

13 November 2019

Dear Shareholders,

UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

Highlights in Q3 2019

- Revenue from continuing operations for the quarter was US\$3.63 million, 11% lower than the previous financial quarter. The decrease was due mainly to lower weighted average transacted oil prices of US\$60.33 per barrel as compared to the previous quarter of US\$66.87 per barrel and lower sales of shareable oil of 76,280 barrels as compared to the previous quarter of 77,522 barrels.
- Total profit after income tax for the quarter was US\$0.40 million, as compared to total loss after income tax in previous quarter of US\$2.13 million. The profit was due to no further share of losses of associated companies recognised for the quarter as compared to previous quarter.
- 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\$1.65 million.
- Net cash outflow for the quarter was US\$0.76 million, due mainly to net cash provided by operating activities of US\$1.15 million offset by net cash used for capital expenditure of US\$1.88 million.
- Cash and cash equivalents were US\$6.52 million as at 30 September 2019.

Yours sincerely,

The Board of Directors
Interra Resources Limited

About Interra

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

INTERRA RESOURCES LIMITED

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

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ENDED 30 SEPTEMBER 2019****TABLE OF CONTENTS**

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1(a)(i) PROFIT OR LOSS

Group	Note	Q3 2019 US\$'000	Q3 2018 US\$'000	Change %	9M 2019 US\$'000	9M 2018 US\$'000	Change %
Continuing operations							
Revenue	A1	3,634	4,295	↓ 15	11,727	11,143	↑ 5
Cost of production	A2	(2,271)	(2,006)	↑ 13	(7,100)	(6,012)	↑ 18
Gross profit		1,363	2,289	↓ 40	4,627	5,131	↓ 10
Other income, net	A3	134	63	↑ 113	415	564	↓ 26
Administrative expenses		(832)	(918)	↓ 9	(2,529)	(3,613)	↓ 30
Finance expenses		(23)	(14)	↑ 64	(70)	(87)	↓ 20
Other expenses	A4	(50)	(3)	↑ 1,567	(150)	(14)	↑ 971
Impairment and allowances		-	-	NM	(624)	-	NM
Share of profit/(losses) of associated companies		-	98	NM	(2,417)	(151)	↑ 1,501
Profit/(Loss) before income tax		592	1,515	↓ 61	(748)	1,830	↓ 141
Income tax expense	A5	(190)	(224)	↓ 15	(390)	(587)	↓ 34
Profit/(Loss) from continuing operations for the financial period		402	1,291	↓ 69	(1,138)	1,243	↓ 192
Discontinued operations							
Loss from discontinued operations for the financial period	A6	-	-	NM	-	(54)	NM
Total profit/(loss)		402	1,291	↓ 69	(1,138)	1,189	↓ 196
Attributable to:							
Equity holders of the Company		425	1,302		(1,067)	1,283	
Non-controlling interests		(23)	(11)		(71)	(94)	
		402	1,291		(1,138)	1,189	
Profit/(Loss) attributable to equity holders of the Company relates to:							
Profit/(Loss) from continuing operations		425	1,302		(1,067)	1,309	
Loss from discontinued operations		-	-		-	(26)	
		425	1,302		(1,067)	1,283	
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		0.072	0.222		(0.182)	0.227	
- From discontinued operations		-	-		-	(0.005)	
Diluted earnings/(losses) per share (US cents)							
- From continuing operations		0.072	0.222		(0.182)	0.227	
- From discontinued operations		-	-		-	(0.005)	

1(a)(i) STATEMENT OF COMPREHENSIVE INCOME

Group	Note	Q3 2019 US\$'000	Q3 2018 US\$'000	Change %	9M 2019 US\$'000	9M 2018 US\$'000	Change %
Total profit/(loss) for the financial period		402	1,291	↓ 69	(1,138)	1,189	↓ 196
Other comprehensive income, net of tax items that may be reclassified subsequently to profit or loss:							
Share of currency translation differences of associated companies		-	(329)	NM	33	(436)	↓ 108
Currency translation differences arising from consolidation		6	46	↓ 87	5	(67)	↓ 107
Items that will not be reclassified subsequently to profit or loss:							
Share of defined benefit obligation re-measurements of associated companies		-	(1)	NM	2	(1)	NM
Defined benefit obligation re-measurements		-	-	NM	-	(23)	NM
		<u>6</u>	<u>(284)</u>		<u>40</u>	<u>(527)</u>	
Total comprehensive income/(loss) for the financial period		408	1,007	↓ 59	(1,098)	662	↓ 266
Attributable to:							
Equity holders of the Company		431	1,018		(1,027)	1,036	
Non-controlling interests		(23)	(11)		(71)	(374)	
		<u>408</u>	<u>1,007</u>		<u>(1,098)</u>	<u>662</u>	

↑ denotes increase
↓ denotes decrease
NM denotes not meaningful

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

Group	Q3 2019 barrels	Q3 2018 barrels	9M 2019 barrels	9M 2018 barrels
Group's share of shareable oil production	76,280	75,103	236,074	194,678
Group's sales of shareable oil	76,280	75,103	236,074	194,790
Group	Q3 2019 US\$'000	Q3 2018 US\$'000	9M 2019 US\$'000	9M 2018 US\$'000
A1 Revenue				
Sale of oil and petroleum products	3,634	4,295	11,727	11,143
A2 Cost of production				
Production expenses	1,828	1,722	5,839	5,350
Amortisation of producing oil and gas properties	357	198	1,004	405
Amortisation of intangible assets	86	86	257	257
	2,271	2,006	7,100	6,012
A3 Other income, net				
Interest income	79	66	227	287
Petroleum services fees	48	38	181	170
Management fees	-	-	-	14
Currency translation gain/(loss), net	7	(41)	(1)	(107)
Gain on disposal of granite operations	-	-	-	217
Loss on disposal of property, plant and equipment	-	-	-	(5)
Fair value gain on investment properties	-	-	-	43
Loss on deconsolidation of subsidiary corporations	-	-	-	(48)
Others	-	-	8	(7)
	134	63	415	564
A4 Other expenses				
Depreciation of property, plant and equipment	3	3	8	14
Depreciation of right-of-use assets	47	-	142	-
	50	3	150	14
A5 Income tax expense				
Current income tax - for the period	190	224	615	587
Prior year over-provision of current income tax	-	-	(225)	-
	190	224	390	587
A6 Loss from discontinued operations				
Revenue	-	-	-	1,599
Expenses	-	-	-	(1,653)
Loss before income tax from discontinued operations	-	-	-	(54)
Income tax	-	-	-	-
Total loss from discontinued operations	-	-	-	(54)

1(b)(i) STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		30-Sep-19 US\$'000	31-Dec-18 US\$'000	30-Sep-19 US\$'000	31-Dec-18 US\$'000
Assets					
Non-current assets					
Property, plant and equipment		11	19	11	19
Right-of-use assets	B1	347	-	237	-
Producing oil and gas properties	B2	9,441	7,549	-	-
Exploration and evaluation costs	B3	12,280	10,640	-	-
Intangible assets	B4	2,877	3,134	-	-
Investments in subsidiary corporations		-	-	19,062	19,062
Investments in associated companies	B5	-	2,382	-	2,382
Other receivables	B6	3,550	2,820	11,068	18,367
		28,506	26,544	30,378	39,830
Current assets					
Inventories	B7	4,197	3,379	-	-
Trade and other receivables	B6	2,140	2,784	147	147
Other current assets		279	414	109	67
Cash and cash equivalents	B8	6,521	6,638	416	227
		13,137	13,215	672	441
Total assets		41,643	39,759	31,050	40,271
Liabilities					
Non-current liabilities					
Lease liabilities	B9	162	-	108	-
Current liabilities					
Trade and other payables	B10	7,424	5,095	11,141	9,167
Lease liabilities	B9	188	-	130	-
Borrowings		1,000	1,000	1,000	1,000
Current income tax liabilities		4,252	4,508	-	-
		12,864	10,603	12,271	10,167
Total liabilities		13,026	10,603	12,379	10,167
Net assets		28,617	29,156	18,671	30,104
Equity					
Share capital		72,738	72,738	72,738	72,738
Accumulated losses		(30,568)	(29,504)	(54,368)	(42,935)
Other reserves		(16,101)	(16,139)	301	301
Equity attributable to owners of the Company		26,069	27,095	18,671	30,104
Non-controlling interests		2,548	2,061	-	-
Total equity		28,617	29,156	18,671	30,104

Group		30-Sep-19 US\$'000	31-Dec-18 US\$'000
B1	<u>Right-of-use assets</u>		
	Property	311	-
	Motor vehicles	25	-
	Office equipment	11	-
		347	-
B2	<u>Producing oil and gas properties</u>		
	Development tangible assets	804	562
	Development intangible assets	8,637	6,987
		9,441	7,549
B3	<u>Exploration and evaluation costs</u>		
	Exploration and evaluation assets	10,845	9,205
	Participating rights of exploration assets	1,435	1,435
		12,280	10,640
B4	<u>Intangible assets</u>		
	Patent rights	2,863	3,115
	Computer software	14	19
		2,877	3,134
B5	<u>Investments in associated companies</u>		
	Equity investment at costs	12,191	11,310
	Derecognition 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	12,191
	Share of losses in associated companies	(10,149)	(7,732)
	Share of other comprehensive income in associated companies	96	61
	Allowance for impairment of investment in associated company	(2,138)	(2,138)
		-	2,382
B6	<u>Trade and other receivables</u>		
	Non-current		
	Loan to non-related parties	3,550	2,820
	Current		
	Trade receivables - non-related parties	1,997	2,022
	Other receivables - non-related parties	120	204
	Loan to associated companies (non-trade)	551	558
		2,668	2,784
	Less: Loss allowance on loan to an associated company (non-trade)	(528)	-
		2,140	2,784
		5,690	5,604
B7	<u>Inventories</u>		
	Consumable inventories	4,197	3,379

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

Group		30-Sep-19 US\$'000	31-Dec-18 US\$'000
B8	<u>Cash and cash equivalents</u>		
	Cash at bank and on hand	3,457	2,613
	Short-term fixed deposits	3,064	4,025
		6,521	6,638
B9	<u>Lease liabilities</u>		
	Current	188	-
	Non-current	162	-
		350	-
B10	<u>Trade and other payables</u>		
	Trade payables - non-related parties	744	1,737
	Trade payables - related parties	-	402
	Other payables - non-related parties	2,488	2,104
	Other payables - related parties	3,648	238
	Accruals	544	614
		7,424	5,095

1(b)(ii) BORROWINGS AND DEBT SECURITIES

Group	30-Sep-19		31-Dec-18	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand - Bank loan	-	1,000	-	1,000

The unsecured bank loan of US\$1.00 mil represents a bank loan from United Overseas Bank Limited ("UOB") to finance the Company's working capital. The interest rate is charged at 5.18% per annum for a tenor period of 3 months.

1(c) STATEMENT OF CASH FLOWS

Group	Note	Q3 2019 US\$'000	Q3 2018 US\$'000	9M 2019 US\$'000	9M 2018 US\$'000
Cash Flows from Operating Activities					
Total profit/(loss)		402	1,291	(1,138)	1,189
Adjustments for non-cash items:					
Income tax expense		190	224	390	587
Share of (profit)/losses of associated companies		-	(98)	2,417	151
Share option expense		-	75	-	218
Depreciation of property, plant and equipment		3	3	8	14
Depreciation of right-of-use assets		47	-	142	-
Amortisation of producing oil and gas properties		357	198	1,004	405
Amortisation of intangible assets		86	86	257	257
Interest income		(79)	(66)	(227)	(287)
Loss allowance on loan to an associated company (non-trade)		-	-	624	-
Gain on disposal of granite operations		-	-	-	(217)
Gain on curtailment		-	-	-	(45)
Fair value gain on investment properties		-	-	-	(43)
Interest on borrowings		17	14	52	87
Interest on lease liabilities		6	-	18	-
Loss on disposal of property, plant and equipment		-	-	-	5
Loss on deconsolidation of subsidiary corporations		-	-	-	48
Unrealised currency translation losses/(gains)		-	60	(7)	(11)
Operating profit before working capital changes		1,029	1,787	3,540	2,358
Changes in working capital					
Inventories		(403)	(15)	(818)	314
Trade and other receivables and other current assets		549	215	155	247
Trade and other payables		184	(421)	2,326	(83)
Cash generated from operations		1,359	1,566	5,203	2,836
Income tax paid		(206)	(224)	(646)	(360)
Interest paid		(6)	-	(18)	-
Net cash provided by operating activities		1,147	1,342	4,539	2,476
Cash Flows from Investing Activities					
Interest received		28	26	64	84
Net proceeds from disposal of granite operations	C1	-	-	-	185
Net proceeds from disposal of property, plant and equipment		-	-	-	4
Loans to an associated company (non-trade)		-	-	-	(378)
Cash and bank balances of subsidiary corporations deconsolidated	C2	-	-	-	(1,520)
Additions to property, plant and equipment		-	-	-	(1)
Additions to producing oil and gas properties		(377)	(1,430)	(2,896)	(3,658)
Additions to exploration and evaluation assets		(1,500)	(5)	(1,640)	(19)
Additions to intangible assets		-	-	-	(3,420)
Net cash used in investing activities		(1,849)	(1,409)	(4,472)	(8,723)

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

Group	Note	Q3 2019 US\$'000	Q3 2018 US\$'000	9M 2019 US\$'000	9M 2018 US\$'000
Cash Flows from Financing Activities					
Interest paid		(13)	(16)	(48)	(88)
Proceeds from issuance of new ordinary shares pursuant to private placement of shares, net of issuance costs		-	-	-	3,380
Repayment of bank loans		-	(2,000)	-	(2,000)
Principal elements of lease payments		(45)	-	(136)	-
Deposits discharged		-	2,000	-	2,000
Net cash (used in)/provided by financing activities		(58)	(16)	(184)	3,292
Net decrease in cash and cash equivalents					
Cash and cash equivalents at beginning of financial period		7,281	6,320	6,638	9,192
Cash and cash equivalents at end of financial period		6,521	6,237	6,521	6,237

1(c) EXPLANATORY NOTES TO STATEMENT OF CASH FLOWS

Group	9M 2018 US\$'000
C1 <u>Net proceeds from disposal of granite operations</u>	
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 operations	(217)
<u>Effects on cash flows of the Group</u>	
Total purchase consideration	3,753
Less: Deposit received for proposed disposal of granite operations in FY 2015 and FY 2017	(3,130)
Less: Cash inflow from disposal of granite operations	(185)
	438
Less: Foreign exchange loss	(224)
Balance of purchase consideration was settled in FY 2018	214

Group	9M 2018	9M 2018	9M 2018
	MITI	GLS	Total
	US\$'000	US\$'000	US\$'000
C2 <u>Deconsolidation of subsidiary corporations</u>			
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)	(463)	(1,465)
Retirement benefit obligations	(91)	61	(30)
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 due to 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)
<u>Effects on cash flows of the Group</u>			
Cash and bank balances of subsidiary corporations deconsolidated	393	1,127	1,520

* Amount was less than US\$1,000.

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

Company	Share Capital US\$'000	Currency Translation Reserve US\$'000	Share Option Reserve US\$'000	Accumulated Losses US\$'000	Total Equity US\$'000
Balance as at 1 Jul 2019	72,738	-	301	(53,974)	19,065
Total comprehensive loss for Q3 2019	-	-	-	(394)	(394)
Balance as at 30 Sep 2019	72,738	-	301	(54,368)	18,671
Balance as at 1 Jul 2018	72,738	-	166	(39,667)	33,237
Loss for Q3 2018	-	-	-	(370)	(370)
<u>Other comprehensive loss</u>					
Share of currency translation differences of associated companies	-	(329)	-	-	(329)
Share of defined benefit obligation re-measurements of associated companies	-	-	-	(1)	(1)
Total comprehensive loss for Q3 2018	-	(329)	-	(371)	(700)
Employee share option plan - value of employee services	-	-	75	-	75
Balance as at 30 Sep 2018	72,738	(329)	241	(40,038)	32,612

1(d)(ii) SHARE CAPITAL

No new ordinary shares were issued in Q3 2019.

The number of ordinary shares comprised in the options granted and outstanding under the Interra Share Option Plan as at 30 Sep 2019 was 24,000,000 (31 Dec 2018: 24,000,000).

The Company does not have any treasury shares or subsidiary holdings as at 30 Sep 2019 and 31 Dec 2018.

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

Group and Company	30 Sep 2019	31 Dec 2018
<u>Issued and fully paid</u>		
Opening and Closing balance	585,973,604	585,973,604

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 2018.

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

On 1 Jan 2019, the Group adopted the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") that are effective for annual periods beginning on or after 1 Jan 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I), INT SFRS(I) and amendments to SFRS(I).

The following SFRS(I), amendments to SFRS(I) and INT SFRS(I) that are relevant to the Group are as follows:

- SFRS(I) 16 - Leases
- SFRS(I) INT 23 - Uncertainty Over Income Tax Treatments
- Amendments to SFRS(I) 1 - 28 - Long-term Interests in Associates and Joint Ventures
- Annual Improvements to SFRS(I) 2015 - 2017 Cycle

Other than the adoption of SFRS(I) 16 - Leases, as disclosed below. The adoption of these new and revised SFRS(I), INT SFRS(I) and amendments to SFRS(I) did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

The Group has adopted the SFRS(I) 16 - Leases, which took effect 1 Jan 2019, using the modified retrospective approach. SFRS(I) 16 - Leases introduces a single, on-balance sheet lease accounting model. It requires a lessee to recognise a right-of-use ("ROU") asset representing its use of the underlying asset and a lease liability representing its obligation to make lease payments.

In compliance with SFRS(I) 16 - Leases, the Group and the Company has applied the practical expedient to recognise the amount of ROU assets equal to the lease liabilities as at 1 Jan 2019. Subsequent to initial recognition, the Group and the Company depreciate the ROU assets over the lease term, and recognise interest expenses on the lease liabilities.

The ROU assets as at 1 Jan 2019 were mainly related to leases of the property use rights, motor vehicle and office equipment occupied by the Group in various countries. Accordingly, there was a corresponding increase in lease liabilities of approximately US\$0.49 mil as at 1 Jan 2019. No adjustment was made to the opening accumulated losses as the Group chose to measure the ROU assets at amounts equal to the lease liabilities, adjusted by the amounts of any prepaid or accrued lease payments relating to those leases recognised in the statement of financial position before 1 Jan 2019.

6 EARNINGS PER SHARE

Group	Q3 2019	Q3 2018	9M 2019	9M 2018
Basic earnings/(losses) per ordinary share (US cents)				
- From continuing operations	0.072	0.222	(0.182)	0.227
- From discontinued operations	-	-	-	(0.005)
Weighted average number of ordinary shares for the purpose of computing basic earnings/(losses) per share	585,973,604	585,973,604	585,973,604	577,234,390
Fully diluted earnings/(losses) per ordinary share (US cents)				
- From continuing operations	0.072	0.222	(0.182)	0.227
- From discontinued operations	-	-	-	(0.005)
Weighted average number of ordinary shares for the purpose of computing fully diluted earnings/(losses) per share	585,973,604	585,973,604	585,973,604	577,234,390

No new ordinary shares were issued in Q3 2019.

For the purpose of computing basic and fully diluted earnings/(losses) per share, the relevant periods were from 1 Jul 2019 to 30 Sep 2019 and 1 Jan 2019 to 30 Sep 2019 respectively. The weighted average number of ordinary shares on issue has not been adjusted as the share options were anti-dilutive in Q3 2019 and 9M 2019. The impact on losses per share from discontinued operations for 9M 2018 was anti-dilutive as it resulted in higher losses per share. Therefore, diluted losses per share was same as basic losses per share.

7 NET ASSET VALUE PER SHARE

Group	Group		Company	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares) (US cents)	4.449	4.624	3.186	5.137
Total number of issued shares (excluding treasury shares)	585,973,604	585,973,604	585,973,604	585,973,604

8(i) PERFORMANCE REVIEW

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

Revenue & Production

Revenue decreased by US\$0.66 mil to US\$3.63 mil in Q3 2019 from US\$4.30 mil in Q3 2018. This was largely due to lower weighted average transacted oil prices in Q3 2019 of US\$60.33 per barrel (Q3 2018: US\$72.43 per barrel) although sales of shareable oil increased by 2% to 76,280 barrels in Q3 2019 (Q3 2018: 75,103 barrels) from Myanmar operations.

Cost of Production

The increase in cost of production to US\$2.27 mil in Q3 2019 from US\$2.01 mil in Q3 2018 was largely attributable to higher production expenses by US\$0.10 mil and higher amortisation charges by US\$0.16 mil in Q3 2019 as compared to Q3 2018. Myanmar operations incurred capital expenditure of US\$0.38 mil in Q3 2019 which resulted to higher amortisation charges of producing oil and gas properties.

Net Profit After Tax

The Group posted a lower total profit after tax of US\$0.40 mil in Q3 2019 as compared to a total profit after tax of US\$1.29 mil in Q3 2018. The lower profit was mainly due to the following:

- (1) Lower revenue of US\$3.63 mil in Q3 2019 (Q3 2018: US\$4.30 mil) due to lower oil prices although higher sales of shareable oil.
- (2) Higher cost of production of US\$2.27 mil in Q3 2019 (Q3 2018: US\$2.01 mil), due to higher production expenses and higher amortisation charges of producing oil and gas properties.
- (3) Higher other income of US\$0.13 mil in Q3 2019 (Q3 2018: US\$0.06 mil), mainly due to foreign exchange gain in Q3 2019 (Q3 2018: foreign exchange loss of US\$0.04 mil) and higher interest income and petroleum services fees of US\$0.13 mil in Q3 2019 (Q3 2018: US\$0.10 mil).
- (4) Lower administrative expenses of US\$0.83 mil in Q3 2019 (Q3 2018: US\$0.92 mil), mainly due to lower corporate expenses by US\$0.07 mil.
- (5) Higher other expenses of US\$0.05 mil in Q3 2019 as compared to Q3 2018, mainly due to depreciation charges of right-of-use assets of US\$0.05 mil as a result of the adoption of SFRS(I) 16 - Leases from 1 Jan 2019.
- (6) No further share of losses was recognised in Q3 2019 (Q3 2018: US\$0.10 mil) as the Group has recognised share of losses of associated companies up to its cost of investments in Q2 2019.
- (7) Lower current income tax expenses of US\$0.19 mil (Q3 2018: US\$0.22 mil), in line with lower taxable income.

(B) MATERIAL FACTORS THAT AFFECT THE CASH FLOW, WORKING CAPITAL, ASSETS OR LIABILITIES OF THE GROUP

Statement of Financial Position

Right-of-use assets increased to US\$0.35 mil as at 30 Sep 2019, mainly due to adoption of SFRS(I) 16 - Leases effective from 1 Jan 2019, which required the recognition of the right-of-use assets for leases of property, motor vehicle and office equipment of US\$0.49 mil and amortised over the leased period, offset by amortisation charges of US\$0.14 mil.

Producing oil and gas properties increased by US\$1.89 mil to US\$9.44 mil as at 30 Sep 2019 from US\$7.55 mil as at 31 Dec 2018, due to net capitalisation of drilling expenditure of US\$2.89 mil offset by amortisation charges of US\$1.00 mil for the financial period.

Exploration and evaluation costs increased to US\$12.28 mil as at 30 Sep 2019 from US\$10.64 mil as at 31 Dec 2018 mainly due to capitalisation of exploration well costs for KP PSC of US\$1.64 mil which commenced drilling in Oct 2019.

Intangible assets decreased to US\$2.88 mil as at 30 Sep 2019 from US\$3.13 mil as at 31 Dec 2018, mainly due to amortisation charges of US\$0.25 mil.

Investments in associated companies decreased to nil as at 30 Sep 2019 from US\$2.38 mil as at 31 Dec 2018. This was mainly due to share of losses of US\$2.42 mil offset by share of other comprehensive income of US\$0.04 mil.

Inventories increased by US\$0.82 mil to US\$4.20 mil as at 30 Sep 2019 from US\$3.38 mil as at 31 Dec 2018, due to higher consumable inventories maintained for Myanmar drilling activities.

Trade and other receivables - non-related parties (non-current) increased to US\$3.55 mil as at 30 Sep 2019 from US\$2.82 mil as at 31 Dec 2018, mainly due to increase of loan to non-related parties for the exploration activities in Kuala Pambuang PSC Indonesia. Trade and other receivables - non-related parties (current) decreased to US\$2.12 mil as at 30 Sep 2019 from US\$2.23 mil as at 31 Dec 2018, mainly contributed from the receipt of invoice of US\$0.16 mil and value-added tax reimbursement of US\$0.08 mil from Indonesia operation.

Loan to associated companies decreased to nil as at 30 Sep 2019 from US\$0.56 mil as at 31 Dec 2018, due to loss allowance provided following the termination of the Benakat Barat KSO by Pertamina as per announcement on 16 May 2019.

Trade and other payables increased by US\$2.32 mil to US\$7.42 mil as at 30 Sep 2019 from US\$5.10 mil as at 31 Dec 2018, mainly from amount due to joint operations for the outstanding cashcall of US\$3.28 mil offset by lower trade payables (non-related parties and related parties) by US\$1.40 mil.

Lease liabilities (current and non-current) increased to US\$0.35 mil as at 30 Sep 2019 due to the adoption of SFRS(I) 16 - Leases. The right-of-use assets are measured at the amount of lease liabilities of US\$0.49 mil effective from 1 Jan 2019 which have reduced by repayment of the principal elements of lease payments of US\$0.14 mil during the financial period.

Statement of Cash Flows

Cash and cash equivalents showed a net decrease of US\$0.76 mil in Q3 2019 due to the following:

- (1) Net cash provided by operating activities of US\$1.15 mil was mainly due to net cash inflows contributed from oil and gas operations in Myanmar of US\$0.97 mil and net inflows from Indonesia operation of US\$0.20 mil from the settlement of trade receivables and value-added tax reimbursement offset by the corporate expenses of US\$0.46 mil.
- (2) Net cash used in investing activities of US\$1.85 mil mainly due to addition of exploration and evaluation assets of US\$1.50 mil and capital expenditure for Myanmar operations of US\$0.38 mil offset by the interest received of US\$0.03 mil.
- (3) Net cash used in financing activities of US\$0.06 mil was mainly due to payment of lease payments of US\$0.05 mil and loan interest of US\$0.01 mil.

8(ii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia		Myanmar		Consolidated	
	Oil and Gas		Oil and Gas			
	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000

Results						
EBITDA	(39)	(20)	1,686	2,424	1,647	2,404
EBIT	(39)	(20)	1,228	2,141	1,189	2,121
Sales to external customers	-	-	3,634	4,295	3,634	4,295
Segment results	(100)	(102)	1,228	2,141	1,128	2,039
Unallocated corporate net operating results					(536)	(524)
Profit before income tax					592	1,515
Income tax expense					(190)	(224)
Total profit					402	1,291

Geographical Segment	Indonesia		Myanmar		Consolidated	
	Oil and Gas		Oil and Gas			
	9M 2019	9M 2018	9M 2019	9M 2018	9M 2019	9M 2018
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000

Results						
EBITDA	(94)	277	5,452	4,714	5,358	4,991
EBIT	(190)	254	4,148	4,074	3,958	4,328
Sales to external customers	-	1,162	11,727	9,981	11,727	11,143
Segment results	(376)	41	4,148	4,074	3,772	4,115
Unallocated corporate net operating results					(4,520)	(2,285)
(Loss)/Profit before income tax					(748)	1,830
Income tax expense					(390)	(587)
Net (loss)/profit from continuing operations					(1,138)	1,243
Loss from discontinued operations for the financial period					-	(54)
Total (loss)/profit					(1,138)	1,189

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 decreased by 2% to 76,280 barrels in Q3 2019 from 77,522 barrels in Q2 2019. In the absence of new drilling in Q3 2019, this insignificant decrease was due largely to the natural decline of the existing wells. With the emphasis on workover and reactivation of existing wells in this quarter as well as contribution from the water flooding project, we managed to arrest the decline in production to a manageable level.

For Kuala Pambuang PSC, KP-1 was spudded on 7 Oct 2019 and drilling is still in-progress. Barring any unforeseen circumstances, preliminary results of the drilling will be known in Dec 2019. Announcements relating to any significant developments of the exploration well will be made when appropriate. No significant contribution is expected from this field in the near term.

Despite the good operational performance from the Myanmar operations for the quarter, the overall year to-date result was affected by the impairment charges made in Q2 2019 against the investments in an associated company. Moving forward, depending on the result of the exploration well drilled in Kuala Pambuang PSC, the Group will assess and evaluate the appropriate fund raising options. Nevertheless, and barring any unforeseen circumstances, the Company has sufficient cash resources to fulfil the current year work program. 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 AND THE REASON(S) FOR THE DECISION

The Company has not declared a dividend for the current financial period reported on. Currently, the Company does not have profits available to declare dividend.

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 third quarter ended 30 Sep 2019 to be false or misleading in any material respect.

15 CONFIRMATION PURSUANT TO 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-Nov-19

16 ABBREVIATIONS

Q2 2019	denotes	Second calendar quarter of the year 2019
Q3 2019	denotes	Third calendar quarter of the year 2019
Q4 2019	denotes	Fourth calendar quarter of the year 2019
Q3 2018	denotes	Third calendar quarter of the year 2018
FY 2015	denotes	Full year ended 31 December 2015
FY 2017	denotes	Full year ended 31 December 2017
FY 2018	denotes	Full year ended 31 December 2018
bopd	denotes	barrels of oil per day
Company	denotes	Interra Resources Limited
SFRS(I)	denotes	Singapore Financial Reporting Standards (International)
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.
IOI	denotes	PT Indelberg Oil Indonesia
IPRC	denotes	Improved Petroleum Recovery Contract
k	denotes	thousand
KP	denotes	Kuala Pambuang block
KSO	denotes	Cooperation Agreement
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

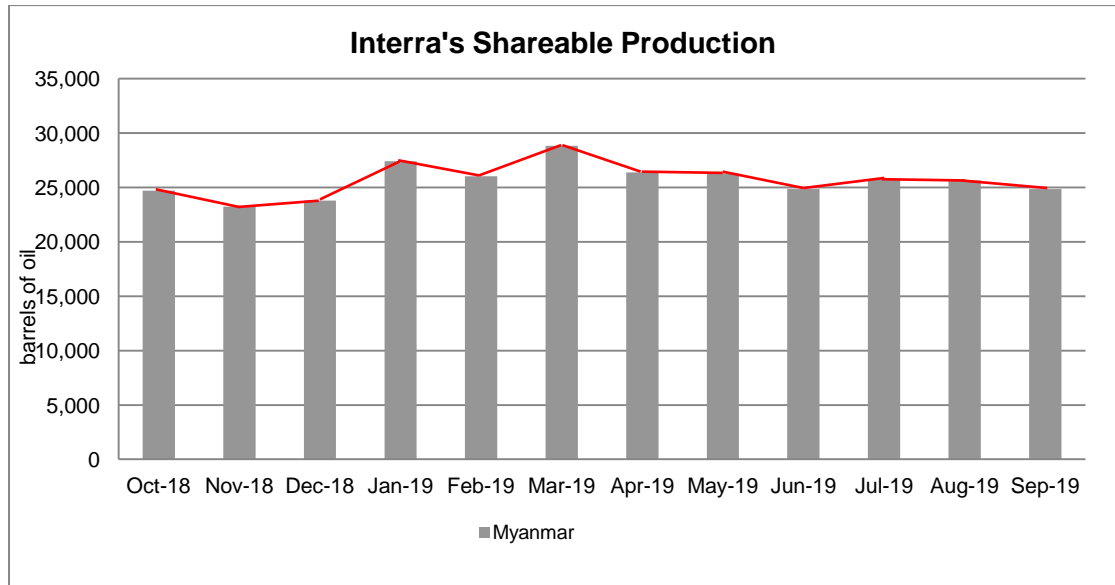
This release may contain forward-looking statements that are not statements of historical facts, and are subject to risk factors associated with the upstream petroleum and mining businesses. Actual future results, performance and outcomes may differ materially from those anticipated, expressed or implied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

13 November 2019

**PRODUCTION, DEVELOPMENT & EXPLORATION ACTIVITIES
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 (“Q3 2019”)**

Production Profile

(Barrels)	Myanmar	
	Q2 2019	Q3 2019
Shareable production	129,203	127,134
Interra’s share of shareable production	77,522	76,280



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 contractual terms. The chart above represents Interra’s share of the shareable production in the fields.



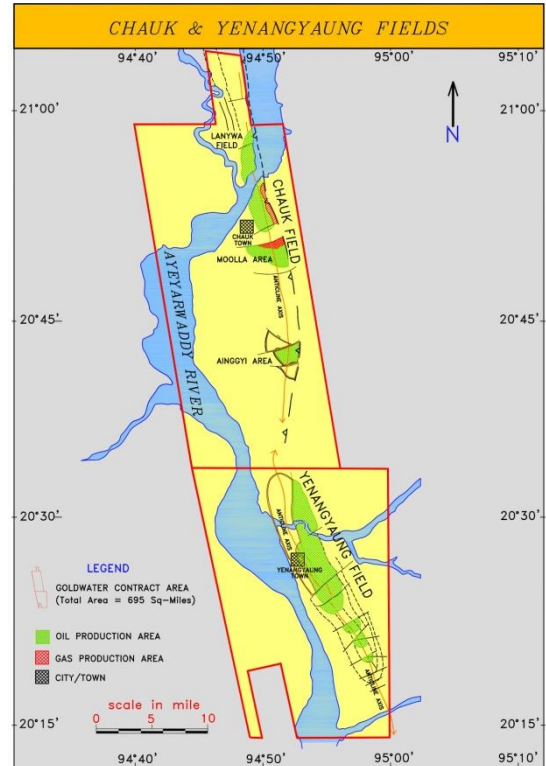
Development and Production Activities

Myanmar: Chauk and Yenangyaung IPRCs (Interra 60%)

In Q3 2019, the combined shareable production for both fields was 76,280 barrels of oil, a decrease of 2% over the preceding quarter of 77,522 barrels of oil.

Production and development expenditures for the period were US\$1,828,383 and US\$376,674 respectively.

The operator, Goldpetrol Joint Operating Company Inc. (“**Goldpetrol**”) (Interra 60%) did not drill any new wells in Myanmar in Q3 2019. The lack of positive production from no new well completions is largely responsible for the decrease in shareable oil production. However, the implementations of lower cost technical programs aimed at increasing wellhead production were responsible for measurable gains and as such, keeping the combined shareable production decrease minor. Of these programs, the most appreciable gains were seen from the reactivations of shut-in wells and new perforations of prospective reservoirs.



Monitoring of existing waterflood projects continues with a focus on optimizing current water injection strategies for each project to maximize oil production. New waterflood projects are planned for implementation in 2020 employing a focused "targeted" approach in individual fault block compartments.

Normal field operations are ongoing with respect to surface and borehole improvements combined with scheduled maintenance in existing wells with the objective of minimizing production declines.



Exploration Activities

Indonesia: Kuala Pambuang PSC (Interra 67.5%)

Drilling of exploration well KP-1 commenced on 7 October 2019. The well will target one of several seismically defined structural features which are interpreted to be Berai formation reefs anchored on an extensive carbonate platform. KP-1 will be drilled as a vertical well to a planned total depth of approximately 1,100 metres employing a hired drilling rig. This is the first well drilled in the Kuala Pambuang block.

Exploration costs for the period were US\$1,499,654.

