



INTERRA RESOURCES LIMITED

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

SGX ANNOUNCEMENT

SGX Code: Interra Res (5GI)

13 August 2012

Dear Shareholders

UNAUDITED RESULTS FOR THE QUARTER ENDED 30 JUNE 2012

Highlights in Q2 2012

- Net profit after tax for the quarter was US\$0.51 million
- Revenue for the quarter was US\$7.11 million, 14% lower than the previous quarter, mainly a result of a delay in lifting from LS TAC. Total lifting in Q2 2012 was 9,851 barrels (Q1 2012: 14,414 barrels)
- Shareable production for the quarter decreased by 1,073 barrels to 92,353 barrels from 93,426 barrels in the previous quarter, mainly due to lower contribution from TMT TAC operations
- Earnings before divestment gain, interest income, exchange difference, finance cost, tax, depreciation, amortisation, allowance and impairment ("EBITDA") for the quarter was US\$2.67 million
- Net cash inflow for the quarter was US\$1.67 million, mainly due to net cash inflow from operating activities of US\$2.91 million
- Cash and cash equivalents (excluding restricted cash) were US\$12.90 million as at 30 June 2012
- PEP167 was officially relinquished to our joint venture partner as at the end of Q2 2012.

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"), Canaccord Genuity Singapore Pte. Ltd. (formerly known as Collins Stewart Pte. Limited), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Canaccord Genuity Singapore Pte. Ltd. has not independently verified the contents of this announcement. This announcement has not been examined or approved 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 Ms Alice Ng, Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.

**INTERRA RESOURCES LIMITED
UNAUDITED RESULTS FOR THE QUARTER
ENDED 30 JUNE 2012**

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1(a)(i) INCOME STATEMENT

| Group | Note | Q2 2012 US\$'000 | Q2 2011 US\$'000 | Change % | 6M 2012 US\$'000 | 6M 2011 US\$'000 | Change % |
|--|------|---------------------|---------------------|-------------|---------------------|---------------------|--------------|
| Revenue | A1 | 7,105 | 5,998 | ↑ 18 | 15,347 | 10,765 | ↑ 43 |
| Cost of production | A2 | (4,817) | (3,517) | ↑ 37 | (9,627) | (6,320) | ↑ 52 |
| Gross profit | | 2,288 | 2,481 | ↓ 8 | 5,720 | 4,445 | ↑ 29 |
| Other income | A3 | 83 | 112 | ↓ 26 | 295 | 163 | ↑ 81 |
| Administrative expenses | | (1,129) | (1,085) | ↑ 4 | (2,458) | (2,186) | ↑ 12 |
| Other operating expenses | A4 | (220) | (145) | ↑ 52 | (440) | (242) | ↑ 82 |
| Impairment and allowances | A5 | 42 | (500) | ↓ 108 | 42 | (500) | ↓ 108 |
| Profit before income tax | | 1,064 | 863 | ↑ 23 | 3,159 | 1,680 | ↑ 88 |
| Income tax expense | | (556) | (444) | ↑ 25 | (1,157) | (900) | ↑ 29 |
| Profit for the financial period | | 508 | 419 | ↑ 21 | 2,002 | 780 | ↑ 157 |
| Attributable to: | | | | | | | |
| Equity holders of the Company | | 508 | 419 | | 2,002 | 780 | |
| Earnings per share (US cents) | | | | | | | |
| - Basic | | 0.17200 | 0.14300 | | 0.67781 | 0.28300 | |
| - Fully diluted | | 0.17199 | 0.14300 | | 0.67776 | 0.28300 | |

1(a)(ii) STATEMENT OF COMPREHENSIVE INCOME

| Group | Note | Q2 2012 US\$'000 | Q2 2011 US\$'000 | Change % | 6M 2012 US\$'000 | 6M 2011 US\$'000 | Change % |
|---|------|---------------------|---------------------|-------------|---------------------|---------------------|--------------|
| Profit for the financial period | | 508 | 419 | ↑ 21 | 2,002 | 780 | ↑ 157 |
| Currency translation differences arising from consolidation | | (2) | (2) | NM | - | (2) | NM |
| Total comprehensive income for the financial period | | 506 | 417 | ↑ 21 | 2,002 | 778 | ↑ 157 |
| Attributable to: | | | | | | | |
| Equity holders of the Company | | 506 | 417 | | 2,002 | 778 | |

↑ means increase

↓ means decrease

NM means not meaningful

NA means not applicable

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

| Group | | Q2 2012 US\$'000 | Q2 2011 US\$'000 | 6M 2012 US\$'000 | 6M 2011 US\$'000 |
|--|---------|---------------------|---------------------|---------------------|---------------------|
| Group's share of shareable production | barrels | 92,353 | 74,426 | 185,778 | 141,816 |
| Group's sales of shareable oil | barrels | 84,508 | 68,993 | 175,269 | 130,737 |
| A1 Revenue | | | | | |
| Sales of crude oil (see 8(iii) Production Profile) | | 7,105 | 5,998 | 15,347 | 10,765 |
| A2 Cost of production | | | | | |
| Production expenses | | 3,898 | 2,821 | 7,842 | 4,935 |
| Depreciation of property, plant and equipment | | 143 | 132 | 282 | 336 |
| Amortisation of EED costs | | 774 | 555 | 1,499 | 1,031 |
| Amortisation of computer software | | 2 | 9 | 4 | 18 |
| | | 4,817 | 3,517 | 9,627 | 6,320 |
| A3 Other income | | | | | |
| Interest income | | 20 | 11 | 35 | 21 |
| Petroleum services fees | | 8 | 14 | 17 | 30 |
| Management fees | | 61 | - | 189 | - |
| Other income | | - | - | 4 | 7 |
| Gain on disposal of property, plant and equipment | | - | - | - | 3 |
| Foreign exchange (loss)/gain, net | | (6) | 87 | 50 | 102 |
| | | 83 | 112 | 295 | 163 |
| A4 Other operating expenses | | | | | |
| Depreciation of property, plant and equipment | | 23 | 25 | 46 | 45 |
| Amortisation of computer software | | - | 1 | - | 1 |
| Amortisation of concession rights | | 7 | 2 | 14 | 4 |
| Amortisation of participation rights | | 190 | 117 | 380 | 192 |
| | | 220 | 145 | 440 | 242 |
| A5 Impairment and allowances | | | | | |
| Impairment of EED costs | | (42) | 500 | (42) | 500 |

1(b)(i) STATEMENT OF FINANCIAL POSITION

| | Note | Group | | Company | |
|---|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 30-Jun-12 US\$'000 | 31-Dec-11 US\$'000 | 30-Jun-12 US\$'000 | 31-Dec-11 US\$'000 |
| Assets | | | | | |
| Non-Current Assets | | | | | |
| Property, plant and equipment | | 1,195 | 1,198 | 39 | 57 |
| Exploration, evaluation and development costs | B1 | 34,495 | 34,359 | - | - |
| Intangible assets | B2 | 5,456 | 5,853 | - | - |
| Investments in subsidiaries | | - | - | 35,232 | 36,267 |
| Other receivables | B3 | 1,018 | - | - | - |
| | | 42,164 | 41,410 | 35,271 | 36,324 |
| Current Assets | | | | | |
| Inventories | B4 | 5,603 | 3,127 | - | - |
| Trade receivables and other receivables | B3 | 3,851 | 6,905 | 160 | 1 |
| Other current assets | | 703 | 629 | 127 | 100 |
| Cash and cash equivalents | B5 | 15,050 | 13,676 | 1,133 | 5,452 |
| | | 25,207 | 24,337 | 1,420 | 5,553 |
| Total assets | | 67,371 | 65,747 | 36,691 | 41,877 |
| Equity and Liabilities | | | | | |
| Equity | | | | | |
| Share capital | | 43,869 | 43,869 | 43,869 | 43,869 |
| Retained profits / (Accumulated losses) | | 25,640 | 23,638 | (7,661) | (2,646) |
| Other reserves | | (18,228) | (18,228) | 15 | 15 |
| Total equity | | 51,281 | 49,279 | 36,223 | 41,238 |
| Non-Current Liabilities | | | | | |
| Provision for environmental and restoration costs | | 2,318 | 2,243 | - | - |
| Current Liabilities | | | | | |
| Trade payables, other payables and accruals | | 4,706 | 5,623 | 467 | 639 |
| Deferred revenue | B4 | 1,321 | 647 | - | - |
| Current income tax liabilities | | 7,745 | 7,955 | 1 | - |
| Total current liabilities | | 13,772 | 14,225 | 468 | 639 |
| Total equity and liabilities | | 67,371 | 65,747 | 36,691 | 41,877 |

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

| Group | 30-Jun-12 US\$'000 | 31-Dec-11 US\$'000 |
|---|-----------------------|-----------------------|
| B1 Exploration, evaluation and development costs | | |
| Initial joint study cost | 871 | 957 |
| Contractual bonuses | 329 | 361 |
| Exploration, geological and geophysical costs | 5,300 | 5,129 |
| Completed assets | 26,061 | 25,773 |
| Cost recovery | 1,934 | 2,139 |
| | 34,495 | 34,359 |
| B2 Intangible assets | | |
| Computer software | 6 | 9 |
| Goodwill on reverse acquisition | 1,489 | 1,489 |
| Concession rights | 138 | 152 |
| Participating rights in Indonesia (TMT TAC) | 2,447 | 2,719 |
| Participating rights in Indonesia (LS TAC) | 1,376 | 1,484 |
| | 5,456 | 5,853 |
| B3 Trade receivables and other receivables | | |
| Non-current | | |
| Other receivables - Loan to a third party | 1,018 | - |
| Current | | |
| Trade receivables - non-related parties | 2,953 | 6,242 |
| Other receivables | 898 | 663 |
| | 3,851 | 6,905 |
| | 4,869 | 6,905 |
| B4 Inventories | | |
| Consumable inventories | 4,282 | 2,480 |
| Crude oil on hand* | 1,321 | 647 |
| | 5,603 | 3,127 |
| B5 Cash and cash equivalents | | |
| Cash at bank and on hand | 11,393 | 9,308 |
| Restricted cash | 2,149 | 2,140 |
| Fixed deposits | 1,508 | 2,228 |
| Cash and cash equivalents (as per Statement of Financial Position) | 15,050 | 13,676 |
| Less: Restricted cash | (2,149) | (2,140) |
| Cash and cash equivalents (as per Statement of Cash Flows) | 12,901 | 11,536 |

* Based on the number of barrels of crude oil on hand and the Walio Mix oil price as at 30 Jun 2012, the approximate deferred revenue was US\$1.32 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 | 30-Jun-12 | | 31-Dec-11 | |
|--|---------------------|-----------------------|---------------------|-----------------------|
| | 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 | Q2 2012 US\$'000 | Q2 2011 US\$'000 | 6M 2012 US\$'000 | 6M 2011 US\$'000 |
|--|------|---------------------|---------------------|---------------------|---------------------|
| Cash Flows from Operating Activities | | | | | |
| Profit before income tax | | 1,064 | 863 | 3,159 | 1,680 |
| Adjustments for non-cash items: | | | | | |
| Depreciation of property, plant and equipment | | 166 | 157 | 328 | 381 |
| Amortisation of: | | | | | |
| EED costs | | 774 | 555 | 1,499 | 1,031 |
| Concession rights | | 7 | 2 | 14 | 4 |
| Intangible benefits | | - | - | - | - |
| Computer software | | 2 | 9 | 4 | 18 |
| Participating rights | | 190 | 117 | 380 | 192 |
| Impairment of EED costs (TMT TAC) | | - | 500 | - | 500 |
| Impairment of EED costs (Australia) | | (42) | - | (42) | - |
| Interest income | | (20) | (11) | (35) | (21) |
| Net gain on disposal of property, plant and equipment | | - | - | - | (3) |
| Unrealised currency translation loss/(gain) | | 6 | (87) | (49) | (102) |
| Property, plant and equipment write-off | | - | - | 28 | - |
| Operating profit before working capital changes | | 2,147 | 2,105 | 5,286 | 3,680 |
| Changes in working capital, net of effects from acquisition of subsidiary | | | | | |
| Inventories | | (1,851) | (566) | (2,475) | (1,185) |
| Trade and other receivables and other current assets | | 2,043 | 774 | 2,962 | 2,211 |
| Trade and other payables and deferred revenue | | 624 | 1,098 | 72 | 2,987 |
| Provision for environmental and restoration costs | | 37 | 11 | 75 | 55 |
| Restricted cash | | (4) | (3) | (9) | (6) |
| Cash generated from operations | | 2,996 | 3,419 | 5,911 | 7,742 |
| Income tax paid | | (86) | (181) | (1,367) | (332) |
| Net cash provided by operating activities | | 2,910 | 3,238 | 4,544 | 7,410 |
| Cash Flows from Investing Activities | | | | | |
| Interest income received | | 8 | 11 | 18 | 22 |
| Net proceeds from disposal of property, plant and equipment | | - | - | - | 2 |
| Fixed deposit released as collateral for banker's guarantee (net) | | - | - | - | 670 |
| Acquisition of subsidiary, net of cash acquired | C1 | - | - | (250) | (5,539) |
| Acquisition of remaining 30% participating rights in TMT TAC, net of cash acquired | | - | (590) | - | (590) |
| Additions to property, plant and equipment | | (205) | (92) | (354) | (93) |
| Additions to well drillings and improvements | | (827) | (396) | (1,296) | (552) |
| Additions to geological and geophysical studies (including seismic) | | (221) | (715) | (297) | (2,168) |
| Net cash used in investing activities | | (1,245) | (1,782) | (2,179) | (8,248) |
| Cash Flows from Financing Activities | | | | | |
| Proceeds from issuance of shares | | - | 3,847 | - | 3,847 |
| Share issue expenses | | - | (54) | - | (54) |
| Loan to a third party | | - | - | (1,000) | - |
| Net cash provided by/(used in) financing activities | | - | 3,793 | (1,000) | 3,793 |
| Net increase in cash and cash equivalents | | 1,665 | 5,249 | 1,365 | 2,955 |
| Cash and cash equivalents at beginning of period | | 11,236 | 14,300 | 11,536 | 16,594 |
| Cash and cash equivalents at end of period (see Note B4) | | 12,901 | 19,549 | 12,901 | 19,549 |

1(c)(ii) EXPLANATORY NOTES TO STATEMENT OF CASH FLOWS

| Group | 6M 2012 US\$'000 | 6 M 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 |
| Balance of purchase consideration settled/(unpaid) | 250 | (500) |
| Cash outflow on acquisition of subsidiary | 250 | 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 Profits US\$'000 | Total Equity US\$'000 |
|--|------------------------------|---|--------------------------------|--|---------------------------------|-----------------------------|
| 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 |
| Balance as at 1 Apr 2012 | 43,869 | (1,696) | (16,545) | 15 | 25,132 | 50,775 |
| Total comprehensive (loss)/income for Q2 2012 | - | (2) | - | - | 508 | 506 |
| Balance as at 30 Jun 2012 | 43,869 | (1,698) | (16,545) | 15 | 25,640 | 51,281 |

| Company | Share Capital US\$'000 | Share Option Reserve US\$'000 | Accumulated Losses US\$'000 | Total Equity US\$'000 |
|--|------------------------------|--|-----------------------------------|-----------------------------|
| 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 of Q2 2011 | - | - | (413) | (413) |
| Balance as at 30 Jun 2011 | 43,956 | 15 | (9,316) | 34,655 |
| Balance as at 1 Apr 2012 | 43,869 | 15 | (3,253) | 40,631 |
| Total comprehensive loss of Q2 2012 | - | - | (4,408) | (4,408) |
| Balance as at 30 Jun 2012 | 43,869 | 15 | (7,661) | 36,223 |

1(d)(ii) SHARE CAPITAL

No additional shares were issued in Q2 2012.

The number of outstanding share options under the Interra Share Option Plan for Q2 2012 was 500,000 (Q2 2011: 500,000).

On 20 Jan 2012, the Company granted options to directors and employees to subscribe 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 | 30 Jun 2012 | 31 Dec 2011 |
|---|-------------|-------------|
| Issued and fully paid | | |
| Number of ordinary shares (excluding treasury shares) | 295,420,238 | 295,420,238 |

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

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 2011.

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 2012. 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 is Amendments to FRS 107 Disclosures - Transfers of Financial Assets.

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 2012 | Q2 2011 | 6M 2012 | 6M 2011 |
|---|----------------|----------------|----------------|----------------|
| Basic earnings per share (US cents) | 0.17200 | 0.14300 | 0.67781 | 0.28300 |
| Weighted average number of shares for the purpose of computing basic earnings per share | 295,420,238 | 293,727,930 | 295,420,238 | 275,528,571 |
| Fully diluted earnings per share (US cents) | 0.17199 | 0.14300 | 0.67776 | 0.28300 |
| Weighted average number of shares for the purpose of computing fully diluted earnings per share | 295,441,579 | 293,727,930 | 295,441,579 | 275,528,571 |

For the purpose of computing fully diluted earnings per share for Q2 2012 and 6M 2012, the relevant period is from 1 Apr 2012 to 30 Jun 2012 and 1 Jan 2012 to 30 Jun 2012 respectively.

No new shares were issued in Q2 2012.

7 NET ASSET VALUE PER SHARE

| | Group | | Company | |
|---|-------------|-------------|-------------|-------------|
| | 30 Jun 2012 | 31 Dec 2011 | 30 Jun 2012 | 31 Dec 2011 |
| Net asset value per ordinary share based on issued share capital (excluding treasury shares) (US cents) | 17.359 | 16.681 | 12.262 | 13.959 |
| Number of ordinary shares in issue | 295,420,238 | 295,420,238 | 295,420,238 | 295,420,238 |

8(i) PERFORMANCE REVIEW

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

Q2 2012 vs Q2 2011 Review

Revenue & Production

Revenue increased by 18% (US\$1.11 mil) to US\$7.11 mil in Q2 2012 from US\$6.00 mil in Q2 2011, largely due to higher sales of shareable production from 68,993 barrels in Q2 2011 to 84,508 barrels in Q2 2012 despite a lower weighted average SLC oil price transacted in Q2 2012 of US\$116.88 per barrel as compared to US\$119.74 per barrel in Q2 2011. The weighted average Walio Mix oil price transacted in Q2 2012 was US\$107.01 per barrel (Q2 2011: US\$113.39 per barrel).

The Group's shareable production increased by 24% (17,927 barrels) from 74,426 barrels in Q2 2011 to 92,353 barrels in Q2 2012. The increase was mainly due to higher contribution from all operations. The Group's sales of shareable oil also increased by 22% (15,515 barrels) from all operations.

The Group's share of shareable production increased by 31% (43,962 barrels) from 141,816 barrels for 6M 2011 to 185,778 barrels for 6M 2012. The Group's revenue increased by 43% (US\$4.58 mil) to US\$15.35 mil in 6M 2012, due to higher oil prices and sales of shareable production.

Cost of Production

The cost of production increased by 37% (US\$1.30 mil) to US\$4.82 mil in Q2 2012 as compared to US\$3.52 mil in Q2 2011. This was in tandem with the increase in shareable production. The increase in cost of production was largely attributable to higher production expenses of US\$1.08 mil (US\$0.77 mil from LS operations and US\$0.24 mil from Myanmar operations), due to reopening of wells and repair of equipment and facilities. In addition, the total depreciation and amortisation charges were also higher by US\$0.22 mil due to additions of property, plant and equipment of US\$0.21 mil and capitalisation of well drillings for Myanmar operations of US\$0.83 mil in Q2 2012 as compared to Q2 2011.

Cost of production increased by 52% (US\$3.31 mil) from US\$6.32 mil in 6M 2011 to US\$9.63 mil in 6M 2012, due to higher direct production expenses of US\$2.91 mil from all operations.

Net Profit After Tax

The Group posted a higher net profit after tax of US\$0.51 mil in Q2 2012 as compared to US\$0.42 mil in Q2 2011. The increase was due mainly to the following:

- (1) Higher revenue largely due to higher sales of shareable production from all operations.
- (2) No impairment of EED costs of TMT operations in Q2 2012 (Q2 2011: US\$0.50 mil). Further, in Q2 2012, there was adjustment on the impairment of PEP 167 operations of US\$0.04 mil upon the finalisation of the Authority of Expenditure ("AFE") for the exploratory well.

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

- (1) Higher cost of production which was in tandem with the increase in shareable production.
- (2) Lower other income of US\$0.08 mil in Q2 2012 as compared to US\$0.11 mil in Q2 2011, mainly due to foreign exchange loss in Q2 2012 as compared to foreign exchange gain of US\$0.09 mil. This was due to the strengthening of US dollar against Singapore dollars. However, it was partially offset by the management fees received from the Indonesia operations of US\$0.06 mil.
- (3) Higher administrative expenses in Q2 2012 of US\$1.13 mil as compared to US\$1.09 mil in Q2 2011, mainly due to higher administrative expenses of US\$0.07 mil from LS operations and TMT operations.
- (4) Higher other operating expenses of US\$0.22 mil in Q2 2012 as compared to US\$0.15 mil in Q2 2011, due largely to higher amortisation of LS TAC and TMT TAC participating rights of US\$0.07 mil.
- (5) Higher income tax expenses of US\$0.56 mil in Q2 2012 as compared to US\$0.44 mil in Q2 2011, due largely to 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\$0.32 mil, from US\$34.18 mil in Q1 2012 to US\$34.50 mil in Q2 2012. This was mainly due to additions of well drillings and improvements and seismic data processing of US\$1.05 mil, offset against the amortisation charges of US\$0.77 mil and impairment adjustment of US\$0.04 mil.
- (2) Inventories increased by US\$1.85 mil, mainly due to higher crude oil inventory of LS TAC of US\$1.32 mil in Q2 2012 (Q1 2012: US\$0.99 mil), which was not uplifted and was stored at stock points. In addition, consumable stock increased by US\$1.52 mil, mainly due to an increase of US\$1.73 mil from Myanmar operations in preparation of drilling program in Q3 2012.
- (3) Trade and other receivables (current and non-current) decreased by US\$2.10 mil over the previous quarter, mainly due to decrease of trade receivables as at 30 Jun 2012 by US\$2.30 mil. Total receipts in Q2 2012 was US\$8.78 mil as compared to total invoicing of US\$6.48 mil.
- (4) Trade payables, other payables and accruals increased by US\$0.30 mil over the previous quarter, due to increase of trade payables by US\$0.48 mil and offset by settlement of accruals in Q2 2012 of US\$0.20 mil.

Statement of Cash Flows

Cash and cash equivalents increased by US\$1.67 mil in Q2 2012 due to the following:

- (1) Net cash provided by operating activities of US\$2.91 mil, due mainly to net cash inflow of US\$1.01 mil from the Myanmar operations, US\$1.53 mil from the TMT TAC and US\$0.09 mil from the LS TAC, which was partially offset the corporate expenses of US\$0.92 mil.
- (2) Net cash used in investing activities of US\$1.25 mil, mainly for deep well drilling of US\$0.83 mil for Myanmar operations, seismic data processing in TMT TAC and LS TAC of US\$0.22 mil and additions of property, plant and equipment of US\$0.16 mil from LS TAC.

8(ii) SEGMENTED REVENUE AND RESULTS

| Geographical Segment | Indonesia | | Myanmar | | Consolidated | |
|---|-----------|----------|----------|----------|--------------|----------|
| | Q2 2012 | Q2 2011 | Q2 2012 | Q2 2011 | Q2 2012 | Q2 2011 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Results | | | | | | |
| EBITDA | (32) | 216 | 2,703 | 2,630 | 2,671 | 2,846 |
| EBIT | (528) | (582) | 2,069 | 2,100 | 1,541 | 1,518 |
| Sales to external customers | 2,619 | 1,838 | 4,486 | 4,160 | 7,105 | 5,998 |
| Segment results | (640) | (577) | 2,069 | 2,100 | 1,429 | 1,523 |
| Unallocated corporate net operating results | | | | | (365) | (660) |
| Profit before income tax | | | | | 1,064 | 863 |
| Income tax expense | | | | | (556) | (444) |
| Net profit after income tax | | | | | 508 | 419 |

| Geographical Segment | Indonesia | | Myanmar | | Consolidated | |
|---|-----------|----------|----------|----------|--------------|----------|
| | 6M 2012 | 6M 2011 | 6M 2012 | 6M 2011 | 6M 2012 | 6M 2011 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Results | | | | | | |
| EBITDA | 997 | 470 | 5,653 | 4,798 | 6,650 | 5,268 |
| EBIT | (2) | (679) | 4,444 | 3,844 | 4,442 | 3,165 |
| Sales to external customers | 6,190 | 3,139 | 9,157 | 7,626 | 15,347 | 10,765 |
| Segment results | (1) | (673) | 4,444 | 3,844 | 4,443 | 3,171 |
| Unallocated corporate net operating results | | | | | (1,284) | (1,491) |
| Profit before income tax | | | | | 3,159 | 1,680 |
| Income tax expense | | | | | (1,157) | (900) |
| Net profit after income tax | | | | | 2,002 | 780 |

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 2012 barrels | Q2 2011 barrels | 6M 2012 barrels | 6M 2011 barrels |
|---|--|--------------------|--------------------|--------------------|--------------------|
| Average gross production per day | | 2,243 | 2,201 | 2,236 | 2,185 |
| Gross production | | 204,133 | 200,285 | 406,922 | 395,467 |
| Non-shareable production | | (114,892) | (119,788) | (230,987) | (239,507) |
| Production shareable with MOGE | | 89,241 | 80,497 | 175,935 | 155,960 |
| Group's 60% share of shareable production | | 53,545 | 48,299 | 105,561 | 93,577 |
| Group's average shareable production per day | | 588 | 531 | 580 | 517 |
| | | | | | |
| Myanmar Revenue | | Q2 2012 | Q2 2011 | 6M 2012 | 6M 2011 |
| Weighted average transacted oil price | | US\$ 116.44 | 119.74 | 120.58 | 113.25 |
| Revenue shareable with MOGE | | US\$'000 6,236 | 5,783 | 12,730 | 10,598 |
| MOGE's share | | US\$'000 (1,750) | (1,623) | (3,573) | (2,972) |
| Group's net share of revenue | | US\$'000 4,486 | 4,160 | 9,157 | 7,626 |
| | | | | | |
| Indonesia Production (TMT TAC) | | Q2 2012 barrels | Q2 2011 barrels | 6M 2012 barrels | 6M 2011 barrels |
| Average gross production per day | | 243 | 260 | 261 | 271 |
| Gross production | | 22,138 | 23,619 | 47,519 | 49,059 |
| Non-shareable production | | (1,026) | (1,128) | (2,076) | (3,045) |
| Production shareable with Pertamina | | 21,112 | 22,491 | 45,443 | 46,014 |
| Group's 100% (Q2 2011 & 6M 2011: 70%) share of shareable production | | 21,112 | 15,742 | 45,443 | 32,208 |
| Group's average shareable production per day | | 232 | 173 | 250 | 178 |
| | | | | | |
| Indonesia Revenue (TMT TAC) | | Q2 2012 | Q2 2011 | 6M 2012 | 6M 2011 |
| Weighted average transacted oil price | | US\$ 116.88 | 119.73 | 121.28 | 112.81 |
| Revenue shareable with Pertamina | | US\$'000 2,467 | 1,885 | 5,511 | 3,633 |
| Pertamina's share | | US\$'000 (632) | (483) | (1,412) | (930) |
| Group's net share of revenue | | US\$'000 1,835 | 1,402 | 4,099 | 2,703 |
| | | | | | |
| Indonesia Production (LS TAC) | | Q2 2012 barrels | Q2 2011 barrels | 6M 2012 barrels | 6M 2011 barrels |
| Average gross production per day | | 194 | 138 | 191 | 127 |
| Gross production | | 17,696 | 12,581 | 34,774 | 19,879 |
| Non-shareable production | | - | (2,196) | - | (3,848) |
| Production shareable with Pertamina | | 17,696 | 10,385 | 34,774 | 16,031 |
| Group's 100% share of sharable production | | 17,696 | 10,385 | 34,774 | 16,031 |
| Group's average shareable production per day | | 194 | 114 | 191 | 102 |
| | | | | | |
| Indonesia Crude Oil on Hand (LS TAC) | | Q2 2012 barrels | Q2 2011 barrels | 6M 2012 barrels | 6M 2011 barrels |
| Opening balance | | 10,591 | 14,191 | 7,927 | 8,545 |
| Production | | 17,696 | 10,385 | 34,774 | 16,031 |
| Lifting | | (9,851) | (4,952) | (24,265) | (4,952) |
| Closing balance | | 18,436 | 19,624 | 18,436 | 19,624 |
| | | | | | |

8(iii) PRODUCTION PROFILE (CONT'D)

| Indonesia Revenue (LS) | | Q2 2012 | Q2 2011 | 6M 2012 | 6M 2011 |
|--|----------|----------------|----------------|----------------|----------------|
| Weighted average transacted oil price | US\$ | 107.01 | 113.39 | 115.87 | 113.39 |
| Revenue shareable with Pertamina | US\$'000 | 1,054 | 562 | 2,811 | 562 |
| Pertamina's share | US\$'000 | (270) | (126) | (720) | (126) |
| Group's net share of revenue | US\$'000 | 784 | 436 | 2,091 | 436 |
| Group Production, Crude Oil on Hand and Revenue | | Q2 2012 | Q2 2011 | 6M 2012 | 6M 2011 |
| Group's share of shareable production | barrels | 92,353 | 74,426 | 185,778 | 141,816 |
| Group's average shareable production per day | barrels | 1,015 | 818 | 1,021 | 797 |
| Group's sales of shareable oil | barrels | 84,508 | 68,993 | 175,269 | 130,737 |
| Group's total shareable oil revenue | US\$'000 | 7,105 | 5,998 | 15,347 | 10,765 |

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

Production in TMT TAC has been stabilizing at the same level since Q1 2012. Technical and facilities issues had hindered progress to improve production. Preparation to drill the first well for the year is at the final stage, and is expected to spud in the middle of Q3 2012.

Production in LS TAC has also been increasing since the last quarter, although at a slower pace than we have expected. However, the delay in the repair of the refinery at Sorong has prevented the Company from transferring the crude oil to our customer, and as a result could not recognize the revenue on the financial result for the quarter. Higher revenue is expected from this unit in the 2nd half of the year, once the refinery is in full operation from Q3 2012. 3D seismic acquisition in the field has commenced, and is expected to complete by Q3 2012.

Drilling of intermediate wells in Myanmar has been yielding positive results so far this year. As a result, the Group, together with its joint venture partner, is conducting additional feasibility studies to explore drilling more shallow wells in the second half of the year. Since the spudding of the CDT 12 well at the end of Q2 2012, regular updates on the progress on the drilling have been announced. Positive results arising from this well could yield significant contribution to the Group in the future.

As announced on 28 Mar 2012, the Group has offered its 50% participating interest in PEP 167 to its joint venture partner, and they have subsequently agreed to accept the offer. The local authority has approved the transfer with effect from 30 Jun 2012, and henceforth, the Group will have no further liability relating to this block in Australia.

As announced on 3 Feb 2012, the Group acquired 49% of PT Mentari Pambuang Internasional in Indonesia, which owns 100% participating interest in Kuala Pambuang PSC. Up to the date of this report, the Group is still awaiting the relevant authority approval for the transfer of the 49% interest.

The Group has sufficient cash on hand to meet its operating costs for the foreseeable future. As announced on 27 Jun 2012, the Group is raising additional funds via a rights issue, which is expected to complete in Q3 2012. With these additional funds, the Group will continue to actively seek new concessions and assets to strengthen its presence in the region as well as to achieve sustainable growth.

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 period under review.

13 INTERESTED PERSON TRANSACTIONS

The Company does not have any general mandate pursuant to Rule 920 of the Catalist Rules for the period under review.

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 of the Board of Directors of the Company which may render the interim financial statements for the quarter ended 30 Jun 2012 to be false or misleading in any material respect.

Submitted by
Marcel Tjia
Executive Director

13-Aug-12

15 ABBREVIATIONS

| | | |
|------------|-------|--|
| Q1 2012 | means | First calendar quarter of year 2012 |
| Q2 2011 | means | Second calendar quarter of year 2011 |
| Q2 2012 | means | Second calendar quarter of year 2012 |
| 6M 2011 | means | Six months ended 30 June 2011 |
| FY 2011 | means | Six months ended 30 June 2012 |
| FY 2011 | means | Full year ended 31 December 2011 |
| FY 2012 | means | Full year ended 31 December 2012 |
| 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. |
| GWKP | means | Goldwater KP 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.