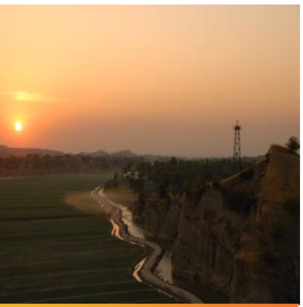
**INTERRA RESOURCES LIMITED**
Company Registration No. 197300166Z

***SGX ANNOUNCEMENT***
*Counter Name: Interra Res (Code: 5GI)*



13 August 2018

Dear Shareholders,

**UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

**Highlights in Q2 2018**

- Revenue from continuing operations for the quarter was US$3.91 million, 33% higher than the previous quarter. The increase was due mainly to higher sales of shareable oil of 64,095 barrels as compared to the previous quarter of 55,592 barrels and higher weighted average transacted oil prices of US$70.39 per barrel as compared to the previous quarter of US$63.12 per barrel.

- Shareable production for the quarter increased to 62,260 barrels from 57,315 barrels in the previous quarter.

- Total profit after income tax for the quarter was US$0.55 million, as compared to total loss after income tax in previous quarter of US$0.65 million.

- Earnings before divestment gain, interest income, exchange difference, finance cost, tax, depreciation, amortisation, allowance and impairment (EBITDA) from continuing operations for the quarter was US$2.00 million.

- Net cash outflow for the quarter was US$2.88 million, due mainly to net cash provided by operating activities of US$0.80 million and offset by net cash used in investing activities of US$3.65 million, mainly for capital expenditure of US$2.05 million and derecognition of cash and bank balances of the deconsolidated subsidiary corporations of US$1.52 million.

- Cash and cash equivalents (excluding deposits pledged) were US$6.32 million as at 30 June 2018.

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)

**UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

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## 1(a)(i) PROFIT OR LOSS

| Group | Note | Q2 2018 US$'000 | Q2 2017 US$'000 | Change % | 6M 2018 US$'000 | 6M 2017 US$'000 | Change % |
|---|---|---|---|---|---|---|---|
| **Continuing operations** | | | | | | | |
| Revenue | A1 | 3,911 | 2,420 | ↑ 62 | 6,848 | 5,677 | ↑ 21 |
| Cost of production | A2 | (1,850) | (1,408) | ↑ 31 | (4,006) | (2,950) | ↑ 36 |
| **Gross profit** | | **2,061** | **1,012** | ↑ 104 | **2,842** | **2,727** | ↑ 4 |
| Other income, net | A3 | 107 | 168 | ↓ 36 | 501 | 291 | ↑ 72 |
| Administrative expenses | | (1,259) | (1,180) | ↑ 7 | (2,695) | (2,277) | ↑ 18 |
| Finance expenses | | (38) | (32) | ↑ 19 | (72) | (63) | ↑ 14 |
| Other expenses | A4 | (5) | (8) | ↓ 38 | (11) | (23) | ↓ 52 |
| Share of losses of associated companies | | (109) | (2) | NM | (250) | (3) | NM |
| **Profit/(Loss) before income tax** | | **757** | **(42)** | NM | **315** | **652** | ↓ 52 |
| Income tax expense | A5 | (208) | (154) | ↑ 35 | (363) | (368) | ↓ 1 |
| **Profit/(Loss) from continuing operations for the financial period** | | **549** | **(196)** | NM | **(48)** | **284** | ↓ 117 |
| **Discontinued operations** | | | | | | | |
| **Loss from discontinued operations for the financial period** | A6 | - | (79) | NM | (54) | (140) | ↓ 61 |
| **Total profit/(loss)** | | **549** | **(275)** | NM | **(102)** | **144** | ↓ 171 |
| **Attributable to:** | | | | | | | |
| Equity holders of the Company | | 544 | (143) | | (19) | 361 | |
| Non-controlling interests | | 5 | (132) | | (83) | (217) | |
| | | **549** | **(275)** | | **(102)** | **144** | |
| **Profit/(Loss) attributable to equity holders of the Company relates to:** | | | | | | | |
| Profit/(Loss) from continuing operations | | 544 | (103) | | 7 | 431 | |
| Loss from discontinued operations | | - | (40) | | (26) | (70) | |
| | | **544** | **(143)** | | **(19)** | **361** | |
| **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 | | 0.093 | (0.020) | | 0.001 | 0.085 | |
| - From discontinued operations | | - | (0.008) | | (0.005) | (0.014) | |
| **Diluted earnings/(losses) per share (US cents)** | | | | | | | |
| - From continuing operations | | 0.093 | (0.020) | | 0.001 | 0.085 | |
| - From discontinued operations | | - | (0.008) | | (0.005) | (0.014) | |

1(a)(i) STATEMENT OF COMPREHENSIVE INCOME

| Group | Note | Q2 2018 US$'000 | Q2 2017 US$'000 | Change % | 6M 2018 US$'000 | 6M 2017 US$'000 | Change % |
|---|---|---|---|---|---|---|---|
| **Total profit/(loss) for the financial period** | | 549 | (275) | ↑ 300 | (102) | 144 | ↓ 171 |
| **Other comprehensive income, net of tax** | | | | | | | |
| **Items that may be reclassified subsequently to profit or loss:** | | | | | | | |
| Share of currency translation losses of associated companies | | (94) | - | NM | (107) | - | NM |
| Currency translation gains/(losses) arising from consolidation | | 65 | (1) | NM | (113) | 101 | NM |
| **Items that will not reclassified subsequently to profit or loss:** | | | | | | | |
| Share of defined benefit obligation re-measurements of associated companies | | 1 | - | NM | - | - | NM |
| Defined benefit obligation re-measurements | | 22 | (4) | NM | (23) | (8) | NM |
| | | (6) | (5) | | (243) | 93 | |
| **Total comprehensive income/(loss) for the financial period** | | **543** | **(280)** | ↑ 294 | **(345)** | **237** | ↓ 246 |
| **Attributable to:** | | | | | | | |
| Equity holders of the Company | | 697 | (140) | | 18 | 406 | |
| Non-controlling interests | | (154) | (140) | | (363) | (169) | |
| | | **543** | **(280)** | | **(345)** | **237** | |

↑ denotes increase
↓ denotes decrease
NM denotes not meaningful

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

| Group | Q2 2018 barrels | Q2 2017 barrels | 6M 2018 barrels | 6M 2017 barrels |
|---|---|---|---|---|
| Group's share of shareable oil production | 62,260 | 59,489 | 119,575 | 139,603 |
| Group's sales of shareable oil | 64,095 | 58,855 | 119,687 | 138,722 |

| | Group | | Q2 2018 US$'000 | Q2 2017 US$'000 | 6M 2018 US$'000 | 6M 2017 US$'000 |
|---|---|---|---|---|---|---|
| A1 | **Revenue** | | | | | |
| | Sale of oil and petroleum products | | **3,911** | **2,420** | **6,848** | **5,677** |
| A2 | **Cost of production** | | | | | |
| | Production expenses | | 1,641 | 1,380 | 3,628 | 2,877 |
| | Amortisation of producing oil and gas properties | | 123 | 28 | 206 | 73 |
| | Amortisation of intangible assets | | 86 | - | 172 | - |
| | | | **1,850** | **1,408** | **4,006** | **2,950** |
| A3 | **Other income, net** | | | | | |
| | Interest income | | 110 | 65 | 221 | 131 |
| | Petroleum services fees | | 48 | 75 | 132 | 112 |
| | Management fees | | 7 | 8 | 14 | 16 |
| | Currency translation (loss)/gain, net | | (42) | 19 | (65) | 4 |
| | Other (loss)/income | | (6) | 1 | (8) | 28 |
| | Gain on disposal of granite operations | | - | - | 217 | - |
| | Loss on disposal of property, plant and equipment | | (5) | - | (5) | - |
| | Fair value gain on investment properties | | 43 | - | 43 | - |
| | Loss on deconsolidation of subsidiary corporations | | (48) | - | (48) | - |
| | | | **107** | **168** | **501** | **291** |
| A4 | **Other expenses** | | | | | |
| | Depreciation of property, plant and equipment | | 5 | 8 | 11 | 18 |
| | Amortisation of producing oil and gas properties | | - | - | - | 5 |
| | | | **5** | **8** | **11** | **23** |
| A5 | **Income tax expense** | | | | | |
| | Current income tax | | 208 | 130 | 363 | 365 |
| | Deferred income tax | | - | 24 | - | 3 |
| | | | **208** | **154** | **363** | **368** |
| A6 | **Loss from discontinued operations** | | | | | |
| | Revenue | | - | 223 | 1,599 | 663 |
| | Expenses | | - | (259) | (1,653) | (711) |
| | Loss before income tax from discontinued operations | | - | (36) | (54) | (48) |
| | Income tax credit/(expense) | | - | 14 | - | (2) |
| | Loss after income tax from discontinued operations | A | - | (22) | (54) | (50) |
| | Pre-tax loss recognised on the measurement to fair values less cost to sell on disposal group | | - | (71) | - | (112) |
| | Income tax credit | | - | 14 | - | 22 |
| | Loss after tax recognised on the measurement to fair value less cost to sell on disposal group | B | - | (57) | - | (90) |
| | **Total loss from discontinued operations** | [A+B] | **-** | **(79)** | **(54)** | **(140)** |

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

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 30-Jun-18 | 31-Dec-17 Restated** | 30-Jun-18 | 31-Dec-17 |
| | | US$'000 | US$'000 | US$'000 | US$'000 |
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | | 25 | 95 | 25 | 31 |
| Producing oil and gas properties | B1 | 5,155 | 3,152 | - | - |
| Exploration and evaluation costs | B3 | 10,631 | 10,616 | - | - |
| Intangible assets | B4 | 3,306 | 3,477 | - | - |
| Investments in subsidiary corporations | | - | - | 28,397 | 28,976 |
| Investments in associated companies | B5 | 4,833 | 3,771 | 4,833 | - |
| Other receivables | B6 | 2,721 | 3,828 | - | - |
| Restricted cash* | | - | 139 | - | - |
| Investment properties | B7 | - | 235 | - | - |
| | | **26,671** | **25,313** | **33,255** | **29,007** |
| **Current assets** | | | | | |
| Inventories | B8 | 3,164 | 5,202 | - | - |
| Trade and other receivables | B6 | 3,531 | 8,295 | 49 | 15 |
| Other current assets | | 225 | 353 | 118 | 77 |
| Restricted cash* | | - | 99 | - | - |
| Cash and bank balances | B9 | 8,320 | 11,192 | 3,295 | 2,812 |
| | | **15,240** | **25,141** | **3,462** | **2,904** |
| Assets of disposal group classified as held-for-sale | B10 | - | 4,497 | - | - |
| | | **15,240** | **29,638** | **3,462** | **2,904** |
| **Total assets** | | **41,911** | **54,951** | **36,717** | **31,911** |
| **Equity and Liabilities** | | | | | |
| **Equity** | | | | | |
| Share capital | | 72,738 | 69,258 | 72,738 | 69,258 |
| Accumulated losses | | (30,398) | (30,378) | (39,667) | (40,897) |
| Other reserves | | (16,324) | (16,504) | 166 | 23 |
| **Equity attributable to owners of the Company** | | **26,016** | **22,376** | **33,237** | **28,384** |
| Non-controlling interests | | 2,084 | 4,746 | - | - |
| **Total equity** | | **28,100** | **27,122** | **33,237** | **28,384** |
| **Non-current liabilities** | | | | | |
| Retirement benefit obligations | | - | 20 | - | - |
| Provision for environmental and restoration costs | | - | 139 | - | - |
| Deferred income tax liabilities | | - | 4 | - | - |
| | | **-** | **163** | **-** | **-** |
| **Current liabilities** | | | | | |
| Trade and other payables | B11 | 4,987 | 13,234 | 480 | 527 |
| Borrowings | | 3,000 | 3,736 | 3,000 | 3,000 |
| Provision for environmental and restoration costs | | - | 1,581 | - | - |
| Current income tax liabilities | | 5,824 | 7,604 | - | - |
| | | **13,811** | **26,155** | **3,480** | **3,527** |
| Liabilities directly associated with disposal group classified as held-for-sale | B10 | - | 1,511 | - | - |
| | | **13,811** | **27,666** | **3,480** | **3,527** |
| **Total liabilities** | | **13,811** | **27,829** | **3,480** | **3,527** |
| **Total equity and liabilities** | | **41,911** | **54,951** | **36,717** | **31,911** |

* Fund intended for environmental and restoration costs.

** Comparative figures have been restated upon adoption of SFRS(I). Refer to Note 4 for details.

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

| Group | | 30-Jun-18 US$'000 | 31-Dec-17 US$'000 |
|---|---|---|---|
| **B1** | **Producing oil and gas properties** | | |
| | Development tangible assets | 299 | 203 |
| | Development intangible assets | 4,856 | 2,949 |
| | | **5,155** | **3,152** |
| **B2** | **Mining properties** | | |
| | Deferred exploration expenditures | - | 358 |
| | Development tangible assets | - | 2,328 |
| | | - | 2,686 |
| | Less: Assets of disposal group classified as held-for-sale | - | (2,686) |
| | | **-** | **-** |
| **B3** | **Exploration and evaluation costs** | | |
| | Exploration and evaluation assets | 9,196 | 9,181 |
| | Participating rights of exploration assets | 1,435 | 1,435 |
| | | **10,631** | **10,616** |
| **B4** | **Intangible assets** | | |
| | Non-contractual customer relationships | - | 413 |
| | Less: Assets of disposal group classified as held-for-sale | - | (413) |
| | | - | - |
| | Patent rights | 3,284 | 3,452 |
| | Computer software | 22 | 25 |
| | | **3,306** | **3,477** |
| **B5** | **Investments in associated companies** | | |
| | Equity investment at costs | 11,310 | 11,310 |
| | Derecognise of subsidiary corporation with interests in associated companies | (3,952) | - |
| | Fair value of retained interests in subsidiary corporations deconsolidated, classified as associated companies | 4,833 | - |
| | | 12,191 | 11,310 |
| | Share of losses in associated companies | (7,358) | (7,567) |
| | Share of other comprehensive income in associated companies | - | 28 |
| | | **4,833** | **3,771** |
| **B6** | **Trade and other receivables** | | |
| | **Non-current** | | |
| | Loan to non-related parties | 2,721 | 2,631 |
| | Loan to an associated company | - | 1,197 |
| | | 2,721 | 3,828 |
| | **Current** | | |
| | Trade receivables - non-related parties | 2,777 | 4,209 |
| | Other receivables - non-related parties | 241 | 353 |
| | Loan to non-related parties | - | 1,240 |
| | Loan to an associated company | 513 | 2,493 |
| | | 3,531 | 8,295 |
| | | **6,252** | **12,123** |

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

| Group | | 30-Jun-18 US$'000 | 31-Dec-17 US$'000 |
|---|---|---|---|
| **B7** | **Investment properties** | | |
| | Land and Building in Pacet | - | 223 |
| | Kiosk at ITC Kuningan | - | 12 |
| | | **-** | **235** |
| **B8** | **Inventories** | | |
| | Consumable inventories | 3,164 | 3,866 |
| | Mining sparts parts and others | - | 380 |
| | Granite inventory | - | 1,133 |
| | Crude oil inventory# | - | 203 |
| | | 3,164 | 5,582 |
| | Less: Assets of disposal group classified as held-for-sale | - | (380) |
| | | **3,164** | **5,202** |
| **B9** | **Cash and cash equivalents** | | |
| | Cash at bank and on hand | 749 | 3,081 |
| | Short-term fixed deposits | 7,571 | 8,111 |
| | **Cash and bank balances** | **8,320** | **11,192** |
| | Less: Bank deposits pledged* | (2,000) | (2,000) |
| | **Cash and cash equivalents per statement of cash flows** | **6,320** | **9,192** |
| **B10** | **Disposal group classified as held-for-sale** | | |
| | Property, plant and equipment | - | 40 |
| | Mining properties (tangible assets) | - | 2,328 |
| | Mining properties (intangible assets) | - | 358 |
| | Intangible assets | - | 413 |
| | Restricted cash | - | 944 |
| | Cash at bank | - | 31 |
| | Other receivables | - | 3 |
| | Inventories | - | 380 |
| | **Assets of disposal group** | **-** | **4,497** |
| | Retirement benefit obligations | - | (174) |
| | Provision for environmental and restoration costs | - | (944) |
| | Deferred income tax liabilities | - | (393) |
| | **Liabilities directly associated with disposal group** | **-** | **(1,511)** |
| **B11** | **Trade and other payables** | | |
| | Trade payables - non-related parties | 1,984 | 1,785 |
| | Other payables - non-related parties | 2,246 | 10,693 |
| | Accruals | 757 | 756 |
| | | **4,987** | **13,234** |

# This represents costs of crude oil inventory of Linda Sele TAC ("LS TAC") which was not uplifted and was stored at stock points as at 31 Dec 2017.

* On 3 Jul 2018, the Company repaid US$2.00 mil bank loan and concurrently, the pledge of fixed deposit of US$2.00 mil was discharged accordingly.

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

| Group | 30-Jun-18 | | 31-Dec-17 | |
|---|---|---|---|---|
| | Secured US$'000 | Unsecured US$'000 | Secured US$'000 | Unsecured US$'000 |
| Amount repayable in one year or less, or on demand | | | | |
| - Bank loan* | 3,000 | - | 3,736 | - |
| Amount repayable after one year | - | - | - | - |

* (i) The secured bank loan of US$0.73 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. As at 30 Jun 2018, MITI was deconsolidated as the Company lost its control over MITI.

(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 5.06% per annum for a tenor period of 1 month. 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. On 3 Jul 2018, the Company repaid US$2.00 mil bank loan and concurrently, the pledge of fixed deposit of US$2.00 mil was discharged accordingly. As at to-date, the unsecured bank loans is US$1.00 mil.

## 1(c) STATEMENT OF CASH FLOWS

| Group | Note | Q2 2018 US$'000 | Q2 2017 US$'000 | 6M 2018 US$'000 | 6M 2017 US$'000 |
|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | | |
| Total profit/(loss) | | 549 | (275) | (102) | 144 |
| **Adjustments for non-cash items:** | | | | | |
| Income tax expense | | 208 | 126 | 363 | 348 |
| Share of losses of associated companies | | 109 | 2 | 250 | 3 |
| Share option expense | | 75 | - | 143 | - |
| Depreciation of property, plant and equipment | | 5 | 8 | 11 | 18 |
| Amortisation of producing oil and gas properties | | 123 | 28 | 207 | 78 |
| Amortisation of intangible assets | | 86 | - | 172 | - |
| Interest income | | (110) | (65) | (221) | (131) |
| Gain on re-measurement to fair value on disposal group | | - | 71 | - | 112 |
| Gain on disposal of granite operations | | - | - | (217) | - |
| Gain on curtailment | | - | (4) | (45) | (8) |
| Unwinding of discount of provision for environmental and restoration costs | | - | 36 | - | 72 |
| Fair value gain on investment properties | | (43) | - | (43) | - |
| Interest expenses | | 38 | 32 | 72 | 63 |
| Loss on disposal of property, plant and equipment | | 5 | - | 5 | - |
| Loss on deconsolidation of subsidiary corporations | | 48 | - | 48 | - |
| Unrealised currency translation gains/(losses) | | 51 | 43 | (72) | (47) |
| **Operating profit before working capital changes** | | **1,144** | **2** | **571** | **652** |
| **Changes in working capital** | | | | | |
| Inventories | | 81 | (33) | 329 | (138) |
| Trade and other receivables and other current assets | | (1,538) | 1,577 | 32 | 2,640 |
| Trade and other payables | | 1,128 | (27) | 338 | (326) |
| Restricted cash | | - | (2) | - | (4) |
| **Cash generated from operations** | | **815** | **1,517** | **1,270** | **2,824** |
| Income tax paid | | (13) | (126) | (136) | (350) |
| **Net cash provided by operating activities** | | **802** | **1,391** | **1,134** | **2,474** |
| **Cash Flows from Investing Activities** | | | | | |
| Interest received | | 28 | 38 | 58 | 54 |
| Net proceeds from disposal of granite operations | A1 | - | - | 185 | - |
| Net proceeds from disposal of property, plant and equipment | | 4 | - | 4 | - |
| Loans to an associated company (non-trade) | | (107) | (51) | (378) | (121) |
| Cash and bank balances of subsidiary corporations deconsolidated | A2 | (1,520) | - | (1,520) | - |
| Additions to property, plant and equipment | | (1) | - | (1) | (2) |
| Additions to producing oil and gas properties | | (2,045) | (163) | (2,228) | (327) |
| Additions to exploration and evaluation assets | | (6) | (11) | (14) | (21) |
| Additions to intangible assets | | - | - | (3,420) | - |
| **Net cash used in investing activities** | | **(3,647)** | **(187)** | **(7,314)** | **(417)** |

## 1(c) STATEMENT OF CASH FLOWS (CONT'D)

| Group | Note | Q2 2018 US$'000 | Q2 2017 US$'000 | 6M 2018 US$'000 | 6M 2017 US$'000 |
|---|---|---|---|---|---|
| **Cash Flows from Financing Activities** | | | | | |
| Interest paid | | (38) | (30) | (72) | (46) |
| Proceeds received from dilution of interests in a subsidiary corporation without loss of control | | - | - | - | 1,299 |
| Proceeds from issuance of new ordinary shares pursuant to private placement of shares, net of issuance costs | | - | - | 3,380 | - |
| Loan to non-related parties | | - | (473) | - | (2,017) |
| **Net cash (used in)/provided by financing activities** | | **(38)** | **(503)** | **3,308** | **(764)** |
| **Net (decrease)/increase in cash and cash equivalents** | | **(2,883)** | **701** | **(2,872)** | **1,293** |
| Cash and cash equivalents at beginning of financial period | | 9,197 | 10,466 | 9,192 | 9,865 |
| Effects of currency translation on cash and cash equivalents | | 6 | (1) | - | 8 |
| **Cash and cash equivalents at end of financial period** | | **6,320** | **11,166** | **6,320** | **11,166** |

1(c) EXPLANATORY NOTES TO STATEMENT OF CASH FLOWS

| Group | 6M 2018 US$'000 |
|---|---|
| **A1 Net proceeds from disposal of granite operations** | |
| Property, plant and equipment | 40 |
| Mining properties (tangible assets) | 2,362 |
| Mining properties (intangible assets) | 338 |
| Intangible assets | 413 |
| Restricted cash | 959 |
| Inventories | 963 |
| | **5,075** |
| Retirement benefit obligations | (187) |
| Provision for environmental and restoration costs | (959) |
| Deferred income tax liabilities | (393) |
| | **(1,539)** |
| **Total net identifiable assets disposed** | **3,536** |
| **Total purchase consideration** | **3,753** |
| **Gain on disposal of granite operation** | **(217)** |
| | |
| **Effects on cash flows of the Group** | |
| **Total purchase consideration** | **3,753** |
| Less: Deposit received for proposed disposal of granite operations in FY2015 and FY2017 | (3,130) |
| Less: Cash inflow from disposal of granite operations in 6M 2018 | (185) |
| | 438 |
| Less: Foreign exchange loss | (224) |
| **Balance of purchase consideration not settled (included in deconsolidation of subsidiary corporations)** | **214** |

## 1(c) EXPLANATORY NOTES TO STATEMENT OF CASH FLOWS (CONT'D)

| Group | MITI US$'000 | GLS US$'000 | Q2 2018 Total US$'000 |
|---|---|---|---|
| **A2 Deconsolidation of subsidiary corporations** | | | |
| Property, plant and equipment | 39 | - | 39 |
| Producing oil and gas properties | - | 19 | 19 |
| Investment properties | 266 | - | 266 |
| Investments in associated companies | 6,780 | - | 6,780 |
| Inventories | - | 1,126 | 1,126 |
| Trade and other receivables | 1,964 | 858 | 2,822 |
| Cash and bank balances | 393 | 1,127 | 1,520 |
| Restricted cash | 133 | 98 | 231 |
| Current income tax assets | -* | - | -* |
| | **9,575** | **3,228** | **12,803** |
| Trade and other payables | (1,002) | (402) | (1,404) |
| Retirement benefit obligations | (91) | - | (91) |
| Provision for environmental and restoration costs | (133) | (1,580) | (1,713) |
| Borrowings | (701) | - | (701) |
| Current income tax liabilities | - | (2,011) | (2,011) |
| Deferred income tax liabilities | (4) | - | (4) |
| | **(1,931)** | **(3,993)** | **(5,924)** |
| **Total net identifiable assets/(liabilities) derecognised** | **7,644** | **(765)** | **6,879** |
| Net (assets)/liabilities derecognised | (7,644) | 765 | (6,879) |
| Non-controlling interests derecognised | 5,460 | (3,178) | 2,282 |
| Fair value of retained interests classified as associated companies, represents fair value of deemed consideration | 4,833 | -* | 4,833 |
| Cumulative exchange differences in respect of the net assets of the subsidiary corporations reclassified on loss of control of subsidiary corporations | (254) | - | (254) |
| Defined benefits obligation re-measurements - reclassification to profit or loss due to loss of control of subsidiary corporations | (30) | - | (30) |
| **Gain/(Loss) on deconsolidation of subsidiary corporations** | **2,365** | **(2,413)** | **(48)** |
| **Effects on cash flows of the Group** | | | |
| Cash and bank balances of subsidiary corporations deconsolidated | **393** | **1,127** | **1,520** |

* Amount is less than US$1,000.

## 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 |
|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 Apr 2018** | **72,738** | **(75)** | **(16,545)** | **91** | **(30,965)** | **25,244** | **4,510** | **29,754** |
| Additional increase of non-controlling interests | - | - | - | - | - | - | 10 | 10 |
| Deconsolidation of subsidiary corporations with non-controlling interests due to loss of control | - | - | - | - | - | - | (2,282) | (2,282) |
| Employee share option plan - value of employee services | - | - | - | 75 | - | 75 | - | 75 |
| Total transactions with owners, recognised directly in equity | 72,738 | (75) | (16,545) | 166 | (30,965) | 25,319 | 2,238 | 27,557 |
| Profit for Q2 2018 | - | - | - | - | 544 | 544 | 5 | 549 |
| Other comprehensive income/ (loss) | | | | | | | | |
| Currency translation differences | - | (34) | - | - | - | (34) | (75) | (109) |
| Share of currency translation difference of associated companies | - | (90) | - | - | - | (90) | (84) | (174) |
| Share of defined benefit obligation re-measurements of associated companies | - | - | - | - | (7) | (7) | - | (7) |
| Reclassification to profit or loss on deconsolidation of subsidiary corporations due to loss of control | - | 254 | - | - | 30 | 284 | - | 284 |
| Total comprehensive income/ (loss) for Q2 2018 | - | 130 | - | - | 567 | 697 | (154) | 543 |
| **Balance as at 30 Jun 2018** | **72,738** | **55** | **(16,545)** | **166** | **(30,398)** | **26,016** | **2,084** | **28,100** |

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

| 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 |
|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 Apr 2017 as previously reported** | **69,258** | **(2,165)** | **(16,545)** | **-** | **(28,975)** | **21,573** | **5,597** | **27,170** |
| Effects of adopting SFRS(I) | - | 2,209 | - | - | (2,209) | - | - | - |
| **Balance as at 1 Apr 2017, restated** | **69,258** | **44** | **(16,545)** | **-** | **(31,184)** | **21,573** | **5,597** | **27,170** |
| Acquisition of subsidiary with non-controlling interests | - | - | - | - | - | - | 13 | 13 |
| Additional increase of non-controlling interests | - | - | - | - | - | - | 38 | 38 |
| Total transactions with owners, recognised directly in equity | 69,258 | 44 | (16,545) | - | (31,184) | 21,573 | 5,648 | 27,221 |
| Loss for Q2 2017 | - | - | - | - | (143) | (143) | (132) | (275) |
| Other comprehensive income/ (loss) | | | | | | | | |
| Currency translation differences | - | 5 | - | - | - | 5 | (6) | (1) |
| Defined benefit obligation re-measurements | - | - | - | - | (2) | (2) | (2) | (4) |
| Total comprehensive income/ (loss) for Q2 2017 | - | 5 | - | - | (145) | (140) | (140) | (280) |
| **Balance as at 30 Jun 2017** | **69,258** | **49** | **(16,545)** | **-** | **(31,329)** | **21,433** | **5,508** | **26,941** |

| Company | Share Capital US$'000 | Share Option Reserve US$'000 | Accumulated Losses US$'000 | Total Equity US$'000 |
|---|---|---|---|---|
| **Balance as at 1 Apr 2018** | **72,738** | **91** | **(41,497)** | **31,332** |
| Employee share option plan - value of employee services | - | 75 | - | 75 |
| Total comprehensive income for Q2 2018 | - | - | 1,830 | 1,830 |
| **Balance as at 30 Jun 2018** | **72,738** | **166** | **(39,667)** | **33,237** |
| | | | | |
| **Balance as at 1 Apr 2017** | **69,258** | **-** | **(39,160)** | **30,098** |
| Total comprehensive loss for Q2 2017 | - | - | (1,158) | (1,158) |
| **Balance as at 30 Jun 2017** | **69,258** | **-** | **(40,318)** | **28,940** |

**1(d)(ii) SHARE CAPITAL**

On 30 Jan 2018, an aggregate of 79,526,847 new ordinary shares were issued by a way of a private placement at an issue price of S$0.059 per subscription price with aggregate subscription price of US$3.48 mil. 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 as at 30 Jun 2018 was 24,000,000 (FY 2017: 24,000,000).

The Company does not have any treasury shares or subsidiary holdings as at 30 Jun 2018.

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

| Group and Company | 30 Jun 2018 | 31 Dec 2017 |
|---|---|---|
| Issued and fully paid | | |
| **Opening balance** | **506,446,757** | **506,446,757** |
| Issuance of new ordinary shares pursuant to private placement | 79,526,847 | - |
| **Closing balance** | **585,973,604** | **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**

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 2017 except the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") and all the new and revised standards which are effective for annual financial periods beginning on or after 1 Jan 2018. The adoption of SFRS(I) have no significant impact on the Group's financial statements except as described below:

The Group elected the optional exemption in SFRS(I) to reset its cumulative currency translation reserves for all foreign operations to zero at the date of transition and reclassify the cumulative currency translation reserves of US$2.21 mil as at 1 Jan 2017 to accumulated losses.

**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**

Refer to paragraph 4 above.

The Group has adopted all the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") that are relevant to its operations and effective for annual periods beginning on or after 1 Jan 2018.

The adoption of the new or revised SFRS(I) and INT SFRS(I) 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 2018 | Q2 2017 | 6M 2018 | 6M 2017 |
|---|---|---|---|---|
| **Basic earnings/(losses) per ordinary share (US cents)** | | | | |
| - From continuing operations | **0.093** | **(0.020)** | **0.001** | **0.085** |
| - From discontinued operations | **-** | **(0.008)** | **(0.005)** | **(0.014)** |
| Weighted average number of ordinary shares for the purpose of computing basic earnings/(losses) per share | 585,973,604 | 506,446,757 | 572,792,359 | 506,446,757 |
| **Fully diluted earnings/(losses) per ordinary share (US cents)** | | | | |
| - From continuing operations | **0.093** | **(0.020)** | **0.001** | **0.085** |
| - From discontinued operations | **-** | **(0.008)** | **(0.005)** | **(0.014)** |
| Weighted average number of ordinary shares for the purpose of computing fully diluted earnings/(losses) per share | 585,973,604 | 506,446,757 | 572,792,359 | 506,446,757 |

On 30 Jan 2018, an aggregate of 79,526,847 new ordinary shares were issued by a way of a private placement at an issue price of S$0.059 per subscription price with aggregate subscription price of US$3.48 mil. These newly issued ordinary shares ranked pari passu in all respects with the existing ordinary shares.

For the purpose of computing basic and fully diluted earnings/(losses) per share, the relevant periods are from 1 Apr 2018 to 30 Jun 2018 and 1 Jan 2018 and 30 Jun 2018 respectively. The weighted average number of ordinary shares on issue has not been adjusted as the share options are anti-dilutive in Q2 2018 and 6M 2018.

## 7 NET ASSET VALUE PER SHARE

| Group | Group | | Company | |
|---|---|---|---|---|
| | 30 Jun 2018 | 31 Dec 2017 | 30 Jun 2018 | 31 Dec 2017 |
| Net asset value per ordinary share based on total number of issued shares (excluding treasury shares) (US cents) | 4.440 | 4.418 | 5.672 | 5.604 |
| Total number of issued shares (excluding treasury shares) | 585,973,604 | 506,446,757 | 585,973,604 | 506,446,757 |

## 8(i) PERFORMANCE REVIEW

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

**Revenue & Production**

Revenue increased by 62% to US$3.91 mil in Q2 2018 from US$2.42 mil in Q2 2017. This was largely due to higher weighted average transacted oil prices in Q2 2018 of US$70.39 per barrel (Q2 2017: US$47.07 per barrel) and higher sales of shareable oil of 64,095 barrels in Q2 2018 (Q2 2017: 58,855 barrels).

The Group's shareable oil production increased by 5% to 62,260 barrels in Q2 2018 from 59,489 barrels in Q2 2017. The increase was due to higher shareable production from Myanmar of 55,691 barrels in Q2 2018 (Q2 2017: 49,896 barrels). However, the increase was offset by the decrease of shareable production from LS TAC of 6,569 barrels in Q2 2018 (Q2 2017: 9,593 barrels).

**Cost of Production**

The increase in cost of production to US$1.85 mil in Q2 2018 from US$1.41 mil in Q2 2017 was largely attributable to higher production expenses by US$0.26 mil and higher amortisation charges by US$0.18 mil in Q2 2018 as compared to Q2 2017. Myanmar operations capitalised capital expenditure of US$2.05 mil in Q2 2018 which resulted in higher amortisation charges of producing oil and gas properties.

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

The Group posted a total profit after tax of US$0.55 mil in Q2 2018 as compared to a total loss after tax of US$0.28 mil in Q2 2017. The profit was mainly due to the following:

(1) Higher revenue of US$3.91 mil in Q2 2018 (Q2 2017: US$2.42 mil) due to higher oil prices and sales of shareable oil.

(2) Higher cost of production of US$1.85 mil in Q2 2018 (Q2 2017: US$1.41 mil), due to higher production expenses and higher amortisation charges of producing oil and gas properties and intangible assets.

(3) Lower other income of US$0.11 mil in Q2 2018 (Q2 2017: US$0.17 mil), mainly due to loss on deconsolidation of subsidiary corporations, PT Mitra Investindo TBK ("MITI") and Goldwater LS ("GLS") of US$0.05 mil in Q2 2018 (Q2 2017: nil), lower petroleum services fees of US$0.05 mil (Q2 2017: US$0.08 mil) and foreign exchange loss of US$0.04 mil in Q2 2018 (Q2 2017: foreign exchange gain of US$0.02 mil). The decrease was also offset by fair value gain on investment properties of US$0.04 mil in Q2 2018 (Q2 2017: nil).

(4) Higher administrative expenses of US$1.26 mil in Q2 2018 (Q2 2017: US$1.18 mil), mainly due to increased corporate expenses by US$0.14 mil in Q2 2018.

(5) Higher current income tax expense of US$0.21 mil was in line with higher taxable income (Q2 2017: US$0.15 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 increased by US$2.01 mil to US$5.16 mil in Q2 2018 from US$3.15 mil in FY 2017, due to capitalisation of drilling expenditure of US$2.23 mil and offset by amortisation charges of US$0.21 mil.

Exploration and evaluation costs increased to US$10.63 mil in Q2 2018 from US$10.62 mil in FY 2017 mainly due to capitalisation of 2D seismic costs for KP PSC of US$0.01 mil.

Intangible assets decreased to US$3.31 mil in Q2 2018 from US$3.48 mil in FY 2017, mainly due to amortisation charges of US$0.17 mil.

Investments in associated companies increased by US$1.06 mil to US$4.83 mil in Q2 2018 from US$3.77 mil in FY 2017. This was mainly due to recognition of investment in MITI and GLS as associated companies after the deconsolidation on 30 Jun 2018 at fair value on initial recognition in accordance with SFRS(I). Accordingly, MITI's investment in PT Indelberg Oil Indonesia was also derecognised. The share of post-acquisition results in MITI will be recognised with effect from 1 Jul 2018 onwards.

Inventories decreased by US$2.04 mil to US$3.16 mil in Q2 2018 from US$5.20 mil in FY 2017. This was mainly due to deconsolidation of GLS, a subsidiary corporation of MITI on 30 Jun 2018.

The deconsolidation of MITI and GLS have also resulted in the decrease in:

(1) Trade and other receivables - non-related parties (current) decreased to US$3.02 mil in Q2 2018 from US$4.56 mil in FY 2017, mainly contributed from the decrease of trade receivables by US$1.43 mil to US$2.78 mil in Q2 2018 from US$4.21 mil in FY 2017.

(2) Loan to non-related parties (current) decreased by US$1.24 mil in Q2 2018.

(3) Loan to an associated company (current and non-current) decreased by US$3.18 mil to US$0.51 mil in Q2 2018 from US$3.69 mil in FY 2017.

Trade and other payables decreased by US$8.24 mil to US$4.99 mil in Q2 2018 from US$13.23 mil in FY 2017. This was mainly due to settlement of acquisition of patent rights for technology know-how of US$3.42 mil in Q1 2018 and realisation of deposit received from the buyers of US$3.75 mil for the disposal of granite operations completed in Q1 2018 and deconsolidation of MITI and GLS in Q2 2018.

**Statement of Cash Flows**

Cash and cash equivalents showed a net decrease of US$2.88 mil in Q2 2018 due to the following:

(1) Net cash provided by operating activities of US$0.80 mil was mainly due to deconsolidation of subsidiary corporations, MITI and GLS of US$1.76 mil offset the net cash used in oil and gas operations of US$0.68 mil and corporate expenses.

(2) Net cash used in investing activities of US$3.65 mil related mainly to deconsolidation of subsidiary corporations, MITI and GLS with total cash and bank balances of US$1.52 mil due to loss of control and addition of capital expenditure for Myanmar operations of US$2.05 mil and loan to associated company of US$0.11 mil.

(3) Net cash used in financing activities of US$0.04 mil related to loan interest paid.

## 8(ii) USE OF PROCEEDS

The utilisation of the proceeds from the placement completed on 30 Jan 2018 (the "Placement") is in line with the intended uses stated in the announcement of the Placement dated 15 Dec 2017. The remaining balance of the net proceeds amounts to approximately US$616,024 as announced on 1 Aug 2018. The breakdown of the use of proceeds is as follows:

| Purpose | 30 Jun 2018 US$'000 |
|---|---|
| Net proceeds (subject to finalisation of related expenses) | 3,470 |
| Payment of work activities relating to the work programme of the Chauk and Yenangyaung fields in Myanmar for the year 2018 | (2,854) |
| | **616** |

## 8(iii) SEGMENTED REVENUE AND RESULTS

| Geographical Segment | Indonesia Oil and Gas | | Myanmar Oil and Gas | | Consolidated | |
|---|---|---|---|---|---|---|
| | Q2 2018 US$'000 | Q2 2017 US$'000 | Q2 2018 US$'000 | Q2 2017 US$'000 | Q2 2018 US$'000 | Q2 2017 US$'000 |
| **Results** | | | | | | |
| **EBITDA** | **315** | 91 | **1,688** | 655 | **2,003** | 746 |
| **EBIT** | **304** | 67 | **1,490** | 650 | **1,794** | 717 |
| | | | | | | |
| **Sales to external customers** | **796** | 560 | **3,115** | 1,860 | **3,911** | 2,420 |
| **Segment results** | **225** | 62 | **1,490** | 650 | **1,715** | 712 |
| Unallocated corporate net operating results | | | | | **(958)** | (754) |
| **Profit/(Loss) before income tax** | | | | | **757** | (42) |
| Income tax expense | | | | | **(208)** | (154) |
| **Net profit/(loss) from continuing operations** | | | | | **549** | (196) |
| **Loss from discontinued operations for the financial period** | | | | | **-** | (79) |
| **Total profit/(loss)** | | | | | **549** | (275) |

**8(iii) SEGMENTED REVENUE AND RESULTS (CONT'D)**

| Geographical Segment | Indonesia Oil and Gas | | Myanmar Oil and Gas | | Consolidated | |
|---|---|---|---|---|---|---|
| | 6M 2018 US$'000 | 6M 2017 US$'000 | 6M 2018 US$'000 | 6M 2017 US$'000 | 6M 2018 US$'000 | 6M 2017 US$'000 |
| **Results** | | | | | | |
| **EBITDA** | **297** | 218 | **2,289** | 2,007 | **2,586** | 2,225 |
| **EBIT** | **274** | 150 | **1,934** | 1,997 | **2,208** | 2,147 |
| **Sales to external customers** | **1,162** | 1,196 | **5,686** | 4,481 | **6,848** | 5,677 |
| **Segment results** | **143** | 138 | **1,934** | 1,997 | **2,077** | 2,135 |
| Unallocated corporate net operating results | | | | | **(1,762)** | (1,483) |
| **Profit before income tax** | | | | | **315** | 652 |
| Income tax expense | | | | | **(363)** | (368) |
| **Net (loss)/profit from continuing operations** | | | | | **(48)** | 284 |
| **Loss from discontinued operations for the financial year** | | | | | **(54)** | (140) |
| **Total (loss)/profit** | | | | | **(102)** | 144 |

**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

Myanmar's shareable production increased by 9% to 55,691 barrels in Q2 2018 from 51,131 barrels in Q1 2018. With a total of 6 new wells drilled during the quarter, production has been gradually improving. With the additional 2 new wells drilled in Jul 2018, the incremental production is expected to reach the pre-contract extension level. The operator has commenced its Water Flood Project since the beginning of the year, and although it is still in the early stage, marginal improvement, being directly or indirectly, can been seen in the overall production level. The company will update shareholders on the progress of this project as and when significant progress is made.

Shareable production at Linda Sele TAC ("LS TAC") increased by 6% to 6,569 barrels in Q2 2018 from 6,184 barrels in Q1 2018, after the extended extreme weather condition improved. Uplifting of oil at LS TAC has been higher this quarter as compared to Q1 2018. As the LS TAC will be expiring at the end of 2018, negotiations with the local authority have commenced and any updates will be announced immediately.

For Kuala Pambuang PSC, preparations for the drilling of an exploration well are underway. High quality drillable prospects have been carefully identified and evaluated, both internally and externally, to minimise any potential risk. The first exploration well is expected to start drilling next year. No significant contribution is expected from this field in the near term.

Further to our announcement on 30 Jun 2018 on the cessation of subsidiary – PT Mitra Investindo TBK ("MITI"), the company has derecognised MITI and its subsidiary corporations and recognised it as an associated companies in Q2 2018. Accordingly, the assets and liabilities as at 30 Jun 2018 were derecognised from the group. In Jul 2018, in view of the rising interest cost, the Company has redeemed US$2.00 mil of its US$3.00 mil bank loan. Due to the recovery of the oil price, and the recent extension of Myanmar contract, the drilling campaign has been stepped-up, with a total of 6 completed wells to date. The Secondary Oil Recovery Project has also been implemented in both oilfields in order to capitalise and maximise the potential of the oilfields during the contract period. Barring any unforeseen circumstances, the Company has sufficient cash resources to fulfil the current year work program. The Company will explore and evaluate the various funding alternatives to fund the forthcoming projects and investment. We will make the necessary and appropriate announcement in the future.

## 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 2018 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
13-Aug-18

## 16 ABBREVIATIONS

| | | |
|---|---|---|
| Q1 2017 | denotes | First calendar quarter of the year 2017 |
| Q1 2018 | denotes | First calendar quarter of the year 2018 |
| Q2 2017 | denotes | Second calendar quarter of the year 2017 |
| Q2 2018 | denotes | Second calendar quarter of the year 2018 |
| 6M 2017 | denotes | Six months ended 30 June 2017 |
| 6M 2018 | denotes | Six months ended 30 June 2018 |
| FY 2017 | denotes | Full year ended 31 December 2017 |
| 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 |
| IOI | denotes | PT Indelberg Oil Indonesia |
| IPRC | denotes | Improved Petroleum Recovery Contract |
| 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 |

interraresources

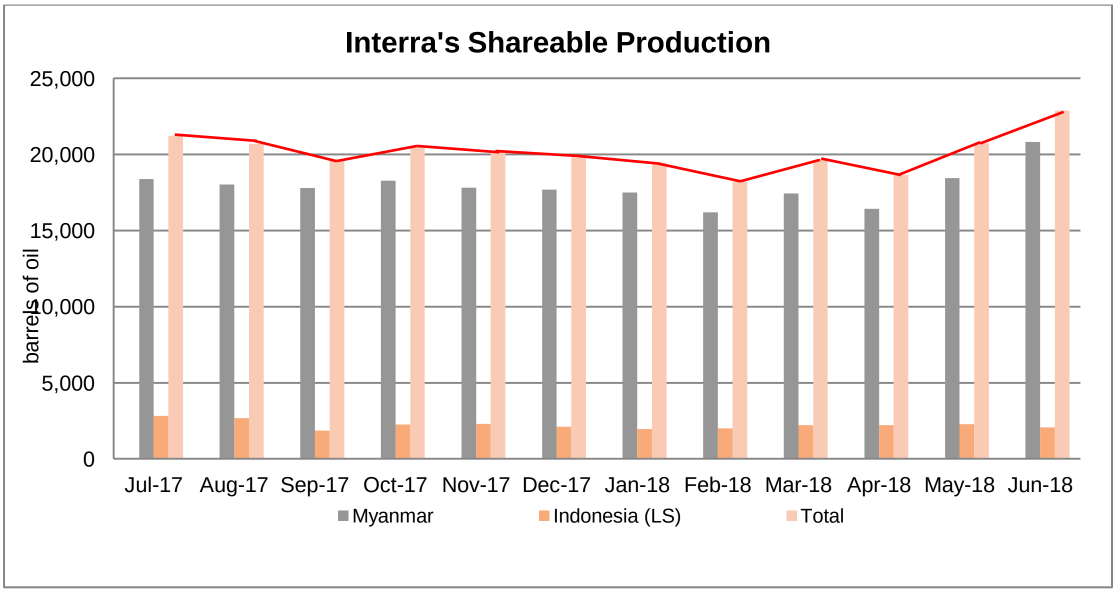
**Appendix A**

13 August 2018

# PRODUCTION, DEVELOPMENT & EXPLORATION ACTIVITIES FOR THE SECOND QUARTER ENDED 30 JUNE 2018 ("Q2 2018")

## Production Profile

| (Barrels) | Myanmar | | Indonesia (LS) | |
|---|---|---|---|---|
| | Q1 2018 | Q2 2018 | Q1 2018 | Q2 2018 |
| Shareable production | 85,218 | 92,817 | 11,454 | 12,167 |
| Interra's share of shareable production | 51,131 | 55,691 | 6,184 | 6,569 |




*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.*

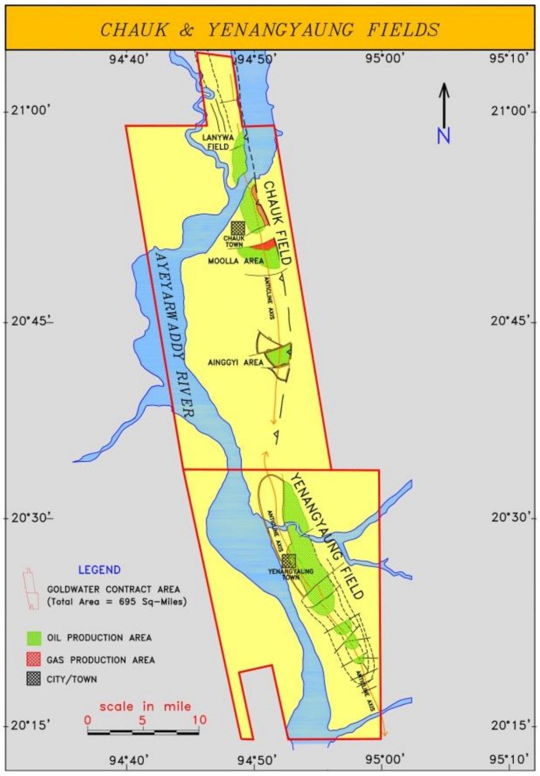
## Reserves and Resources

Interra's year 2017 hydrocarbon reserves and resources of the various petroleum assets were evaluated by a reputable reservoir evaluation firm, ERC Equipoise Pte Ltd ("ERCE"), and a "Qualified Person's Report" was issued for each. A Summary of the same is reported in the Company's 2017 Annual Report.

## Development and Production Activities

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

In Q2 2018, the combined shareable production for both fields was 55,691 barrels of oil, an increase of 9% over the preceding quarter of 51,131 barrels of oil.




Production and development expenditures for the period were US$1,277,517 and US$2,045,958 respectively.

The operator, Goldpetrol Joint Operating Company Inc. ("**Goldpetrol**") (Interra 60%) commenced drilling six development wells during Q2 2018 which have all been completed as oil producers. The increase in shareable production as stated above is in large part a result of this drilling success.

Routine field operations have been ongoing with the objective of reducing production declines in existing wells by optimising production through surface and borehole enhancements combined with scheduled maintenance.

The initial "full fault block compartment" water flood project in the Chauk field which commenced in Q1 2018, is now in continuous operation with six injector wells. The targeted response wells are being closely monitored to determine the effects on oil production. A smaller scale water flood has commenced in Yenangyaung with indications of positive results.

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

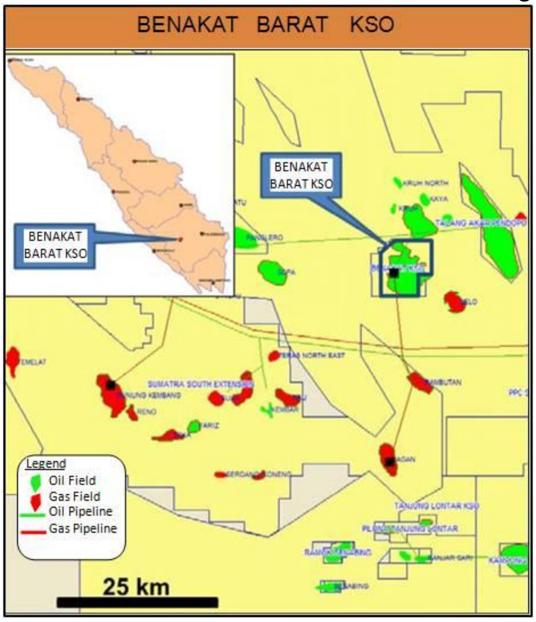
In Q2 2018, shareable production was 6,569 barrels of oil, an increase of 6% as compared to the previous quarter of 6,184 barrels of oil. There were three upliftings of approximately 8,404 barrels of oil during the quarter.


Production and development expenditures for the period were US$363,473 and nil respectively.

Proposals are presented to the relevant authorities for consideration as to extending the contract. Field operations with respect to production optimisation and scheduled maintenance aimed at maximising efficient production were ongoing. No new wells were drilled in Q2 2018.

**Indonesia: Benakat Barat KSO (Interra 30.65%*)**

General maintenance and improvements in field infrastructure aimed at maintaining efficient field operations with respect to petroleum production are ongoing. Field production is closely monitored to determine the effects of recent field management.




No new wells were drilled in Q2 2018.

** Indirect interest as an associate company of which the financial statements are not consolidated into Interra's books.*

## Exploration Activities

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

Interra is investigating the feasibility of acquiring additional sub-surface data to further enhance the prospectiveness of the previously reported drillable exploration prospects.


These prospects have been interpreted as widespread areas of Berai Formation carbonate reefs anchored on an extensive carbonate platform that possibly contain significant petroleum resources.

Exploration costs for the period were US$6,743.