



14 May 2014

Dear Shareholders,

UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2014

Highlights in Q1 2014

- Total profit after tax for the quarter was US\$1.21 million.
- Revenue from continuing operations for the quarter was US\$11.81 million, 4% lower than the preceding quarter. This was the result of a decrease of sales of shareable production to 155,783 barrels from 159,822 in the previous quarter.
- Earnings before divestment gain, interest income, exchange difference, finance cost, tax, depreciation, amortisation, allowance and impairment (EBITDA) from continuing operations for the quarter was US\$7.19 million.
- Net cash inflow for the quarter was US\$0.54 million, mainly due to net cash provided by operating activities of US\$5.83 million.
- Cash and cash equivalents (excluding restricted cash) were US\$12.94 million as at 31 March 2014.

Yours sincerely,

The Board of Directors
Interra Resources Limited

INTERRA RESOURCES LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 197300166Z)

**UNAUDITED RESULTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2014**

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1(a)(i) PROFIT OR LOSS

Group	Note	Q1 2014 US\$'000	Q1 2013 US\$'000	Change %
Continuing operations				
Revenue	A1	11,807	7,244	↑ 63
Cost of production	A2	(7,276)	(4,488)	↑ 62
Gross profit		4,531	2,756	↑ 64
Other (loss)/income, net	A3	87	461	↓ 81
Administrative expenses		(1,431)	(1,166)	↑ 23
Other expenses	A4	(159)	(160)	↓ 1
Profit before income tax		3,028	1,891	↑ 60
Income tax expense		(959)	(569)	↑ 69
Profit from continuing operations for the financial period		2,069	1,322	↑ 57
Discontinued operations				
(Loss)/profit from discontinued operations for the financial period	A5	(858)	42	NM
Total profit		1,211	1,364	↓ 11
Attributable to:				
Equity holders of the Company		1,211	1,364	
Earnings per share for profit from continuing and discontinued operations attributable to equity holders				
Basic earnings per share (US cents)				
- From continuing operations		0.464	0.297	
- From discontinued operations		(0.192)	0.009	
Diluted earnings per share (US cents)				
- From continuing operations		0.459	0.294	
- From discontinued operations		(0.190)	0.009	

1(a)(i) STATEMENT OF COMPREHENSIVE INCOME

Group	Note	Q1 2014 US\$'000	Q1 2013 US\$'000	Change
Total profit for the financial period		1,211	1,364	↓ 11
Other comprehensive income, net of tax:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation - gains		38	3	NM
Total comprehensive income for the financial period		1,249	1,367	↓ 9
Attributable to:				
Equity holders of the Company		1,249	1,367	

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

1(a)(ii) EXPLANATORY NOTES TO PROFIT OR LOSS

Group		Q1 2014 barrels	Q1 2013 barrels
Group's share of shareable production		155,783	88,994
Group's sales of shareable oil		155,783	88,994

Group		Q1 2014 US\$'000	Q1 2013 US\$'000
A1	<u>Revenue</u> Sale of oil and petroleum products (see 8(iii) Production Profile)	11,807	7,244
A2	<u>Cost of production</u> Production expenses	4,227	3,398
	Amortisation of producing oil and gas properties	3,049	1,088
	Amortisation of intangible assets	-	2
		7,276	4,488
A3	<u>Other (loss)/income, net</u> Interest income	26	24
	Petroleum services fees	21	2
	Management fees	78	155
	Other income	-	6
	Reimbursement of unrecovered costs from a joint venture partner	-	332
	Foreign exchange losses, net	(38)	(58)
		87	461
A4	<u>Other expenses</u> Depreciation of property, plant and equipment	3	10
	Amortisation of producing oil and gas properties	156	150
		159	160
A5	<u>(Loss)/profit from discontinued operations for the financial period</u> Revenue	1,004	1,473
	Expenses	(938)	(1,359)
	Profit before income tax from discontinued operations	66	114
	Income tax expense	(56)	(72)
	Profit after income tax from discontinued operations	10	42
	Pre-tax loss recognised on the measurement to fair value less cost of sell on disposal group	(868)	-
	Income tax expense	-	-
	Loss after tax recognised on the measurement to fair value less cost to sell on disposal group	(868)	-
	Total (loss)/profit from discontinued operations	(858)	42

1(b)(i) STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		31-Mar-14 US\$'000	31-Dec-13 US\$'000	31-Mar-14 US\$'000	31-Dec-13 US\$'000
Assets					
Non-current assets					
Property, plant and equipment		20	17	20	16
Producing oil and gas properties	B1	47,593	61,346	-	-
Exploration and evaluation costs	B2	73	72	-	-
Intangible assets	B3	1,489	1,489	-	-
Investments in subsidiaries		-	-	45,022	44,776
Other receivables	B4	1,654	1,531	-	-
Restricted cash*		2,184	2,274	-	-
Retirement benefit obligations		139	119	-	-
		53,152	66,848	45,042	44,792
Current assets					
Inventories	B5	4,063	6,136	-	-
Trade and other receivables	B4	9,349	11,410	84	140
Other current assets		445	709	176	82
Cash and cash equivalents	B6	12,634	12,402	3,909	3,717
		26,491	30,657	4,169	3,939
Disposal group classified as held-for-sale	B7	18,063	-	-	-
		44,554	30,657	4,169	3,939
Total assets		97,706	97,505	49,211	48,731
Equity and Liabilities					
Equity					
Share capital		62,138	62,138	62,138	62,138
Retained profits/(Accumulated losses)		35,102	33,891	(13,931)	(14,533)
Other reserves		(17,366)	(17,404)	365	365
Total equity		79,874	78,625	48,572	47,970
Non-current liabilities					
Provision for environmental and restoration costs		1,549	2,715	-	-
		1,549	2,715	-	-
Current liabilities					
Trade and other payables	B8	6,878	8,596	635	761
Current income tax liabilities		6,242	7,569	4	-
		13,120	16,165	639	761
Liabilities directly associated with disposal group classified as held-for-sale		3,163	-	-	-
Total current liabilities		16,283	16,165	639	761
Total equity and liabilities		97,706	97,505	49,211	48,731

* Fund intended for environmental and restoration costs.

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

Group		31-Mar-14 US\$'000	31-Dec-13 US\$'000
B1	<u>Producing oil and gas properties</u>		
	Development tangible assets	3,469	4,224
	Development and production assets	42,551	54,354
	Participating and concession rights	1,573	2,768
		47,593	61,346
B2	<u>Exploration and evaluation costs</u>		
	Exploration costs	73	72
		73	72
B3	<u>Intangible assets</u>		
	Goodwill on reverse acquisition	1,489	1,489
		1,489	1,489
B4	<u>Trade and other receivables</u>		
	Non-current		
	Other receivables - loan to a third party	1,654	1,531
	Current		
	Trade receivables - non-related parties	7,332	8,816
	Other receivables	2,017	2,594
		9,349	11,410
		11,003	12,941
B5	<u>Inventories</u>		
	Consumable inventories	4,063	5,720
	Crude oil on hand#	-	416
		4,063	6,136
B6	<u>Cash and cash equivalents</u>		
	Cash at bank and on hand	8,263	7,394
	Short-term fixed deposits	4,675	5,008
	Cash and cash equivalents per statement of cash flows	12,938	12,402
	Less: Disposal group classified as held-for-sale	(304)	-
		12,634	12,402
B7	<u>Disposal group classified as held-for-sale</u>		
	Assets in disposal group	18,063	-
	Liabilities directly associated with disposal group	(3,163)	-
		14,900	-
B8	<u>Trade and other payables</u>		
	Trade payables	4,844	6,684
	Other payables	983	910
	Accruals	1,051	1,002
		6,878	8,596

This represents costs of crude oil inventory of Linda Sele TAC ("LS TAC") which was not uplifted and was stored at stock points as at 31 Dec 2013. As at 31 Mar 2014, the crude oil inventory of US\$542k was recognised under "Disposal group classified as held-for-sale", subsequent to the announcement of disposal of Goldwater LS Pte Ltd and its subsidiary on 14 Mar 2014.

1(b)(ii) BORROWINGS AND DEBT SECURITIES

Group	31-Mar-14		31-Dec-13	
	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) STATEMENT OF CASH FLOWS

Group	Note	Q1 2014 US\$'000	Q1 2013 US\$'000
Cash Flows from Operating Activities			
Total profit		1,211	1,364
Adjustments for non-cash items:			
Income tax expense		1,015	641
Share option expense		-	57
Depreciation of property, plant and equipment		3	10
Amortisation of producing oil and gas properties		3,485	1,437
Amortisation of intangible assets		-	2
Interest income		(26)	(24)
Loss on measurement to fair value on disposal group		868	-
Unrealised currency translation loss		56	53
Operating profit before working capital changes		6,612	3,540
Changes in working capital			
Inventories		283	343
Trade and other receivables and other current assets		1,017	(2,828)
Trade and other payables		(1,215)	652
Provision for environmental and restoration costs		68	42
Restricted cash		(5)	(5)
Cash generated from operations		6,760	1,744
Income tax paid		(935)	(844)
Net cash provided by operating activities		5,825	900
Cash Flows from Investing Activities			
Interest income received		8	11
Additions to property, plant and equipment		(7)	-
Additions to producing oil and gas properties		(5,186)	(6,729)
Additions to exploration and evaluation assets		-	(14)
Net cash used in investing activities		(5,185)	(6,732)
Cash Flows from Financing Activities			
Proceeds from issuance of new ordinary shares pursuant to share options		-	352
Share issue expenses		-	(1)
Loan to a third party		(104)	-
Net cash (used in)/provided by financing activities		(104)	351
Net increase/(decrease) in cash and cash equivalents		536	(5,481)
Cash and cash equivalents at beginning of period		12,402	16,736
Cash and cash equivalents at end of period	B6	12,938	11,255

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 Jan 2013	61,567	(1,692)	(16,545)	463	26,720	70,513
Issuance of new ordinary shares pursuant to share options	352	-	-	-	-	352
Share issue expenses	(1)	-	-	-	-	(1)
Employee share option scheme						
- value of employee services	-	-	-	57	-	57
- share options exercised	117	-	-	(117)	-	-
- share options lapsed	-	-	-	(7)	7	-
Total comprehensive income for Q1 2013	-	3	-	-	1,364	1,367
Balance as at 31 Mar 2013	62,035	(1,689)	(16,545)	396	28,091	72,288
Balance as at 1 Jan 2014	62,138	(1,224)	(16,545)	365	33,891	78,625
Total comprehensive income for Q1 2014	-	38	-	-	1,211	1,249
Balance as at 31 Mar 2014	62,138	(1,186)	(16,545)	365	35,102	79,874

Company	Share Capital US\$'000	Share Option Reserve US\$'000	Accumulated Losses US\$'000	Total Equity US\$'000
Balance as at 1 Jan 2013	61,567	463	(8,521)	53,509
Issuance of new ordinary shares pursuant to share options	352	-	-	352
Share issue expenses	(1)	-	-	(1)
Employee share option scheme - value of employee services	-	57	-	57
Employee share option scheme - share options exercised	117	(117)	-	-
Employee share option scheme - share options lapsed	-	(7)	7	-
Total comprehensive loss for Q1 2013	-	-	(519)	(519)
Balance as at 31 Mar 2013	62,035	396	(9,033)	53,398
Balance as at 1 Jan 2014	62,138	365	(14,533)	47,970
Total comprehensive income for Q1 2014	-	-	602	602
Balance as at 31 Mar 2014	62,138	365	(13,931)	48,572

1(d)(ii) SHARE CAPITAL

No new ordinary shares were issued in Q1 2014.

The number of ordinary shares comprised in the options granted and outstanding under the Interra Share Option Plan for Q1 2014 was 7,260,000 (Q1 2013: 7,880,000).

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

Group and Company	31 Mar 2014	31 Dec 2013
Issued and fully paid		
Opening balance	446,170,357	443,130,357
Issuance of new ordinary shares pursuant to share options	-	3,040,000
Closing balance	446,170,357	446,170,357

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 2013.

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 2014. Consequential amendments made to these new or revised standards.

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

- FRS 27 (revised 2011) - Separate Financial Statements
- FRS 28 (revised 2011) - Investments in Associates and Joint Ventures
- Amendments to FRS 32 - Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 36 - Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 39 - Novation of Derivatives and Continuation of Hedge Accounting
- FRS 110 - Consolidated Financial Statements
- FRS 111 - Joint Arrangements
- FRS 112 - Disclosure of Interests in Other Entities
- Amendments to FRS 110, FRS 111, FRS 112, FRS 27 (2011) and FRS 28 (2011) - Mandatory Effective Date
- Amendments to FRS 110, FRS 111, FRS 112 and FRS 27 - Transition Guidance
- Amendments to FRS 110, FRS 111, FRS 112 and FRS 27 - Investment Entities

The adoption of the 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	Q1 2014	Q1 2013
Basic earnings/(losses) per ordinary share (US cents)		
- From continuing operations	0.464	0.297
- From discontinued operations	(0.192)	0.009
Weighted average number of ordinary shares for the purpose of computing basic earnings per share	446,170,357	444,679,079
Fully diluted earnings/(losses) per ordinary share (US cents)		
- From continuing operations	0.459	0.294
- From discontinued operations	(0.190)	0.009
Weighted average number of ordinary shares for the purpose of computing fully diluted earnings per share	450,691,140	450,111,566

No new ordinary shares were issued in Q1 2014.

7 NET ASSET VALUE PER SHARE

	Group		Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares) (US cents)	17.902	17.622	10.886	10.751
Total number of issued shares (excluding treasury shares)	446,170,357	446,170,357	446,170,357	446,170,357

8(i) PERFORMANCE REVIEW

(A) SIGNIFICANT FACTORS THAT AFFECT THE TURNOVER, COSTS AND EARNINGS OF THE GROUP

Revenue & Production

Revenue increased by 63% to US\$11.81 mil in Q1 2014 from US\$7.24 mil in Q1 2013. This was largely due to higher sales of shareable production, which increased to 155,783 barrels in Q1 2014 from 88,994 barrels in Q1 2013, although at lower transacted oil prices. The weighted average transacted oil prices for Q1 2014 was US\$106.60 per barrel (Q1 2013: US\$110.81 per barrel).

The Group's shareable production increased by 75% (66,789 barrels) to 155,783 barrels in Q1 2014 from 88,994 barrels in Q1 2013. The increase was mainly due to higher contributions from Myanmar (64%) and Tanjung Miring Timur ("TMT TAC") (36%) as the Group successfully completed several development wells as oil producers in both fields.

Cost of Production

The cost of production increased by 62% to US\$7.28 mil in Q1 2014 from US\$4.49 mil in Q1 2013. The increase was largely attributable to higher amortisation of oil and gas properties of US\$3.05 mil resulting from amortisation of new well drillings for Myanmar and TMT TAC. Amortisation charges have increased by US\$1.96 mil, i.e. TMT TAC operation of US\$0.84 mil and Myanmar operation of US\$1.12 mil.

Net Profit After Tax

The Group posted a higher net profit after tax from continuing operations of US\$2.07 mil in Q1 2014 as compared to US\$1.32 mil in Q1 2013. The increase was mainly due to higher revenue of US\$11.81 mil (Q1 2013: US\$7.24 mil) and after taking the following in consideration:

- (1) Higher cost of production of US\$7.28 mil (Q1 2013: US\$4.49 mil).
- (2) Lower net other income of US\$0.09 mil mainly due to no reimbursement of unrecovered costs in Q1 2014 as compared to Q1 2013 of US\$0.33 mil.
- (4) Higher income tax expenses of US\$0.96 mil due to higher taxable income (Q1 2013: US\$0.57 mil).

(B) MATERIAL FACTORS THAT AFFECT THE CASH FLOW, WORKING CAPITAL, ASSETS OR LIABILITIES OF THE GROUP

Statement of Financial Position

Producing oil and gas properties decreased by US\$13.76 mil to US\$47.59 mil in Q1 2014 from US\$61.35 mil in FY 2013. This was mainly due to classification of disposal group as held-for-sale of US\$14.59 mil and additions of new well drillings of US\$5.19 mil.

Inventories decreased by US\$2.08 mil to US\$4.06 mil in Q1 2014 from US\$6.14 mil in FY 2013. This was mainly due to classification of disposal group as held-for sale of US\$1.79 mil in Q1 2014.

Trade and other receivables (current and non-current) decreased by US\$1.94 mil to US\$11.00 mil in Q1 2014 from US\$12.94 mil in FY 2013. This was mainly due to classification of disposal group as held-for-sale of US\$1.21 mil.

Trade and other payables decreased by US\$1.72 mil to US\$6.88 mil in Q1 2014 from US\$8.60 mil in FY 2013. This was mainly due to decrease in trade payables from Myanmar and TMT TAC operations of US\$1.19 mil and classification of disposal group as held-for-sale of US\$0.52 mil in Q1 2014.

Statement of Cash Flows

Cash and cash equivalents showed a net increase of US\$0.54 mil in Q1 2014 due to the following:

- (1) Net cash provided by operating activities of US\$5.83 mil, mainly due to cash generated from TMT TAC operations of US\$1.59 mil.
- (2) Net cash used in investing activities of US\$5.19 mil, mainly for capital expenditure incurred for drilling activities of the Myanmar operations of US\$3.62 mil and TMT TAC of US\$1.57 mil.

8(ii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia		Myanmar		Consolidated	
	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Results						
EBITDA	1,926	967	5,264	2,547	7,190	3,514
EBIT	659	549	3,326	1,727	3,985	2,276
Sales to external customers	4,094	2,724	7,713	4,520	11,807	7,244
Segment results	622	560	3,326	1,727	3,948	2,287
Unallocated corporate net operating results					(920)	(396)
Profit before income tax					3,028	1,891
Income tax expense					(959)	(569)
Net profit from continuing operations					2,069	1,322
(Loss)/profit from discontinued operations for the financial period					(858)	42
Total profit					1,211	1,364

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

Continuing Operations			
Myanmar Production		Q1 2014	Q1 2013
		barrels	barrels
Average gross production per day		2,971	2,235
Gross production		267,430	201,185
Non-shareable production		(105,697)	(110,140)
Production shareable with MOGE		161,733	91,045
Group's 60% share of shareable production		97,040	54,626
Group's average shareable production per day		1,078	607
Myanmar Revenue		Q1 2014	Q1 2013
Weighted average transacted oil price	US\$	110.50	115.01
Revenue shareable with MOGE	US\$'000	10,722	6,283
MOGE's share	US\$'000	(3,009)	(1,763)
Group's net share of revenue	US\$'000	7,713	4,520
Indonesia Production - TMT TAC		Q1 2014	Q1 2013
		barrels	barrels
Average gross production per day		662	392
Gross production		59,609	35,322
Non-shareable production		(866)	(954)
Production shareable with Pertamina		58,743	34,368
Group's 100% share of shareable production		58,743	34,368
Group's average shareable production per day		653	382
Indonesia Revenue - TMT TAC		Q1 2014	Q1 2013
Weighted average transacted oil price	US\$	101.47	106.59
Revenue shareable with Pertamina	US\$'000	5,961	3,663
Pertamina's share	US\$'000	(1,527)	(939)
Group's net share of revenue	US\$'000	4,434	2,724
Discontinued Operations			
Indonesia Production - LS TAC		Q1 2014	Q1 2013
		barrels	barrels
Average gross production per day		183	172
Gross production		16,488	15,506
Non-shareable production		-	-
Production shareable with Pertamina		16,488	15,506
Group's 100% share of sharable production		-	15,506
Group's average shareable production per day		-	172

8(iii) PRODUCTION PROFILE (CONT'D)

Indonesia Crude Oil on Hand - LS TAC		Q1 2014	Q1 2013
		barrels	barrels
Opening balance		6,934	14,151
Production		16,488	15,506
Lifting		(13,329)	(18,657)
Closing balance		10,093	11,000

Indonesia Revenue - LS TAC		Q1 2014	Q1 2013
Weighted average transacted oil price	US\$	101.27	106.16
Revenue shareable with Pertamina	US\$'000	1,350	1,981
Pertamina's share	US\$'000	(346)	(508)
Net share of revenue	US\$'000	1,004	1,473

Group Production and Revenue		Q1 2014	Q1 2013
Group's share of shareable production	barrels	155,783	88,994
Group's average shareable production per day	barrels	1,731	989
Group's sales of shareable oil	barrels	155,783	88,994
Group's total shareable oil revenue	US\$'000	12,147	7,244
Group's weighted average transacted oil price	US\$	106.60	110.81

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 at Tanjung Miring Timur TAC ("TMT TAC") declined since the end of year 2013. This was partially due to the natural production decline of new wells and the result of bad weather which hindered the servicing of wells. Concerted efforts have been devoted to arrest the decline. The Company will start its drilling program in Q3 2014.

Further to our announcement dated 14 Mar 2014 regarding the disposal of Linda Sele TAC, the potential buyer is in midst of obtaining regulatory approvals to conclude the deal. The disposal is expected to be completed by Q3 2014.

Since the beginning of the year, Myanmar has spudded eleven wells, with six wells completed as oil producers. Based on the success of the recently spudded wells, Myanmar operations will continuously assess the technical and economical viability to drill more wells in second half of year 2014.

Kuala Pambuang Production Sharing Contract ("KP PSC") will commence 2D seismic acquisition in Q2 2014 once all approvals have been obtained from local authorities. No significant contribution is expected from this field in the near term.

The Group announced on 3 Sep 2013, the proposed acquisition of equity interests in PT Benakat Oil, PT Indelberg Indonesia, PT Bintang Sukses Nasional and PT Benakat Barat Petroleum which hold 100% undivided interest in the rights and obligations of exploitation, development and complementary exploration of hydrocarbons in the Benakat Barat field in South Sumatra, Indonesia at purchase consideration of US\$78.50 mil. Due diligence of the acquisition is currently ongoing.

The Group has sufficient cash on hand to meet its workplan commitments for the year 2014. The Group will evaluate and source funding when the need arises. The Group will continue to actively seek new concessions and assets to strengthen its presence in the region as well as to achieve growth sustainability.

11 DIVIDEND

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

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

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

13 INTERESTED PERSON TRANSACTIONS

The Company has not obtained any general mandate pursuant to Rule 920(1)(a)(ii) of the Listing Rules.

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 which may render the interim financial statements for the quarter ended 31 Mar 2014 to be false or misleading in any material respect.

By Order of the Board of Directors of
INTERRA RESOURCES LIMITED
Marcel Tjia
Chief Executive Officer
14-May-14

15 ABBREVIATIONS

Q1 2013	denotes	First calendar quarter of the year 2013
Q1 2014	denotes	First calendar quarter of the year 2014
FY 2013	denotes	Full year ended 31 December 2013
FY 2014	denotes	Full year ended 31 December 2014
bopd	denotes	barrels of oil per day
Company	denotes	Interra Resources Limited
DMO	denotes	Domestic Market Obligation
EED	denotes	Exploration, evaluation and development
FRS	denotes	Financial Reporting Standards
Goldpetrol	denotes	Goldpetrol Joint Operating Company Inc.
Goldwater	denotes	Goldwater Company Limited
Group	denotes	Interra Resources Limited and its subsidiary companies and joint ventures
GKP	denotes	Goldwater KP Pte. Ltd.
GLS	denotes	Goldwater LS Pte. Ltd.
GTMT	denotes	Goldwater TMT Pte. Ltd.
IBN	denotes	IBN Oil Holdico Ltd
IPRC	denotes	Improved Petroleum Recovery Contract
IRA	denotes	Interra Resources (Australia) Pte. Ltd.
IRT	denotes	Interra Resources (Thailand) Limited
k	denotes	thousand
KP	denotes	Kuala Pambuang block
LS	denotes	Linda Sele fields
mil	denotes	million
MOGE	denotes	Myanma Oil and Gas Enterprise
NA	denotes	Not applicable
NM	denotes	Not meaningful
Pertamina	denotes	Perusahaan Pertambangan Minyak Dan Gas Bumi Negara
PSC	denotes	Production Sharing Contract
TAC	denotes	Technical Assistance Contract
TMT	denotes	Tanjung Miring Timur field

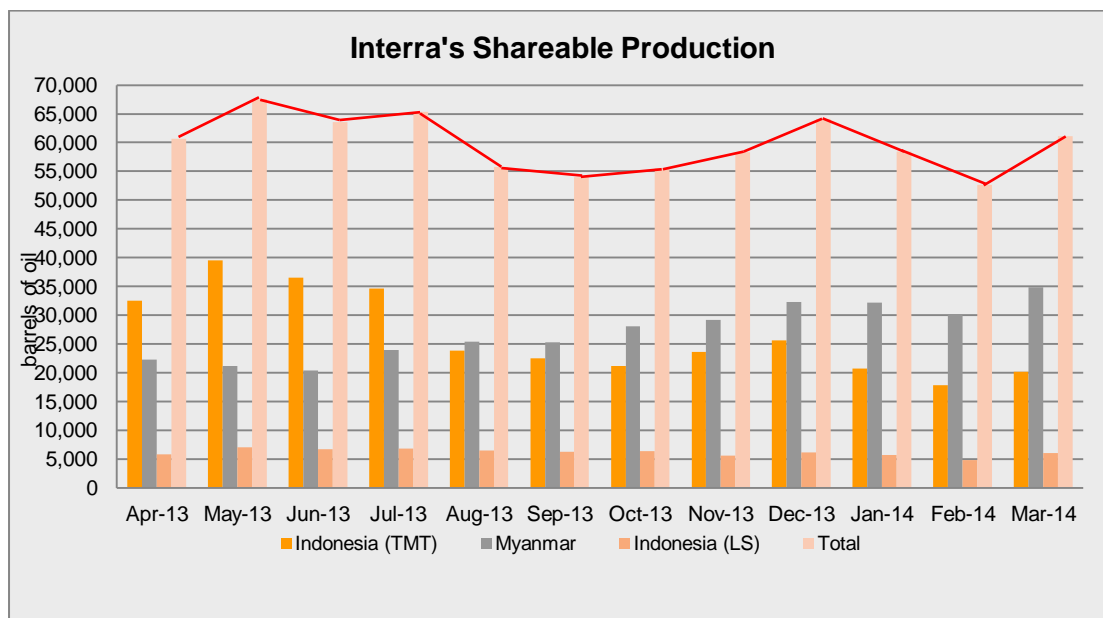
This release may contain forward-looking statements that are subject to risk factors associated with oil and gas businesses. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions 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.

14 May 2014

PRODUCTION, DEVELOPMENT & EXPLORATION ACTIVITIES FOR THE QUARTER ENDED 31 MARCH 2014 (“Q1 2014”)

Production Profile

(barrels)	Myanmar		Indonesia (TMT)		Indonesia (LS)	
	Q4 2013	Q1 2014	Q4 2013	Q1 2014	Q4 2013	Q1 2014
Gross production	258,341	267,430	71,189	59,609	18,091	16,487
Non-shareable production	(109,141)	(105,697)	(887)	(866)	-	-
Shareable production	149,200	161,733	70,302	58,743	18,091	16,487
Interra's share of shareable production	89,520	97,040	70,302	58,743	18,091	16,487



Gross production refers to the total volume of oil produced in the respective fields. Non-shareable production is the quantity of oil that is deducted from gross production and allocated directly to the respective host governments. The amount of oil remaining is the shareable production, which is then split among the contract counterparties in accordance with the respective contractual terms. The chart above represents Interra's share of the shareable production in the respective fields.

Reserves and Resources

There have been no material changes to the reserves or resources during the period.



Development and Production Activities

Myanmar: Chauk and Yenangyaung IPRCs (Interra 60%)

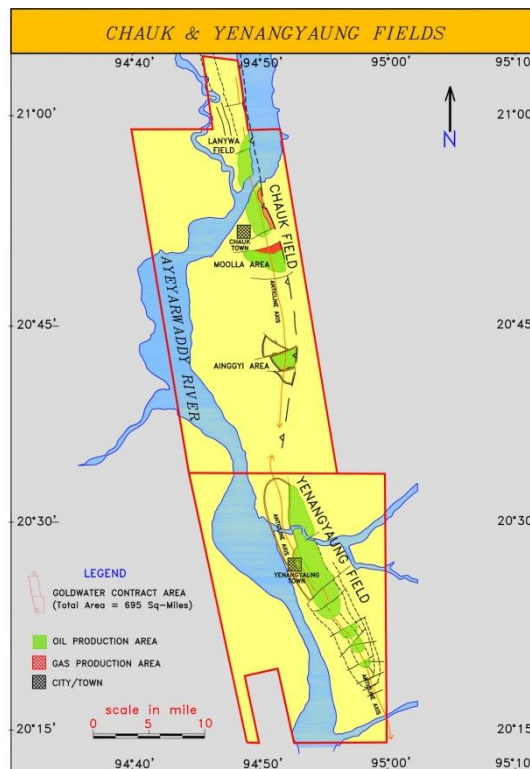
In Q1 2014, the combined gross production for both fields was 267,430 barrels of oil, an increase of 4% over the preceding quarter of 258,341 barrels of oil.

Production and development expenditure for the period were US\$2,301,094 and US\$3,338,442 respectively.

The operator, Goldpetrol Joint Operating Company Inc. (“**Goldpetrol**”) (Interra 60%) continued the aggressive drilling programme in Q1 2014 with the completion of four development wells in the Chauk field and two in the Yenangyaung field as oil producers.

The improved production is a direct result of Goldpetrol's continued full-time operation of three drilling rigs, two owned and one a higher capacity hired rig which has allowed the drilling of more challenging and deeper targets. Of note with respect to the latter was the completion of the fourth well in the new very successful development program of directional drilling under the Ayeyarwaddy River from Chauk field side which began in 2013. The two owned rigs continue to drill shallow to intermediate depth wells to develop areas in producing reservoirs that are not currently drained by existing wells.

Throughout the quarter, Goldpetrol continued to optimise production via surface and borehole enhancements combined with scheduled maintenance with the objective of maintaining (or increasing) current production levels from existing wells. Technical reservoir studies aimed at identifying additional opportunities with respect to increasing production in existing wells and new well delineation are ongoing both by Goldpetrol and an external research center.



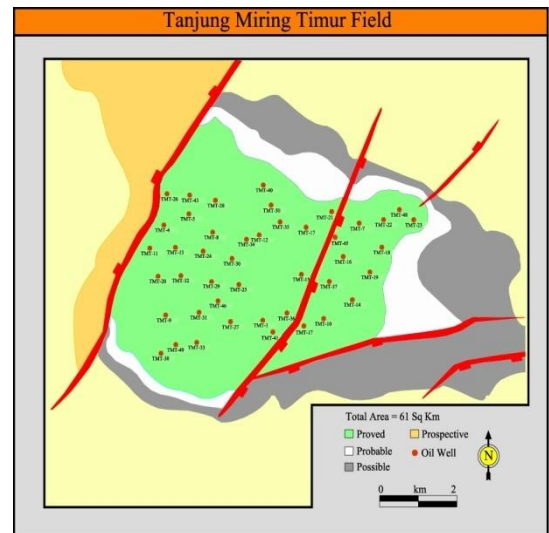


Indonesia: Tanjung Miring Timur TAC (Interra 100%)

In Q1 2014, gross production was 59,609 barrels of oil, a decrease of 16% as compared to the previous quarter of 71,189 barrels of oil. This is due to the natural production decline of new wells and the result of bad weather which hindered the servicing of wells.

Production and development expenditure for the period were US\$1,926,152 and US\$1,395,688 respectively.

The final well of the second four well drilling program based on technical reservoir concepts gained from 3D seismic data interpretation was drilled in Q1 2014 and is currently undergoing testing. Additional new wells are planned for the remainder of 2014 and prospective site locations are being finalized.



Production and reservoir studies continue both internally and employing outside specialists and detailed 3D seismic interpretation incorporating data from new wells is ongoing. Surface and borehole enhancements combined with scheduled maintenance and the installation of new lifting and other production equipment continue with the aim of enhancing production from current producing wells.

Indonesia: Linda Sele TAC (Interra 100%)

In Q1 2014, gross production was 16,487 barrels of oil, a decrease of 9% as compared to the previous quarter of 18,091 barrels of oil. There were three upliftings of approximately 13,329 barrels of oil during the quarter.

Production and development expenditure for the period were US\$526,697 and US\$nil respectively.

Detailed 3D seismic data interpretation was completed in Q1 2014 and has yielded a very optimistic understanding of the Linda field reef structure with respect to reservoir continuity. Importantly the new interpretation delineates a much larger continuous area as compared to the pre-3D mapping and can potentially support numerous development wells.



Likewise at the Sele field, the reef characteristics in the primary target reservoir are more completely imaged based on the 3D seismic and, in addition, a shallower objective covering a large area has been delineated.



Production optimisation works through surface and borehole enhancements, scheduled maintenance, and new lifting and other production equipment continued throughout Q1 2014.

Exploration Activities

Indonesia: Kuala Pambuang PSC (Interra 49%)

All necessary approvals from the various government agencies concerning the acquisition of 245 line kilometres of 2D seismic data are expected to be obtained by end of May 2014. Commencement of the 2D seismic acquisition is anticipated for July 2014 with completion in September 2014. The 2D seismic data is essential with respect to delineating the best location for a possible exploration well to test the hydrocarbon potential of this portion of the Pambuang Basin. Geologic, geophysical and reservoir studies continued over the block.

