

24 February 2012

Dear Shareholders

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

Highlights in Q4 2011

- Net profit after tax for the quarter was US\$6.83 million
- Revenue for the quarter was US\$7.15 million, 3% higher than the previous quarter, as a result of increased sales of shareable oil of 6%
- Write-back of impairment of exploration, evaluation and development (“EED”) costs for Myanmar assets of US\$1.60 million
- Impairment of EED costs and participating rights for PEP167 in Australia of US\$3.50 million
- Gain on revaluation of investment in fair value of the existing 70% participating rights in TMT TAC in Indonesia of US\$7.70 million
- Net cash outflow for the quarter was US\$6.55 million

The Board of Directors of Interra Resources Limited (the “Company” or “Interra”) wishes to announce that for the fourth quarter (“Q4”) of 2011, the Group generated a net profit after tax of US\$6.83 million.

Q4 2011 vs Q3 2011 Review

Revenue increased by 3% to US\$7.15 million in Q4 2011, from US\$6.91 million in Q3 2011, as a result of higher sales of shareable oil of 6% (4,553 barrels) from 82,534 barrels in Q3 2011 to 87,087 barrels in Q4 2011.

In Q4 2011, the weighted average SLC and Walio Mix oil prices transacted were slightly lower, at US\$112.95 per barrel and US\$110.66 per barrel respectively as compared to US\$115.44 per barrel and US\$111.55 respectively in Q3 2011.

The Group's shareable production in Q4 2011 increased by 7% (5,061 barrels) to 81,491 barrels from 76,430 barrels in Q3 2011.

In Q4 2011, the Group's cost of production increased by 14% (US\$0.54 million) to US\$4.34 million as compared to the previous quarter. The increase was due to higher production expenses and amortisation charges for EED costs in Q4 2011.

In view of the regular payment of trade receivables by Myanma Oil and Gas Enterprise (“MOGE”) and improved production of the oil fields in Myanmar, the Group decided to write-back US\$1.60 million of impairment of EED costs for the Myanmar assets. With respect to PEP167 in Australia, the Group provided for impairment of EED costs and participating rights of US\$3.50 million in December 2011.

Subsequent to the acquisition of the remaining 30% participating rights in TMT TAC in Indonesia on 25 November 2011 and in accordance to FRS 103 Business Combinations, the Group had to re-measure its existing 70% participating rights as of acquisition date at fair value. As a result, the Group recognised a gain on revaluation of investment in fair value of the existing 70% participating rights in TMT TAC of US\$7.70 million for Q4 2011.

Net cash outflow in Q4 2011 was US\$6.55 million, due largely to the payment for the acquisition of the remaining 30% participating rights in TMT TAC. Overall, the net profit after tax increased by US\$5.55 million from US\$1.28 million in Q3 2011 to US\$6.83 million in Q4 2011.

FY 2011 review

Revenue increased by 67% (US\$9.98 million) to US\$24.83 million in FY 2011 from US\$14.85 million in FY 2010, largely due to higher SLC oil prices and contribution of US\$3.10 million from the LS TAC acquired in 2011. The weighted average SLC oil price transacted in 2011 was US\$113.72 per barrel as compared to US\$81.49 per barrel in 2010.

The Group's shareable production increased by 19% (48,758 barrels) from 250,978 barrels in 2010 to 299,736 barrels in 2011. The increase was due to contribution from LS TAC of 36,468 barrels and higher Myanmar production of 20,052 barrels. However, the increase was offset by lower shareable production from TMT TAC of 7,762 barrels in 2011.

Other income of US\$9.48 million for 2011 was significantly higher than US\$6.23 million for 2010. This was largely due to the recognition of US\$7.70 million gain on revaluation of investment in fair value of the existing 70% participating rights in TMT TAC and the write-back of impairment of EED costs for the Myanmar assets of US\$1.60 million. However, the gain was partially offset by the US\$3.50 million impairment of EED costs and participating rights provided for PEP167 in Australia.

As at 31 December 2011, cash and cash equivalents were US\$11.54 million (excluding restricted cash). The net profit after tax for FY 2011 was US\$8.89 million, significantly higher than US\$1.71 million for FY 2010.

Other Matters

On 20 January 2012, the Company granted 10,050,000 options at an exercise price of S\$0.148 per share under the Interra Share Option Plan. The options are exercisable from 21 January 2013 to 19 January 2017.

On 3 February 2012, the Group's wholly-owned subsidiary, Goldwater KP Pte. Ltd., entered into a sale and purchase agreement with PT Mentari Abdi Nusa to acquire 49% of the total issued and paid-up share capital of PT Mentari Pambuang Internasional, which owns 100% of the Kuala Pambuang production sharing contract.

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 FINANCIAL YEAR
ENDED 31 DECEMBER 2011**

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1(a)(i) INCOME STATEMENT

Group	Note	Q4 2011 US\$'000	Q4 2010 US\$'000	Change %	FY 2011 US\$'000	FY 2010 US\$'000	Change %
Revenue	A1	7,150	3,789	↑ 89	24,825	14,854	↑ 67
Cost of production	A2	(4,344)	(2,625)	↑ 65	(14,472)	(10,142)	↑ 43
Gross profit		2,806	1,164	↑ 141	10,353	4,712	↑ 120
Other income	A3	9,390	5,112	↑ 84	9,484	6,226	↑ 52
Administrative expenses		(1,152)	(937)	↑ 23	(4,432)	(3,202)	↑ 38
Other operating expenses	A4	(160)	(118)	↑ 36	(525)	(314)	↑ 67
Impairment and allowances	A5	(3,499)	(3,874)	NA	(3,999)	(4,515)	↓ 11
Profit before income tax		7,385	1,347	↑ 448	10,881	2,907	↑ 274
Income tax expense		(552)	(313)	↑ 76	(1,991)	(1,197)	↑ 66
Profit for the financial period / year		6,833	1,034	↑ 561	8,890	1,710	↑ 420
Attributable to:							
Equity holders of the Company		6,833	1,034		8,890	1,710	
Earnings per share (US cents)							
- Basic		2.313	0.402		3.113	0.666	
- Fully diluted		2.313	0.402		3.113	0.666	

1(a)(ii) STATEMENT OF COMPREHENSIVE INCOME

Group	Note	Q4 2011 US\$'000	Q4 2010 US\$'000	Change %	FY 2011 US\$'000	FY 2010 US\$'000	Change %
Profit for the financial period / year		6,833	1,034	↑ 561	8,890	1,710	↑ 420
Exchange differences on translating foreign operations		(2)	66	NM	(8)	(387)	NM
Total comprehensive income for the financial period / year		6,831	1,100	↑ 521	8,882	1,323	↑ 571

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

1(a)(iii) EXPLANATORY NOTES TO INCOME STATEMENT

Group		Q4 2011 US\$'000	Q4 2010 US\$'000	FY 2011 US\$'000	FY 2010 US\$'000
Group's share of shareable production	barrels	81,491	59,548	299,736	250,978
Group's sales of shareable oil	barrels	87,087	59,548	300,357	250,978
A1 Revenue					
Sales of crude oil (see 8(iv) Production Profile)		<u>7,150</u>	<u>3,789</u>	<u>24,825</u>	<u>14,854</u>
A2 Cost of production					
Production expenses		3,521	1,936	11,555	7,545
Depreciation of property, plant and equipment		124	204	577	773
Amortisation of EED costs		693	477	2,309	1,793
Amortisation of computer software		6	8	31	31
		<u>4,344</u>	<u>2,625</u>	<u>14,472</u>	<u>10,142</u>
A3 Other income					
Interest income from bank deposits		11	4	41	36
Petroleum services fees		13	8	58	78
Write-back of impairment of trade receivables		-	1,648	-	1,998
Write-back of impairment of EED costs		1,595	3,002	1,595	3,002
Fair value gain on financial assets, at fair value through profit or loss		-	40	-	157
Gain on disposal of financial assets, at fair value through profit or loss		-	29	-	29
Other income		-	333	7	349
Gain on disposal of property, plant and equipment		-	-	3	-
Foreign exchange gain, net		71	48	80	563
Dividend income		-	-	-	14
Gain on revaluation of investment in fair value of the existing 70% participating in TMT TAC		7,700	-	7,700	-
		<u>9,390</u>	<u>5,112</u>	<u>9,484</u>	<u>6,226</u>
A4 Other operating expenses					
Depreciation of property, plant and equipment		20	22	88	81
Amortisation of computer software		-	2	2	6
Amortisation of concession rights		4	2	10	8
Amortisation of participation rights		136	42	425	169
Impairment of property, plant and equipment		-	9	-	9
Loss arising from the transfer of concession rights		-	41	-	41
		<u>160</u>	<u>118</u>	<u>525</u>	<u>314</u>
A5 Impairment and allowances					
Impairment of EED costs		2,347	1,583	2,847	2,224
Impairment of concession rights / participating rights		1,152	2,291	1,152	2,291
		<u>3,499</u>	<u>3,874</u>	<u>3,999</u>	<u>4,515</u>

1(b)(i) STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		31-Dec-11 US\$'000	31-Dec-10 US\$'000	31-Dec-11 US\$'000	31-Dec-10 US\$'000
Assets					
Non-Current Assets					
Property, plant and equipment		1,198	1,184	57	100
Exploration, evaluation and development costs	B1	34,359	14,871	-	-
Intangible assets	B2	5,853	3,736	-	2
Investments in subsidiaries		-	-	36,267	20,220
		41,410	19,791	36,324	20,322
Current Assets					
Inventories	B3	3,127	1,663	-	-
Trade receivables (net)	B4	6,242	5,832	-	-
Other receivables, deposits and prepayments		1,267	494	76	77
Cash and cash equivalents	B5	13,676	18,748	5,452	12,056
		24,312	26,737	5,528	12,133
Total assets		65,722	46,528	41,852	32,455
Equity and Liabilities					
Equity					
Share capital		43,869	40,109	43,869	40,109
Retained profits / (Accumulated losses)		23,638	14,748	(2,646)	(8,256)
Other reserves		(18,228)	(18,220)	15	15
Total equity		49,279	36,637	41,238	31,868
Non-Current Liabilities					
Provision for environmental and restoration costs		2,243	813	-	-
Total non-current liabilities		2,243	813	-	-
Current Liabilities					
Trade payables		1,958	721	-	-
Other payables and accruals		3,640	2,445	614	581
Deferred revenue	B3	647	-	-	-
Current income tax liabilities		7,955	5,912	-	6
Total current liabilities		14,200	9,078	614	587
Total equity and liabilities		65,722	46,528	41,852	32,455

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

Group	31-Dec-11 US\$'000	31-Dec-10 US\$'000
B1 Exploration, evaluation and development costs		
Initial joint study cost	957	416
Contractual bonuses	361	431
Exploration, geological and geophysical costs	5,129	2,806
Assets under construction	-	1
Completed assets	25,773	9,664
Cost recovery	2,139	1,553
	34,359	14,871
B2 Intangible assets		
Computer software	9	43
Goodwill on reverse acquisition	1,489	1,489
Concession rights	152	51
Participating rights in Indonesia (TMT TAC)	2,719	1,001
Participating rights in Indonesia (LS TAC)	1,484	-
Participating rights in Australia	-	1,152
	5,853	3,736
B3 Inventories		
Consumable inventories	2,480	1,663
Crude oil on hand*	647	-
	3,127	1,663
B4 Trade receivables (net)		
Trade receivables	6,242	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	6,242	5,832
B5 Cash and cash equivalents		
Cash at bank and on hand	9,308	11,047
Restricted cash	2,140	1,484
Fixed deposits	2,228	6,217
Cash and cash equivalents (as per Statement of Financial Position)	13,676	18,748
Less: Fixed deposit held as collateral for banker's guarantee	-	(670)
Less: Restricted cash	(2,140)	(1,484)
Cash and cash equivalents (as per Cash Flow Statement)	11,536	16,594

* Based on the number of barrels of crude oil on hand and the Walio Mix oil price as at 31 Dec 2011, the approximate deferred revenue was US\$0.65 mil. This relates to crude oil inventory of LS TAC which was not uplifted and was stored at stock points.

1(b)(ii) BORROWINGS AND DEBT SECURITIES

Group	31-Dec-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	-	-	-	-

1(c)(i) STATEMENT OF CASH FLOWS

Group	Note	Q4 2011 US\$'000	Q4 2010 US\$'000	FY 2011 US\$'000	FY 2010 US\$'000
Cash Flows from Operating Activities					
Profit before income tax		7,385	1,347	10,881	2,907
Adjustments for non-cash items:					
Depreciation of property, plant and equipment		144	226	665	854
Amortisation of:					
EED costs		693	477	2,309	1,793
Concession rights		4	2	10	8
Computer software		6	10	33	37
Participating rights		136	42	425	169
Impairment of EED costs (TMT TAC)		-	-	500	500
Impairment of EED costs (Thailand)		-	1,583	-	1,724
Impairment of EED costs (Australia)		2,347	-	2,347	-
Impairment of participating rights		1,152	2,291	1,152	2,291
Impairment of property, plant and equipment		-	9	-	9
Interest income		(11)	(4)	(41)	(36)
Financial assets, at fair value through profit or loss - fair value gain		-	(40)	-	(157)
Net gain on disposal of financial assets, at fair value through profit or loss		-	(29)	-	(29)
Net gain on disposal of property, plant and equipment		-	-	(3)	-
Unrealised currency translation gain		(70)	(51)	(80)	(564)
Write-back of impairment of trade receivables		-	(1,648)	-	(1,998)
Write-back of impairment of EED costs		(1,595)	(3,002)	(1,595)	(3,002)
Fixed assets written off		-	-	-	1
Dividend income		-	-	-	(14)
Loss arising from transfer of concession rights		-	41	-	41
Gain on revaluation of investment in fair value of the existing 70% participating in TMT TAC		(7,700)	-	(7,700)	-
Operating profit before working capital changes		2,491	1,254	8,903	4,534
Changes in working capital, net of effects from acquisition of subsidiary					
Inventories		312	98	(531)	314
Trade and other receivables		(1,454)	1,373	(153)	576
Trade and other payables		(20)	462	146	(798)
Accrued operating expenses		474	(722)	451	(658)
Provision for environmental and restoration costs		31	28	116	129
Restricted cash		(646)	(1,484)	(655)	(1,484)
Cash generated from operations		1,188	1,009	8,277	2,613
Income tax (paid) / refunded		(63)	-	(519)	12
Net cash provided by operating activities		1,125	1,009	7,758	2,625
Cash Flows from Investing Activities					
Interest income received		10	11	42	40
Net proceeds from disposal of financial assets, at fair value through profit or loss		-	737	-	737
Net proceeds from disposal of property, plant and equipment		-	-	2	-
Fixed deposit released as collateral for banker's guarantee (net)		-	-	670	2,140
Acquisition of subsidiary, net of cash acquired	C1	-	-	(5,789)	-
Acquisition of remaining 30% participating rights in TMT TAC, net of cash acquired	C2	(5,549)	-	(6,139)	-
Acquisition cost for exploration concession in Australia		-	-	-	(8)
Additions to property, plant and equipment		(190)	(92)	(499)	(347)
Additions to well drillings and improvements		(240)	(144)	(973)	(545)
Additions to geological and geophysical studies (including seismic)		(1,668)	(456)	(3,889)	(2,647)
Dividend received		-	-	-	14
Net cash (used in) / provided by investing activities		(7,637)	56	(16,575)	(616)
Cash Flows from Financing Activities					
Net proceeds from share placement		(33)	-	3,760	-
Net cash (used in) / provided by financing activities		(33)	-	3,760	-
Net (decrease) / increase in cash and cash equivalents		(6,545)	1,065	(5,057)	2,009
Cash and cash equivalents at beginning of period / year		18,081	15,529	16,594	14,531
Effects of currency translation on cash and cash equivalents		-	-	(1)	54
Cash and cash equivalents at end of period / year (see Note B5)		11,536	16,594	11,536	16,594

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

Group	FY 2011 US\$'000
C1 Net cash flow effect for acquisition of subsidiary (100% participating rights in LS TAC)	
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 (excluding cash acquired)	6,039
Less: balance of purchase consideration to be settled	(250)
Cash outflow on acquisition of subsidiary	5,789
C2 Net cash flow effect for acquisition of remaining 30% participating rights in TMT TAC	
Property, plant and equipment	123
Exploration, evaluation and development costs	5,434
Current assets	1,508
Current liabilities	(997)
Net assets acquired	6,068
Participating rights	832
Purchase consideration	6,900
Less: cash acquired	(761)
Net cash flow effect for acquisition of TMT TAC (excluding cash acquired)	6,139

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	Profits Earnings US\$'000	Total Equity US\$'000
Balance as at 1 Jan 2010	40,109	(1,303)	(16,545)	14	13,038	35,313
Employee share option scheme - value of employee services	-	-	-	1	-	1
Total comprehensive income for FY 2010	-	(387)	-	-	1,710	1,323
Balance as at 31 Dec 2010	40,109	(1,690)	(16,545)	15	14,748	36,637
Issue of new ordinary shares pursuant to placement	3,847	-	-	-	-	3,847
Share placement expenses	(87)	-	-	-	-	(87)
Total comprehensive income for FY 2011	-	(8)	-	-	8,890	8,882
Balance as at 31 Dec 2011	43,869	(1,698)	(16,545)	15	23,638	49,279

Company	Share Capital US\$'000	Share Option Reserve US\$'000	Accumulated Losses US\$'000	Total Equity US\$'000
Balance as at 1 Jan 2010	40,109	14	(8,142)	31,981
Employee share option scheme - value of employee services	-	1	-	1
Total comprehensive loss for FY 2010	-	-	(114)	(114)
Balance as at 31 Dec 2010	40,109	15	(8,256)	31,868
Issue of new ordinary shares pursuant to placement	3,847	-	-	3,847
Share placement expenses	(87)	-	-	(87)
Total comprehensive income for FY 2011	-	-	5,610	5,610
Balance as at 31 Dec 2011	43,869	15	(2,646)	41,238

1(d)(ii) SHARE CAPITAL

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

No additional shares were issued in Q4 2011.

The number of outstanding share options under the Interra Share Option Plan as at 31 Dec 2011 was 500,000 (31 Dec 2010: 500,000).

On 20 Jan 2012, the Company granted options for 10,050,000 ordinary shares of the Company at an exercise price of S\$0.148 per share, exercisable from 21 Jan 2013 to 19 Jan 2017 (both dates inclusive).

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

Group and Company	31 Dec 2011	31 Dec 2010
<u>Issued and fully paid</u> Number of ordinary shares (excluding treasury shares)	<u>295,420,238</u>	<u>256,920,238</u>

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

Except as 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 has also been made to the various standards as a result of these new or revised standards.

The 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	Q4 2011	Q4 2010	FY 2011	FY 2010
Basic earnings per share (US cents)	2.313	0.402	3.113	0.666
Weighted average number of shares for the purpose of computing basic earnings per share	295,420,238	256,920,238	285,583,700	256,920,238
Fully diluted earnings per share (US cents)	2.313	0.402	3.113	0.666
Weighted average number of shares for the purpose of computing fully diluted earnings per share	295,420,238	256,920,238	285,583,700	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 Q4 2011 and FY 2011, the relevant period is from 1 Oct 2011 to 31 Dec 2011 and 1 Jan 2011 to 31 Dec 2011 respectively.

No new shares were issued in Q4 2011.

7 NET ASSET VALUE PER SHARE

	Group		Company	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Net asset value per ordinary share based on issued share capital (excluding treasury shares) (US cents)	16.681	14.260	13.959	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

FY2011 Review

Revenue & Production

Revenue increased by 67% (US\$9.98 mil) to US\$24.83 mil in FY 2011 from US\$14.85 mil in FY 2010, largely due to higher SLC oil prices and contribution of US\$3.10 mil from the LS TAC acquired in FY 2011. The weighted average SLC oil price transacted in FY 2011 was US\$113.72 per barrel as compared to US\$81.49 per barrel in FY 2010. The contribution from LS TAC was based on Walio Mix oil price which transacted at an weighted average of US\$111.41 per barrel in FY 2011.

The Group's shareable production increased by 19% (48,758 barrels) from 250,978 barrels in FY 2010 to 299,736 barrels in FY 2011. The increase was mainly due to contribution from LS TAC of 36,468 barrels and higher Myanmar shareable production of 20,052 barrels. However, the increase was offset by lower shareable production from TMT TAC of 7,762 barrels in FY 2011.

Cost of Production

The cost of production increased by 43% (US\$4.33 mil) to US\$14.47 mil in FY 2011 as compared to US\$10.14 mil in FY 2010. This was largely attributable to the additional cost of production from the LS TAC operations of US\$2.68 mil, higher production expenses of other operations of US\$1.58 mil and increase in amortisation charges of US\$0.07 mil. The higher amortisation charges were due to higher EED costs.

Net Profit After Tax

The Group posted a significantly higher net profit after tax of US\$8.89 mil in FY 2011 as compared to US\$1.71 mil in FY 2010. The increase was due mainly to the following:

- (1) Higher gross profit of US\$10.35 mil in FY 2011 compared to US\$4.71 mil in FY 2010 due to increase in revenue, partially offset by an increase in cost of production in FY 2011.
- (2) Write-back of impairment of EED costs of US\$1.60 mil for the Myanmar assets in view of the regular payment of trade receivables from MOGE and improved production of the oil fields in Myanmar.
- (3) Subsequent to the acquisition of the remaining 30% participating rights in TMT TAC on 25 Nov 2011 and in accordance to FRS 103 Business Combinations, the Group had to re-measure its existing 70% participating rights as of acquisition date at fair value. As a result, the Group recognised a gain on revaluation of investment in fair value of the existing 70% participating rights in TMT TAC of US\$7.70 million in FY 2011.

However, the increase in net profit after tax was partially offset by the following:

- (1) Impairment of EED costs and participating rights for PEP167 in Australia of US\$3.50 mil.
- (2) Higher administrative expenses in FY 2011 of US\$4.43 mil as compared to US\$3.20 mil in FY 2010, mainly due to additional administrative expenses of US\$0.47 mil from LS TAC, acquisition costs incurred for LS TAC and TMT TAC of US\$0.20 mil and increased staff costs of US\$0.11 mil.
- (3) Higher other operating expenses of US\$0.53 mil in FY 2011 as compared to US\$0.31 mil in FY 2010, due largely to the additional amortisation of LS TAC participating rights of US\$0.22 mil.
- (4) Higher income tax expenses of US\$1.99 mil in FY 2011 as compared to US\$1.20 mil in FY 2010, due largely to the higher revenue from all operations.

8(i) PERFORMANCE REVIEW (CONT'D)

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

Statement of Financial Position

- (1) EED costs increased by US\$19.49 mil, from US\$14.87 mil as at 31 Dec 2010 to US\$34.36 mil as at 31 Dec 2011. This was mainly due to the acquisition of 100% participating rights in LS TAC and 30% participating rights in TMT TAC of US\$6.26 mil and US\$17.43 mil respectively.
- (2) Intangible assets increased by US\$2.12 mil, from US\$3.74 mil as at 31 Dec 2010 to US\$5.85 mil as at 31 Dec 2011. This was mainly derived from the acquisition of 100% participating rights in LS TAC and 30% participating rights in TMT TAC of US\$1.48 mil and US\$2.77 mil respectively, partially offset by an impairment of the 50% participating rights in PEP167 which amounted to US\$1.15 mil.
- (3) Inventories increased by US\$1.46 mil due to the crude oil inventory of LS TAC of US\$0.65 mil, which was not uplifted and was stored at stock points. Consumable stock increased by US\$0.81 mil due to the inventory balance of LS TAC of US\$0.61 mil as at 31 Dec 2011.
- (4) Other receivables, deposits and prepayments increased by US\$0.77 mil, mainly from LS TAC of US\$0.39 mil and the advance to suppliers in respect of the Myanmar operations of US\$0.29 mil.
- (5) Trade payables increased by US\$1.24 mil, which relate mainly to trade payables of TMT TAC (US\$0.55 mil) and LS TAC (US\$0.44 mil) pursuant to acquisition by the Group. Trade payables for the Australia operations also increased by US\$0.26 mil due to the exploration drilling in Dec 2011.
- (6) Other payables and accruals increased by US\$1.20 mil, due largely to the outstanding acquisition costs relating to the 100% participating rights in LS TAC and 30% participating rights in TMT TAC of US\$0.51 mil and US\$0.29 mil respectively. LS TAC operations also accounted for US\$0.48 mil of the increase.

Cash Flow Statement

Cash and cash equivalents decreased by US\$5.06 mil in FY 2011 due to the following:

- (1) Net cash provided by operations of US\$7.76 mil, mainly due to net cash inflow of US\$9.48 mil from the Myanmar operations, which was partially offset by the net cash outflow to the LS TAC (US\$1.75 mil) and PEP167 operations (US\$1.17 mil).
- (2) Net cash used in investing activities of US\$16.58 mil, mainly due to acquisition of 100% participating rights in LS TAC and 30% participating rights in TMT TAC of US\$5.79 mil and US\$6.14 mil respectively. In addition, capital expenditure of US\$5.36 mil was incurred, mainly for TMT TAC 3D seismic program of US\$2.32 mil and PEP167 exploration well of US\$1.50 mil.
- (3) Net cash provided by financing activities of US\$3.76 mil was due to the net proceeds from the share placement completed on 4 Apr 2011.

8(ii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia		Myanmar		Consolidated	
	Q4 2011	Q4 2010	Q4 2011	Q4 2010	Q4 2011	Q4 2010
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Results						
EBITDA	469	187	2,641	1,484	3,110	1,671
EBIT	103	(94)	3,630	5,672	3,733	5,578
Sales to external customers	2,904	1,080	4,246	2,709	7,150	3,789
Segment results	7,854	(106)	3,630	5,672	11,484	5,566
Unallocated corporate net operating results					(4,099)	(4,219)
Profit before income tax					7,385	1,347
Income tax expense					(552)	(313)
Net profit after income tax					6,833	1,034

Geographical Segment	Indonesia		Myanmar		Consolidated	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Results						
EBITDA	1,938	920	9,881	5,684	11,819	6,604
EBIT	136	(744)	9,384	9,038	9,520	8,294
Sales to external customers	8,918	4,632	15,907	10,222	24,825	14,854
Segment results	7,944	(768)	9,384	9,038	17,328	8,270
Unallocated corporate net operating results					(6,447)	(5,363)
Profit before income tax					10,881	2,907
Income tax expense					(1,991)	(1,197)
Net profit after income tax					8,890	1,710

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) REVENUE BREAKDOWN

Group	FY 2011	FY 2010	Increase / (Decrease) %
	US\$'000	US\$'000	
Revenue			
- First half	10,765	7,660	41%
- Second half	14,060	7,194	95%
	24,825	14,854	67%
Operating profit after tax before deducting non-controlling interests			
- First half	780	498	57%
- Second half	8,110	1,212	569%
	8,890	1,710	420%

8(iv) PRODUCTION PROFILE

Myanmar Production		Q4 2011 barrels	Q4 2010 barrels	FY 2011 barrels	FY 2010 barrels
Average gross production per day		2,236	2,122	2,197	2,161
Gross production		205,692	195,193	801,998	788,877
Non-shareable production		(118,600)	(123,511)	(477,958)	(498,259)
Production shareable with MOGE		87,092	71,682	324,040	290,618
Group's 60% share of shareable production		52,256	43,010	194,424	174,372
Group's average shareable production per day		568	468	533	478
Myanmar Revenue		Q4 2011	Q4 2010	FY 2011	FY 2010
Weighted average transacted oil price	US\$	112.95	87.56	113.72	81.49
Revenue shareable with MOGE	US\$'000	5,902	3,766	22,110	14,209
MOGE's share	US\$'000	(1,656)	(1,057)	(6,203)	(3,987)
Group's net share of revenue	US\$'000	4,246	2,709	15,907	10,222
Indonesia Production (TMT TAC)		Q4 2011	Q4 2010	FY 2011	FY 2010
Average gross production per day		259	280	273	324
Gross production		23,799	25,759	99,620	118,402
Non-shareable production		(1,077)	(2,133)	(5,225)	(8,961)
Production shareable with Pertamina		22,722	23,626	94,395	109,441
Group's 100% (Up to 24 Nov 2011 & FY2010: 70%) share of shareable production		18,673	16,538	68,844	76,606
Group's average shareable production per day		203	180	189	210
Indonesia Revenue (TMT TAC)		Q4 2011	Q4 2010	FY 2011	FY 2010
Weighted average transacted oil price	US\$	112.91	87.74	113.51	81.29
Revenue shareable with Pertamina	US\$'000	2,108	1,451	7,815	6,227
Pertamina's share*	US\$'000	(540)	(372)	(2,001)	(1,595)
Group's net share of revenue	US\$'000	1,568	1,079	5,814	4,632
Indonesia Production (LS TAC)		Q4 2011	Q4 2010	FY 2011	FY 2010
Average gross production per day		137	-	130	-
Gross production		12,607	-	44,490	-
Non-shareable production		(2,045)	-	(8,022)	-
Production shareable with Pertamina		10,562	-	36,468	-
Group's 100% share of sharable production		10,562	-	36,468	-
Group's average shareable production per day		115	-	107	-
Indonesia Crude Oil on Hand (LS TAC)		Q4 2011	Q4 2010	FY 2011	FY 2010
Shareable with Pertamina					
Opening balance		13,520	-	8,545	-
Production		10,562	-	36,468	-
Lifting		(16,158)	-	(37,089)	-
Closing balance		7,924	-	7,924	-

8(iv) PRODUCTION PROFILE (CONT'D)

Indonesia Revenue (LS)		Q4 2011	Q4 2010	FY 2011	FY 2010
Weighted average transacted oil price	US\$	110.66	-	111.41	-
Revenue shareable with Pertamina	US\$'000	1,788	-	4,132	-
Pertamina's share	US\$'000	(452)	-	(1,028)	-
Group's net share of revenue	US\$'000	1,336	-	3,104	-
Group Production, Crude Oil on Hand and Revenue		Q4 2011	Q4 2010	FY 2011	FY 2010
Group's share of shareable production	barrels	81,491	59,548	299,736	250,978
Group's average shareable production per day	barrels	886	647	828	689
Group's sales of shareable oil	barrels	87,087	59,548	300,357	250,978
Group's total shareable oil revenue	US\$'000	7,150	3,788	24,825	14,854

* 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

On 25 Nov 2011, the Group completed the acquisition of the remaining 30% participating rights in TMT TAC in Indonesia. With the completion of the interpretation of the 3D seismic data of TMT TAC, drilling of new wells is expected to commence in Q2 2012. Since the taking over of the operatorship post acquisition, production level of TMT TAC has improved, and the Group will endeavour to make the improvement sustainable.

Since the acquisition of LS TAC in Indonesia on 24 Jan 2011, repair works and maintenance program have been progressively carried out throughout the year. With facilities and equipment in place and repaired, production is expected to improve in 2012. A 3D seismic program has also been planned, and is expected to commence in Q2 2012.

The Group's Myanmar operations continue to perform satisfactory. The Group is planning to improve production through well repairs and servicing, re-opening of old wells and infill drilling. Furthermore, the Group is planning to drill a deep well in Q2 2012.

As announced on 20 Dec 2011, the Windermere-3 exploration well of PEP167 in Australia was plugged and abandoned in Dec 2011. The Group has decided to impair the carrying cost of this asset in FY 2011. Subsequent decision on the exploration block in PEP167 will be made in the near term and an announcement will be made accordingly.

As announced on 3 Feb 2012, the Group acquired 49% of PT Mentari Pambuang Internasional in Indonesia, which owns 100% participating interest in the Kuala Pambuang PSC. As this is an exploration block, it is not expected to have any material impact on the Group's earnings in the near future.

The Group has sufficient cash on hand to meet its operating costs for the foreseeable future. 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. In view of the future work plans for existing operations as well as future acquisitions, the Group intends to raise funds in 2012.

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 FY 2011.

13 A BREAKDOWN OF THE TOTAL ANNUAL DIVIDEND (IN DOLLAR VALUE) FOR THE ISSUER'S LATEST FULL YEAR AND ITS PREVIOUS FULL YEAR

NA.

14 INTERESTED PERSON TRANSACTIONS

The Company does not have any general mandate pursuant to Rule 920 of the Catalist Rules in FY 2011.

15 RULE 704(10)

None of the persons occupying managerial positions in the Company and its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company during FY 2011.

Submitted by
Marcel Tjia
Executive Director

24-Feb-12

16 ABBREVIATIONS

Q4 2010	means	Fourth quarter of the financial year 2010
Q4 2011	means	Fourth quarter of the financial year 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.