



11 August 2017

Dear Shareholders,

**UNAUDITED RESULTS FOR THE QUARTER ENDED 30 JUNE 2017**

**Highlights in Q2 2017**

- Revenue from continuing operations for the quarter was US\$2.42 million, 26% lower than the previous quarter. The decrease was due mainly to lower sales of shareable oil of 58,255 barrels during the quarter as compared to the previous quarter of 79,868 barrels and lower weighted average transacted oil prices of US\$47.07 per barrel for the quarter as compared to the previous quarter of US\$51.18 per barrel.
- Shareable oil production for the quarter decreased to 58,889 barrels from 80,115 barrels in the previous quarter, due to higher non-shareable oil in the quarter against the previous quarter.
- Total loss after tax for the quarter was US\$0.28 million, as compared to total profit after tax of US\$0.42 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\$0.75 million.
- Net cash inflow for the quarter was US\$0.70 million, due mainly to net cash provided by operating activities of US\$1.39 million and net cash used in investing and financing activities of US\$0.19 million and US\$0.50 million respectively.
- Cash and cash equivalents (excluding restricted cash and deposits pledged) were US\$11.17 million as at 30 June 2017.

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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Group	Note	Q2 2017 US\$'000	Q2 2016 US\$'000	Change %	6M 2017 US\$'000	6M 2016 US\$'000	Change %
<b>Continuing operations</b>							
Revenue	A1	2,420	4,156	↓ 42	5,677	7,258	↓ 22
Cost of production	A2	(1,408)	(2,334)	↓ 40	(2,950)	(4,819)	↓ 39
<b>Gross profit</b>		<b>1,012</b>	<b>1,822</b>	<b>↓ 44</b>	<b>2,727</b>	<b>2,439</b>	<b>↑ 12</b>
Other income/(losses), net	A3	168	(21)	↑ 900	291	49	↑ 494
Administrative expenses		(1,180)	(1,353)	↓ 13	(2,277)	(2,595)	↓ 12
Finance expenses		(32)	(22)	↑ 45	(63)	(37)	↑ 70
Other expenses	A4	(8)	(22)	↓ 64	(23)	(37)	↓ 38
Share of losses of associated companies		(2)	(302)	↓ 99	(3)	(303)	↓ 99
<b>(Loss)/Profit before income tax</b>		<b>(42)</b>	<b>102</b>	<b>↓ 141</b>	<b>652</b>	<b>(484)</b>	<b>↑ 235</b>
Income tax expense	A5	(154)	(285)	↓ 46	(368)	(493)	↓ 25
<b>(Loss)/Profit from continuing operations for the financial period</b>		<b>(196)</b>	<b>(183)</b>	<b>↑ 7</b>	<b>284</b>	<b>(977)</b>	<b>↑ 129</b>
<b>Discontinued operations</b>							
<b>Loss from discontinued operations for the financial period</b>	A6	<b>(79)</b>	<b>(63)</b>	<b>↑ 25</b>	<b>(140)</b>	<b>(269)</b>	<b>↓ 48</b>
<b>Total (loss)/profit</b>		<b>(275)</b>	<b>(246)</b>	<b>↑ 12</b>	<b>144</b>	<b>(1,246)</b>	<b>↑ 112</b>
<b>Attributable to:</b>							
Equity holders of the company		(143)	(17)		361	(651)	
Non-controlling interests		(132)	(229)		(217)	(595)	
		<b>(275)</b>	<b>(246)</b>		<b>144</b>	<b>(1,246)</b>	
<b>(Loss)/Profit attributable to equity holders of the Company relates to:</b>							
(Loss)/Profit from continuing operations		(103)	17		431	(506)	
Loss from discontinued operations		(40)	(34)		(70)	(145)	
		<b>(143)</b>	<b>(17)</b>		<b>361</b>	<b>(651)</b>	
<b>(Losses)/Earnings per share for continuing and discontinued operations attributable to equity holders of the Company</b>							
<b>Basic (losses)/earnings per share (US cents)</b>							
- From continuing operations		(0.020)	0.003		0.085	(0.100)	
- From discontinued operations		(0.008)	(0.007)		(0.014)	(0.029)	
<b>Diluted (losses)/earnings per share (US cents)</b>							
- From continuing operations		(0.020)	0.003		0.085	(0.100)	
- From discontinued operations		(0.008)	(0.007)		(0.014)	(0.029)	

## 1(a)(i) STATEMENT OF COMPREHENSIVE INCOME

Group	Note	Q2 2017 US\$'000	Q2 2016 US\$'000	Change %	6M 2017 US\$'000	6M 2016 US\$'000	Change %
<b>Total (loss)/profit for the financial period</b>		(275)	(246)	↑ 12	144	(1,246)	↑ 112
<b>Other comprehensive income, net of tax</b>							
<b>Items that may be reclassified subsequently to profit or loss:</b>							
Share of foreign currency translation differences of associated companies		-	121	NM	-	121	NM
Currency translation differences arising consolidation - (losses)/gains		(1)	85	↓ 101	101	343	↓ 71
<b>Items that will not be reclassified subsequently to profit or loss:</b>							
Share of defined benefit obligation re-measurements of associated companies		-	(18)	NM	-	(18)	NM
Defined benefit obligation re-measurements		(4)	-	NM	(8)	-	NM
<b>Total comprehensive (loss)/income for the financial period</b>		<b>(280)</b>	<b>(58)</b>	<b>↑ 383</b>	<b>237</b>	<b>(800)</b>	<b>↑ 130</b>
<b>Attributable to:</b>							
Equity holders of the Company		(140)	146		406	(382)	
Non-controlling interests		(140)	(204)		(169)	(418)	
		<b>(280)</b>	<b>(58)</b>		<b>237</b>	<b>(800)</b>	

↑ denotes increase  
↓ denotes decrease  
NM denotes not meaningful

Group	Q2 2017 barrels	Q2 2016 barrels	6M 2017 barrels	6M 2016 barrels
Group's share of shareable oil production	58,889	130,515	139,004	268,635
Group's sales of shareable oil	58,255	130,176	138,123	269,303
Group	Q2 2017 US\$'000	Q2 2016 US\$'000	6M 2017 US\$'000	6M 2016 US\$'000
<b>A1</b> <u>Revenue</u>				
Sale of oil and petroleum products	2,420	4,156	5,677	7,258
<b>A2</b> <u>Cost of production</u>				
Production expenses	1,380	2,250	2,877	4,715
Amortisation of producing oil and gas properties	28	84	73	104
	<b>1,408</b>	<b>2,334</b>	<b>2,950</b>	<b>4,819</b>
<b>A3</b> <u>Other income/(losses), net</u>				
Interest income	65	44	131	119
Petroleum services fees	75	42	112	112
Management fees	8	20	16	47
Currency translation gain/(loss), net	19	(127)	4	(212)
Other income/(loss)	1	-	28	(17)
	<b>168</b>	<b>(21)</b>	<b>291</b>	<b>49</b>
<b>A4</b> <u>Other expenses</u>				
Depreciation of property, plant and equipment	8	10	18	22
Amortisation of producing oil and gas properties	-	12	5	15
	<b>8</b>	<b>22</b>	<b>23</b>	<b>37</b>
<b>A5</b> <u>Income tax expense</u>				
Current income tax	130	285	365	493
Deferred income tax	24	-	3	-
	<b>154</b>	<b>285</b>	<b>368</b>	<b>493</b>
<b>A6</b> <u>Loss from discontinued operations for the financial period</u>				
Revenue	223	1,075	663	1,606
Expenses	(259)	(1,141)	(711)	(1,681)
Loss before income tax from discontinued operations	(36)	(66)	(48)	(75)
Income tax credit/(expenses)	14	(27)	(2)	(38)
Loss after income tax from discontinued operations	(22)	(93)	(50)	(113)
Pre-tax (loss)/profit recognised on the measurement to fair values				
less cost to sell on disposal group	(71)	37	(112)	(195)
Income tax credit/(expenses)	14	(7)	22	39
(Loss)/Profit after tax recognised on the measurement to fair value				
less cost to sell on disposal group	(57)	30	(90)	(156)
<b>Total loss from discontinued operations</b>	<b>(79)</b>	<b>(63)</b>	<b>(140)</b>	<b>(269)</b>

## 1(b)(i) STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		30-Jun-17	31-Dec-16	30-Jun-17	31-Dec-16
		US\$'000	US\$'000	US\$'000	US\$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment		77	92	6	12
Producing oil and gas properties	B1	456	206	-	-
Mining properties	B2	-	-	-	-
Exploration and evaluation costs	B3	10,605	10,584	-	-
Intangible assets	B4	-	-	-	-
Investments in subsidiary corporations		-	-	29,900	31,100
Investments in associated companies	B5	1,211	1,091	-	-
Other receivables	B6	2,537	2,430	-	-
Restricted cash*		237	225	-	-
Investment properties	B7	155	153	-	-
		<b>15,278</b>	<b>14,781</b>	<b>29,906</b>	<b>31,112</b>
<b>Current assets</b>					
Inventories	B8	5,122	4,880	-	-
Trade and other receivables	B6	12,952	13,379	27	49
Other current assets		289	377	102	61
Restricted cash*		2,225	2,221	-	-
Cash and bank balances	B9	13,166	11,865	2,299	2,610
		<b>33,754</b>	<b>32,722</b>	<b>2,428</b>	<b>2,720</b>
Assets of disposal group classified as held-for-sale	B10	4,455	4,599	-	-
		<b>38,209</b>	<b>37,321</b>	<b>2,428</b>	<b>2,720</b>
<b>Total assets</b>		<b>53,487</b>	<b>52,102</b>	<b>32,334</b>	<b>33,832</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share capital		69,258	69,258	69,258	69,258
Accumulated losses		(29,120)	(29,369)	(40,318)	(39,315)
Other reserves		(18,705)	(18,397)	-	357
<b>Equity attributable to owners of the Company</b>		<b>21,433</b>	<b>21,492</b>	<b>28,940</b>	<b>30,300</b>
Non-controlling interests		5,508	3,846	-	-
<b>Total equity</b>		<b>26,941</b>	<b>25,338</b>	<b>28,940</b>	<b>30,300</b>
<b>Non-current liabilities</b>					
Retirement benefit obligations		26	8	-	-
Provision for environmental and restoration costs		1,649	1,565	-	-
Deferred income tax liabilities		25	44	-	-
		<b>1,700</b>	<b>1,617</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Trade and other payables	B11	9,097	9,499	394	532
Borrowings		3,749	3,739	3,000	3,000
Provision for environmental and restoration costs		3,300	3,300	-	-
Current income tax liabilities		7,341	7,327	-	-
		<b>23,487</b>	<b>23,865</b>	<b>3,394</b>	<b>3,532</b>
Liabilities directly associated with disposal group classified as held-for-sale	B10	1,359	1,282	-	-
		<b>24,846</b>	<b>25,147</b>	<b>3,394</b>	<b>3,532</b>
<b>Total liabilities</b>		<b>26,546</b>	<b>26,764</b>	<b>3,394</b>	<b>3,532</b>
<b>Total equity and liabilities</b>		<b>53,487</b>	<b>52,102</b>	<b>32,334</b>	<b>33,832</b>

\* Fund intended for environmental and restoration costs.

Group		30-Jun-17 US\$'000	31-Dec-16 US\$'000
<b>B1</b>	<b><u>Producing oil and gas properties</u></b>		
	Development tangible assets	456	206
<b>B2</b>	<b><u>Mining properties</u></b>		
	Deferred exploration expenditures	250	353
	Development tangible assets	2,369	2,337
		2,619	2,690
	Less: Assets of disposal group classified as held-for-sale	(2,619)	(2,690)
		-	-
<b>B3</b>	<b><u>Exploration and evaluation costs</u></b>		
	Exploration and evaluation assets	9,170	9,149
	Participating rights of exploration assets	1,435	1,435
		<b>10,605</b>	<b>10,584</b>
<b>B4</b>	<b><u>Intangible assets</u></b>		
	Non-contractual customer relationships	413	413
	Less: Assets of disposal group classified as held-for-sale	(413)	(413)
		-	-
<b>B5</b>	<b><u>Investments in associated companies</u></b>		
	Equity investment at costs	8,358	8,358
	Share of losses in associated companies	(7,384)	(7,381)
	Share of other comprehensive income in associated companies	8	8
	Loan to associated companies (non-trade)	229	106
		<b>1,211</b>	<b>1,091</b>
<b>B6</b>	<b><u>Trade and other receivables</u></b>		
	<b>Non-current</b>		
	Other receivables - loan to non-related parties	2,537	2,430
	<b>Current</b>		
	Trade receivables - non-related parties	3,167	5,039
	Other receivables - loan to non-related parties	9,319	7,195
	Other receivables - non-related parties	466	1,145
		12,952	13,379
		<b>15,489</b>	<b>15,809</b>

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

Group		30-Jun-17 US\$'000	31-Dec-16 US\$'000
<b>B7</b>	<b><u>Investment properties</u></b>		
	Land and Building in Pacet	143	141
	Shophouse at Pasar Kemis, Tangerang	-	-
	Kiosk at ITC Kuningan	12	12
		<b>155</b>	<b>153</b>
<b>B8</b>	<b><u>Inventories</u></b>		
	Consumable inventories	3,935	4,103
	Mining sparts parts and others	434	538
	Granite inventory	1,035	672
	Crude oil inventory#	152	105
		5,556	5,418
	Less: Assets of disposal group classified as held-for-sale	(434)	(538)
		<b>5,122</b>	<b>4,880</b>
<b>B9</b>	<b><u>Cash and cash equivalents</u></b>		
	Cash at bank and on hand	4,562	2,997
	Short-term fixed deposits	8,604	8,868
	<b>Cash and bank balances</b>	<b>13,166</b>	<b>11,865</b>
	Less: Bank deposits pledged	(2,000)	(2,000)
	<b>Cash and cash equivalents per statement of cash flows</b>	<b>11,166</b>	<b>9,865</b>
<b>B10</b>	<b><u>Disposal group classified as held-for-sale</u></b>		
	Property, plant and equipment	40	40
	Mining properties (tangible assets)	2,369	2,337
	Mining properties (intangible assets)	250	353
	Intangible assets	413	413
	Restricted cash	949	918
	Inventories	434	538
	<b>Assets of disposal group</b>	<b>4,455</b>	<b>4,599</b>
	Retirement benefit obligations	(204)	(158)
	Provision for environmental and restoration costs	(949)	(918)
	Deferred income tax liabilities	(206)	(206)
	<b>Liabilities directly associated with disposal group</b>	<b>(1,359)</b>	<b>(1,282)</b>
		<b>3,096</b>	<b>3,317</b>
<b>B11</b>	<b><u>Trade and other payables</u></b>		
	Trade payables - non-related parties	1,217	1,536
	Other payables - non-related parties	6,927	7,151
	Accruals	953	812
		<b>9,097</b>	<b>9,499</b>

# 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 Jun 2017 and 31 Dec 2016.



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

Group	30-Jun-17		31-Dec-16	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand - Bank loan *	3,749	-	3,739	-
Amount repayable after one year	-	-	-	-

\* (i) The secured bank loan of US\$0.75 mil 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 secured bank loan of US\$3.00 mil represents a bank loan from United Overseas Bank Limited ("UOB") to finance the Company's working capital. The interest rate is charged at 4.23% per annum for a tenor period of 3 months. The fixed deposit of US\$2.00 mil is placed with UOB to secure the bank loan and restrict to withdraw until the bank loan has been fully discharged.

## 1(c) STATEMENT OF CASH FLOWS

Group	Q2 2017 US\$'000	Q2 2016 US\$'000	6M 2017 US\$'000	6M 2016 US\$'000
<b>Cash Flows from Operating Activities</b>				
Total (loss)/profit	(275)	(246)	144	(1,246)
<b>Adjustments for non-cash items:</b>				
Income tax expense	126	319	348	493
Share of losses of associated companies	2	302	3	303
Depreciation of property, plant and equipment	8	10	18	22
Amortisation of producing oil and gas properties	28	96	78	119
Interest income	(65)	(44)	(131)	(119)
Loss on measurement to fair value on disposal group	71	(37)	112	195
Defined benefit obligation re-measurements	(4)	-	(8)	-
Unwinding of discount on provision of site restoration	36	140	72	240
Interest expenses	32	22	63	37
Unrealised currency translation losses/(gains)	43	(113)	(47)	(256)
<b>Operating (loss)/profit before working capital changes</b>	<b>2</b>	<b>449</b>	<b>652</b>	<b>(212)</b>
<b>Changes in working capital</b>				
Inventories	(33)	357	(138)	(97)
Trade and other receivables and other current assets	1,577	2,582	2,640	5,027
Trade and other payables	(27)	(3,535)	(326)	(4,232)
Restricted cash	(2)	(35)	(4)	(37)
<b>Cash generated from/(used in) operations</b>	<b>1,517</b>	<b>(182)</b>	<b>2,824</b>	<b>449</b>
Income tax (paid)/refund	(126)	131	(350)	(22)
<b>Net cash provided by/(used in) operating activities</b>	<b>1,391</b>	<b>(51)</b>	<b>2,474</b>	<b>427</b>
<b>Cash Flows from Investing Activities</b>				
Interest received	38	29	54	190
Loans to an associated company	(51)	-	(121)	-
Additions to property, plant and equipment	-	-	(2)	-
Additions to producing oil and gas properties	(163)	(76)	(327)	(76)
Additions to exploration and evaluation assets	(11)	(11)	(21)	(89)
<b>Net cash (used in)/provided by investing activities</b>	<b>(187)</b>	<b>(58)</b>	<b>(417)</b>	<b>25</b>
<b>Cash Flows from Financing Activities</b>				
Interest paid	(30)	(23)	(46)	(43)
Proceeds received from dilution of interests in a subsidiary corporation without loss of control	-	-	1,299	-
Loan to non-related parties	(473)	(2,029)	(2,017)	(2,286)
<b>Net cash used in financing activities</b>	<b>(503)</b>	<b>(2,052)</b>	<b>(764)</b>	<b>(2,329)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>701</b>	<b>(2,161)</b>	<b>1,293</b>	<b>(1,877)</b>
Cash and cash equivalents at beginning of financial period	10,466	18,254	9,865	17,828
Effects of currency translation on cash and cash equivalents	(1)	99	8	241
<b>Cash and cash equivalents at end of financial period</b>	<b>11,166</b>	<b>16,192</b>	<b>11,166</b>	<b>16,192</b>

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

Group	Share Capital US\$'000	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
<b>Balance as at 1 Apr 2017</b>	69,258	(2,165)	(16,545)	-	(28,975)	21,573	5,597	27,170
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	38	38
Additional increase of non-controlling interests	-	-	-	-	-	-	13	13
Total transactions with owners, recognised directly in equity	69,258	(2,165)	(16,545)	-	(28,975)	21,573	5,648	27,221
Loss for Q2 2017	-	-	-	-	(143)	(143)	(132)	(275)
Other comprehensive income								
Foreign currency translation differences	-	5	-	-	-	5	(6)	(1)
Defined benefit obligation re-measurements	-	-	-	-	(2)	(2)	(2)	(4)
Total comprehensive loss for Q2 2017	-	5	-	-	(145)	(140)	(140)	(280)
<b>Balance as at 30 Jun 2017</b>	<b>69,258</b>	<b>(2,160)</b>	<b>(16,545)</b>	<b>-</b>	<b>(29,120)</b>	<b>21,433</b>	<b>5,508</b>	<b>26,941</b>

Group	Share Capital US\$'000	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
<b>Balance as at 1 Apr 2016</b>	69,258	(2,302)	(16,545)	357	(21,905)	28,863	3,987	32,850
Additional increase of non-controlling interests	-	-	-	-	-	-	16	16
Total transactions with owners, recognised directly in equity	69,258	(2,302)	(16,545)	357	(21,905)	28,863	4,003	32,866
Loss for Q2 2016	-	-	-	-	(17)	(17)	(229)	(246)
Other comprehensive income								
Foreign currency translation differences	-	60	-	-	-	60	25	85
Share of foreign currency translation differences of associated companies	-	121	-	-	-	121	-	121
Share of defined benefit obligation re-measurements of associated companies	-	-	-	-	(18)	(18)	-	(18)
Total comprehensive loss for Q2 2016	-	181	-	-	(35)	146	(204)	(58)
<b>Balance as at 30 Jun 2016</b>	<b>69,258</b>	<b>(2,121)</b>	<b>(16,545)</b>	<b>357</b>	<b>(21,940)</b>	<b>29,009</b>	<b>3,799</b>	<b>32,808</b>

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 Apr 2017	69,258	-	(39,160)	30,098
Total comprehensive loss for Q2 2017	-	-	(1,158)	(1,158)
<b>Balance as at 30 Jun 2017</b>	<b>69,258</b>	<b>-</b>	<b>(40,318)</b>	<b>28,940</b>
Balance as at 1 Apr 2016	69,258	357	(34,685)	34,930
Total comprehensive loss for Q2 2016	-	-	(359)	(359)
<b>Balance as at 30 Jun 2016</b>	<b>69,258</b>	<b>357</b>	<b>(35,044)</b>	<b>34,571</b>

1(d)(ii) SHARE CAPITAL

No new ordinary shares were issued in Q2 2017.

The Interra Share Option Plan adopted on 30 Apr 2007 expired on 29 Apr 2017. A new share option plan named the "Interra Share Option Plan 2017" was adopted at an extraordinary general meeting held on 28 Apr 2017. No options have been granted under the Interra Share Option Plan 2017 as at 30 Jun 2017. On 20 Jan 2017, all the outstanding share options of 7,110,000 granted under the Interra Share Option Plan had lapsed and became null and void.

The Company does not hold any treasury shares or subsidiary holdings as at 30 Jun 2017.

1(d)(iii) ORDINARY SHARES (EXCLUDING TREASURY SHARES AND SUBSIDIARY HOLDINGS)

Group and Company	30 Jun 2017	31 Dec 2016
<u>Issued and fully paid</u> Opening and closing balance	506,446,757	506,446,757

1(d)(iv) A STATEMENT SHOWING ALL SALES, TRANSFERS, CANCELLATION AND/OR USE OF TREASURY SHARES AS AT THE END OF THE CURRENT FINANCIAL PERIOD REPORTED ON

NA.

1(d)(v) A STATEMENT SHOWING ALL SALES, TRANSFERS, CANCELLATION AND/OR USE OF SUBSIDIARY HOLDINGS 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 2016.

**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 2017.

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

- Amendments to FRS 7 - Disclosure Initiative
  - Amendments to FRS 12 - Recognition of Deferred Tax Assets for Unrealised Losses
- Effective for annual periods beginning on or after 1 Jan 2018
- FRS 109 - Financial Instruments
  - FRS 115 - Revenue from Contracts with Customers
  - Amendments to FRS 40 - Transfer of Investment Property
  - Amendments to FRS 102 - Classification and Measurement of Share-based Payment Transactions
  - Improvements to FRSs (Dec 2016)
    - Amendments to FRS 28 - Investments in Associates and Joint Ventures
    - Amendments to FRS 101 - First-Time Adoption of Financial Reporting Standards
    - Amendments to FRS 112 - Disclosure of Interests in Other Entities

Effective for annual periods beginning on or after 1 Jan 2019

- FRS 116 - Leases

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	Q2 2017	Q2 2016	6M 2017	6M 2016
<b>Basic (losses)/earnings per ordinary share (US cents)</b>				
- From continuing operations	(0.020)	0.003	0.085	(0.100)
- From discontinued operations	(0.008)	(0.007)	(0.014)	(0.029)
Weighted average number of ordinary shares for the computing basic (losses)/earnings per share	506,446,757	506,446,757	506,446,757	506,446,757
<b>Fully diluted (losses)/earnings per ordinary share (US cents)</b>				
- From continuing operations	(0.020)	0.003	0.085	(0.100)
- From discontinued operations	(0.008)	(0.007)	(0.014)	(0.029)
Weighted average number of ordinary shares for the computing fully diluted (losses)/earnings per share	506,446,757	513,556,757	506,446,757	513,556,757

No new ordinary shares were issued in Q2 2017.

For the purpose of computing basic and fully diluted (losses)/earnings per share, the relevant periods are from 1 Apr 2017 to 30 Jun 2017 and 1 Jan 2017 to 30 Jun 2017 respectively.

7 NET ASSET VALUE PER SHARE

	Group		Company	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares) (US cents)	4.232	4.244	5.714	5.983
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 42% to US\$2.42 mil in Q2 2017 from US\$4.16 mil in Q2 2016. This was largely due to lower sales of shareable oil of 58,255 barrels in Q2 2017 (Q2 2016: 130,176 barrels) although at higher weighted average transacted oil prices in Q2 2017 of US\$47.07 per barrel (Q2 2016: US\$41.81 per barrel).

The Group's shareable oil production decreased by 55% to 58,889 barrels in Q2 2017 from 130,515 barrels in Q2 2016. The decrease was mainly due to no contribution from TMT TAC after the expiry of the contract in Dec 2016 (Q2 2016: 43,850 barrels) and lower shareable production from Myanmar of 49,296 barrels in Q2 2017 (Q2 2016: 77,665 barrels) due to higher non-shareable oil in Q2 2017. In addition, the decrease of shareable production from LS TAC of 9,593 barrels in Q2 2017 (Q2 2016: 9,000 barrels) also contributed to lower production.

**Cost of Production**

The decrease in cost of production to US\$1.41 mil in Q2 2017 from US\$2.33 mil in Q2 2016 was largely attributable to lower production expenses of US\$0.87 mil in Q2 2017, in line with the decrease of shareable production. Production expenses from TMT TAC operation decreased by US\$0.64 mil in Q2 2017, due to expiry of TMT TAC in Dec 2016. Myanmar operations incurred lower production expenses of US\$0.20 mil, in line with lower revenue. LS TAC operations incurred lower production expenses of US\$0.03 mil due to cost-cutting measures.

**Net (Loss)/Profit After Tax**

The Group posted a total loss after tax of US\$0.28 mil in Q2 2017 as compared to a total loss of US\$0.25 mil in Q2 2016. The higher loss was mainly due to the following:

- (1) Lower revenue of US\$2.42 mil in Q2 2017 (Q2 2016: US\$4.16 mil) due to lower sales of shareable oil although at higher oil prices.
- (2) Lower cost of production of US\$1.41 mil in Q2 2017 (Q2 2016: US\$2.33 mil), due to lower production expenses and amortisation charges of producing oil and gas properties.
- (3) Higher other income of US\$0.17 mil in Q2 2017 (Q2 2016: other losses of US\$0.02 mil), due to foreign exchange gain of US\$0.02 mil in Q2 2017 as compared to foreign exchange loss of US\$0.13 mil in Q2 2016.
- (4) Lower administrative expenses of US\$1.18 mil in Q2 2017 (Q2 2016: US\$1.35 mil), mainly due to expiry of TMT TAC operations, resulted in lower expenses in Q2 2017 by US\$0.09 mil.
- (5) Current income tax expenses of US\$0.15 mil are in line with lower taxable income (Q2 2016: US\$0.29 mil).
- (6) Loss from discontinued operations of US\$0.08 mil in Q2 2017 (Q2 2016: US\$0.06 mil). To-date, the disposal of granite operations is still pending completion.

**(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 increased by US\$0.25 mil to US\$0.46 mil in Q2 2017 from US\$0.21 mil in FY 2016, due to capitalisation of drilling expenditure of US\$0.33 mil and offset by amortisation charges of US\$0.08 mil.

Exploration and evaluation costs increased to US\$10.61 mil in Q2 2017 from US\$10.58 mil in FY 2016 mainly due to capitalisation of 2D seismic costs for KP PSC.

Investments in associated companies increased by US\$0.12 mil to US\$1.21 mil in Q2 2017 from US\$1.09 mil in FY2016. This was mainly due to additional loan to associated companies during the period to finance their operations.

Inventories increased by US\$0.24 mil to US\$5.12 mil in Q2 2017 from US\$4.88 mil in FY 2016. This was mainly due to the higher granite inventories on hand by US\$0.36 mil in Q2 2017 as compared in FY 2016.

Trade and other receivables (current and non-current) decreased by US\$0.32 mil to US\$15.49 mil in Q2 2017 from US\$15.81 mil in FY 2016. This was mainly due to decrease of trade receivables by US\$1.87 mil to US\$3.17 mil in Q2 2017 from US\$5.04 mil in FY2016. However, the loan to non-related parties (current) increased to US\$9.32 mil in Q2 2017 from US\$7.20 mil in FY 2016. The loan was between MITI with PT Pratama Media Abadi as per the loan agreement with validity date till 27 Aug 2017, the outstanding loan in Q2 2017 was US\$8.90 mil. The loan was unsecured and interest-free. The remaining loan of US\$0.42 mil related to cashcall receivable from joint venture partner in Q2 2017. The loan was short-term and subjected to interest rate at 3% above 3-months LIBOR. Other receivables - non-related parties decreased by US\$0.68 mil to US\$0.47 mil in Q2 2017 from US\$1.15 mil in FY 2016, mainly due to refund of value added tax of US\$0.74 mil from Indonesia's operations.

Trade and other payables decreased by US\$0.40 mil to US\$9.10 mil in Q2 2017 from US\$9.50 mil in FY 2016. This was mainly due to settlement of vendors.

**Statement of Cash Flows**

Cash and cash equivalents showed a net increase of US\$0.70 mil in Q2 2017 due to the following:

- (1) Net cash provided by operating activities of US\$1.39 mil was mainly due to cash generated from oil and gas operations of US\$1.88 mil offset against the settlement of exploration and evaluation costs and corporate expenses.
- (2) Net cash used in investing activities of US\$0.19 mil related mainly to capital expenditure incurred for the Myanmar operations of US\$0.16 mil.
- (3) Net cash used in financing activities of US\$0.50 mil was mainly due to loan to non-related parties of US\$0.47 mil.



## 8(ii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia		Myanmar		Consolidated	
	Oil and Gas		Oil and Gas			
	Q2 2017	Q2 2016	Q2 2017	Q2 2016	Q2 2017	Q2 2016
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Results</b>						
EBITDA	91	443	655	1,084	746	1,527
EBIT	67	350	650	1,080	717	1,430
<b>Sales to external customers</b>	560	1,688	1,860	2,468	2,420	4,156
<b>Segment results</b>	62	217	650	1,080	712	1,297
Unallocated corporate net operating results					(754)	(1,195)
<b>(Loss)/Profit before income tax</b>					(42)	102
Income tax expense					(154)	(285)
<b>Net loss from continuing operations</b>					(196)	(183)
<b>Loss from discontinued operations for the financial period</b>					(79)	(63)
<b>Total loss</b>					(275)	(246)

Geographical Segment	Indonesia		Myanmar		Consolidated	
	Oil and Gas		Oil and Gas			
	6M 2017	6M 2016	6M 2017	6M 2016	6M 2017	6M 2016
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Results</b>						
EBITDA	218	107	2,007	1,653	2,225	1,760
EBIT	150	(9)	1,997	1,650	2,147	1,641
<b>Sales to external customers</b>	1,196	3,038	4,481	4,220	5,677	7,258
<b>Segment results</b>	138	(74)	1,997	1,650	2,135	1,576
Unallocated corporate net operating results					(1,483)	(2,060)
<b>Profit/(Loss) before income tax</b>					652	(484)
Income tax expense					(368)	(493)
<b>Net profit/(loss) from continuing operations</b>					284	(977)
<b>Loss from discontinued operations for the financial period</b>					(140)	(269)
<b>Total profit/(loss)</b>					144	(1,246)

**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**

Shareable production at Linda Sele TAC ("LS TAC") decreased by 4% to 9,593 barrels in Q2 2017 from 10,019 barrels in Q1 2017. Production has been relatively unchanged despite minimum capital expenditures. Uplifting of oil at LS TAC has been regular this quarter.

Myanmar shareable production decreased by 30%, from 70,096 barrels in Q1 2017 to 49,296 barrels in Q2 2017. The gross production remained relatively unchanged, due largely to the increased level of the non-shareable oil portion. The second well scheduled to be drilled during the year was completed as producing well in Q2 2017. Further to our Announcement dated 10 Aug 2017, the Company wishes to announce that the local authority has approved the extension for the existing contracts for both fields for another 11 years with effect from Apr 2017. As such, work programs at both fields will resume in the third quarter of this year.

For Kuala Pambuang Production Sharing Contract, the initial 3 years exploration programme has been completed. The preparations for the drilling of an exploration well are underway. No significant contribution is expected from this field in the near term.

Due to the low oil prices during the financial year, the Group has adopted an extremely cautious approach with its capital and operating expenditures. Despite the low oil price and shareable production in the first half of 2017, which resulted in lower revenue, the Company has managed to maintain a reasonable level of cashflow during the year. Nevertheless barring any further decline in oil price in 2017 or sudden change of events, the Group has sufficient cash on hand to meet its existing work commitments for the year. 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 Jun 2017 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 7.7).

By Order of the Board of Directors of  
INTERRA RESOURCES LIMITED  
Marcel Tjia  
Chief Executive Officer  
11-Aug-17

## 16 ABBREVIATIONS

Q1 2016	denotes	First calendar quarter of the year 2016
Q2 2016	denotes	Second calendar quarter of the year 2016
Q1 2017	denotes	First calendar quarter of the year 2017
Q2 2017	denotes	Second calendar quarter of the year 2017
6M 2016	denotes	Six months ended 30 June 2016
6M 2017	denotes	Six months ended 30 June 2017
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

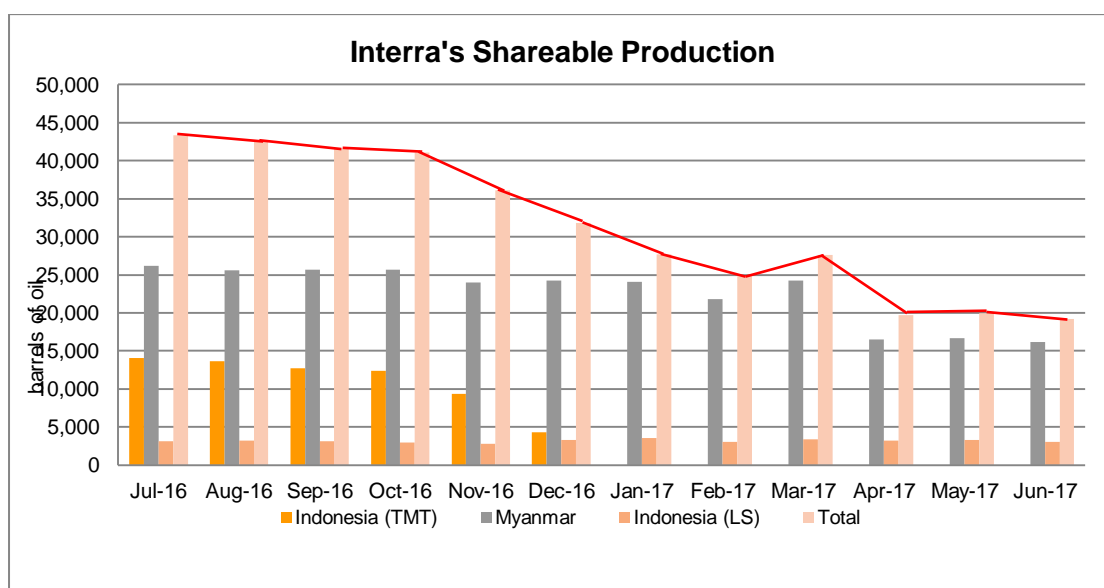
This release may contain forward-looking statements that are not statements of historical facts, and are subject to risk factors associated with the upstream petroleum and mining businesses. Actual future results, performance and outcomes may differ materially from those anticipated, expressed or implied 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.

11 August 2017

## PRODUCTION, DEVELOPMENT & EXPLORATION ACTIVITIES FOR THE QUARTER ENDED 30 JUNE 2017 (“Q2 2017”)

### Production Profile

(Barrels)	Myanmar		Indonesia (LS)	
	Q1 2017	Q2 2017	Q1 2017	Q2 2017
Shareable production	116,826	82,160	18,057	17,769
Interra’s share of shareable production	70,096	49,296	10,019	9,593



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.

### Reserves and Resources

As at the date hereof, there is no update to the reserves or resources.



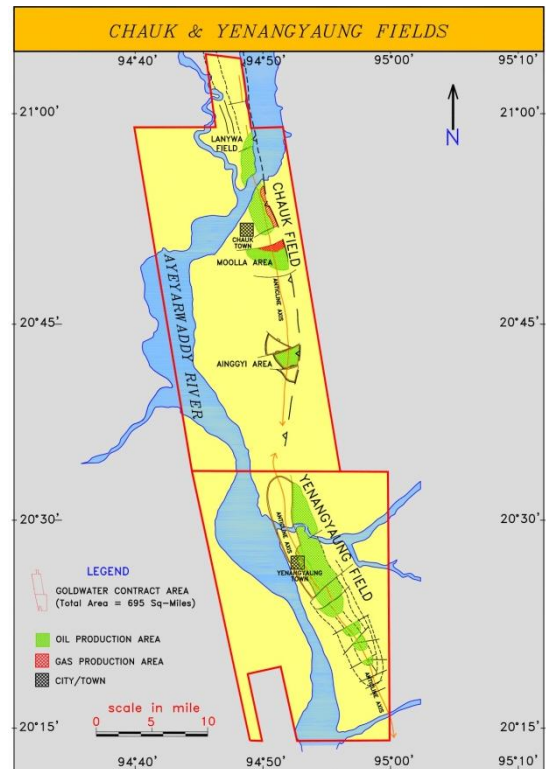
**Development and Production Activities**

**Myanmar: Chauk and Yenangyaung IPRCs (Interra 60%)**

In Q2 2017, the combined shareable production for both fields was 49,296 barrels of oil, a decrease of 30% over the preceding quarter of 70,096 barrels of oil.

Production and development expenditures for the period were US\$1,046,129 and US\$162,806 respectively.

During Q2 2017, the operator, Goldpetrol Joint Operating Company Inc. (“**Goldpetrol**”) (Interra 60%) commenced the drilling one intermediate depth development well in Chauk field. This is the second well to be drilled by Goldpetrol in 2017 and having the primary objective of accelerating production from oil reservoirs in this portion of the field. The well was completed as an oil producer in July 2017. Surface and borehole improvements combined with scheduled maintenance in existing wells continued with the objective of minimizing production declines.



Further to our Announcement dated 10 August 2017, the Company wishes to announce that the local authority has approved the extension for the existing contracts for both fields for another 11 years with effect from April 2017. As such, work programs at both fields will resume in the third quarter of this year.

In conjunction with work done by an external research center, Goldpetrol continued technical studies aimed at identifying additional opportunities with respect to increasing production in existing wells and possible future development wells. These advanced field studies are focused on the petroleum reservoir internal properties, optimizing production in existing wells, infrastructure improvements and other future field enhancements.



**Indonesia: Linda Sele TAC (Interra 53.99%)**

In Q2 2017, shareable production was 9,593 barrels of oil, a decrease of 4% as compared to the previous quarter of 10,019 barrels of oil. There were three upliftings of approximately 8,960 barrels of oil during the quarter.

Production and development expenditures for the period were US\$334,044 and nil respectively.

Technical studies continued with respect to reservoir properties, field production optimization, evaluating potential for drilling new development wells in the future, and additional perforations in existing wells. No new wells were drilled in Q2 2017. Field operations relating to efficient management and scheduled maintenance aimed at minimizing production decline were ongoing.



**Exploration Activities**

**Indonesia: Kuala Pambuang PSC (Interra 67.5%)**

Several very high quality drillable exploration prospects based on a comprehensive sub-surface model generated from the integration of geologic, geophysical and reservoir data have been delineated. These have been interpreted as areas of Berai formation carbonate reefs anchored on an extensive carbonate platform.

Exploration costs for the period were US\$10,564.



**Granite Mining Activities**

**Indonesia: Bukit Piatu Quarry (Interra 48.87%)**

The gross granite production at the quarry in Q2 2017 was 89,523 tonnes, a decrease of 39% over the preceding quarter of 146,001 tonnes.

Production and development expenditures for the period were US\$189,874 and nil respectively.