

26 February 2015

Dear Shareholders,

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Highlights in FY 2014

- Revenue for the financial year was US\$61.91 million, 23% higher than the previous financial year.
- Shareable production from oil for the financial year increased to 787,906 barrels from 649,473 barrels in the previous financial year.
- Net loss after tax for the financial year was US\$11.72 million, as compared to a net profit of US\$7.00 million in the previous financial year. This was largely due to impairment of oil and gas properties of US\$9.78 million for Indonesia operations and higher amortisation charges on the back of accelerated drilling activities in the first half of the financial year.
- Earnings before divestment gain, interest income, exchange difference, finance cost, tax, depreciation, amortisation, allowance and impairment (EBITDA) for the financial year was US\$35.46 million.
- Net cash inflow for the financial year was US\$6.34 million, mainly due to net cash provided by operating activities of US\$22.65 million and net cash used in investing activities of US\$15.89 million for new drillings for producing assets and seismic acquisition for exploration asset.
- Cash and cash equivalents (excluding restricted cash) were US\$18.74 million as at 31 December 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 DECEMBER 2014**

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1(a)(i) PROFIT OR LOSS

Group	Note	Q4 2014 US\$'000	Q4 2013 US\$'000	Change %	FY 2014 US\$'000	FY 2013 US\$'000	Change %
Revenue	A1	15,748	13,656	↑ 15	61,911	50,163	↑ 23
Cost of production	A2	(15,614)	(7,671)	↑ 104	(49,382)	(26,839)	↑ 84
Gross profit		134	5,985	↓ 98	12,529	23,324	↓ 46
Other income/(loss), net	A3	292	(393)	↑ 174	639	385	↑ 66
Administrative expenses		(2,174)	(1,921)	↑ 13	(8,884)	(5,996)	↑ 48
Finance expenses		(8)	-	NM	(15)	-	NM
Other expenses	A4	(311)	(224)	↑ 39	(1,027)	(902)	↑ 14
Impairment and allowances	A5	(10,481)	(6,243)	↑ 68	(10,481)	(6,243)	↑ 68
(Loss)/Profit before income tax		(12,548)	(2,796)	↑ 349	(7,239)	10,568	↓ 168
Income tax expense		(894)	(1,007)	↓ 11	(4,482)	(3,567)	↑ 26
(Loss)/Profit for the financial period/year		(13,442)	(3,803)	↑ 253	(11,721)	7,001	↓ 267
Attributable to:							
Equity holders of the company		(12,100)	3,803		(10,535)	7,001	
Non-controlling interests		(1,342)	-		(1,186)	-	
		(13,442)	3,803		(11,721)	7,001	
(Loss)/Earnings per share (US cents)							
- Basic		(2.711)	(0.852)		(2.361)	1.571	
- Fully diluted		(2.711)	(0.852)		(2.361)	1.554	

1(a)(i) STATEMENT OF COMPREHENSIVE INCOME

Group	Note	Q4 2014 US\$'000	Q4 2013 US\$'000	Change %	FY 2014 US\$'000	FY 2013 US\$'000	Change %
Total (loss)/profit for the financial period/year		(13,442)	(3,803)	↑ 253	(11,721)	7,001	↓ 267
Other comprehensive income, net of tax:							
Items that may be reclassified subsequently to profit or loss:							
Currency translation differences arising from consolidation							
- Losses		(402)	(6)	NM	(934)	(9)	NM
- Reclassification arising from liquidation of subsidiary		(1)	477	NM	-	477	NM
Items that will not be reclassified subsequently to profit or loss:							
- Defined benefit obligation re-measurements		(22)	163	↓ 113	(22)	163	↓ 113
Total comprehensive (loss)/income for the financial period/year		(13,867)	(3,169)	↑ 338	(12,677)	7,632	↓ 266
Attributable to:							
Equity holders of the company		(12,298)	(3,169)		(11,011)	7,632	
Non-controlling interests		(1,569)	-		(1,666)	-	
		(13,867)	(3,169)		(12,677)	7,632	

↑ denotes increase
↓ denotes decrease
NM denotes not meaningful

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

Group	Q4 2014 barrels	Q4 2013 barrels	FY 2014 barrels	FY 2013 barrels
Group's share of shareable production	192,604	177,913	787,906	649,473
Group's sales of shareable oil	194,459	177,530	785,176	656,691
Group	Q4 2014 US\$'000	Q4 2013 US\$'000	FY 2014 US\$'000	FY 2013 US\$'000
A1 Revenue				
Sale of oil and petroleum products (see 8(iv) Production Profile)	12,214	13,656	55,796	50,163
Sale of granite	3,534	-	6,115	-
	15,748	13,656	61,911	50,163
A2 Cost of production				
Production expenses	8,069	4,819	27,029	18,222
Amortisation of producing oil and gas properties	7,238	2,852	21,934	8,614
Amortisation of intangible assets	1	-	1	3
Amortisation of mining properties	306	-	418	-
	15,614	7,671	49,382	26,839
A3 Other income/(loss), net				
Interest income	20	26	123	98
Petroleum services fees	31	11	84	43
Management fees	127	108	382	465
Other income	45	-	87	339
Foreign exchange gain/(loss), net	74	(538)	136	(560)
Loss on disposal of exploration and evaluation assets	(5)	-	(5)	-
Loss on deemed disposal of previously held non-controlling interests in subsidiary	-	-	(168)	-
	292	(393)	639	385
A4 Other expenses				
Depreciation of property, plant and equipment	28	3	42	26
Amortisation of intangible assets	49	-	49	-
Amortisation of producing oil and gas properties	234	221	936	876
	311	224	1,027	902
A5 Impairment and allowances				
Allowance for impairment of trade receivables	48	-	48	-
Impairment of exploration and evaluation assets	-	6,243	-	6,243
Impairment of oil and gas properties	9,776	-	9,776	-
Impairment of goodwill from acquisition of subsidiary	657	-	657	-
	10,481	6,243	10,481	6,243

1(b)(i) STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		31-Dec-14 US\$'000	31-Dec-13 US\$'000	31-Dec-14 US\$'000	31-Dec-13 US\$'000
Assets					
Non-current assets					
Property, plant and equipment		222	17	56	16
Producing oil and gas properties	B1	47,207	61,346	-	-
Mining properties	B2	6,660	-	-	-
Exploration and evaluation costs	B3	5,121	72	-	-
Intangible assets	B4	2,045	1,489	-	-
Investments in subsidiaries		-	-	39,226	44,776
Other receivables	B5	319	1,531	-	-
Restricted cash*		3,444	2,274	-	-
Retirement benefit obligations		154	119	-	-
Investment properties	B6	226	-	-	-
		65,398	66,848	39,282	44,792
Current assets					
Inventories	B7	9,430	6,136	-	-
Trade and other receivables	B5	11,952	11,410	198	140
Other current assets		1,318	709	256	82
Cash and cash equivalents	B8	18,737	12,402	3,596	3,717
		41,437	30,657	4,050	3,939
Total assets		106,835	97,505	43,332	48,731
Equity and Liabilities					
Equity					
Share capital		63,125	62,138	63,125	62,138
Retained profits/(Accumulated losses)		26,395	33,891	(20,866)	(14,533)
Other reserves		(17,882)	(17,404)	365	365
Equity attributable to owners of the Company		71,638	78,625	42,624	47,970
Non-controlling interests		8,932	-	-	-
Total equity		80,570	78,625	42,624	47,970
Non-current liabilities					
Provision for environmental and restoration costs		5,287	2,715	-	-
Deferred income tax liabilities		893	-	-	-
		6,180	2,715	-	-
Current liabilities					
Trade and other payables	B9	12,108	8,596	708	761
Bank loan		807	-	-	-
Finance lease payable		382	-	-	-
Current income tax liabilities		6,788	7,569	-	-
Total current liabilities		20,085	16,165	708	761
Total equity and liabilities		106,835	97,505	43,332	48,731

* Fund intended for environmental and restoration costs.

Group		31-Dec-14 US\$'000	31-Dec-13 US\$'000
B1	<u>Producing oil and gas properties</u>		
	Development tangible assets	5,505	4,224
	Development and production assets	39,718	54,354
	Participating and concession rights	1,984	2,768
		47,207	61,346
B2	<u>Mining Properties</u>		
	Deferred exploration expenditures	1,462	-
	Development tangible assets	5,198	-
		6,660	-
B3	<u>Exploration and evaluation costs</u>		
	Exploration costs	3,686	72
	Participating rights of exploration asset	1,435	-
		5,121	72
B4	<u>Intangible assets</u>		
	Goodwill on reverse acquisition	1,489	1,489
	Non-contractual customer relationships	516	-
	Computer software	40	-
		2,045	1,489
B5	<u>Trade and other receivables</u>		
	Non-current		
	Other receivables - loan to a third party	319	1,531
	Current		
	Trade receivables - non-related parties	8,405	8,816
	Other receivables	3,547	2,594
		11,952	11,410
		12,271	12,941
B6	<u>Investment properties</u>		
	Land and Building in Pacet	96	-
	Shophouse at Pasar Kemis, Tangerang	73	-
	Kiosk at ITC Kuningan	57	-
		226	-
B7	<u>Inventories</u>		
	Consumable inventories	6,836	5,720
	Sparts parts and others - mining	1,041	-
	Granite rocks - mining	970	-
	Crude oil on hand#	583	416
		9,430	6,136
B8	<u>Cash and cash equivalents</u>		
	Cash and bank balances	15,737	7,394
	Short-term fixed deposits	3,000	5,008
	Cash and cash equivalents per statement of cash flows	18,737	12,402
B9	<u>Trade and other payables</u>		
	Trade payables	7,215	6,684
	Other payables	3,461	910
	Accruals	1,432	1,002
		12,108	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 December 2014.

1(b)(ii) **BORROWINGS AND DEBT SECURITIES**

Group	31-Dec-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				
- Bank loan *	807	-	-	-
- Finance lease **	382	-	-	-
Amount repayable after one year	-	-	-	-

* The bank loan represents back to back facility obtained from PT Sejahtera Bank Umum (liquidated bank), backed with the finance lease receivables from PT Intinusa Abadi Manufacturing by PT Mitra Investindo TBK ("MITI"). To-date, the liquidated team had been disbanded and all parties had not come forward to request for payment.

** The finance lease is secured by the financed vehicles and machineries.

1(c) STATEMENT OF CASH FLOWS

Group	Note	Q4 2014 US\$'000	Q4 2013 US\$'000	FY 2014 US\$'000	FY 2013 US\$'000
Cash Flows from Operating Activities					
(Loss)/Profit before income tax		(12,548)	(2,796)	(7,239)	10,568
Adjustments for non-cash items:					
Share option expense		-	-	-	57
Depreciation of property, plant and equipment		28	3	42	26
Amortisation of producing oil and gas properties		7,472	3,073	22,870	9,490
Amortisation of mining properties		306	-	418	-
Amortisation of intangible assets		49	-	49	3
Impairment of exploration and evaluation assets		-	6,243	-	6,243
Impairment of oil and gas properties		9,776	-	9,776	-
Impairment of goodwill from acquisition of subsidiary		657	-	657	-
Allowance for impairment of trade receivables		48	-	48	-
Interest income		(20)	(26)	(122)	(98)
Loss/(gain) on curtailment		(22)	163	(22)	163
Unrealised currency translation (gain)/loss		96	489	(283)	531
Loss on deemed disposal of previously held non-controlling interests in subsidiary		-	-	168	-
Producing oil and gas properties written off		-	30	-	30
Unwinding of discount on provision of site restoration		147	80	402	305
Interest expenses		8	-	15	-
Loss on disposal of exploration and evaluation assets		5	-	5	-
Operating profit before working capital changes		6,002	7,259	26,784	27,318
Changes in working capital					
Inventories		1,146	705	(140)	596
Trade and other receivables and other current assets		6,767	(748)	1,970	(5,285)
Trade and other payables		(4,500)	(340)	(786)	816
Restricted cash		(139)	(5)	(159)	(20)
Cash generated from operations		9,276	6,871	27,669	23,425
Income tax paid		(1,912)	(1,661)	(5,018)	(4,087)
Net cash provided by operating activities		7,364	5,210	22,651	19,338
Cash Flows from Investing Activities					
Interest income received		20	9	48	38
Acquisition cost of subsidiary, MITI net of cash acquired	C1	1,046	-	(10,204)	-
Acquisition of non-controlling interests		(294)	-	(294)	-
Proceeds received for disposal of non-controlling interests in subsidiary		-	-	13,500	-
Acquisition cost of subsidiary, KP PSC net of cash acquired	C2	(286)	-	(286)	-
Net proceeds from marketable securities		-	-	26	-
Net proceeds from exploration and evaluation assets		67	-	67	-
Additions to intangible assets		(41)	-	(41)	-
Additions to property, plant and equipment		(40)	-	(94)	(2)
Additions to producing oil and gas properties		(4,035)	(6,912)	(17,416)	(23,692)
Additions to exploration and evaluation assets		(1,194)	-	(1,194)	(14)
Net cash used in investing activities		(4,757)	(6,903)	(15,888)	(23,670)
Cash Flows from Financing Activities					
Interest paid		(8)	-	(15)	-
Proceeds from issuance of new ordinary shares pursuant to share options		-	-	-	426
Share issue expenses		-	-	-	(3)
Repayment of finance lease		(57)	-	(94)	-
Loan to a third party		(156)	(251)	(319)	(425)
Net cash used in financing activities		(221)	(251)	(428)	(2)
Net increase/(decrease) in cash and cash equivalents		2,386	(1,944)	6,335	(4,334)
Cash and cash equivalents at beginning of period/year		16,351	14,346	12,402	16,736
Cash and cash equivalents at end of period/year	B8	18,737	12,402	18,737	12,402

1(c) EXPLANATORY NOTES TO STATEMENT OF CASH FLOWS

Group	FY 2014 US\$'000
C1 <u>Acquisition cost of subsidiary, MITI net of cash acquired</u>	
Non-current assets	7,603
Current assets	10,331
Current liabilities	(3,157)
Non-current liabilities	(783)
Total identifiable net assets	13,994
Less: Non-controlling interest at fair value	(6,653)
Add: Effect of change in equity of subsidiary, GLS	(3,440)
Add: Goodwill from acquisition of subsidiary	657
Fair value of purchase consideration	4,558
Effect on cash flows of the Group	
Cash paid	13,595
Less: Cash and cash equivalents in subsidiary acquired	(3,391)
Cash outflow on acquisition	10,204
C2 <u>Acquisition cost of subsidiary, KP PSC net of cash acquired</u>	
Non-current assets	2,492
Current assets	438
Current liabilities	(3,056)
Total identifiable net assets	(126)
Less: Non-controlling interest at fair value	41
Participating rights	1,435
Total purchase consideration	1,350
Cash paid	(312)
Balance of purchase consideration not settled (included in Other payables)	1,038
Effect on cash flows of the Group	
Cash paid	312
Less: Cash and cash equivalents in subsidiary acquired	(26)
Cash outflow on acquisition	286

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 US\$'000	Non-Controlling Interests US\$'000	Total Equity US\$'000
Balance as at 1 Jan 2013	61,567	(1,692)	(16,545)	463	26,720	70,513	-	70,513
Issue of new ordinary shares pursuant to share options	574	-	-	(148)	-	426	-	426
Share issue expenses	(3)	-	-	-	-	(3)	-	(3)
Employee share option - value of employee services	-	-	-	57	-	57	-	57
- share options lapsed	-	-	-	(7)	7	-	-	-
Profit for the financial year	-	-	-	-	7,001	7,001	-	7,001
<u>Other comprehensive income</u>								-
Defined benefit plan re-measurements	-	-	-	-	163	163	-	163
Foreign currency translation differences	-	468	-	-	-	468	-	468
Total comprehensive income for FY 2013	-	468	-	-	7,164	7,632	-	7,632
Balance as at 31 Dec 2013	62,138	(1,224)	(16,545)	365	33,891	78,625	-	78,625
Issue of new ordinary shares pursuant to remuneration shares	987	-	-	-	-	987	-	987
Effect of changes in ownership interests of the subsidiary	-	-	-	-	3,037	3,037	-	3,037
Loss for the financial year	-	-	-	-	(10,535)	(10,535)	(1,186)	(11,721)
<u>Other comprehensive income</u>								-
Defined benefit plan re-measurements	-	-	-	-	2	2	(24)	(22)
Foreign currency translation differences	-	(478)	-	-	-	(478)	(456)	(934)
Total comprehensive loss for FY 2014	-	(478)	-	-	(10,533)	(11,011)	(1,666)	(12,677)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	10,598	10,598
Balance as at 31 Dec 2014	63,125	(1,702)	(16,545)	365	26,395	71,638	8,932	80,570

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
Issue of new ordinary shares pursuant to share options	574	(148)	-	426
Share issue expenses	(3)	-	-	(3)
Employee share option - value of employee services	-	57	-	57
- share options lapsed	-	(7)	7	-
Total comprehensive loss for FY 2013	-	-	(6,019)	(6,019)
Balance as at 31 Dec 2013	62,138	365	(14,533)	47,970
Issue of new ordinary shares pursuant to remuneration shares	987	-	-	987
Total comprehensive loss for FY 2014	-	-	(6,333)	(6,333)
Balance as at 31 Dec 2014	63,125	365	(20,866)	42,624

1(d)(ii) SHARE CAPITAL

On 9 Dec 2014, 44,375,029 free warrants were allotted and issued to existing shareholders on the basis of one warrant for every ten existing ordinary shares pursuant to a bonus warrants issue approved by shareholders at Extraordinary General Meeting on 24 Oct 2014. Each warrant, which expires on 8 Dec 2015, carries the right to subscribe for one new ordinary share at an exercise price of S\$0.235 per share.

On 29 Dec 2014, an aggregate of 3,180,000 ordinary shares were issued to the non-executive Directors as a one-time bonus as part of the remuneration for FY 2014 at fair value of S\$0.39 per share as approved on Annual General Meeting on 29 Apr 2014 at no consideration. The newly issued ordinary shares ranked pari passu in all respects with the existing ordinary shares.

The number of ordinary shares comprised in the options granted and outstanding under the Interra Share Option Plan for Q4 2014 was 7,260,000 (Q4 2013: 7,260,000).

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

Group and Company	31 Dec 2014	31 Dec 2013
Issued and fully paid		
Opening balance	446,170,357	443,130,357
Issuance of new ordinary shares pursuant to remuneration shares/share options	3,180,000	3,040,000
Closing balance	<u>449,350,357</u>	<u>446,170,357</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 Company's 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.

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 - Financial Instruments: 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
- Amendments to FRS 110, FRS 111 and FRS 112 - 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	Q4 2014	Q4 2013	FY 2014	FY 2013
Basic (losses)/earnings per ordinary share (US cents)	(2.711)	(0.852)	(2.361)	1.571
Weighted average number of ordinary shares for the purpose of computing basic earnings per share	446,239,487	446,170,357	446,187,782	445,752,398
Fully diluted (losses)/earnings per ordinary share (US cents)	(2.711)	(0.852)	(2.361)	1.554
Weighted average number of ordinary shares for the purpose of computing fully diluted earnings per share	447,968,171	446,170,357	450,129,278	450,677,684

On 9 Dec 2014, 44,375,029 free warrants were allotted and issued to existing shareholders on the basis of one warrant for every ten existing ordinary shares pursuant to a bonus warrants issue approved by shareholders at Extraordinary General Meeting on 24 Oct 2014. Each warrant, which expires on 8 Dec 2015, carries the right to subscribe for one new ordinary share at an exercise price of S\$0.235 per share.

On 29 Dec 2014, an aggregate of 3,180,000 ordinary shares were issued to the non-executive Directors as a one-time bonus as part of the remuneration for FY 2014 at the fair value of S\$0.39 per share as approved on Annual General Meeting on 29 Apr 2014 at no consideration. The newly issued ordinary shares ranked pari passu in all respects with the existing ordinary shares.

The weighted average number of ordinary shares on issue has been adjusted as if all dilutive share options and warrants were exercised as at 31 Dec 2014. For the purpose of computing basic and fully diluted (losses)/earnings per share for Q4 2014 and FY 2014, the relevant periods are from 1 Oct 2014 to 31 Dec 2014 and from 1 Jan 2014 to 31 Dec 2014 respectively. The impact to loss per share for Q4 2014 is anti-dilutive as it resulted in lower loss per share, therefore diluted losses per share is same as basic losses per share.

7 NET ASSET VALUE PER SHARE

	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares) (US cents)	15.943	17.622	9.486	10.751
Total number of issued shares (excluding treasury shares)	449,350,357	446,170,357	449,350,357	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 23% to US\$61.91 mil in FY 2014 from US\$50.16 mil in FY 2013, as a result of increased contributions from oil and gas operations of US\$5.63 mil and US\$6.12 mil from granite operations after the completion of the subscription of PT Mitra Investindo TBK ("MITI") on 5 Aug 2014. The increase was largely due to higher sales of shareable production of 785,176 barrels in FY 2014 from 656,691 barrels in FY 2013 although at lower weighted average transacted oil prices for FY 2014 of US\$96.34 per barrel (FY 2013: US\$105.05 per barrel).

The Group's shareable production from oil increased by 21% (138,433 barrels) to 787,906 barrels in FY 2014 from 649,473 barrels in FY 2013. The increase was mainly due to higher contributions from Myanmar of 462,337 barrels in FY 2014 (FY 2013: 282,660 barrels) as the Group successfully completed several development wells as oil producers. However, the increase was partially offset by the decrease in shareable production from Tanjung Miring Timur ("TMT TAC") to 269,195 barrels in FY 2014 from 294,146 barrels in FY 2013.

Cost of Production

The cost of production increased by 84% to US\$49.38 mil in FY 2014 from US\$26.84 mil in FY 2013. The increase was largely attributable to higher amortisation of oil and gas properties resulting from amortisation of new well drillings for Myanmar, LS TAC and TMT TAC of US\$13.32 mil. Amortisation charges have increased by US\$2.92 mil from TMT TAC, US\$0.10 mil from LS TAC and from Myanmar operation of US\$10.30 mil respectively. Higher production expenses from oil and gas operations of US\$4.48 mil also contributed to the increase. In FY 2014, the cost of production for granite operations of US\$4.74 mil was consolidated to the group's results after the acquisition of MITI on 5 Aug 2014.

8(i) PERFORMANCE REVIEW

Net Profit After Tax

Despite the increase in revenue of US\$11.75 mil in FY 2014, the Group posted a net loss after tax of US\$11.72 mil in FY 2014 as compared to net profit of US\$7.00 mil in FY 2013. The decrease was mainly due after taking the following into consideration:

- (1) Impairment of oil and gas properties of TMT TAC and LS TAC of US\$6.67 mil and US\$3.11 mil respectively and impairment of goodwill from acquisition of subsidiary of US\$0.66 mil after assessing the carrying value of its assets against the recoverable amount. The assessment of impairment is performed in accordance to the requirement of FRS 36, which requires the net book value of the assets to be impaired to its recoverable amount.
- (2) Other income increased from US\$0.39 mil to US\$0.64 mil, mainly due to foreign exchange gain of US\$0.14 mil (FY 2013: loss of US\$0.56 mil) during the financial year. The increase was offset by the loss on deemed disposal of previously held non-controlling interests in subsidiary of US\$0.17 mil which resulted from the completion of the disposal of GWLS and the subscription of MITI, after which the Group still retained effective control of 57.21% of GWLS.
- (3) Higher cost of production of US\$49.38 mil (FY 2013: US\$26.84 mil), due to higher amortisation charges.
- (4) Higher administrative expenses of US\$8.88 mil (FY 2013: US\$6.00 mil) mainly for costs incurred relating to new projects of US\$0.99 mil, one-off bonus shares payment to non-executive directors of US\$0.98 mil and administrative expenses of US\$0.65 mil related to granite operations.
- (5) Higher income tax expenses of US\$4.48 mil due to higher taxable income (FY2013: US\$3.57 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\$14.14 mil to US\$47.21 mil in FY 2014 from US\$61.35 mil in FY 2013. This was mainly due to impairment charges of US\$9.78 mil and higher amortisation charges of US\$22.87 mil and offset by capitalised of drilling expenditure of US\$18.51 mil.

Mining properties were US\$6.66 mil in FY 2014 related to MITI which comprise of deferred exploration expenditures and development tangible assets at fair value of US\$1.46 mil and US\$5.20 mil respectively.

Inventories increased by US\$3.29 mil to US\$9.43 mil in FY 2014 from US\$6.14 mil in FY 2013. This was mainly due to the acquisition of MITI with inventories of US\$2.01 mil and higher crude oil inventory in FY 2014 of US\$0.58 mil (FY 2013: US\$0.42 mil) from LS TAC.

Trade and other receivables (current and non-current) increased by US\$0.67 mil to US\$12.27 mil in FY 2014 from US\$12.94 mil in FY 2013. This was mainly due to decrease in trade receivables of US\$0.41 mil. In addition, the acquisition of MITI increased the trade receivables by US\$2.62 mil in FY 2014. In addition, the loan to the third party was reclassified to loan to subsidiary after the completion of the acquisition of PT Mentari Pambuang Internasional which holds 100% participating interests of Kuala Pambuang Production Sharing Contract ("KP PSC").

Trade and other payables increased by US\$3.51 mil to US\$12.11 mil in FY 2014 from US\$8.60 mil in FY 2013. This was mainly due to increase in trade payables and other payables from TMT TAC and KP PSC operations of US\$2.80 mil and the acquisition of MITI which increased payables by US\$1.21 mil.

Statement of Cash Flows

Cash and cash equivalents showed a net increase of US\$6.34 mil in FY 2014 due to the following:

- (1) Net cash provided by operating activities of US\$22.65 mil partly due to cash generated from Myanmar operations of US\$6.83 mil.
- (2) Net cash used in investing activities of US\$15.89 mil mainly for capital expenditure incurred for drilling activities at the Myanmar operations of US\$9.90 mil, TMT TAC of US\$7.35 mil and seismic acquisition of KP PSC of US\$1.19 m.

8(ii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia				Myanmar		Consolidated	
	Oil and Gas		Granite		Oil and Gas		Q4 2014 US\$'000	Q4 2013 US\$'000
	Q4 2014 US\$'000	Q4 2013 US\$'000	Q4 2014 US\$'000	Q4 2013 US\$'000	Q4 2014 US\$'000	Q4 2013 US\$'000		
Results								
EBITDA	2,484	3,896	835	-	3,626	4,331	6,945	8,227
EBIT	(6,080)	2,374	615	-	(1,652)	(3,463)	(7,117)	(1,089)
Sales to external customers	6,126	6,735	3,534	-	6,088	6,921	15,748	13,656
Segment results	(9,429)	2,301	707	-	(1,652)	(3,463)	(10,374)	(1,162)
Unallocated corporate net operating results							(2,174)	(1,634)
(Loss)/Profit before income tax							(12,548)	(2,796)
Income tax expense							(894)	(1,007)
Net (loss)/profit after income tax							(13,442)	(3,803)

Geographical Segment	Indonesia				Myanmar		Consolidated	
	Oil and Gas		Granite		Oil and Gas		FY 2014 US\$'000	FY 2013 US\$'000
	FY 2014 US\$'000	FY 2013 US\$'000	FY 2014 US\$'000	FY 2013 US\$'000	FY 2014 US\$'000	FY 2013 US\$'000		
Results								
EBITDA	12,019	16,289	1,414	-	22,022	13,529	35,455	29,818
EBIT	(5,805)	11,318	1,079	-	7,198	2,764	2,472	14,082
Sales to external customers	23,034	28,222	6,115	-	32,762	21,941	61,911	50,163
Segment results	(5,755)	11,365	1,260	-	7,198	2,764	2,703	14,129
Unallocated corporate net operating results							(9,942)	(3,561)
(Loss)/Profit before income tax							(7,239)	10,568
Income tax expense							(4,482)	(3,567)
Net (loss)/profit after income tax							(11,721)	7,001

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 2014 US\$'000	FY 2013 US\$'000	Increase / (Decrease) %
Revenue			
- First half	27,821	22,476	24
- Second half	34,090	27,687	23
	61,911	50,163	23
Operating profit/(loss) after tax before deducting non-controlling interests			
- First half	1,415	5,816	(76)
- Second half	(13,136)	1,185	(1,209)
	(11,721)	7,001	(267)

8(iv) PRODUCTION PROFILE

Myanmar Production		Q4 2014 barrels	Q4 2013 barrels	FY 2014 barrels	FY 2013 barrels
Average gross production per day		3,215	2,808	3,267	2,496
Gross production		295,791	258,340	1,192,523	910,875
Non-shareable production		(104,727)	(109,140)	(421,960)	(439,776)
Production shareable with MOGE		191,064	149,200	770,563	471,099
Group's 60% share of shareable production		114,637	89,520	462,337	282,660
Group's average shareable production per day		1,246	973	1,267	774
Myanmar Revenue		Q4 2014	Q4 2013	FY 2014	FY 2013
Weighted average transacted oil price	US\$	73.82	107.47	98.51	107.90
Revenue shareable with MOGE	US\$'000	8,463	9,621	45,543	30,500
MOGE's share	US\$'000	(2,375)	(2,700)	(12,781)	(8,559)
Group's net share of revenue	US\$'000	6,088	6,921	32,762	21,941
Indonesia Production - TMT TAC		Q4 2014 barrels	Q4 2013 barrels	FY 2014 barrels	FY 2013 barrels
Average gross production per day		762	774	747	816
Gross production		70,069	71,189	272,538	297,827
Non-shareable production		(807)	(887)	(3,343)	(3,681)
Production shareable with Pertamina		69,262	70,302	269,195	294,146
Group's 100% share of shareable production		69,262	70,302	269,195	294,146
Group's average shareable production per day		753	764	738	806
Indonesia Revenue - TMT TAC		Q4 2014	Q4 2013	FY 2014	FY 2013
Weighted average transacted oil price	US\$	71.75	102.94	92.74	101.21
Revenue shareable with Pertamina	US\$'000	4,970	7,237	24,966	29,771
Pertamina's share	US\$'000	142	(1,854)	(6,397)	(7,628)
Group's net share of revenue	US\$'000	5,112	5,383	18,569	22,143
Indonesia Production - LS TAC		Q4 2014 barrels	Q4 2013 barrels	FY 2014 barrels	FY 2013 barrels
Average gross production per day		164	197	186	199
Gross production		15,106	18,091	67,938	72,667
Non-shareable production		-	-	-	-
Production shareable with Pertamina		15,106	18,091	67,938	72,667
Group's 58.38% for Dec 14 (w.e.f Aug 14: 57.21%)/ 100% share of sharable production		8,705	18,091	56,374	72,667
Group's average shareable production per day		95	197	154	199

8(iv) PRODUCTION PROFILE (CONT'D)

Indonesia Crude Oil on Hand - LS TAC	Q4 2014 barrels	Q4 2013 barrels	FY 2014 barrels	FY 2013 barrels
Opening balance	13,778	6,550	6,933	14,151
Production	15,106	18,091	67,938	72,667
Lifting	(18,358)	(17,708)	(64,345)	(79,885)
Closing balance	10,526	6,933	10,526	6,933
Group's 58.38% for Dec 14 (w.e.f Aug 14: 57.21%)/ 100% share of sales of sharable production	10,560	17,708	53,644	79,885

Indonesia Revenue - LS TAC	Q4 2014	Q4 2013	FY 2014	FY 2013
Weighted average transacted oil price US\$	74.28	102.66	93.30	102.31
Revenue shareable with Pertamina US\$'000	1,364	1,818	6,003	8,173
Pertamina's share US\$'000	(350)	(466)	(1,538)	(2,094)
Group's share of revenue US\$'000	1,014	1,352	4,465	6,079

Group Production and Revenue	Q4 2014	Q4 2013	FY 2014	FY 2013
Group's share of shareable production barrels	192,604	177,913	787,906	649,473
Group's average shareable production per day barrels	2,094	1,934	2,159	1,779
Group's sales of shareable oil barrels	194,459	177,530	785,176	656,691
Group's total shareable oil revenue US\$'000	12,214	13,656	55,796	50,163
Group's weighted average transacted oil price US\$	72.46	105.18	96.34	105.05

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

Tanjung Miring Timur TAC ("TMT TAC") gross production decreased by 13%, from 80,642 barrels in Q3 2014 to 70,069 barrels in Q4 2014. This was largely due to the heavy rains and mechanical failure of equipment in the field. The last well for year 2014 was drilled in early Nov 2014, and results are expected by early Mar 2015.

The financial results of PT Mitra Investindo Tbk ("MITI"), which includes the oil and gas operations in Linda Sele TAC and granite mining in Bintan, are consolidated to the Group's financial results since Q3 2014. Production at Linda Sele TAC remained relatively flat for the year, while production at the granite quarry declined by 7% over last year.

Myanmar production decreased by 8% over last quarter, from 319,879 barrels to 295,791 barrels in Q4 2014. This was due to no new wells being drilled in Q4 2014. Myanmar has embarked on its 2015 work program by drilling its first well at the end of Dec 2014, and the result has been encouraging.

For Kuala Pambuang Production Sharing Contract ("KP PSC"), the seismic acquisition has been completed, and presently the data are under processing. No significant contribution is expected from this field in the near term.

Due to the recent fall in oil price, the Group has adopted a prudent approach with its capital expenditure for drilling activities. All future capital expenditures will be carefully studied and analysed before any projects are approved. Nevertheless, barring any further decline in oil price, the Group has sufficient cash on hand to meet its work program commitments for the year 2015. The Group will evaluate and source funding when the need arises.

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

15 RULE 704(13)

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 2014.

By Order of the Board of Directors of
INTERRA RESOURCES LIMITED
Marcel Tjia
Chief Executive Officer
26-Feb-15

16 ABBREVIATIONS

Q4 2013	denotes	Fourth calendar quarter of the year 2013
Q4 2014	denotes	Fourth 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
MITI	denotes	PT Mitra Investindo TBK
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

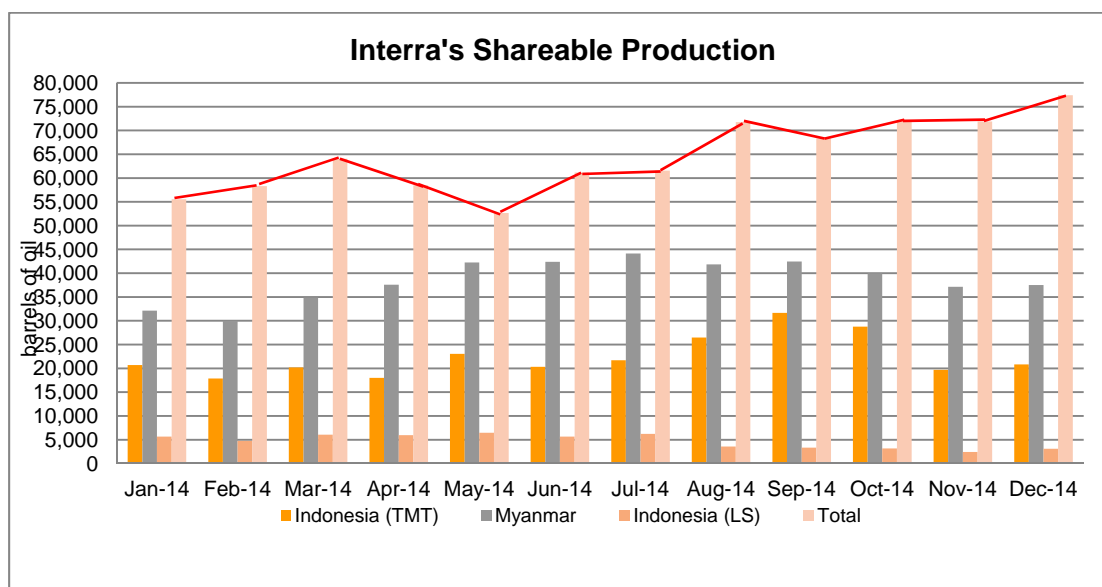
This release may contain forward-looking statements that are subject to risk factors associated with oil and gas businesses. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions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

26 February 2015

PRODUCTION, DEVELOPMENT & EXPLORATION ACTIVITIES FOR THE QUARTER ENDED 31 DECEMBER 2014 (“Q4 2014”)

Production Profile

(barrels)	Myanmar		Indonesia (TMT)		Indonesia (LS)	
	Q3 2014	Q4 2014	Q3 2014	Q4 2014	Q3 2014	Q4 2014
Gross production	319,879	295,791	80,642	70,069	18,283	15,106
Non-shareable production	(105,816)	(104,727)	(824)	(807)	-	-
Shareable production	214,063	191,064	79,818	69,262	18,283	15,106
Interra's share of shareable production	128,438	114,637	79,818	69,262	13,120	8,705



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%)

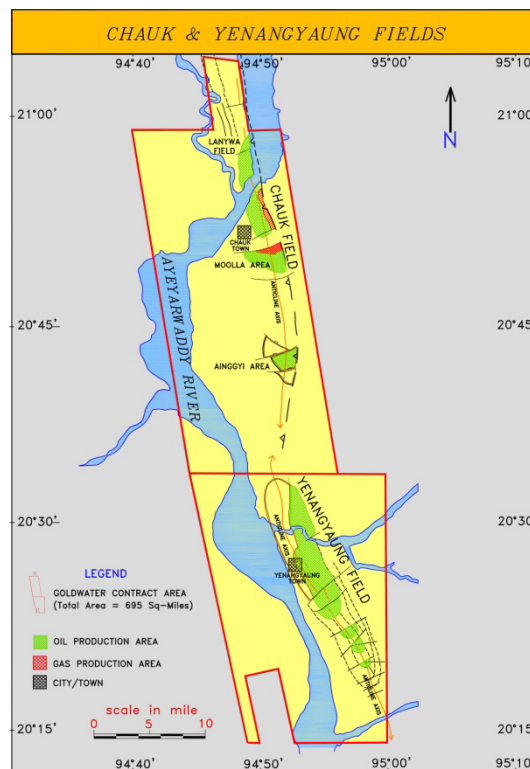
In Q4 2014, the combined gross production for both fields was 295,791 barrels of oil, a decrease of 8% over the preceding quarter of 319,879 barrels of oil.

Production and development expenditure for the period were US\$2,273,560 (FY 2014: US\$10,102,294) and US\$765,177 (FY 2014: US\$9,862,772) respectively.

During Q4 the operator, Goldpetrol Joint Operating Company Inc. (“**Goldpetrol**”) (Interra 60%), completed two development wells as oil producers both of which were drilled in Chauk field. The second, though completed in 2014 was drilled under the approved 2015 budget and was completed with the current highest Myanmar onshore single well oil production rate.

A total of twenty-nine wells were drilled in Myanmar in 2014 with twenty-four being completed as oil producers and the remaining five waiting on further reservoir stimulation or new perforations in other zones. Nine of the completions were drilled directionally under the Ayeyarwaddy River - six from the Chauk east river bank and three from the west. These nine accounted for the significant production gains for the year.

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. Preliminary studies are underway with respect to advanced stimulation techniques including formation hydraulic fracturing. 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.





Indonesia: Tanjung Miring Timur TAC (Interra 100%)

In Q4 2014, gross production was 70,069 barrels of oil, a decrease of 13% as compared to the previous quarter of 80,642 barrels of oil. The decrease was due primarily to natural field production decline while awaiting production from new wells and further work on existing wells.

Production and development expenditure for the period were US\$2,290,475 (FY 2014: US\$9,765,968) and US\$3,415,505 (FY 2014: US\$7,350,706) respectively.

Two development wells commenced drilling in Q4 2014. The first of these was tested in several reservoirs and is currently awaiting further reservoir stimulation. The second is awaiting initial completion testing. The wells were drilled using an externally contracted rig and is a continuation of the successful drilling programme which began in October 2012.

Regular surface and borehole enhancements combined with scheduled maintenance and the installation of new lifting and other production equipment continue with the goal of optimizing production from current producing wells. Production and reservoirs studies including the employment of more aggressive reservoir stimulation techniques continue both internally and by employing outside specialists is ongoing



Indonesia: Linda Sele TAC (Interra 58.38%)

In Q4 2014, gross production was 15,106 barrels of oil, a decrease of 17% as compared to the previous quarter of 18,283 barrels of oil. There were three uplifting of approximately 18,358 barrels of oil during the quarter. As at 31 December 2014, the Company still effectively holds 58.38% of Linda Sele TAC.

Production and development expenditure for the period were US\$929,732 (FY 2014: US\$2,837,974) and US\$6,246 (FY 2014: US\$202,502) respectively.

Production optimisation and scheduled maintenance continued during Q4 2014 as well as limited geology and reservoir studies. No new wells were drilled in the Linda Sele TAC.





Exploration Activities

**Indonesia: Kuala Pambuang PSC
(Interra 49%)**

Approximately 75% of the 304 kilometre 2D seismic acquisition was completed in Q4 2014. Preliminary processing has been accomplished in the field and several areas of interest have already been identified. Acquisition of the remaining program and subsequent final processing will be done in Q1 2015. The combination of the 2D seismic interpretation, passive seismic (as announced in Q3 2014 "Exploration Activities") and geologic studies are expected to yield possible drillable prospects.



Exploration costs for the period and FY 2014 was US\$1,194,219.