,664	3,633	3,404
Pertamina's share*	US$'000	(483)	(426)	(930)	(872)
Group's net share of revenue	US$'000	1,402	1,238	2,703	2,532

Indonesia Production (LS)		Q2 2011 barrels	Q2 2010 barrels	6M 2011 barrels	6M 2010 barrels
Average gross production per day		138	-	127	-
Gross production		12,581	-	19,879	-
Non-shareable production		(2,196)	-	(3,848)	-
Production shareable with Pertamina		10,385	-	16,031	-
Group's 100% share of sharable production		10,385	-	16,031	-
Group's average shareable production per day		114	-	102	-

Indonesia Crude Oil on Hand (LS)		Q2 2011 barrels	Q2 2010 barrels	6M 2011 barrels	6M 2010 barrels
Shareable with Pertmina					
Opening balance		14,201	-	8,555	-
Production		10,385	-	16,031	-
Lifting		(4,952)	-	(4,952)	-
Closing balance		19,634	-	19,634	-

Indonesia Revenue (LS)		Q2 2011	Q2 2010	6M 2011	6M 2010
Weighted average transacted oil price	US$	113.39	-	113.39	-
Revenue shareable with Pertamina	US$'000	562	-	562	-
Pertamina's share	US$'000	(126)	-	(126)	-
Group's net share of revenue	US$'000	436	-	436	-

Group Production, Crude Oil on Hand and Revenue		Q2 2011	Q2 2010	6M 2011	6M 2010
Group's share of shareable production	**barrels**	**74,426**	**64,618**	**141,816**	**130,682**
Group's average shareable production per day	**barrels**	**818**	**710**	**797**	**723**
Group's sales of shareable oil	**barrels**	**68,993**	**64,618**	**130,737**	**130,682**
Group's total shareable oil revenue	**US$'000**	**5,998**	**3,888**	**10,765**	**7,660**

* 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 for the quarter continued to surge higher, as compared to the previous quarter. In addition, with the first lifting of oil from the LS TAC, the Group's revenue increased significantly over the quarter. Although production from the LS TAC contributed significantly to the Group's total production, lifting of oil has been irregular, due to the repair work at the refinery closest to LS TAC. When repairs at the refinery are completed, the Group envisions that the higher production will translate to higher revenue, provided oil prices do not fall significantly during these quarters.

Further to our announcement on 22 Jun 2011, the Group is awaiting the approval from the relevant government agencies for its acquisition of the remaining 30% participating interest in the TMT TAC. With the taking over of the operatorship of the TMT TAC, the Group hopes to reverse its declining production.

In Australia, work for the drilling of an exploration well in Otway Basin has been postponed and preparation work will resume in late Q3 2011 in order to meet the target to drill the well in early Q4 2011. The Group does not expect any significant contribution from this asset in the near term.

After the share placement in Apr 2011, the Group is in a better financial position than before, 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 the performance. The Group will continue to actively seek new concessions and assets so as 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) Date payable
NA.

(d) 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

Name of Interested Person	Aggregate value of interested person transactions entered into during the financial year under review (excluding transactions below $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a)) Q2 2011 US$	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a) (excluding transactions below $100,000) Q2 2011 US$
Nil	Nil	Nil

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

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

Submitted by
Marcel Tjia
Executive Director

12-Aug-11

15 ABBREVIATIONS

Q2 2010	means	Second calendar quarter of year 2010
Q2 2011	means	Second calendar quarter of year 2011
Q3 2011	means	Third calendar quarter of year 2011
Q4 2011	means	Fourth calendar quarter of year 2011
6M 2010	means	Six months ended 30 June 2010
6M 2011	means	Six months ended 30 June 2011
FY 2010	means	Full year ended 31 December 2010
FY 2011	means	Full year ended 31 December 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.

DIRECTORS' REPORT

For the half year ended 30 June 2011

The Directors of Interra Resources Limited (the "Company") present their report together with the consolidated financial report of the Company and its subsidiaries (the "Group") for the half year ended 30 June 2011 and the audit review report thereon.

DIRECTORS

The directors of the Company during the half year up to the date of this report are:

Edwin Soeryadjaya	(Non-Executive Chairman)
Sandiaga Salahuddin Uno	(Non-Executive Deputy Chairman)
Marcel Han Liong Tjia	(Executive Director & Chief Executive Officer)
Subianto Arpan Sumodikoro	(Non-Executive Director)
Allan Charles Buckler	(Independent Director)
Low Siew Sie Bob	(Independent Director, appointed on 18 Feb 2011)
Ng Soon Kai	(Independent Director)
Pepen Handianto Danuatmadja	(Alternate Director to Subianto Arpan Sumodikoro, appointed on 18 Feb 2011)

RESULTS OF OPERATIONS

The net profit after tax of the Group for the six months ("6M") ended 30 June 2011 was US$0.78 million (6M 2010: US$0.50 million).

REVIEW OF OPERATIONS

6M 2011 vs 6M 2010

Revenue increased by 41% (US$3.11 million) to US$10.77 million in 6M 2011, due to higher oil prices and slight increase in sales of shareable oil. Shareable production for 6M 2011 of 141,816 barrels was 9% higher than 6M 2010 of 130,682 barrels. This was due to a contribution of 16,031 barrels from the LS TAC, which was acquired on 24 January 2011. Sales of shareable oil increased slightly in 6M 2011 due to the first uplifting of 4,952 barrels by the LS TAC. The weighted average SLC oil price transacted in 6M 2011 of US$113.25 per barrel was significantly higher than in the corresponding period in 2010 of US$80.63 per barrel. The transacted Walio Mix oil price was US$113.39 per barrel for sales by the LS TAC.

Cost of production increased by 28% (US$1.38 million) to US$6.32 million in 6M 2011, due to additional cost from the LS TAC operations of US$0.84 million and higher direct operating cost of US$0.53 million as compared to 6M 2010.

The net profit after tax recorded in 6M 2011 of US$0.78 million was 57% higher as compared to 6M 2010 of US$0.50 million, due largely to higher revenue generated in 6M 2011 in view of higher oil prices and sales of shareable oil.

On behalf of the Board of Directors of
INTERRA RESOURCES LIMITED

Marcel Han Liong Tjia
Executive Director & Chief Executive Officer

Singapore
12 August 2011

Nexia TS
Listening, Thinking, Growing, Asia.

The Board of Directors
Interra Resources Limited
1 Grange Road
#05-04 Orchard Building
Singapore 239693

Dear Sirs,

INTERRA RESOURCES LIMITED AND ITS SUBSIDIARIES
REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION AS OF AND FOR THE HALF YEAR FINANCIAL PERIOD ENDED 30 JUNE 2011

Introduction

We have reviewed the accompanying statements of financial position of Interra Resources Limited (the "Company") as of 30 June 2011 and statements of changes in equity of the Company for the half year financial period ended, the consolidated statement of financial position of Interra Resources Limited and its subsidiaries (the "Group") as of 30 June 2011 and the related consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated cash flow statement of the Group for the half year financial period then ended, selected notes and other explanatory notes ("interim financial information").

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Financial Reporting Standards 34 *Interim Financial Reporting* ("FRS 34"). Such interim financial information has been prepared by Management of the Company for announcement on Singapore Exchange Securities Trading Limited and the Australian Securities Exchange Limited. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of *(or "does not present fairly, in all material respects,")* the financial position of the Company and of the Group as at 30 June 2011, and of its financial performance and its cash flows for the half year financial period then ended in accordance with FRS 34.

Nexia TS Public Accounting Corporation
Public Accountants and Certified Public Accountants

Singapore

12 August 2011

Associated With
Smith & Williamson

Nexia TS Public Accounting Corporation
UEN: 200507237N
Incorporated with limited liability
Nexia TS Public Accounting Corporation is a member of Nexia International, an international network of independent accounting and consulting firms.

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