



12 November 2015

Dear Shareholders,

UNAUDITED RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2015

Highlights in Q3 2015

- Revenue for the quarter was US\$7.28 million, 30% lower than the previous quarter.
- Shareable oil production for the quarter decreased to 155,641 barrels from 161,116 barrels in the previous quarter.
- Net loss after tax for the quarter was US\$5.76 million, as compared to a net loss of US\$7.54 million in the previous quarter. This was largely due to impairment of producing oil and gas properties of US\$5.30 million in the previous quarter and lower revenue in this quarter.
- Earnings before divestment gain, interest income, exchange difference, finance cost, tax, depreciation, amortisation, allowance and impairment (EBITDA) for the quarter was US\$0.60 million.
- Cash and cash equivalents (excluding restricted cash) were US\$17.56 million as at 30 September 2015.

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 PERIOD
ENDED 30 SEPTEMBER 2015**

TABLE OF CONTENTS

Item No.	Description	Page No.
1(a)(i)	Profit or Loss & Statement of Comprehensive Income	2
1(a)(ii)	Explanatory Notes to Profit or Loss	3
1(b)(i)	Statement of Financial Position & Explanatory Notes to Statement of Financial Position	4 - 6
1(b)(ii)	Borrowings and Debt Securities	6
1(c)	Statement of Cash Flows	7
1(d)(i)	Statements of Changes in Equity	8
1(d)(ii)	Share Capital	8
1(d)(iii)	Ordinary Shares (Excluding Treasury Shares)	9
1(d)(iv)	Treasury Shares	9
2 & 3	Audit	9
4 & 5	Accounting Policies and Methods of Computation	9
6	Earnings Per Share	10
7	Net Asset Value Per Share	10
8(i)	Performance Review	10 - 11
8(ii)	Segmented Revenue and Results	12
9 & 10	Prospect Statement & Commentary	12 - 13
11 & 12	Dividend & Dividend Statement	13
13	Interested Person Transactions	13
14	Confirmation by Board of Directors	13
15	Abbreviations	14
Appendix A	Production, Development & Exploration Activities Report	

1(a)(i) PROFIT OR LOSS

Group	Note	Q3 2015 US\$'000	Q3 2014 US\$'000	Change %	9M 2015 US\$'000	9M 2014 US\$'000	Change %
Revenue	A1	7,282	18,342	↓ 60	26,118	46,163	↓ 43
Cost of production	A2	(10,791)	(14,998)	↓ 28	(30,999)	(33,768)	↓ 8
Gross (loss)/profit		(3,509)	3,344	↓ 205	(4,881)	12,395	↓ 139
Other income, net	A3	263	853	↓ 69	714	347	↑ 106
Administrative expenses		(1,615)	(2,191)	↓ 26	(5,530)	(6,709)	↓ 18
Finance expenses		(19)	(7)	↑ 171	(41)	(7)	↑ 486
Other expenses	A4	(277)	(323)	↓ 14	(839)	(717)	↑ 17
Impairment and allowances	A5	-	-	-	(5,275)	-	NM
Share of losses of associated companies		(163)	-	NM	(244)	-	NM
(Loss)/Profit before income tax		(5,320)	1,676	NM	(16,096)	5,309	NM
Income tax expense	A6	(444)	(1,371)	↓ 68	(437)	(3,588)	↓ 88
(Loss)/Profit for the financial period		(5,764)	305	NM	(16,533)	1,721	NM
Attributable to:							
Equity holders of the company		(5,465)	149		(15,661)	1,565	
Non-controlling interests		(299)	156		(872)	156	
		(5,764)	305		(16,533)	1,721	
(Loss)/Earnings per share (US cents)							
- Basic		(1.079)	0.033		(3.314)	0.351	
- Fully diluted		(1.079)	0.033		(3.314)	0.347	

1(a)(i) STATEMENT OF COMPREHENSIVE INCOME

Group	Note	Q3 2015 US\$'000	Q3 2014 US\$'000	Change %	9M 2015 US\$'000	9M 2014 US\$'000	Change %
Total (loss)/profit for the financial period		(5,764)	305	NM	(16,533)	1,721	NM
Other comprehensive income, net of tax							
Items that may be reclassified subsequently to profit or loss:							
Currency translation differences arising from consolidation - losses		(944)	(532)	↑ 77	(1,819)	(530)	↑ 243
Total comprehensive (loss)/income for the financial period		(6,708)	(227)	NM	(18,352)	1,191	NM
Attributable to:							
Equity holders of the company		(5,934)	(130)		(16,572)	1,288	
Non-controlling interests		(774)	(97)		(1,780)	(97)	
		(6,708)	(227)		(18,352)	1,191	

↑ denotes increase
↓ denotes decrease
NM denotes not meaningful

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

Group	Q3 2015 barrels	Q3 2014 barrels	9M 2015 barrels	9M 2014 barrels
Group's share of shareable production	155,641	221,376	485,755	595,302
Group's sales of shareable oil	156,488	225,244	487,496	590,716
Group	Q3 2015 US\$'000	Q3 2014 US\$'000	9M 2015 US\$'000	9M 2014 US\$'000
A1 Revenue				
Sale of oil and petroleum products	5,351	15,761	19,035	43,582
Sale of granite	1,931	2,581	7,083	2,581
	7,282	18,342	26,118	46,163
A2 Cost of production				
Production expenses	5,831	8,134	18,542	18,960
Amortisation of producing oil and gas properties	4,766	6,751	11,790	14,695
Amortisation of intangible assets	2	-	8	-
Amortisation of mining properties	192	113	659	113
	10,791	14,998	30,999	33,768
A3 Other income, net				
Interest income	87	48	159	103
Petroleum services fees	6	16	130	53
Management fees	60	93	224	255
Other (loss)/income	(63)	42	(57)	42
Foreign exchange gain, net	173	62	263	62
Reversal of loss on measurement to fair value on disposal group	-	760	-	-
Loss on deemed disposal of previously held non-controlling interests in subsidiary	-	(168)	-	(168)
Loss on disposal of property, plant and equipment	-	-	(5)	-
	263	853	714	347
A4 Other expenses				
Depreciation of property, plant and equipment	17	10	55	15
Amortisation of intangible assets	30	-	88	-
Amortisation of producing oil and gas properties	230	313	696	702
	277	323	839	717
A5 Impairment and allowances				
Write back of allowance for impairment of trade receivables	-	-	(25)	-
Impairment of producing oil and gas properties	-	-	5,300	-
	-	-	5,275	-
A6 Income tax expense				
Current income tax	481	1,365	1,643	3,582
Prior year overprovision of current income tax *	-	-	(1,089)	-
Deferred income tax	(37)	6	(117)	6
	444	1,371	437	3,588
* Being reduction of corporate tax rate by 5% (i.e. from 30% to 25%) from Myanmar tax authority for 3 Assessment years of which income tax has been paid. Upon finalisation of assessment, the overpayment was reversed to profit or loss.				

1(b)(i) STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		30-Sep-15 US\$'000	31-Dec-14 US\$'000	30-Sep-15 US\$'000	31-Dec-14 US\$'000
Assets					
Non-current assets					
Property, plant and equipment		179	222	37	56
Producing oil and gas properties	B1	32,240	47,207	-	-
Mining properties	B2	5,051	6,660	-	-
Exploration and evaluation costs	B3	10,487	5,121	-	-
Intangible assets	B4	1,949	2,045	-	-
Investments in subsidiaries		-	-	49,939	39,226
Investments in associated companies	B5	8,115	-	-	-
Other receivables	B6	1,649	319	-	-
Restricted cash*		3,183	3,444	-	-
Retirement benefit obligations		97	154	-	-
Investment properties	B7	189	226	-	-
		63,139	65,398	49,976	39,282
Current assets					
Inventories	B8	8,089	9,430	-	-
Trade and other receivables	B6	11,112	11,952	284	198
Other current assets		948	1,318	248	256
Cash and cash equivalents	B9	17,564	18,737	430	3,596
		37,713	41,437	962	4,050
Total assets		100,852	106,835	50,938	43,332
Equity and Liabilities					
Equity					
Share capital		69,256	63,125	69,256	63,125
Retained profits/(Accumulated losses)		10,742	26,395	(22,358)	(20,866)
Other reserves		(18,802)	(17,882)	357	365
Equity attributable to owners of the Company		61,196	71,638	47,255	42,624
Non-controlling interests		8,492	8,932	-	-
Total equity		69,688	80,570	47,255	42,624
Non-current liabilities					
Provision for environmental and restoration costs		5,259	5,287	-	-
Deferred income tax liabilities		796	893	-	-
		6,055	6,180	-	-
Current liabilities					
Trade and other payables	B10	14,921	12,108	683	708
Bank loan		3,684	807	3,000	-
Finance lease payable		-	382	-	-
Current income tax liabilities		6,504	6,788	-	-
Total current liabilities		25,109	20,085	3,683	708
Total equity and liabilities		100,852	106,835	50,938	43,332

* Fund intended for environmental and restoration costs.

Group		30-Sep-15 US\$'000	31-Dec-14 US\$'000
B1	<u>Producing oil and gas properties</u>		
	Development tangible assets	5,244	5,505
	Development and production assets	25,600	39,718
	Participating and concession rights	1,396	1,984
		32,240	47,207
B2	<u>Mining Properties</u>		
	Deferred exploration expenditures	1,164	1,462
	Development tangible assets	3,887	5,198
		5,051	6,660
B3	<u>Exploration and evaluation costs</u>		
	Exploration and evaluation assets	9,052	3,686
	Participating rights of exploration asset	1,435	1,435
		10,487	5,121
B4	<u>Intangible assets</u>		
	Goodwill on reverse acquisition	1,489	1,489
	Non-contractual customer relationship	428	516
	Computer software	32	40
		1,949	2,045
B5	<u>Investments in Associated Companies</u>		
	Equity investment at costs	8,358	-
	Share of losses in associated companies	(243)	-
		8,115	-
B6	<u>Trade and other receivables</u>		
	Non-current		
	Other receivables - loan to third parties	1,649	319
	Current		
	Trade receivables - non-related parties	4,543	8,405
	Other receivables - loan to a third party	2,359	-
	Other receivables - non-related parties	4,210	3,547
		11,112	11,952
		12,761	12,271
B7	<u>Investment properties</u>		
	Land and Building in Pacet	81	96
	Shophouse at Pasar Kemis, Tangerang	61	73
	Kiosk at ITC Kuningan	47	57
		189	226
B8	<u>Inventories</u>		
	Consumable inventories	6,224	6,836
	Mining sparts parts and others	546	1,041
	Granite rocks	1,012	970
	Crude oil inventory#	307	583
		8,089	9,430
B9	<u>Cash and cash equivalents</u>		
	Cash and bank balances	17,564	15,737
	Short-term fixed deposits	-	3,000
	Cash and cash equivalents per statement of cash flows	17,564	18,737

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

Group	30-Sep-15 US\$'000	31-Dec-14 US\$'000
B10 <u>Trade and other payables</u>		
Trade payables	7,678	7,215
Other payables	5,851	3,461
Accruals	1,392	1,432
	14,921	12,108

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 30 Sep 2015.

1(b)(ii) BORROWINGS AND DEBT SECURITIES

Group	30-Sep-15		31-Dec-14	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand				
- Bank loan *	684	3,000	807	-
- Finance lease **	-	-	382	-
Amount repayable after one year	-	-	-	-

* (i) 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.

(ii) The Company obtained a bank loans of US\$3.00 mil from UOB to finance the 2D seismic acquisition in KP PSC. The interest rate is charged at 2.58% per annum for the tenor period of 3 months.

** The finance lease is secured by the financed vehicles and machineries. In Q3 2015, the finance lease is fully settled.

1(c) STATEMENT OF CASH FLOWS

Group	Note	Q3 2015 US\$'000	Q3 2014 US\$'000	9M 2015 US\$'000	9M 2014 US\$'000
Cash Flows from Operating Activities					
(Loss)/Profit before income tax		(5,320)	1,676	(16,096)	5,309
Adjustments for non-cash items:					
Share of losses of associated companies		163	-	243	-
Depreciation of property, plant and equipment		17	10	55	15
Amortisation of producing oil and gas properties		4,996	7,064	12,486	15,397
Amortisation of mining properties		192	113	659	113
Amortisation of intangible assets		32	-	96	-
Interest income		(87)	(48)	(159)	(102)
Reversal of loss on measurement to fair value on disposal group		-	(760)	-	-
Unrealised currency translation gain		(56)	(418)	(241)	(380)
Loss on deemed disposal of previously held non-controlling interests in subsidiary		-	168	-	168
Loss on disposal of property, plant and equipment		-	-	5	-
Impairment of producing oil and gas properties		-	-	5,300	-
Unwinding of discount on provision of site restoration		60	108	246	255
Interest expenses		19	-	42	-
Operating (loss)/profit before working capital changes		16	7,913	2,636	20,775
Changes in working capital					
Inventories		990	(557)	1,341	(1,286)
Trade and other receivables and other current assets		3,710	(4,666)	4,563	(4,797)
Trade and other payables		(1,740)	1,405	(345)	3,714
Restricted cash		194	(10)	88	(20)
Cash generated from operations		3,170	4,085	8,283	18,386
Income tax paid		(183)	(1,360)	(859)	(3,106)
Net cash provided by operating activities		2,987	2,725	7,424	15,280
Cash Flows from Investing Activities					
Interest income received		(10)	12	62	28
Acquisition cost of subsidiary, net of cash acquired		-	(11,250)	-	(11,250)
Deposits received for proposed disposal of granite operations		3,307	-	3,307	-
Investments in associated companies		-	-	(2,226)	-
Net proceeds from disposal of property, plant and equipment		1	-	24	-
Net proceeds from marketable securities		-	26	-	26
Additions to property, plant and equipment		-	(46)	(65)	(54)
Additions to producing oil and gas properties		(427)	(4,552)	(2,819)	(13,381)
Additions to exploration and evaluation assets		(5)	-	(5,365)	-
Net cash provided by/(used in) investing activities		2,866	(15,810)	(7,082)	(24,631)
Cash Flows from Financing Activities					
Interest paid		(15)	-	(23)	-
Proceeds received for disposal of non-controlling interests in subsidiary		-	13,500	-	13,500
Share issue expenses		(1)	-	(1)	-
Proceeds from bank loans		700	-	3,000	-
Repayment of finance lease		(33)	(37)	(139)	(37)
Loan to third parties		(2,903)	(59)	(3,852)	(163)
Net cash (used in)/provided by financing activities		(2,252)	13,404	(1,015)	13,300
Net increase/(decrease) in cash and cash equivalents		3,601	319	(673)	3,949
Cash and cash equivalents at beginning of period		14,226	16,032	18,737	12,402
Effects of currency translation on cash and cash equivalents		(263)	-	(500)	-
Cash and cash equivalents at end of period	B9	17,564	16,351	17,564	16,351

1(d)(i) STATEMENTS OF CHANGES IN EQUITY

Group	Share Capital	Foreign Currency Translation Reserve	Special Reserve	Share Option Reserve	Retained Profits	Total	Non-Controlling Interests	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 Jul 2014	62,138	(1,223)	(16,545)	365	35,306	80,041	-	80,041
Effect of changes in ownership interests of the subsidiary	-	-	-	-	(1,704)	(1,704)	-	(1,704)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	11,094	11,094
Profit for Q3 2014	-	-	-	-	149	149	156	305
<u>Other comprehensive income</u>								
Foreign currency translation differences	-	(279)	-	-	-	(279)	(253)	(532)
Total comprehensive (loss)/ income for Q3 2014	-	(279)	-	-	149	(130)	(97)	(227)
Balance as at 30 Sep 2014	62,138	(1,502)	(16,545)	365	33,751	78,207	10,997	89,204
Balance as at 1 Jul 2015	69,257	(2,145)	(16,545)	365	16,199	67,131	8,877	76,008
Share issue expenses	(1)	-	-	-	-	(1)	-	(1)
Employee share option - share options lapsed	-	-	-	(8)	8	-	-	-
Additional contribution from non-controlling interests	-	-	-	-	-	-	390	390
Loss for Q3 2015	-	-	-	-	(5,465)	(5,465)	(299)	(5,764)
<u>Other comprehensive income</u>								
Foreign currency translation differences	-	(469)	-	-	-	(469)	(476)	(945)
Total comprehensive loss for Q3 2015	-	(469)	-	-	(5,465)	(5,934)	(775)	(6,709)
Balance as at 30 Sep 2015	69,256	(2,614)	(16,545)	357	10,742	61,196	8,492	69,688

Company	Share Capital	Share Option Reserve	Accumulated Losses	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 Jul 2014	62,138	365	(16,055)	46,448
Total comprehensive loss for Q3 2014	-	-	(1,788)	(1,788)
Balance as at 30 Sep 2014	62,138	365	(17,843)	44,660
Balance as at 1 Jul 2015	69,257	365	(21,964)	47,658
Share issue expenses	(1)	-	-	(1)
Employee share option - share options lapsed	-	(8)	8	-
Total comprehensive loss for Q3 2015	-	-	(402)	(402)
Balance as at 30 Sep 2015	69,256	357	(22,358)	47,255

1(d)(ii) SHARE CAPITAL

On 11 Jun 2015, an aggregate of 57,086,112 ordinary shares were issued at the issued price of S\$0.1492 per share for the remaining purchase consideration for the acquisition of 21.510812% equity interests in PT Benakat Oil of S\$8,517,247 (US\$6,131,928). These 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 Q3 2015 was 7,110,000 (Q3 2014: 7,260,000). In Q3 2015, no warrant was exercised and converted into ordinary shares.

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

Group and Company	30 Sep 2015	31 Dec 2014
<u>Issued and fully paid</u>		
Opening balance	449,350,357	446,170,357
Issuance of new ordinary shares pursuant to purchase consideration shares/remuneration shares	57,086,112	3,180,000
Closing balance	506,436,469	449,350,357

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 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 2014.

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 2015.

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

- FRS 102 Share-based Payment (effective for annual periods beginning on or after 1 July 2014)
- FRS 103 Business Combinations (effective for annual periods beginning on or after 1 July 2014)
- FRS 40 Investment Property (effective for annual periods beginning on or after 1 July 2014)
- FRS 108 Operating Segments (effective for annual periods beginning on or after 1 July 2014)
- FRS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 July 2014)
- FRS 24 Related Party Disclosures (effective for annual periods beginning on or after 1 July 2014)
- FRS 113 Fair Value Measurement (effective for annual periods beginning on or after 1 July 2014)

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	Q3 2015	Q3 2014	9M 2015	9M 2014
Basic (losses)/earnings per ordinary share (US cents)	(1.079)	0.033	(3.314)	0.351
Weighted average number of ordinary shares for the purpose of computing basic earnings per share	506,436,469	446,170,357	472,561,194	446,170,357
Fully diluted (losses)/earnings per ordinary share (US cents)	(1.079)	0.033	(3.314)	0.347
Weighted average number of ordinary shares for the purpose of computing fully diluted earnings per share	513,547,469	450,275,119	479,672,194	450,542,521

On 11 Jun 2015, an aggregate of 57,086,112 ordinary shares were issued at the issued price of S\$0.1492 per share for the remaining purchase consideration for the acquisition of 21.510812% equity interests in PT Benakat Oil of S\$8,517,247 (US\$6,131,928). These 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 are exercised in Q3 2015. For the purpose of computing basic and fully diluted (losses)/earnings per share, the relevant periods are from 1 Jul 2015 to 30 Sep 2015 and from 1 Jan 2015 to 30 Sep 2015. The impact to loss per share for Q3 2015 and 9M 2015 are 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	
	30 Sep 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares) (US cents)	12.084	15.943	9.331	9.486
Total number of issued shares (excluding treasury shares)	506,436,469	449,350,357	506,436,469	449,350,357

8(i) PERFORMANCE REVIEW

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

Revenue & Production

Revenue decreased by 60% to US\$7.28 mil in Q3 2015 from US\$18.34 mil in Q3 2014. This was largely due to lower weighted average transacted oil prices for Q3 2015 of US\$44.73 per barrel (Q3 2014: US\$98.86 per barrel) and lower sales of shareable oil of 156,488 barrels in Q3 2015 from 225,244 barrels in Q3 2014 for oil and gas operations. Revenue from granite operations generated US\$1.93 mil in Q3 2015 (Q3 2014: US\$2.58 mil).

The Group's shareable oil production decreased by 30% to 155,641 barrels in Q3 2015 from 221,376 barrels in Q3 2014. The decrease was mainly due to lower contributions from Myanmar to 89,001 barrels in Q3 2015 (Q3 2014: 128,438 barrels), Tanjung Miring Timur ("TMT TAC") to 57,180 barrels in Q3 2015 (Q3 2014: 79,818 barrels) and LS TAC operations to 9,460 barrels in Q3 2015 (Q3 2014: 13,120 barrels).

Cost of Production

The decrease in cost of production to US\$10.79 mil in Q3 2015 from US\$15.00 mil in Q3 2014, was largely attributable to lower cost of production for producing oil and gas operations of US\$9.32 mil in Q3 2015 (Q3 2014: US\$13.14 mil) and lower cost of production for granite operations of US\$1.47 mil in Q3 2015 (Q3 2014: US\$1.86 mil). Lower production expenses for producing oil and gas operations by US\$1.83 mil in Q3 2015 was in line with declining production. Amortisation charges of producing oil and gas properties decreased by US\$1.98 mil in Q3 2015 as compared to Q3 2014.

8(i) PERFORMANCE REVIEW (CONT'D)

Net Loss After Tax

The Group posted a net loss after tax of US\$5.76 mil in Q3 2015 as compared to net profit of US\$0.31 mil in Q3 2014. The decrease was mainly due after taking the following into consideration:

- (1) Lower revenue of US\$7.28 mil (Q3 2014: US\$18.34 mil).
- (2) Lower cost of production of US\$10.79 mil in Q3 2015 (Q3 2014: US\$15.00 mil), due to lower production expenses by US\$2.30 mil.
- (3) Lower other income of US\$0.26 mil in Q3 2015 (Q3 2014: US\$0.85 mil), mainly due to reversal of loss on measurement to fair value on disposal group of US\$0.76 mil in Q3 2014.
- (4) Lower administrative expenses of US\$1.62 mil in Q3 2015 (Q3 2014: US\$2.19 mil) mainly due to lower costs of US\$0.40 mil incurred relating to new projects in Q3 2015 as compared to Q3 2014.
- (5) Lower income tax expenses of US\$0.44 mil due to lower taxable income in Q3 2015 (Q3 2014: US\$1.37 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\$14.97 mil to US\$32.24 mil in Q3 2015 from US\$47.21 mil in FY 2014. This was mainly due to amortisation and impairment charges of US\$17.79 mil which were partially offset by capitalised drilling expenditure of US\$2.82 mil.

Mining properties decreased by US\$1.61 mil to US\$5.05 mil in Q3 2015 from US\$6.66 mil in FY 2014 mainly due to amortisation charges of US\$0.66 mil.

Exploration and evaluation costs increased by US\$5.37 mil to US\$10.49 mil in Q3 2015 from US\$5.12 mil in FY 2014 mainly due to capitalisation of 2D seismic acquisition for KP PSC.

Investments in associated companies increased by US\$8.12 mil following the completion of the acquisition of equity interests of 21.510812% in PT Benakat Oil at purchase consideration of US\$7.36 mil (consisting of cash consideration of US\$1.23 mil and share consideration of US\$6.13 mil) and equity interests of 33.33% in Mentari Garung Energy Ltd through its subsidiary, MITI, at purchase consideration of US\$1.00 mil in cash.

Inventories decreased by US\$1.34 mil to US\$8.09 mil in Q3 2015 from US\$9.43 mil in FY 2014. This was mainly due to the lower consumable inventories and mining spare parts and others in Q3 2015 of US\$6.77 mil as compared to FY 2014 of US\$7.88 mil.

Trade and other receivables (current and non-current) increased by US\$0.49 mil to US\$12.76 mil in Q3 2015 from US\$12.27 mil in FY 2014. This was mainly due to decrease in trade receivables of US\$3.86 mil due to receipt from receivables offset by the increase in loan to third parties of US\$3.69 mil to US\$4.01 mil in Q3 2015. The increase of loan to third parties (current) of US\$2.36 mil was pursuant to the loan agreement entered by the Subsidiary with the borrower, secured by the pledge of the marketable securities for the term period of 3 months at the market interest rate.

Trade and other payables increased by US\$2.81 mil to US\$14.92 mil in Q3 2015 from US\$12.11 mil in FY 2014. This was mainly due to increase in trade payables and other payables from granite operations of US\$2.57 mil being deposit received for proposed disposal of granite operations of US\$3.31 mil.

Statement of Cash Flows

Cash and cash equivalents showed a net increase of US\$3.60 mil in Q3 2015 due to the following:

- (1) Net cash provided by operating activities of US\$2.99 mil mainly due to cash outflow for partial settlement of seismic acquisition of KP PSC of US\$1.22 mil offset by cash generated from Myanmar oil and gas operations and granite operations of US\$2.99 mil.
- (2) Net cash provided by investing activities of US\$2.87 mil mainly related to deposit received for the proposed disposal of granite operations of US\$3.31 mil. This was reduced by the capital expenditure incurred for drilling activities at the Myanmar operations and TMT TAC of US\$0.43 mil and seismic acquisition of KP PSC of US\$0.05 mil.
- (3) Net cash used in financing activities of US\$2.25 mil, mainly due to loan to a third party of US\$2.51 mil, secured by the pledge of the marketable securities for the term period of 3 months at the market interest rate. The cash outflow was offset by the proceeds from bank loans of US\$0.70 mil.

8(ii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia				Myanmar		Consolidated	
	Oil and Gas		Granite		Oil and Gas			
	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Results								
EBITDA	(1,153)	5,675	258	579	1,494	6,327	599	12,581
EBIT	(4,569)	3,092	136	463	(89)	1,848	(4,522)	5,403
Sales to external customers	2,401	6,493	1,931	2,581	2,950	9,268	7,282	18,342
Segment results	(4,615)	3,084	349	553	(89)	1,848	(4,355)	5,485
Unallocated corporate net operating results							(965)	(3,809)
(Loss)/Profit before income tax							(5,320)	1,676
Income tax expense							(444)	(1,371)
Net (loss)/profit after income tax							(5,764)	305

Geographical Segment	Indonesia				Myanmar		Consolidated	
	Oil and Gas		Granite		Oil and Gas			
	9M 2015	9M 2014	9M 2015	9M 2014	9M 2015	9M 2014	9M 2015	9M 2014
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Results								
EBITDA	(2,061)	9,535	1,017	579	5,679	18,395	4,635	28,509
EBIT	(15,666)	3,682	624	463	1,491	8,850	(13,551)	12,995
Sales to external customers	8,062	16,907	7,083	2,581	10,973	26,675	26,118	46,163
Segment results	(15,691)	3,675	987	553	1,491	8,850	(13,213)	13,078
Unallocated corporate net operating results							(2,883)	(7,769)
(Loss)/Profit before income tax							(16,096)	5,309
Income tax expense							(437)	(3,588)
Net (loss)/profit after income tax							(16,533)	1,721

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.

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") shareable production increased by 3% from last quarter of 55,518 barrels to 57,180 barrels for the quarter. The production increased relative to the previous quarter illustrates the positive effect enhancement operations have contributed to arresting the field production decline. TMT 62, which commenced drilling in 2014, was completed in the quarter. Pending completion of further tests, a decision on the further course of this well will be made.

Shareable production at Linda Sele TAC ("LS TAC") decreased slightly to 9,460 barrels from 9,519 barrels of oil in Q3 2015. Uplifting of oil at LS TAC was slightly lower by 5% during this quarter. Revenue for granite mining in Bintan decreased by 36% from US\$3.03 mil in Q2 2015 to US\$1.93 mil in Q3 2015.

Myanmar shareable production decreased by 7% over last quarter, from 96,079 barrels to 89,001 barrels in Q3 2015 as a result of a slowing down of new well drilling. During the quarter, only 1 well was drilled and is currently undergoing production testing. The last well to be drilled in 2015 will commence in early November 2015.

For Kuala Pambuang Production Sharing Contract ("KP PSC"), the seismic acquisition has been completed and presently the data are under processing. In order to obtain more precise and accurate information on the data, further processing will be done on the seismic data. The decision to drill one exploration well will be made at the end of the year after the seismic data has been further processed and interpreted. No significant contribution is expected from this field in the near term.

Due to the falling oil prices, the Group has adopted a prudent approach with its capital expenditures. All future capital expenditures will be carefully studied and analysed before any projects are approved. In addition, all operational costs will be closely monitored and controlled. 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 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 30 Sep 2015 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
12-Nov-15

15 ABBREVIATIONS

Q3 2014	denotes	Third calendar quarter of the year 2014
Q3 2015	denotes	Third calendar quarter of the year 2015
9M 2014	denotes	Nine months ended 30 September 2014
9M 2015	denotes	Nine months ended 30 September 2015
FY 2014	denotes	Full year ended 31 December 2014
FY 2015	denotes	Full year ended 31 December 2015
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

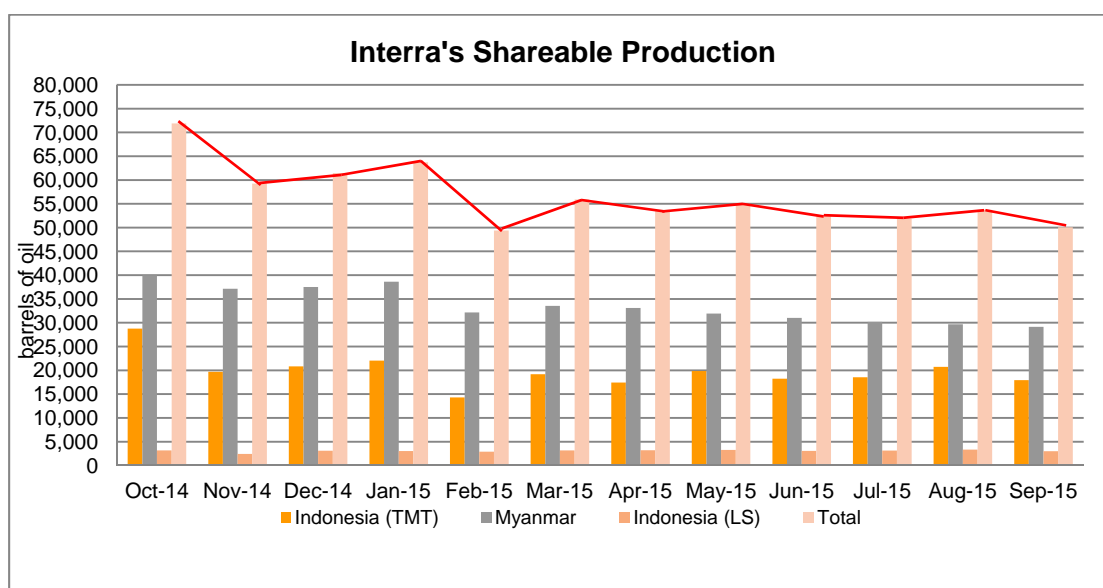
This release may contain forward-looking statements that are subject to risk factors associated with oil and gas businesses. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions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

12 November 2015

PRODUCTION, DEVELOPMENT & EXPLORATION ACTIVITIES FOR THE QUARTER ENDED 30 SEPTEMBER 2015 (“Q3 2015”)

Production Profile

(barrels)	Myanmar		Indonesia (TMT)		Indonesia (LS)	
	Q2 2015	Q3 2015	Q2 2015	Q3 2015	Q2 2015	Q3 2015
Shareable production	160,131	148,336	55,518	57,180	16,305	16,205
Interra's share of shareable production	96,079	89,001	55,518	57,180	9,519	9,460



Shareable production is defined as the petroleum produced in the contract area that is over and above the non-shareable production in accordance with the respective contractual terms. The chart above represents Interra's share of the shareable production in the respective fields.



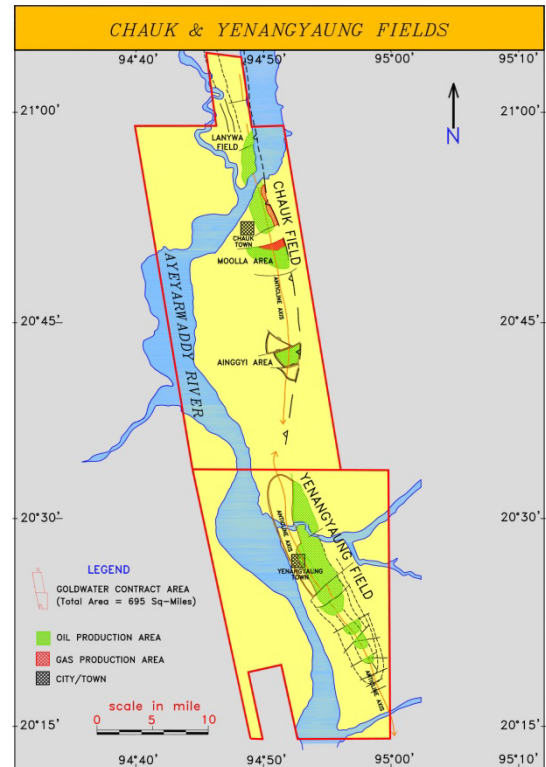
Development and Production Activities

Myanmar: Chauk and Yenangyaung IPRCs (Interra 60%)

In Q3 2015, the combined shareable production for both fields was 89,001 barrels of oil, a decrease of 7% over the preceding quarter of 96,079 barrels of oil.

Production and development expenditures for the period were US\$1,336,271 and US\$241,042 respectively.

The decrease in production vs. Q2 is a direct result of the curtailment of new well drilling activities (and production gains that would have been attributed to the same). During Q3 2015 the operator, Goldpetrol Joint Operating Company Inc. (“Goldpetrol”) (Interra 60%) drilled one development well in Yenangyaung field which is currently undergoing production testing. This was the third in Myanmar in 2015 and was drilled using Goldpetrol's own rig capable of drilling intermediate depth wells and as such cost have been kept low. Reflecting the current financial environment, Goldpetrol has developed a strategy of drilling fewer wells. Goldpetrol continues to monitor the worldwide depressed price of oil and changes will be made to the work program as appropriate.



Also, with respect to the current economic environment, Goldpetrol has increased the efforts in 2015 with respect to perforating new reservoir zones in existing wells and working-over and re-opening old wells. These have contributed positive gains to the Myanmar production. Optimising production via surface and borehole enhancements combined with scheduled maintenance was ongoing. In conjunction with technical work done by an external research center, technical reservoir studies aimed at identifying additional opportunities with respect to increasing production in existing wells and new well delineation continued.



Indonesia: Tanjung Miring Timur TAC (Interra 100%)

In Q3 2015, shareable production was 57,180 barrels of oil, an increase of 3% as compared to the previous quarter of 55,518 barrels of oil.

Production and development expenditures for the period were US\$2,580,657 and US\$185,983 respectively.

The production increase relative to the previous quarter illustrates the positive effect enhancement operations have contributed to arresting the field production decline, and noting that no new wells were drilled during Q3 2015. These included existing well work-over's, surface and borehole improvements combined with scheduled maintenance, and the implementation of new casing perforations in existing wells within prospective untested reservoirs.



In-house work in conjunction with that done by external contractors continued with respect to reservoir studies. High resolution reprocessing of the TMT 3D data was completed and will be used to augment the studies in an attempt to gain a more complete understanding of the producing reservoirs and delineate optimum future drilling locations.

Indonesia: Linda Sele TAC (Interra 58.38%)

In Q3 2015, shareable production was 9,460 barrels of oil, a slight decrease as compared to the previous quarter of 9,519 barrels of oil. There were three uplifting of approximately 10,307 barrels of oil during the quarter.

Production and development expenditures for the period were US\$637,748 and US\$ nil respectively.

Production optimisation and scheduled maintenance during Q3 2015 has done an adequate job of generally maintaining current production levels vs. Q2, especially with respect to the current economically challenging operating environment. Geological, geophysical and reservoir studies were ongoing including planning perforations in a new reservoir zone in old wells. No new wells were drilled in the Linda Sele TAC during Q3 2015.





Exploration Activities

Indonesia: Kuala Pambuang PSC (Interra 49%)

The processing of the 304 kilometre 2D seismic program was completed during Q3 2015 and the preliminary data interpretation results are very encouraging. Due to the positive nature of the interpretation it was decided to carry out advanced seismic processing techniques aimed at possible determination of rock properties and reservoir fluid contents. Following this, an integrated sub-surface interpretation will be generated combining all technical data with the ultimate objective of delineating possible drillable exploration prospects.



Exploration costs for the period was US\$5,139.

Granite Mining Activities

Indonesia: Bukit Piatu Quarry (Interra 53.76%)

The gross granite production at the quarry in Q3 2015 was 122,314 tonnes, a decrease of 56% over the preceding quarter of 277,046 tonnes.

Production and development expenditures for the period were US\$1,275,239 and US\$ nil respectively.