INTERRA RESOURCES LIMITED
Company Registration No. 197300166Z

SGX ANNOUNCEMENT
SGX Code: Interra Res (5GI)

13 May 2016

Dear Shareholders,

UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2016

Highlights in Q1 2016

- Revenue from continuing operations for the quarter was US$3.10 million, 30% lower than the previous quarter.
- Shareable oil production for the quarter decreased to 138,120 barrels from 148,555 barrels in the previous quarter.
- Total loss after tax for the quarter was US$1.00 million, as compared to total loss after tax of US$36.56 million in the previous quarter which was due largely to one-off impairment of producing oil and gas properties of US$26.50 million recognised for Indonesia and Myanmar operations in the previous quarter.
- Earnings before divestment gain, interest income, exchange difference, finance cost, tax, depreciation, amortisation, allowance and impairment (EBITDA) from the continuing operations for the quarter was US$0.23 million.
- Net cash inflows for the quarter was US$0.28 million, mainly due to net cash provided by operating activities of US$0.48 million offset by net cash used in financing activities of US$0.28 million.
- Cash and cash equivalents (excluding restricted cash) were US$18.25 million as at 31 March 2016.

Yours sincerely,

The Board of Directors
Interra Resources Limited

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

UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2016

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

Group	Note	Q1 2016 US$'000	Q1 2015 US$'000	Change %
Continuing operations				
Revenue	A1	3,101	6,334	↓ 51
Cost of production	A2	(2,485)	(7,793)	↓ 68
Gross profit/(loss)		**616**	**(1,459)**	↑ 142
Other income, net	A3	70	280	↓ 75
Administrative expenses		(1,241)	(1,758)	↓ 29
Finance expenses		(15)	(5)	↑ 200
Other expenses	A4	(15)	(247)	↓ 94
Loss before income tax		**(585)**	**(3,189)**	↓ 82
Income tax expense		(208)	(490)	↓ 58
Loss from continuing operations for the financial period		**(793)**	**(3,679)**	↓ 78
Discontinued operations				
(Loss)/Profit from discontinued operations for the financial period	A5	(207)	451	
Total loss		**(1,000)**	**(3,228)**	↓ 69
Attributable to:				
Equity holders of the company		(634)	(3,028)	
Non-controlling interests		(366)	(200)	
		(1,000)	**(3,228)**	
(Loss)/Profit attributable to equity holders of the Company relates to:				
Loss from continuing operations		(523)	(3,270)	
(Loss)/Profit from discontinued operations		(111)	242	
		(634)	**(3,028)**	
(Losses)/Earnings per share for continuing and discontinued operations attributable to equity holders of the Company				
Basic (losses)/earnings per share (US cents)				
- From continuing operations		(0.103)	(0.728)	
- From discontinued operations		(0.022)	0.054	
Diluted (losses)/earnings per share (US cents)				
- From continuing operations		(0.103)	(0.728)	
- From discontinued operations		(0.022)	0.054	
Total loss for the financial period		(1,000)	(3,228)	↓ 69
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation - gain/(losses)		258	(629)	↓ 141
Total comprehensive loss for the financial period		**(742)**	**(3,857)**	↓ 81
Attributable to:				
Equity holders of the company		(527)	(3,347)	
Non-controlling interests		(215)	(510)	
		(742)	**(3,857)**	

↑ denotes increase
↓ denotes decrease
NM denotes not meaningful

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

Group	Q1 2016 barrels	Q1 2015 barrels
Group's share of shareable production	138,120	168,999
Group's sales of shareable oil	139,127	168,573

Group			Q1 2016 US$'000	Q1 2015 US$'000
A1	Revenue			
	Sale of oil and petroleum products		3,101	6,334
A2	Cost of production			
	Production expenses		2,465	4,525
	Amortisation of producing oil and gas properties		20	3,266
	Amortisation of intangible assets		-	2
			2,485	7,793
A3	Other income, net			
	Interest income		75	26
	Petroleum services fees		70	92
	Management fees		26	84
	Other loss		(17)	(5)
	Foreign exchange (loss)/gain, net		(84)	82
	Gain on disposal of property, plant and equipment		-	1
			70	280
A4	Other expenses			
	Depreciation of property, plant and equipment		12	15
	Amortisation of producing oil and gas properties		3	232
			15	247
A5	(Loss)/Profit from discontinued operations for the financial period			
	Revenue		530	2,120
	Expenses		(539)	(1,600)
	(Loss)/Profit before income tax from discontinued operations		(9)	520
	Income tax		(12)	(69)
	(Loss)/Profit after income tax from discontinued operations	A	(21)	451
	Pre-tax loss recognised on the measurement to fair values less cost to sell on disposal group		(232)	-
	Income tax		46	-
	Loss after tax recognised on the measurement to fair value less cost to sell on disposal group	B	(186)	-
	Total (loss)/profit from discontinued operations	A+B	**(207)**	**451**

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

	Note	Group		Company	
		31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15
		US$'000	US$'000	US$'000	US$'000
<u>Assets</u>					
Non-current assets					
Property, plant and equipment		126	133	28	33
Producing oil and gas properties	B1	336	359	-	-
Mining properties	B2	-	-	-	-
Exploration and evaluation costs	B3	10,566	10,488	-	-
Intangible assets	B4	-	-	-	-
Investments in subsidiary corporations		-	-	37,490	37,673
Investments in associated companies	B5	7,621	7,621	-	-
Other receivables	B6	1,963	1,686	-	-
Restricted cash*		2,461	2,447	-	-
Retirement benefit obligations		51	57	-	-
Deferred income tax assets		2	-	-	-
Investment properties	B7	327	315	-	-
		23,453	**23,106**	**37,518**	**37,706**
Current assets					
Inventories	B8	7,105	6,804	-	-
Trade and other receivables	B6	10,322	12,450	325	331
Other current assets		730	777	124	73
Cash and cash equivalents	B9	18,254	17,828	413	516
		36,411	**37,859**	**862**	**920**
Assets of disposal group classified as held-for-sale	B10	4,515	4,453	-	-
		40,926	**42,312**	**862**	**920**
Total assets		**64,379**	**65,418**	**38,380**	**38,626**
<u>Equity and Liabilities</u>					
Equity					
Share capital		69,258	69,258	69,258	69,258
Accumulated losses		(21,905)	(21,271)	(34,685)	(34,385)
Other reserves		(18,490)	(18,597)	357	357
Equity attributable to owners of the Company		**28,863**	**29,390**	**34,930**	**35,230**
Non-controlling interests		3,987	3,961	-	-
Total equity		**32,850**	**33,351**	**34,930**	**35,230**
Non-current liabilities					
Provision for environmental and restoration costs		4,586	4,474	-	-
Deferred income tax liabilities		-	39	-	-
		4,586	**4,513**	**-**	**-**
Current liabilities					
Trade and other payables	B11	15,349	16,096	450	396
Bank loan		3,755	3,728	3,000	3,000
Current income tax liabilities		6,704	6,657	-	-
		25,808	**26,481**	**3,450**	**3,396**
Liabilities directly associated with disposal group classified as held-for-sale	B10	1,135	1,073	-	-
		26,943	**27,554**	**3,450**	**3,396**
Total liabilities		**31,529**	**32,067**	**3,450**	**3,396**
Total equity and liabilities		**64,379**	**65,418**	**38,380**	**38,626**

* This represents the fund intended for environmental and restoration costs.

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

Group		31-Mar-16 US$'000	31-Dec-15 US$'000
B1	**Producing oil and gas properties**		
	Development tangible assets	336	359
		336	**359**
B2	**Mining properties**		
	Deferred exploration expenditures	95	315
	Development tangible assets	2,428	2,341
		2,523	2,656
	Less: Assets of disposal group classified as held-for-sale	(2,523)	(2,656)
		-	**-**
B3	**Exploration and evaluation costs**		
	Exploration and evaluation assets	9,131	9,053
	Participating rights of exploration asset	1,435	1,435
		10,566	**10,488**
B4	**Intangible assets**		
	Non-contractual customer relationships	413	413
	Less: Assets of disposal group classified as held-for-sale	(413)	(413)
		-	**-**
B5	**Investments in associated companies**		
	Equity investment at costs	8,358	8,358
	Share of losses in associated companies	(626)	(626)
	Share of other comprehensive losses in associated companies	(111)	(111)
		7,621	**7,621**
B6	**Trade and other receivables**		
	Non-current		
	Other receivables - loan to non-related parties	1,963	1,686
	Current		
	Trade receivables - non-related parties	3,501	5,476
	Other receivables - loan to non-related parties	3,115	2,866
	Other receivables - non-related parties	3,706	4,108
		10,322	12,450
		12,285	**14,136**

Group		31-Mar-16 US$'000	31-Dec-15 US$'000
B7	**Investment properties**		
	Land and Building in Pacet	132	127
	Shophouse at Pasar Kemis, Tangerang	146	140
	Kiosk at ITC Kuningan	49	48
		327	**315**
B8	**Inventories**		
	Consumable inventories	5,927	5,951
	Mining sparts parts and others	703	550
	Granite rocks	1,009	605
	Crude oil inventory#	169	248
		7,808	7,354
	Less: Assets of disposal group classified as held-for-sale	(703)	(550)
		7,105	**6,804**
B9	**Cash and cash equivalents**		
	Cash and bank balances	8,520	8,819
	Short-term fixed deposits	9,734	9,009
	Cash and cash equivalents per statement of cash flows	**18,254**	**17,828**
B10	**Disposal group classified as held-for-sale**		
	Mining properties (tangible assets)	2,428	2,341
	Mining properties (intangible assets)	95	315
	Intangible assets	413	413
	Restricted cash	876	834
	Inventories	703	550
	Asset of disposal group	**4,515**	**4,453**
	Retirement benefit obligations	(116)	(97)
	Provision for environmental and restoration costs	(876)	(833)
	Deferred income tax liabilities	(143)	(143)
	Liabilities directly associated with disposal group	**(1,135)**	**(1,073)**
		3,380	**3,380**
B11	**Trade and other payables**		
	Trade payables - non-related parties	5,643	6,806
	Other payables - non-related parties	8,750	8,554
	Accruals	956	736
		15,349	**16,096**

This represents the cost of crude oil inventory of Linda Sele TAC ("LS TAC") which was not uplifted and was stored at stock points as at 31 Mar 2016 and 31 Dec 2015.

1(b)(ii) BORROWINGS AND DEBT SECURITIES

Group	31-Mar-16 Secured US$'000	31-Mar-16 Unsecured US$'000	31-Dec-15 Secured US$'000	31-Dec-15 Unsecured US$'000
Amount repayable in one year or less, or on demand				
- Bank loan *	755	3,000	728	3,000
Amount repayable after one year	-	-	-	-

* (i) The secured bank loan represents the 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 liquidation team has been disbanded and none of the parties have come forward to claim for payment.

(ii) The unsecured bank loan represents a bank loan of US$3.00 mil from United Overseas Bank Limited to finance the Company's working capital. The interest rate is 2.92% per annum for a tenor period of 3 months.

1(c) STATEMENT OF CASH FLOWS

Group	Note	Q1 2016 US$'000	Q1 2015 US$'000
Cash Flows from Operating Activities			
Total loss		(1,000)	(3,228)
Adjustments for non-cash items:			
Income tax expense		174	559
Depreciation of property, plant and equipment		12	20
Amortisation of producing oil and gas properties		23	3,498
Amortisation of mining properties		-	239
Amortisation of intangible assets		-	31
Interest income		(75)	(26)
Loss on measurement to fair value on disposal group		232	-
Unrealised currency translation gain		(113)	(109)
Loss on disposal of property, plant and equipment		-	(1)
Unwinding of discount on provision of site restoration		155	65
Interest expenses		15	5
Operating (loss)/profit before working capital changes		**(577)**	**1,053**
Changes in working capital			
Inventories		(454)	(676)
Trade and other receivables and other current assets		2,399	2,619
Trade and other payables		(716)	4,394
Restricted cash		(21)	(47)
Cash generated from operations		**631**	**7,343**
Income tax paid		(153)	(571)
Net cash provided by operating activities		**478**	**6,772**
Cash Flows from Investing Activities			
Interest received		161	26
Deposits received for proposed disposal of granite operations		-	(1,226)
Net proceeds from disposal of property, plant and equipment		-	23
Additions to property, plant and equipment		-	(15)
Additions to producing oil and gas properties		-	(1,799)
Additions to exploration and evaluation assets		(78)	(5,302)
Net cash provided by/(used in) investing activities		**83**	**(8,293)**
Cash Flows from Financing Activities			
Interest paid		(20)	(5)
Repayment of finance lease		-	(53)
Loan to non-related parties		(257)	(194)
Net cash used in financing activities		**(277)**	**(252)**
Net increase/(decrease) in cash and cash equivalents		**284**	**(1,773)**
Cash and cash equivalents at beginning of period		17,828	18,737
Effects of currency translation on cash and cash equivalents		142	(165)
Cash and cash equivalents at end of period	B9	**18,254**	**16,799**

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

Group	Share Capital US$'000	Foreign Currency Translation Reserve US$'000	Special Reserve US$'000	Share Option Reserve US$'000	Retained Profits US$'000	Total US$'000	Non-Controlling Interests US$'000	Total Equity US$'000
Balance as at 1 Jan 2015	**63,125**	**(1,702)**	**(16,545)**	**365**	**26,395**	**71,638**	**8,932**	**80,570**
Additional increase of non-controlling interests	-	-	-	-	-	-	194	194
Total transactions with owners, recognised directly in equity	63,125	(1,702)	(16,545)	365	26,395	71,638	9,126	80,764
Loss for Q1 2015	-	-	-	-	(3,028)	(3,028)	(200)	(3,228)
Other comprehensive income								
Foreign currency translation differences	-	(319)	-	-	-	(319)	(310)	(629)
Total comprehensive loss for Q1 2015	-	(319)	-	-	(3,028)	(3,347)	(510)	(3,857)
Balance as at 31 Mar 2015	**63,125**	**(2,021)**	**(16,545)**	**365**	**23,367**	**68,291**	**8,616**	**76,907**

Group	Share Capital US$'000	Foreign Currency Translation Reserve US$'000	Special Reserve US$'000	Share Option Reserve US$'000	Accumulated Losses US$'000	Total US$'000	Non-Controlling Interests US$'000	Total Equity US$'000
Balance as at 1 Jan 2016	**69,258**	**(2,409)**	**(16,545)**	**357**	**(21,271)**	**29,390**	**3,961**	**33,351**
Additional increase of non-controlling interests	-	-	-	-	-	-	241	241
Total transactions with owners, recognised directly in equity	69,258	(2,409)	(16,545)	357	(21,271)	29,390	4,202	33,592
Loss for Q1 2016	-	-	-	-	(634)	(634)	(366)	(1,000)
Other comprehensive income								
Foreign currency translation differences	-	107	-	-	-	107	151	258
Total comprehensive loss for Q1 2016	-	107	-	-	(634)	(527)	(215)	(742)
Balance as at 31 Mar 2016	**69,258**	**(2,302)**	**(16,545)**	**357**	**(21,905)**	**28,863**	**3,987**	**32,850**

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

Company	Share Capital US$'000	Share Option Reserve US$'000	Accumulated Losses US$'000	Total Equity US$'000
Balance as at 1 Jan 2015	**63,125**	**365**	**(20,866)**	**42,624**
Total comprehensive loss for Q1 2015	-	-	(470)	(470)
Balance as at 31 Mar 2015	**63,125**	**365**	**(21,336)**	**42,154**
Balance as at 1 Jan 2016	**69,258**	**357**	**(34,385)**	**35,230**
Total comprehensive loss for Q1 2016	-	-	(300)	(300)
Balance as at 31 Mar 2016	**69,258**	**357**	**(34,685)**	**34,930**

1(d)(ii) SHARE CAPITAL

No new ordinary shares were issued in Q1 2016.

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

The Company does not hold any treasury shares.

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

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

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

NA.

2 WHETHER THE FIGURES HAVE BEEN AUDITED OR REVIEWED, AND IN ACCORDANCE WITH WHICH AUDITING STANDARD OR PRACTICE

The figures have not been audited or reviewed by the Company's independent auditor, Nexia TS Public Accounting Corporation.

3 WHERE THE FIGURES HAVE BEEN AUDITED OR REVIEWED, THE AUDITORS' REPORT (INCLUDING ANY QUALIFICATIONS OR EMPHASIS OF A MATTER)

NA.

4 WHETHER THE SAME ACCOUNTING POLICIES AND METHODS OF COMPUTATION AS IN THE ISSUER'S MOST RECENTLY AUDITED ANNUAL FINANCIAL STATEMENTS HAVE BEEN APPLIED

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 Dec 2015.

5 IF THERE ARE ANY CHANGES IN THE ACCOUNTING POLICIES AND METHODS OF COMPUTATION, INCLUDING ANY REQUIRED BY AN ACCOUNTING STANDARD, WHAT HAS CHANGED, AS WELL AS THE REASONS FOR, AND THE EFFECT OF, THE CHANGE

The Group has adopted all the new and revised Singapore Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are relevant to its operations and effective for annual periods beginning on or after 1 Jan 2016.

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

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

The adoption of the new or revised FRS and INT FRS does not result in any changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current period or prior years.

6 EARNINGS PER SHARE

Group	Q1 2016	Q1 2015
Basic (losses)/earnings per ordinary share (US cents)		
- From continuing operations	**(0.103)**	**(0.728)**
- From discontinued operations	**(0.022)**	**0.054**
Weighted average number of ordinary shares for the purpose of computing basic earnings per share	506,446,757	449,350,357
Fully diluted (losses)/earnings per ordinary share (US cents)		
- From continuing operations	**(0.103)**	**(0.728)**
- From discontinued operations	**(0.022)**	**0.054**
Weighted average number of ordinary shares for the purpose of computing fully diluted earnings per share	513,556,757	449,509,243

No new ordinary shares were issued in Q1 2016.

The weighted average number of ordinary shares on issue has been adjusted as if all dilutive share options and warrants were exercised in Q1 2016. For the purpose of computing basic and fully diluted (losses)/earnings per share, the relevant periods are from 1 Jan 2016 to 31 Mar 2016. The impact on losses per share for Q1 2016 is anti-dilutive as it resulted in lower losses per share. Therefore diluted losses per share is same as basic losses per share.

7 NET ASSET VALUE PER SHARE

	Group		Company	
	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares) (US cents)	5.699	5.803	6.897	6.956
Total number of issued shares (excluding treasury shares)	506,446,757	506,446,757	506,446,757	506,446,757

8(i) PERFORMANCE REVIEW

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

Revenue & Production

Revenue decreased by 51% to US$3.10 mil in Q1 2016 from US$6.33 mil in Q1 2015. This was due largely to lower weighted average transacted oil prices for Q1 2016 of US$29.01 per barrel (Q1 2015: US$50.19 per barrel) and lower sales of shareable oil of 139,127 barrels in Q1 2016 (Q1 2015: 168,573 barrels).

The Group's shareable oil production decreased by 18% to 138,120 barrels in Q1 2016 from 168,999 barrels in Q1 2015. The decrease was due mainly to lower contributions from Myanmar of 81,945 barrels in Q1 2016 (Q1 2015: 104,350 barrels) and Tanjung Miring Timur TAC ("TMT TAC") of 46,943 barrels in Q1 2016 (Q1 2015: 55,528 barrels). The production of Linda Sele TAC ("LS TAC") increased slightly to 9,232 barrels in Q1 2016 (Q1 2015: 9,121 barrels).

Cost of Production

The decrease in cost of production to US$2.49 mil in Q1 2016 from US$7.79 mil in Q1 2015 was largely attributable to lower production expenses of the oil and gas operations which decreased by US$2.06 mil in Q1 2016, which was in line with declining production and cost-cutting measures. Amortisation charges of producing oil and gas properties decreased by US$3.25 mil in Q1 2016 as compared to Q1 2015 due to the significant impairment made in FY 2015.

Net Loss After Tax

The Group posted a total loss after tax of US$1.00 mil in Q1 2016 as compared to a total loss after tax of US$3.23 mil in Q1 2015. The decrease was due to the following factors:

(1) Lower amortisation charges of producing oil and gas properties of TMT TAC, LS TAC and Myanmar IPRC of US$3.48 mil in Q1 2016 due to the significant impairment made in FY 2015.

(2) Lower cost of production of US$2.49 mil in Q1 2016 (Q1 2015: US$7.79 mil), due to lower production expenses which decreased by US$2.06 mil and lower amortisation charges as explained above.

(3) Lower other income of US$0.07 mil in Q1 2016 (Q1 2015: US$0.28 mil), due mainly to foreign exchange loss of US$0.08 mil in Q1 2016 as compared to foreign exchange gain of US$0.08 mil in Q1 2015.

(4) Lower administrative expenses which decreased by US$0.52 mil in Q1 2016, due mainly to the implementation of cost-cutting measures.

(5) Lower income tax expenses which decreased by US$0.28 mil, due mainly to lower taxable income in Q1 2016 as compared to Q1 2015.

(6) Loss from discontinued operations of U$0.21 mil in Q1 2016 as compared to profit from discontinued operations of US$0.45 mil in Q1 2015.

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

Statement of Financial Position

Producing oil and gas properties decreased by US$0.02 mil from US$0.36 mil in FY 2015 to US$0.34 mil in Q1 2016, due mainly to amortisation charges.

Exploration and evaluation costs increased by US$0.08 mil to US$10.57 mil in Q1 2016 from US$10.49 mil in FY 2015, due mainly to capitalisation of 2D seismic costs for KP PSC.

Investments in associated companies remained at US$7.62 mil in Q1 2016. The amount comprised the acquisition of 21.510812% equity interests in PT Benakat Oil at a purchase consideration of US$7.36 mil (cash consideration of US$1.23 mil and share consideration of US$6.13 mil) and 33.33% equity interests in Mentari Garung Energy Ltd through MITI at a purchase consideration of US$1.00 mil in cash. The accumulated post-acquisition share of loss and other comprehensive loss of associated companies was US$0.63 mil and US$0.11 mil respectively.

Inventories increased by US$0.31 mil to US$7.11 mil in Q1 2016 from US$6.80 mil in FY 2015. This was due mainly to higher consumable inventories in Q1 2016.

Trade and other receivables (current and non-current) decreased by US$1.85 mil to US$12.29 mil in Q1 2016 from US$14.14 mil in FY 2015. This was due mainly to the decrease in trade receivables by US$1.98 mil as there were no outstanding receivables from the Myanmar operations in Q1 2016 as compared to US$2.06 mil in FY 2015. The loan to non-related parties (current) increased to US$3.12 mil due to a loan agreement entered into by MITI with PT Pratama Media Abadi to assist the Group in sourcing business opportunities relating to the oil and gas industry. The loan is unsecured, interest-free and repayable within 12 months.

Trade and other payables decreased by US$0.75 mil to US$15.35 mil in Q1 2016 from US$16.10 mil in FY 2015. This was due mainly to payment made to vendors of US$1.16 mil and offset by advance received from the buyer to finance the granite operations of US$1.00 mil.

Statement of Cash Flows

Cash and cash equivalents showed a net increase of US$0.28 mil in Q1 2016 due to the following factors:

(1) Net cash provided by operating activities of US$0.48 mil, due mainly to cash generated from the Myanmar operations of US$1.79 mil.

(2) Net cash provided by investing activities of US$0.08 mil, due mainly to interest received of US$0.16 mil offset by capital expenditure incurred for seismic acquisition of KP PSC of US$0.08 mil.

(3) Net cash used in financing activities of US$0.28 mil, due mainly due to loan to non-related parties of US$0.26 mil and bank loan interest payment of US$0.02 mil.

8(ii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia Oil and Gas		Myanmar Oil and Gas		Consolidated	
	Q1 2016 US$'000	Q1 2015 US$'000	Q1 2016 US$'000	Q1 2015 US$'000	Q1 2016 US$'000	Q1 2015 US$'000
Results						
EBITDA	**(335)**	(549)	**569**	1,743	**234**	1,194
EBIT	**(358)**	(2,843)	**569**	536	**211**	(2,307)
Sales to external customers	**1,350**	2,508	**1,751**	3,826	**3,101**	6,334
Segment results	**(292)**	(2,834)	**569**	536	**277**	(2,298)
Unallocated corporate net operating results					**(862)**	(891)
Loss before income tax					**(585)**	(3,189)
Income tax expense					**(208)**	(490)
Net loss from continuing operations					**(793)**	(3,679)
(Loss)/Profit from discontinued operations for the financial period					**(207)**	451
Total loss					**(1,000)**	(3,228)

Notes

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

9 WHERE A FORECAST, OR A PROSPECT STATEMENT, HAS BEEN PREVIOUSLY DISCLOSED TO SHAREHOLDERS, ANY VARIANCE BETWEEN IT AND THE ACTUAL RESULTS

NA.

10 COMMENTARY

Shareable production at Tanjung Miring Timur TAC ("TMT TAC") decreased by 14% from 54,887 barrels in Q4 2015 to 46,943 barrels in Q1 2016. The Company continues to monitor its costs and operations are adjusted accordingly to maintain optimal production levels given the prevailing oil prices.

Shareable production at Linda Sele TAC ("LS TAC") decreased slightly to 9,232 barrels in Q1 2016 from 9,598 barrels in Q4 2015. Uplifting of oil at LS TAC has been regular this quarter. Revenue from granite mining in Bintan decreased by 71% from US$1.85 mil in Q4 2015 to US$0.53 mil in Q1 2016.

Myanmar shareable production decreased marginally by 2.5% over the last quarter of 84,070 barrels to 81,945 barrels in Q1 2016 as a result of the slow down in drilling. No new well was drilled during the quarter.

The seismic data acquisition and processing for Kuala Pambuang Production Sharing Contract was completed in January 2016. Evaluation and planning for the first exploration well proposed to be drilled at the end of this year is currently underway, and any further development will be announced in due course. No significant contribution is expected from this block in the near term.

Due to the continuing low oil prices, the Group has adopted an extremely cautious approach with its capital and operating expenditures. All significant capital expenditures have been suspended until the current oil price situation improves. In addition, all operating costs have been controlled in tandem with the current oil price. Nevertheless, barring any further decline in oil prices, the Group has sufficient cash on hand to meet its work programme commitment for the year 2016. The Group will evaluate and source funding when the need arises.

11 DIVIDEND

(a) Any dividend recommended for the current financial period reported on

No.

(b) Any dividend declared for the corresponding period of the immediately preceding financial year

No.

(c) Whether the dividend is before tax, net of tax or tax exempt

NA.

(d) Date payable

NA.

(e) Books closure date

NA.

12 IF NO DIVIDEND HAS BEEN DECLARED (RECOMMENDED), A STATEMENT TO THAT EFFECT

The Company has not declared any 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 31 Mar 2016 to be false or misleading in any material respect.

15 RULE 720(1)

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

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

16 ABBREVIATIONS

Q1 2015	denotes	First calendar quarter of the year 2015
Q4 2015	denotes	Fourth calendar quarter of the year 2015
Q1 2016	denotes	First calendar quarter of the year 2016
FY 2015	denotes	Full year ended 31 December 2015
FY 2016	denotes	Full year ended 31 December 2016
bopd	denotes	barrels of oil per day
Company	denotes	Interra Resources Limited
DMO	denotes	Domestic Market Obligation
EED	denotes	Exploration, evaluation and development
FRS	denotes	Financial Reporting Standards
Goldpetrol	denotes	Goldpetrol Joint Operating Company Inc.
Goldwater	denotes	Goldwater Company Limited
Group	denotes	Interra Resources Limited and its subsidiary corporations and joint operations
GKP	denotes	Goldwater KP Pte. Ltd.
GLS	denotes	Goldwater LS Pte. Ltd.
GTMT	denotes	Goldwater TMT Pte. Ltd.
IBN	denotes	IBN Oil Holdico Ltd
IPRC	denotes	Improved Petroleum Recovery Contract
IRA	denotes	Interra Resources (Australia) Pte. Ltd.
k	denotes	thousand
KP	denotes	Kuala Pambuang block
LS	denotes	Linda Sele fields
mil	denotes	million
MITI	denotes	PT Mitra Investindo TBK
MOGE	denotes	Myanma Oil and Gas Enterprise
NA	denotes	Not applicable
NM	denotes	Not meaningful
Pertamina	denotes	Perusahaan Pertambangan Minyak Dan Gas Bumi Negara
PSC	denotes	Production Sharing Contract
TAC	denotes	Technical Assistance Contract
TMT	denotes	Tanjung Miring Timur field

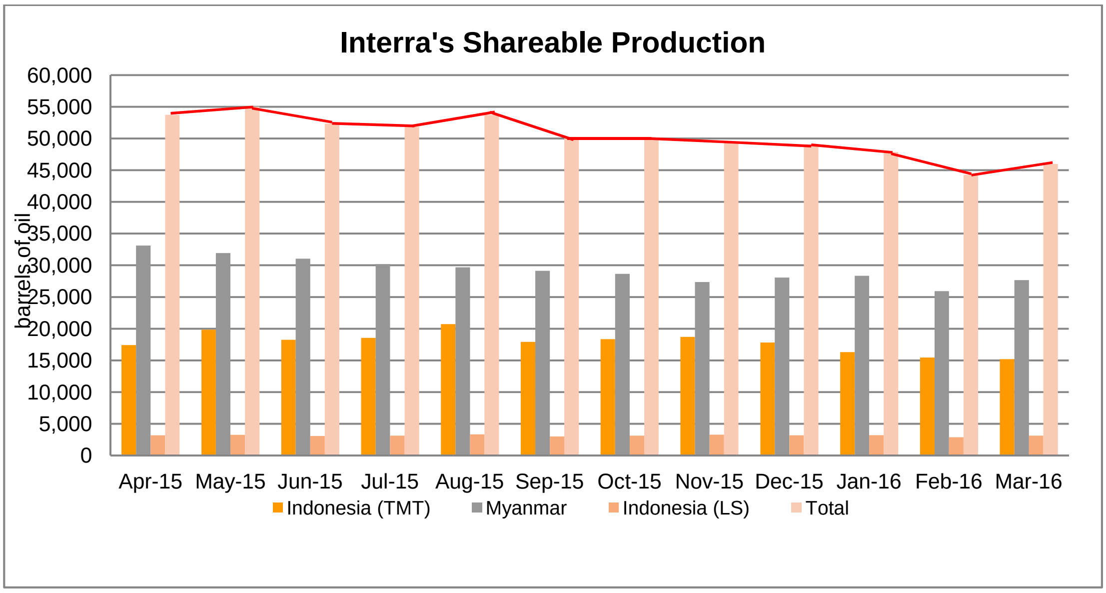
Appendix A

13 May 2016

PRODUCTION, DEVELOPMENT & EXPLORATION ACTIVITIES FOR THE QUARTER ENDED 31 MARCH 2016 ("Q1 2016")

Production Profile

(Barrels)	Myanmar		Indonesia (TMT)		Indonesia (LS)	
	Q4 2015	**Q1 2016**	**Q4 2015**	**Q1 2016**	**Q4 2015**	**Q1 2016**
Shareable production	140,117	136,575	54,887	46,943	16,441	15,813
Interra's share of shareable production	84,070	81,945	54,887	46,943	9,598	9,232

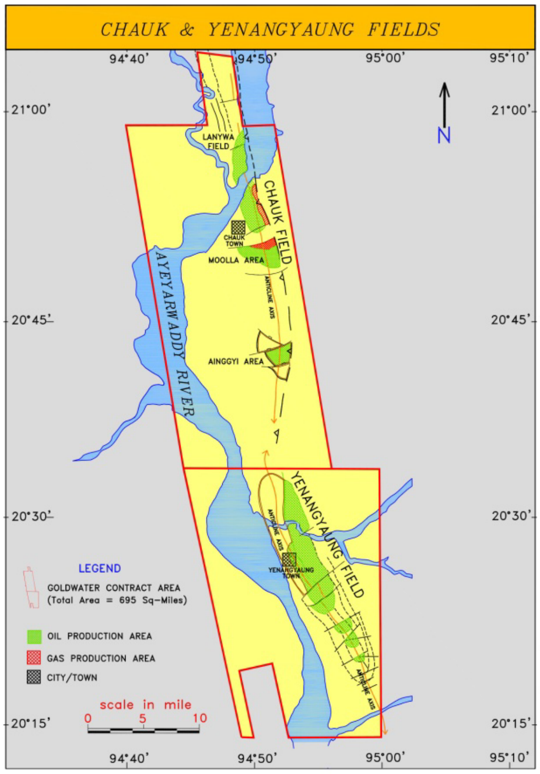


Shareable production is defined as the petroleum produced in the contract area that is over and above the non-shareable production in accordance with the respective contractual terms. The chart above represents Interra's share of the shareable production in the respective fields.

<u>Development and Production Activities</u>

Myanmar: Chauk and Yenangyaung IPRCs (Interra 60%)

In Q1 2016, the combined shareable production for both fields was 81,945 barrels of oil, a decrease of 3% over the preceding quarter of 84,070 barrels of oil.

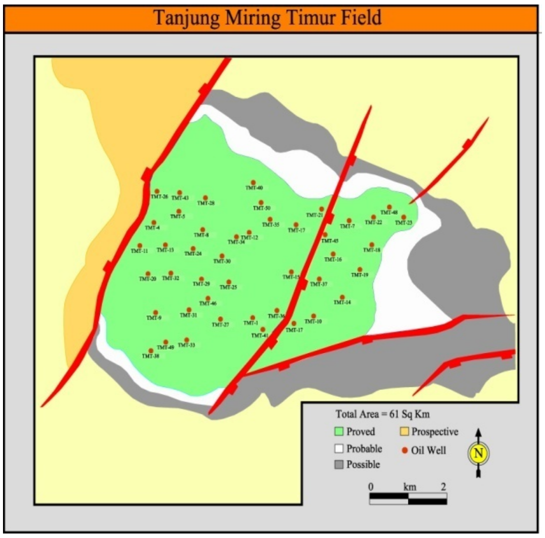


Production and development expenditures for the period were US$1,015,688 and nil respectively.

During Q1 2016, the operator, Goldpetrol Joint Operating Company Inc. ("**Goldpetrol**") (Interra 60%) continued to optimise production via surface and borehole enhancements combined with scheduled maintenance with the objective of maintaining (or increasing) current production levels from existing wells. Technical reservoir studies by an external research centre aimed at identifying additional opportunities with respect to increasing production in existing wells and new well delineations were ongoing.

Due primarily to the economic effects of the depressed oil prices, Goldpetrol did not drill any new wells in Q1 2016. The primary portion of the decline as stated is directly related to the curtailment of drilling. The above mentioned enhancements have had the affect of helping to stabilize the production decline, resulting in a comparatively minor decrease in quarterly production. Goldpetrol and Interra will continue to monitor the oil prices and make changes to the work programme as appropriate.

Indonesia: Tanjung Miring Timur TAC (Interra 100%)



In Q1 2016, shareable production was 46,943 barrels of oil, a decrease of 14% as compared to the previous quarter of 54,887 barrels of oil.

Production and development expenditures for the period were US$976,865 and nil respectively.

In Q1 2016, aggressive cost reduction with respect to operations and production that were implemented in the previous quarter continued at the TMT field. There were no new wells drilled at the TMT field in Q1 2016 and this is the primary factor for the stated reduction of field production. Accelerated works on existing wells aimed at arresting the field production decline continued. These included existing well work-overs, surface and borehole improvements combined with scheduled maintenance, and the identifying of new casing perforations candidates with prospective untested reservoirs.

Reservoir studies incorporating seismic, geology and reservoir engineering intended to gain a more complete understanding of the producing reservoirs and delineate optimum future drilling locations continued.

Indonesia: Linda Sele TAC (Interra 58.38%)

In Q1 2016, shareable production was 9,232 barrels of oil, a decrease of 4% as compared to the previous quarter of 9,598 barrels of oil. There were three uplifting of approximately 10,239 barrels of oil during the quarter.

Production and development expenditures for the period were US$472,604 and nil respectively.

The minor decrease in production seen in Q1 2016 compared to the previous quarter is a result of continued aggressive production optimisation and scheduled maintenance. These activities aimed at maintaining current production levels indicate very efficient field operations, especially considering that no new wells were drilled during Q1 2016 and the current economically challenging operating environment.

Exploration Activities

Indonesia: Kuala Pambuang PSC (Interra 67.5%)

The majority of technical geological, geophysical and reservoir work has been completed in advance of delineating potential exploratory drilling locations. These have resulted in an integrated sub-surface geologic model and have identified several areas which are very prospective with respect to potential hydrocarbon traps.

Exploration costs for the period was US$77,763.

Granite Mining Activities

Indonesia: Bukit Piatu Quarry (Interra 53.76%)

The gross granite production at the quarry in Q1 2016 was 143,047 tonnes, a decrease of 6% over the preceding quarter of 151,689 tonnes.

Production and development expenditures for the period were US$487,742 and nil respectively.