

14 November 2016

Dear Shareholders,

UNAUDITED RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2016

Highlights in Q3 2016

- Revenue from continuing operations for the quarter was US\$3.94 million, 5% lower than the previous quarter. The decrease was due mainly to lower weighted average transacted oil prices of US\$40.65 per barrel as compared to the previous quarter of US\$41.81 per barrel.
- Shareable oil production for the quarter decreased to 127,367 barrels from 130,515 barrels in the previous quarter.
- Total loss after tax for the quarter was US\$1.07 million, as compared to total loss after tax of US\$0.25 million in the previous quarter.
- Earnings before divestment gain, interest income, exchange difference, finance cost, tax, depreciation, amortisation, allowance and impairment (EBITDA) from the continuing operations for the quarter was US\$1.39 million.
- Net cash outflow for the quarter was US\$1.47 million, due mainly to net cash used in financing activities of US\$1.07 million.
- Cash and cash equivalents (excluding restricted cash) were US\$14.78 million as at 30 September 2016.

Yours sincerely,

The Board of Directors
Interra Resources Limited

About Interra

Interra Resources Limited, a Singapore-incorporated company listed on SGX Mainboard, is engaged in the business of petroleum exploration and production (E&P). Our E&P activities include petroleum production, field development and exploration. We are positioning ourselves to become a leading regional independent producer of petroleum.

INTERRA RESOURCES LIMITED

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

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ENDED 30 SEPTEMBER 2016****TABLE OF CONTENTS**

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1(a)(i) PROFIT OR LOSS

Group	Note	Q3 2016 US\$'000	Q3 2015 US\$'000	Change %	9M 2016 US\$'000	9M 2015 US\$'000	Change %
Continuing operations							
Revenue	A1	3,939	5,351	↓ 26	11,197	19,035	↓ 41
Cost of production	A2	(2,258)	(9,324)	↓ 76	(7,077)	(25,514)	↓ 72
Gross profit/(loss)		1,681	(3,973)	↓ 142	4,120	(6,479)	↓ 164
Other income, net	A3	103	260	↓ 60	152	695	↓ 78
Administrative expenses		(1,316)	(1,532)	↓ 14	(3,911)	(5,256)	↓ 26
Finance expenses		(22)	(19)	↑ 16	(60)	(41)	↑ 46
Other expenses	A4	(18)	(240)	↓ 93	(54)	(735)	↓ 93
Impairment and allowances	A5	(522)	-	NM	(522)	(5,300)	↓ 90
Share of losses of associated companies		(874)	(163)	↑ 436	(1,177)	(244)	↑ 382
Loss before income tax		(968)	(5,667)	↓ 83	(1,452)	(17,360)	↓ 92
Income tax expense	A6	(267)	(358)	↓ 25	(760)	(260)	↑ 192
Loss from continuing operations for the financial period		(1,235)	(6,025)	↓ 80	(2,212)	(17,620)	↓ 87
Discontinued operations							
Profit/(Loss) from discontinued operations for the financial period	A7	168	261		(102)	1,087	
Total loss		(1,067)	(5,764)	↓ 81	(2,314)	(16,533)	↓ 86
Attributable to:							
Equity holders of the company		(984)	(5,465)		(1,635)	(15,661)	
Non-controlling interests		(83)	(299)		(679)	(872)	
		(1,067)	(5,764)		(2,314)	(16,533)	
Profit/(Loss) attributable to equity holders of the Company relates to:							
Loss from continuing operations		(1,074)	(5,605)		(1,580)	(16,245)	
Profit/(Loss) from discontinued operations		90	140		(55)	584	
		(984)	(5,465)		(1,635)	(15,661)	
Earnings/(Losses) per share for continuing and discontinued operations attributable to equity holders of the Company							
Basic earnings/(losses) per share (US cents)							
- From continuing operations		(0.212)	(1.107)		(0.312)	(3.438)	
- From discontinued operations		0.018	0.028		(0.011)	0.124	
Diluted earnings/(losses) per share (US cents)							
- From continuing operations		(0.212)	(1.107)		(0.312)	(3.438)	
- From discontinued operations		0.018	0.027		(0.011)	0.122	

1(a)(i) STATEMENT OF COMPREHENSIVE INCOME

Group	Note	Q3 2016 US\$'000	Q3 2015 US\$'000	Change %	9M 2016 US\$'000	9M 2015 US\$'000	Change %
Total loss for the financial period		(1,067)	(5,764)	↓ 81	(2,314)	(16,533)	↓ 86
Other comprehensive income, net of tax							
Items that may be reclassified subsequently to profit or loss:							
Share of currency translation differences of associated companies		56	-	NM	177	-	NM
Currency translation differences arising from consolidation - gains/(losses)		79	(944)	↓ 108	422	(1,819)	↓ 123
Items that may not be reclassified subsequently to profit or loss:							
Share of defined benefit obligation re-measurements of associated companies		(1)	-	NM	(19)	-	NM
Total comprehensive loss for the financial period		(933)	(6,708)	↓ 86	(1,734)	(18,352)	↓ 91
Attributable to:							
Equity holders of the company		(890)	(5,934)		(1,272)	(16,572)	
Non-controlling interests		(43)	(774)		(462)	(1,780)	
		(933)	(6,708)		(1,734)	(18,352)	

↑ denotes increase
↓ denotes decrease
NM denotes not meaningful

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

Group	Q3 2016 barrels	Q3 2015 barrels	9M 2016 barrels	9M 2015 barrels
Group's share of shareable oil production	127,367	155,641	396,001	485,755
Group's sales of shareable oil	126,647	156,488	395,949	487,496
Group	Q3 2016 US\$'000	Q3 2015 US\$'000	9M 2016 US\$'000	9M 2015 US\$'000
A1 Revenue				
Sale of oil and petroleum products	3,939	5,351	11,197	19,035
A2 Cost of production				
Production expenses	2,139	4,555	6,854	13,716
Amortisation of producing oil and gas properties	119	4,766	223	11,790
Amortisation of intangible assets	-	3	-	8
	2,258	9,324	7,077	25,514
A3 Other income, net				
Interest income	55	87	174	159
Petroleum services fees	42	6	155	130
Management fees	8	60	54	224
Foreign exchange (loss)/gain, net	(3)	173	(215)	262
Loss on disposal of property, plant and equipment	-	-	-	(5)
Other income/(loss)	1	(66)	(16)	(75)
	103	260	152	695
A4 Other expenses				
Depreciation of property, plant and equipment	11	10	32	39
Amortisation of producing oil and gas properties	7	230	22	696
	18	240	54	735
A5 Impairment and allowances				
Impairment of producing oil and gas properties	-	-	-	5,300
Write-down of consumable inventories	522	-	522	-
	522	-	522	5,300

1(a)(ii) EXPLANATORY NOTES TO PROFIT OR LOSS (CONT'D)

Group	Q3 2016 US\$'000	Q3 2015 US\$'000	9M 2016 US\$'000	9M 2015 US\$'000
A6 <u>Income tax expense</u>				
Current income tax	267	358	760	1,349
Over-provision of current income tax in prior financial period*	-	-	-	(1,089)
	267	358	760	260
* 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.				
A7 <u>Profit/(Loss) from discontinued operations for the financial period</u>				
Revenue	1,321	1,931	2,927	7,083
Expenses	(1,228)	(1,584)	(2,909)	(5,819)
Profit before income tax from discontinued operations	93	347	18	1,264
Income tax	(12)	(86)	(51)	(177)
Profit/(Loss) after income tax from discontinued operations	81	261	(33)	1,087
Pre-tax gain/(loss) recognised on the measurement to fair values				
less cost to sell on disposal group	109	-	(86)	-
Income tax (expense)/credit	(22)	-	17	-
Profit/(Loss) after tax recognised on the measurement to fair value	87	-	(69)	-
less cost to sell on disposal group	87	-	(69)	-
Total profit/(loss) from discontinued operations	168	261	(102)	1,087

1(b)(i) STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		30-Sep-16 US\$'000	31-Dec-15 US\$'000	30-Sep-16 US\$'000	31-Dec-15 US\$'000
Assets					
Non-current assets					
Property, plant and equipment		106	133	17	33
Producing oil and gas properties	B1	344	359	-	-
Mining properties	B2	-	-	-	-
Exploration and evaluation costs	B3	10,579	10,488	-	-
Intangible assets	B4	-	-	-	-
Investments in subsidiary corporations		-	-	34,691	37,673
Investments in associated companies	B5	6,603	7,621	-	-
Other receivables	B6	2,155	1,686	-	-
Restricted cash*		2,444	2,447	-	-
Retirement benefit obligations		39	57	-	-
Investment properties	B7	332	315	-	-
		22,602	23,106	34,708	37,706
Current assets					
Inventories	B8	6,072	6,804	-	-
Trade and other receivables	B6	11,182	12,450	137	331
Other current assets		480	777	91	73
Cash and cash equivalents	B9	14,784	17,828	291	516
		32,518	37,859	519	920
Assets of disposal group classified as held-for-sale	B10	4,586	4,453	-	-
		37,104	42,312	519	920
Total assets		59,706	65,418	35,227	38,626
Equity and Liabilities					
Equity					
Share capital		69,258	69,258	69,258	69,258
Accumulated losses		(22,925)	(21,271)	(37,956)	(34,385)
Other reserves		(18,215)	(18,597)	357	357
Equity attributable to owners of the Company		28,118	29,390	31,659	35,230
Non-controlling interests		3,871	3,961	-	-
Total equity		31,989	33,351	31,659	35,230
Non-current liabilities					
Provision for environmental and restoration costs		4,764	4,474	-	-
Deferred income tax liabilities		53	39	-	-
		4,817	4,513	-	-
Current liabilities					
Trade and other payables	B11	10,730	16,096	568	396
Bank loan		3,768	3,728	3,000	3,000
Current income tax liabilities		7,196	6,657	-	-
		21,694	26,481	3,568	3,396
Liabilities directly associated with disposal group classified as held-for-sale	B10	1,206	1,073	-	-
		22,900	27,554	3,568	3,396
Total liabilities		27,717	32,067	3,568	3,396
Total equity and liabilities		59,706	65,418	35,227	38,626

* Fund intended for environmental and restoration costs.

Group		30-Sep-16 US\$'000	31-Dec-15 US\$'000
B1	<u>Producing oil and gas properties</u>		
	Development tangible assets	344	359
		344	359
B2	<u>Mining properties</u>		
	Deferred exploration expenditures	246	315
	Development tangible assets	2,428	2,302
		2,674	2,617
	Less: Assets of disposal group classified as held-for-sale	(2,674)	(2,617)
		-	-
B3	<u>Exploration and evaluation costs</u>		
	Exploration and evaluation assets	9,144	9,053
	Participating rights of exploration asset	1,435	1,435
		10,579	10,488
B4	<u>Intangible assets</u>		
	Non-contractual customer relationships	413	413
	Less: Assets of disposal group classified as held-for-sale	(413)	(413)
		-	-
B5	<u>Investments in associated companies</u>		
	Equity investment at costs	8,358	8,358
	Share of losses in associated companies	(1,802)	(626)
	Share of other comprehensive income/(losses) in associated companies	47	(111)
		6,603	7,621
B6	<u>Trade and other receivables</u>		
	Non-current		
	Other receivables - loan to non-related parties	2,155	1,686
	Current		
	Trade receivables - non-related parties	3,616	5,476
	Other receivables - loan to non-related parties	6,309	2,866
	Other receivables - non-related parties	1,257	4,108
		11,182	12,450
		13,337	14,136

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

Group		30-Sep-16 US\$'000	31-Dec-15 US\$'000
B7	<u>Investment properties</u>		
	Land and Building in Pacet	134	127
	Shophouse at Pasar Kemis, Tangerang	148	140
	Kiosk at ITC Kuningan	50	48
		332	315
B8	<u>Inventories</u>		
	Consumable inventories	5,678	5,951
	Mining sparts parts and others	524	550
	Granite rocks	761	605
	Crude oil inventory#	155	248
		7,118	7,354
	Less: Assets of disposal group classified as held-for-sale	(524)	(550)
	Less: Write-down of consumable inventories	(522)	-
		6,072	6,804
B9	<u>Cash and cash equivalents</u>		
	Cash and bank balances	5,650	8,819
	Short-term fixed deposits	9,134	9,009
	Cash and cash equivalents per statement of cash flows	14,784	17,828
B10	<u>Disposal group classified as held-for-sale</u>		
	Property, plant and equipment	41	39
	Mining properties (tangible assets)	2,428	2,302
	Mining properties (Intangible assets)	246	315
	Intangible assets	413	413
	Restricted cash	934	834
	Inventories	524	550
	Asset of disposal group	4,586	4,453
	Retirement benefit obligations	(129)	(97)
	Provision for environmental and restoration costs	(934)	(833)
	Deferred income tax liabilities	(143)	(143)
	Liabilities directly associated with disposal group	(1,206)	(1,073)
		3,380	3,380
B11	<u>Trade and other payables</u>		
	Trade payables - non-related parties	2,341	6,806
	Other payables - non-related parties	7,239	8,554
	Accruals	1,151	736
		10,731	16,096

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 2016 and 31 Dec 2015.

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

Group	30-Sep-16		31-Dec-15	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less, or on demand				
- Bank loan *	768	3,000	728	3,000
Amount repayable after one year	-	-	-	-

* (i) The secured 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 none of the parties have come forward to claim for payment.

(ii) The unsecured bank loan represents a bank loan of US\$3.00 mil from United Overseas Bank Limited to finance the Company's working capital. The interest rate is charged at 2.94% per annum for a tenor period of 3 months.

1(c) STATEMENT OF CASH FLOWS

Group	Note	Q3 2016 US\$'000	Q3 2015 US\$'000	9M 2016 US\$'000	9M 2015 US\$'000
Cash Flows from Operating Activities					
Total loss		(1,067)	(5,764)	(2,314)	(16,533)
Adjustments for non-cash items:					
Income tax expense		301	444	794	437
Share of losses of associated companies		874	163	1,177	244
Depreciation of property, plant and equipment		11	17	32	55
Amortisation of producing oil and gas properties		126	4,996	245	12,486
Amortisation of mining properties		-	192	-	659
Amortisation of intangible assets		-	32	-	96
Impairment of producing oil and gas properties		-	-	-	5,300
Interest income		(55)	(87)	(174)	(159)
(Gain)/Loss on measurement to fair value on disposal group		(109)	-	86	-
Unrealised currency translation gain/(loss)		18	(56)	(208)	(242)
Loss on disposal of property, plant and equipment		-	-	-	5
Unwinding of discount on provision of site restoration		95	60	390	246
Interest expenses		22	19	60	42
Operating profit before working capital changes		216	16	88	2,636
Changes in working capital					
Inventories		855	990	758	1,341
Trade and other receivables and other current assets		(54)	3,710	4,927	4,563
Trade and other payables		(1,050)	(1,740)	(5,301)	(345)
Restricted cash		(42)	194	(98)	88
Cash (used in)/generated from operations		(75)	3,170	374	8,283
Income tax paid		(197)	(183)	(219)	(859)
Net cash (used in)/provided by operating activities		(272)	2,987	155	7,424
Cash Flows from Investing Activities					
Interest received		25	(10)	215	62
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
Additions to property, plant and equipment		-	-	-	(15)
Additions to mining properties		-	-	-	(50)
Additions to producing oil and gas properties		(154)	(427)	(230)	(2,819)
Additions to exploration and evaluation assets		(1)	(5)	(90)	(5,365)
Net cash (used in)/provided by investing activities		(130)	2,866	(105)	(7,082)
Cash Flows from Financing Activities					
Interest paid		(22)	(15)	(65)	(23)
Share issue expenses		-	(1)	-	(1)
Proceeds from bank loans		-	700	-	3,000
Repayment of finance lease		-	(33)	-	(139)
Loan to non-related parties		(1,045)	(2,903)	(3,331)	(3,852)
Net cash used in financing activities		(1,067)	(2,252)	(3,396)	(1,015)
Net (decrease)/increase in cash and cash equivalents		(1,469)	3,601	(3,346)	(673)
Cash and cash equivalents at beginning of financial period		16,192	14,226	17,828	18,737
Effects of currency translation on cash and cash equivalents		61	(263)	302	(500)
Cash and cash equivalents at end of financial period	B9	14,784	17,564	14,784	17,564

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	Accumulated Losses US\$'000	Total US\$'000	Non-Controlling Interests US\$'000	Total Equity US\$'000
Balance as at 1 Jul 2016	69,258	(2,121)	(16,545)	357	(21,940)	29,009	3,799	32,808
Additional increase of non-controlling interests	-	-	-	-	-	-	114	114
Total transactions with owners, recognised directly in equity	69,258	(2,121)	(16,545)	357	(21,940)	29,009	3,913	32,922
Loss for the financial period	-	-	-	-	(984)	(984)	(83)	(1,067)
<u>Other comprehensive income</u>								
Currency translation differences	-	38	-	-	-	38	41	79
Share of currency translation differences of associated companies	-	56	-	-	-	56	-	56
Share of defined benefit obligation re-measurements of associated companies	-	-	-	-	(1)	(1)	-	(1)
Total comprehensive income/ (loss) for Q3 2016	-	94	-	-	(985)	(891)	(42)	(933)
Balance as at 30 Sep 2016	69,258	(2,027)	(16,545)	357	(22,925)	28,118	3,871	31,989

Group	Share Capital US\$'000	Foreign Currency Translation Reserve US\$'000	Special Reserve US\$'000	Share Option Reserve US\$'000	Accumulated Losses US\$'000	Total US\$'000	Non-Controlling Interests US\$'000	Total Equity US\$'000
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 option lapsed	-	-	-	(8)	8	-	-	-
Additional increase of non-controlling interests	-	-	-	-	-	-	390	390
Total transactions with owners, recognised directly in equity	69,256	(2,145)	(16,545)	357	16,207	67,130	9,267	76,397
Loss for the financial period	-	-	-	-	(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

1(d)(i) STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company	Share Capital US\$'000	Share Option Reserve US\$'000	Accumulated Losses US\$'000	Total Equity US\$'000
Balance as at 1 Jul 2016	69,258	357	(35,044)	34,571
Total comprehensive loss for Q3 2016	-	-	(2,912)	(2,912)
Balance as at 30 Sep 2016	69,258	357	(37,956)	31,659
Balance as at 1 Jul 2015	69,257	365	(21,964)	47,658
Share issue expenses	(1)	-	-	(1)
Employee share option - share option 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

No new ordinary shares were issued in Q3 2016.

The number of ordinary shares comprised in the options granted and outstanding under the Interra Share Option Plan as at 30 Sep 2016 was 7,110,000 (31 Dec 2015: 7,110,000).

The Company does not hold any treasury shares.

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

Group and Company	30 Sep 2016	31 Dec 2015
<u>Issued and fully paid</u>		
Opening balance	506,446,757	449,350,357
Issuance of new ordinary shares pursuant to purchase consideration shares and warrant issues	-	57,096,400
Closing balance	506,446,757	506,446,757

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 2015.

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 2016.

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

- FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets (effective for annual periods beginning on or after 1 Jan 2016)
- FRS 111 Joint Arrangements (effective for annual periods beginning on or after 1 Jan 2016)
- FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 Jan 2016)
- FRS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 Jan 2016)
- FRS 115 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 Jan 2018)
- FRS 109 Financial Instruments (effective for annual periods beginning on or after 1 Jan 2018)

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 2016	Q3 2015	9M 2016	9M 2015
Basic earnings/(losses) per ordinary share (US cents)				
- From continuing operations	(0.212)	(1.107)	(0.312)	(3.438)
- From discontinued operations	0.018	0.028	(0.011)	0.124
Weighted average number of ordinary shares for the computing basic earnings per share	506,446,757	506,436,469	506,446,757	472,561,194
Fully diluted earnings/(losses) per ordinary share (US cents)				
- From continuing operations	(0.212)	(1.107)	(0.312)	(3.438)
- From discontinued operations	0.018	0.027	(0.011)	0.122
Weighted average number of ordinary shares for the computing fully diluted earnings per share	513,556,757	513,547,469	513,556,757	479,672,194

No new ordinary shares were issued in Q3 2016.

The weighted average number of ordinary shares on issue has been adjusted as if all dilutive share options are exercised in Q3 2016. For the purpose of computing basic and fully diluted earnings/(losses) per share, the relevant periods are from 1 Jul 2016 to 30 Sep 2016 and from 1 Jan 2016 to 30 Sep 2016. The impact on losses per share for Q3 2016 and 9M 2016 are anti-dilutive as it resulted in lower losses per share. Therefore diluted losses per share is same as basic losses per share.

7 NET ASSET VALUE PER SHARE

	Group		Company	
	30 Sep 2016	31 Dec 2015	30 Sep 2016	31 Dec 2015
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares) (US cents)	5.552	5.803	6.251	6.956
Total number of issued shares (excluding treasury shares)	506,446,757	506,446,757	506,446,757	506,446,757

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

Revenue & Production

Revenue decreased by 26% to US\$3.94 mil in Q3 2016 from US\$5.35 mil in Q3 2015. This was largely due to lower weighted average transacted oil prices for Q3 2016 of US\$40.65 per barrel (Q3 2015: US\$44.73 per barrel) and lower sales of shareable oil of 126,647 barrels in Q3 2016 from 156,488 barrels in Q3 2015 for oil and gas operations.

The Group's shareable oil production decreased by 18% to 127,367 barrels in Q3 2016 from 155,641 barrels in Q3 2015. The decrease was mainly due to lower contributions from Myanmar of 77,410 barrels in Q3 2016 (Q3 2015: 89,001 barrels) and Tanjung Miring Timur ("TMT TAC") of 40,462 barrels in Q3 2016 (Q3 2015: 57,180 barrels). However, LS TAC operations had slightly higher contribution of 9,495 barrels in Q3 2016 (Q3 2015: 9,460 barrels).

Cost of Production

The decrease in cost of production to US\$2.26 mil in Q3 2016 from US\$9.32 mil in Q3 2015 was largely attributable due to the lower production expenses for producing oil and gas operations by US\$2.42 mil in Q3 2016 which was in line with declining production and cost-cutting measures. Amortisation charges of producing oil and gas properties decreased by US\$4.65 mil in Q3 2016 as compared to Q3 2015 as producing oil and gas properties had been substantially impaired in FY 2015.

Net Loss After Tax

The Group posted a total loss after tax of US\$1.07 mil in Q3 2016 as compared to a net loss of US\$5.76 mil in Q3 2015. The decrease was mainly due after taking the following into consideration:

- (1) Lower revenue of US\$3.94 mil in Q3 2016 (Q3 2015: US\$5.35 mil) due to lower oil prices and sales of shareable oil.
- (2) Lower cost of production of US\$2.26 mil in Q3 2016 (Q3 2015: US\$9.32 mil), due to lower production expenses and amortisation charges of producing oil and gas properties.
- (3) Lower other income of US\$0.10 mil in Q3 2016 (Q3 2015: US\$0.26 mil), mainly due to foreign exchange loss of US\$0.003 mil in Q3 2016 as compared to foreign exchange gain of US\$0.17 mil in Q3 2015.
- (4) Lower administrative expenses of US\$1.32 mil in Q3 2016 (Q3 2015: US\$1.53 mil), mainly due to implementation of cost cutting measures.
- (5) Write-down of consumable inventories of US\$0.52 mil in Q3 2016 as compared to Q3 2015.
- (6) Higher share of losses of associated companies of US\$0.87 mil in Q3 2016 as compared to Q3 2015.
- (7) Lower current income tax expenses of US\$0.27 mil due to lower taxable income in Q3 2016 as compared to Q3 2015 of US\$0.36 mil.
- (8) Profit from discontinued operations of US\$0.17 mil in Q3 2016 as compared to profit from discontinued operations of US\$0.26 mil in Q3 2015.

(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 to US\$0.34 mil in Q3 2016 from US\$0.36 mil in FY 2015, due to capitalisation of drilling expenditure of US\$0.23 mil offset by the amortisation charges of US\$0.25 mil.

Exploration and evaluation costs increased by US\$0.09 mil to US\$10.58 mil in Q3 2016 from US\$10.49 mil in FY 2015 mainly due to capitalisation of 2D seismic costs for KP PSC.

Investments in associated companies decreased to US\$6.60 mil in Q3 2016 from US\$7.62 mil in FY2015. The investments comprised the 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 held by MITI at purchase consideration of US\$1.00 mil in cash. The accumulated post-acquisition share of losses and other comprehensive income of associated companies was US\$1.80 mil and US\$0.05 mil respectively.

Inventories decreased to US\$6.07 mil in Q3 2016 from US\$6.80 mil in FY 2015. This was mainly due to the lower consumable inventories by US\$0.80 mil as a result of write-down of inventories US\$0.52 mil.

Trade and other receivables (current and non-current) decreased by US\$0.80 mil to US\$13.34 mil in Q3 2016 from US\$14.14 mil in FY 2015. This was mainly due to decrease in other receivables - non-related parties (current) by US\$2.85 mil resulted from the VAT reimbursement of US\$2.97 mil from TMT TAC and LS TAC operations in 2016. Trade receivables decreased by US\$1.86 mil mainly due to lower outstanding balance from oil and gas operations by US\$0.96 mil and MITI's trade receivables of US\$0.90 mil in Q3 2016. The loan to a non-related party increased to US\$6.31 mil in Q3 2016 from US\$2.87 mil in FY 2015 was between MITI with PT Pratama Media Abadi as per the loan agreement on 28 Aug 2015. The loan agreement was revised on 26 Aug 2016 with repayment terms changed from 12 months to 24 months. The loan remained as unsecured and interest-free.

Trade and other payables decreased by US\$5.37 mil to US\$10.73 mil in Q3 2016 from US\$16.10 mil in FY 2015. This was mainly due to settlement of vendors of US\$4.47 mil mainly for TMT TAC and KP PSC operations.

Statement of Cash Flows

Cash and cash equivalents showed a net decrease of US\$1.47 mil in Q3 2016 due to the following:

- (1) Net cash used in operating activities of US\$0.27 mil mainly due to cash generated from oil and gas operations of US\$0.09 mil offset against the cash used for corporate expenses.
- (2) Net cash used in investing activities of US\$0.13 mil mainly related to capital expenditure incurred for drilling activities at the Myanmar operations of US\$0.15 mil offset against interest received of US\$0.03 mil.
- (3) Net cash used in financing activities of US\$1.07 mil, mainly due to loan to non-related parties of US\$1.05 mil and bank loan interest payment of US\$0.02 mil.

8(ii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia		Myanmar		Consolidated	
	Oil and Gas		Oil and Gas			
	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Results						
EBITDA	264	(1,153)	1,130	1,494	1,394	341
EBIT	(308)	(4,569)	1,055	(89)	747	(4,658)
Sales to external customers	1,608	2,401	2,331	2,950	3,939	5,351
Segment results	(318)	(4,615)	1,055	(89)	737	(4,704)
Unallocated corporate net operating results					(1,705)	(963)
Loss before income tax					(968)	(5,667)
Income tax expense					(267)	(358)
Net loss from continuing operations					(1,235)	(6,025)
Profit from discontinued operations for the financial period					168	261
Total loss					(1,067)	(5,764)

Geographical Segment	Indonesia		Myanmar		Consolidated	
	Oil and Gas		Oil and Gas			
	9M 2016	9M 2015	9M 2016	9M 2015	9M 2016	9M 2015
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Results						
EBITDA	372	(2,061)	2,783	5,679	3,155	3,618
EBIT	(317)	(15,666)	2,705	1,491	2,388	(14,175)
Sales to external customers	4,647	8,062	6,550	10,973	11,197	19,035
Segment results	(393)	(15,691)	2,705	1,491	2,312	(14,200)
Unallocated corporate net operating results					(3,764)	(3,160)
Loss before income tax					(1,452)	(17,360)
Income tax expense					(760)	(260)
Net loss from continuing operations					(2,212)	(17,620)
(Loss)/Profit from discontinued operations for the financial period					(102)	1,087
Total loss					(2,314)	(16,533)

Notes

EBIT represents the operating earnings before divestment gain, interest income, exchange difference, finance cost and tax. This is net of joint operation partner's share.

EBITDA represents the operating earnings before divestment gain, interest income, exchange difference, finance cost, tax, depreciation, amortisation, allowance and impairment. This is net of joint operation 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 decreased by 8% from last quarter of 43,850 barrels to 40,462 barrels for the quarter. The Company continues to review the economic contribution, and production is maintained at an optimal level, in view of the low oil price and pending contract extension. Necessary steps were taken to further reduce the operating costs in order to maintain positive cashflow for the operation.

Shareable production at Linda Sele TAC ("LS TAC") increased by 5% to 9,495 barrels in Q3 2016 from 9,000 barrels in Q2 2016. Uplifting of oil at LS TAC has been consistently regular during this quarter. Operation costs have been trimmed to maintain below the operation cost.

Myanmar shareable production decreased slightly over last quarter, from 77,665 barrels to 77,410 barrels in Q3 2016, in the absence of new well drilling during the last 2 quarters. A new well was drilled and completed as producer well during the quarter.

For Kuala Pambuang Production Sharing Contract, the initial 3 year exploration programme has been completed. Geological and geophysical studies completed internally for the exploration well to be drilled have also been completed, and the status of the drilling will be announced in due course. No significant contribution is expected from this field in the near term.

Due to the persistent low oil prices during the year, the Group has adopted an extremely cautious approach with its capital and operating expenditures. All significant capital expenditures have been suspended until the current oil price situation improves. In addition, all operational costs have been reviewed and controlled in view of the current oil price and pending contract extension. Nevertheless barring any further decline in oil price, the Group has sufficient cash on hand to meet its work program commitments for the year 2016. 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 from shareholders 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 their attention which may render the interim financial statements for the quarter ended 30 Sep 2016 to be false or misleading in any material respect.

15 RULE 720(1)

The Company confirmed that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7).

By Order of the Board of Directors of
INTERRA RESOURCES LIMITED
Marcel Tjia
Chief Executive Officer
14-Nov-16

16 ABBREVIATIONS

Q2 2015	denotes	Second calendar quarter of the year 2015
Q3 2015	denotes	Third calendar quarter of the year 2015
Q2 2016	denotes	Second calendar quarter of the year 2016
Q3 2016	denotes	Third calendar quarter of the year 2016
9M 2015	denotes	Nine months ended 30 Sep 2015
9M 2016	denotes	Nine months ended 30 Sep 2016
FY 2015	denotes	Full year ended 31 December 2015
FY 2016	denotes	Full year ended 31 December 2016
bopd	denotes	barrels of oil per day
Company	denotes	Interra Resources Limited
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 corporations and interests in joint operations and associated companies
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.
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

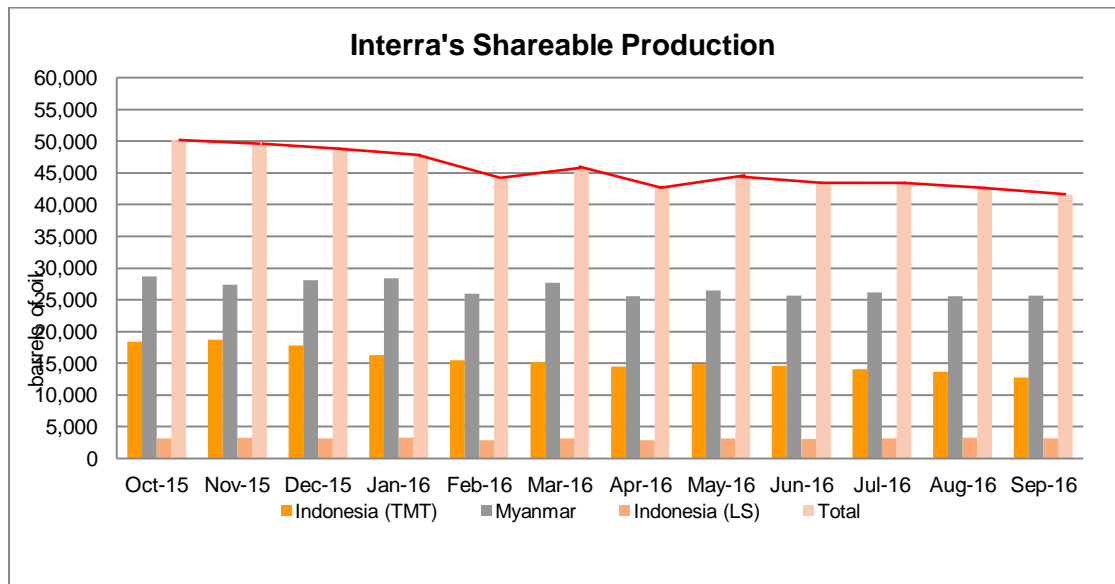
This release may contain forward-looking statements that are not statements of historical facts, and are subject to risk factors associated with the upstream petroleum and mining businesses. Actual future results, performance and outcomes may differ materially from those anticipated, expressed or implied in such forward-looking statements as a result of a number of risks, uncertainties and/or assumptions including but not limited to petroleum price fluctuations, actual petroleum demand, currency fluctuations, drilling and production results, reserve estimates, loss of contracts, industry competition, credit risks, environmental risks, geological risks, political risks, legislative, fiscal and regulatory developments, general industry conditions, economic and financial market conditions in various countries and regions, project delay or advancement, 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. Undue reliance must not be placed on these forward-looking statements, which are based on current developments, events or circumstances, and may not be updated or revised to reflect new information or events.

14 November 2016

PRODUCTION, DEVELOPMENT & EXPLORATION ACTIVITIES FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (“Q3 2016”)

Production Profile

(Barrels)	Myanmar		Indonesia (TMT)		Indonesia (LS)	
	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016
Shareable production	129,442	129,016	43,850	40,462	15,416	16,264
Interra’s share of shareable production	77,665	77,410	43,850	40,462	9,000	9,495



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.



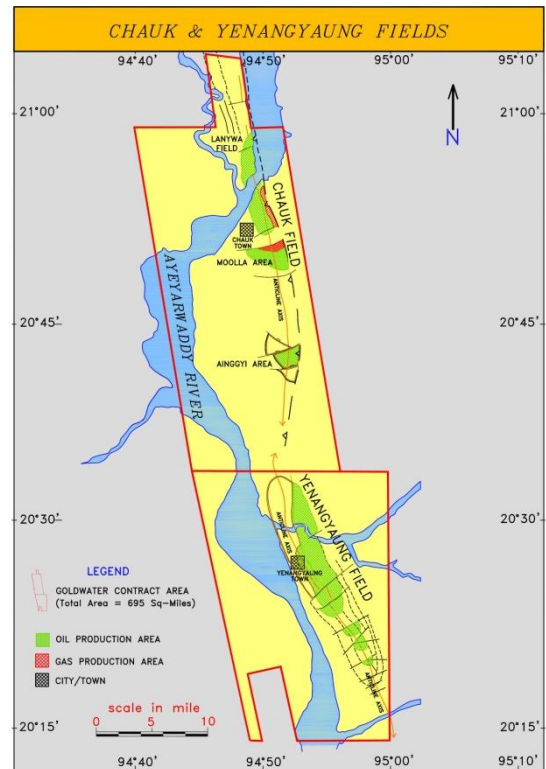
Development and Production Activities

Myanmar: Chauk and Yenangyaung IPRCs (Interra 60%)

In Q3 2016, the combined shareable production for both fields was 77,410 barrels of oil, a slight decrease over the preceding quarter of 77,665 barrels of oil.

Production and development expenditures for the period were US\$1,038,571 and US\$154,389 respectively.

During Q3 2016, the operator, Goldpetrol Joint Operating Company Inc. (“**Goldpetrol**”) (Interra 60%) drilled one development well in Chauk Field. Due to the depressed worldwide oil prices, new drilling had been suspended since Q4 2015. In light of the current improved and more stable conditions, the decision was made to drill a shallow to medium depth well with reasonable production expectations. The well was completed producing 75 barrels of oil per day and the production of this well along with continued field production optimization have halted the production decline.



In addition to the recently completed well, Goldpetrol received government approval for a second new development well and the viability of this drilling at this time will be analysed by Goldpetrol Technical reservoir studies by an external research centre aimed at identifying additional opportunities with respect to increasing production in existing wells and new well delineations are ongoing.

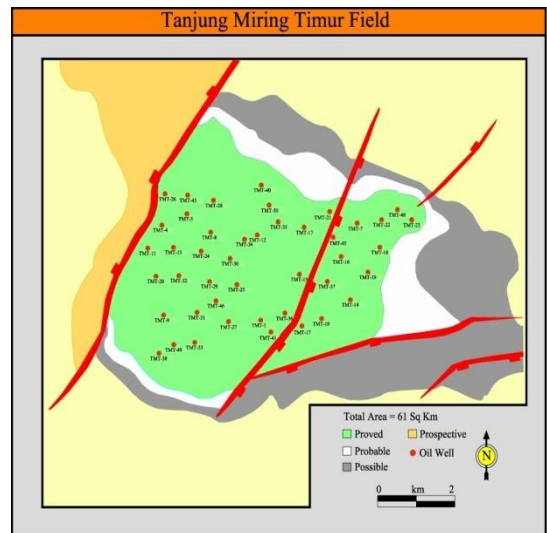


Indonesia: Tanjung Miring Timur TAC (Interra 100%)

In Q3 2016, shareable production was 40,462 barrels of oil, a decrease of 8% as compared to the previous quarter of 43,850 barrels of oil.

Production and development expenditures for the period were US\$714,423 and nil respectively.

In Q3 2016, no new wells were drilled reflecting the continued suspension of drilling activities due to the low oil price and subsequent industry economic conditions. This (suspension of drilling) has directly affected the quarterly decrease in production. Work on existing wells including workovers, surface and borehole improvements combined with scheduled maintenance, all aimed at arresting the field production decline was ongoing. Cost reduction management with respect to operations and production facilities continued at the TMT field.



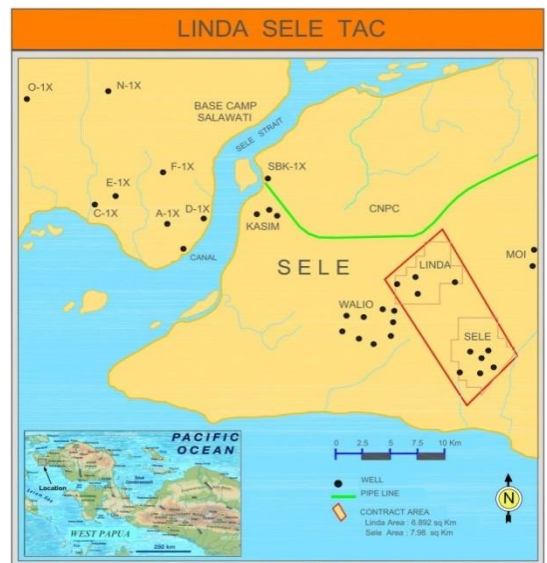
Reservoir studies continued incorporating seismic, geology and reservoir engineering data with the objective of gaining a more complete understanding of the producing reservoirs. In addition, studies and planning has commenced with respect to implementing "new" technology with the aim of enhancing production.

Indonesia: Linda Sele TAC (Interra 58.38%)

In Q3 2016, shareable production was 9,495 barrels of oil, an increase of 6% as compared to the previous quarter of 9,000 barrels of oil. There were three uplifting of approximately 8,775 barrels of oil during the quarter.

Production and development expenditures for the period were US\$386,019 and nil respectively.

No new wells were drilled Q3 2016, reflecting the current economically challenging operating environment due to the low oil price. The increase in production seen in Q3 2016 is the result of continued efficient field operations with respect to production optimisation and scheduled maintenance. Geological, geophysical and reservoir studies continued with respect to evaluating future potential for new wells, new perforations in existing wells, etc. pending favourable future economic conditions.





Exploration Activities

Indonesia: Kuala Pambuang PSC (Interra 67.5%)

Although multiple drillable quality exploration prospect locations have been delineated based on Interra's extensive geological, geophysical and reservoir work, it was decided to acquire prospect-specific Passive Seismic to aid in determining possible hydrocarbon charging. This was in addition to prior detailed work accomplished including surface and subsurface geologic interpretations, 2D Seismic acquisition and interpretation with processing including advanced steps like Inversion, first phase of Passive Seismic and resource assessments. The integration of all data has resulted in a comprehensive geologic model consistent with a carbonate platform with areas of reefal growth.



Exploration costs for the period was US\$2,334.

Granite Mining Activities

Indonesia: Bukit Piatu Quarry (Interra 53.76%)

The gross granite production at the quarry in Q3 2016 was 179,675 tonnes, an increase of 25% over the preceding quarter of 144,239 tonnes.

Production and development expenditures for the period were US\$1,242,522 and nil respectively.