



11 August 2022

Dear Shareholders,

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2022 (“1H 2022”)

Highlights in 1H 2022

- Revenue for 1H 2022 was US\$12.52 million, 42% higher than second half-year ended 31 December 2021 (“2H 2021”). The increase was due mainly to higher sales of shareable oil of 151,126 barrels in 1H 2022 (2H 2021: 149,734 barrels) and higher weighted average transacted oil prices of US\$104.89 per barrel for 1H 2022 (2H 2021: US\$74.79 per barrel).
- Net profit for 1H 2022 was US\$4.89 million, as compared to net profit for 2H 2021 of US\$2.82 million.
- Earnings before divestment gain, interest income, exchange difference, finance cost, tax, depreciation, amortisation, allowance and impairment (EBITDA) for 1H 2022 was US\$7.41 million.
- Net cash inflow for 1H 2022 was US\$3.80 million, due mainly to net cash provided by operating activities of US\$5.55 million offset by net cash used for total capital expenditure of US\$1.63 million and financing activities of US\$0.11 million.
- Cash and cash equivalents were US\$9.29 million as at 30 June 2022.

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 INTERIM FINANCIAL STATEMENTS FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2022

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Group	Note	1H 2022 US\$'000	1H 2021 US\$'000	Change %
Revenue	4	12,515	3,114	↑ 302
Cost of production		(6,035)	(2,578)	↑ 134
Gross profit		6,480	536	↑ 1,109
Other income, net		275	639	↓ 57
Administrative expenses		(1,162)	(1,191)	↓ 2
Finance expenses		(59)	(57)	↑ 4
Other expenses		(78)	(83)	↓ 6
Profit/(Loss) before income tax		5,456	(156)	↑ 3,597
Income tax expense	7	(569)	(174)	↑ 227
Profit/(Loss) for the financial period		4,887	(330)	↑ 1,581
Attributable to:				
Equity holders of the Company		4,915	(301)	
Non-controlling interests		(28)	(29)	
		4,887	(330)	
Earnings/(Losses) per share attributable to equity holders of the Company				
Basic earnings/(losses) per share (US cents)		0.750	(0.046)	
Diluted earnings/(losses) per share (US cents)		0.750	(0.046)	

A **CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)**

Group	Note	1H 2022 US\$'000	1H 2021 US\$'000	Change %
Total profit/(loss) for the financial period		4,887	(330)	↑ 1,581
Other comprehensive income/(loss), net of tax				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation		(53)	(48)	↑ 10
Total comprehensive income/(loss) for the financial period		4,834	(378)	↑ 1,379
Attributable to:				
Equity holders of the Company		4,862	(349)	
Non-controlling interests		(28)	(29)	
		4,834	(378)	

↑ denotes increase
 ↓ denotes decrease
 NM denotes not meaningful
 NA denotes not applicable

B CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
		US\$'000	US\$'000	US\$'000	US\$'000
Assets					
Non-current assets					
Property, plant and equipment	10	44	56	44	56
Right-of-use assets	11	222	196	103	138
Producing oil and gas properties	12	11,362	10,757	-	-
Exploration and evaluation assets	13	13,814	13,777	-	-
Intangible assets	14	1,936	2,105	-	-
Investments in subsidiary corporations		-	-	19,062	19,062
Investments in associated companies	15	-	-	-	-
Trade and other receivables	5	4,928	4,785	11,593	12,009
		32,306	31,676	30,802	31,265
Current assets					
Inventories		3,250	3,387	-	-
Trade and other receivables	5	5,897	4,232	9	7
Other current assets		223	140	60	50
Cash and cash equivalents	5	9,292	5,488	482	467
		18,662	13,247	551	524
Total assets		50,968	44,923	31,353	31,789
Liabilities					
Non-current liabilities					
Trade and other payables	5	2,131	1,419	-	-
Lease liabilities	5	88	79	11	45
		2,219	1,498	11	45
Current liabilities					
Trade and other payables	5	5,718	5,323	11,327	11,261
Lease liabilities	5	200	179	82	86
Borrowings	5	1,000	1,000	1,000	1,000
Current income tax liabilities		3,703	3,666	13	30
		10,621	10,168	12,422	12,377
Total liabilities		12,840	11,666	12,433	12,422
Net assets		38,128	33,257	18,920	19,367
Equity					
Share capital	18	75,157	75,157	75,157	75,157
Accumulated losses		(23,608)	(28,559)	(56,378)	(55,967)
Other reserves		(16,443)	(16,354)	141	177
Equity attributable to equity holders of the Company		35,106	30,244	18,920	19,367
Non-controlling interests		3,022	3,013	-	-
Total equity		38,128	33,257	18,920	19,367

C CONDENSED INTERIM 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 Jan 2022	75,157	14	(16,545)	177	(28,559)	30,244	3,013	33,257
Net profit/(loss) for 1H 2022	-	-	-	-	4,915	4,915	(28)	4,887
<u>Other comprehensive income/(loss)</u>								
Currency translation differences	-	(53)	-	-	-	(53)	-	(53)
Total comprehensive income/(loss) for 1H 2022	-	(53)	-	-	4,915	4,862	(28)	4,834
Employee share option - share option lapsed	-	-	-	(36)	36	-	-	-
Additional increase of non-controlling interests in subsidiary corporation	-	-	-	-	-	-	37	37
Total transactions with owners, recognised directly in equity	-	-	-	(36)	36	-	37	37
Balance as at 30 Jun 2022	75,157	(39)	(16,545)	141	(23,608)	35,106	3,022	38,128
Balance as at 1 Jan 2021	75,157	107	(16,545)	213	(31,144)	27,788	3,028	30,816
Net loss for 1H 2021	-	-	-	-	(301)	(301)	(29)	(330)
<u>Other comprehensive loss</u>								
Currency translation differences	-	(48)	-	-	-	(48)	-	(48)
Total comprehensive loss for 1H 2021	-	(48)	-	-	(301)	(349)	(29)	(378)
Additional increase of non-controlling interests in subsidiary corporation	-	-	-	-	-	-	22	22
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	22	22
Balance as at 30 Jun 2021	75,157	59	(16,545)	213	(31,445)	27,439	3,021	30,460

Company	Share Capital US\$'000	Share Option Reserve US\$'000	Accumulated Losses US\$'000	Total Equity US\$'000
Balance as at 1 Jan 2022	75,157	177	(55,967)	19,367
Total comprehensive loss for 1H 2022	-	-	(447)	(447)
Employee share option - share option lapsed	-	(36)	36	-
Balance as at 30 Jun 2022	75,157	141	(56,378)	18,920
Balance as at 1 Jan 2021	75,157	213	(55,477)	19,893
Total comprehensive loss for 1H 2021	-	-	(136)	(136)
Balance as at 30 Jun 2021	75,157	213	(55,613)	19,757

D CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Group	Note	1H 2022 US\$'000	1H 2021 US\$'000
Cash Flows from Operating Activities			
Net profit/(loss)		4,887	(330)
Adjustments for non-cash items:			
Income tax expense		569	174
Depreciation of property, plant and equipment		13	5
Depreciation of right-of-use assets		103	113
Amortisation of producing oil and gas properties		995	494
Amortisation of intangible assets		169	171
Interest income		(133)	(119)
Fair value gain on financial assets through profit or loss		-	(385)
Interest on borrowings		20	18
Interest on lease liabilities		6	6
Gain on derecognised of lease liability		(3)	(1)
Unwinding of interest-free non-current payables		32	32
Unrealised currency translation gains		(38)	(31)
Operating profit before working capital changes		6,620	147
Changes in working capital			
Inventories		137	(53)
Trade and other receivables and other current assets		(1,745)	859
Trade and other payables		1,070	485
Cash generated from operations		6,082	1,438
Income tax paid		(531)	(114)
Net cash provided by operating activities		5,551	1,324
Cash Flows from Investing Activities			
Interest received		5	1
Additions to property, plant and equipment		(1)	(64)
Additions to producing oil and gas properties		(1,600)	(150)
Additions to exploration and evaluation assets		(37)	(28)
Net cash used in investing activities		(1,633)	(241)
Cash Flows from Financing Activities			
Interest paid		(22)	(25)
Principal elements of lease payments		(92)	(98)
Net cash used in financing activities		(114)	(123)
Net increase in cash and cash equivalents		3,804	960
Cash and cash equivalents at beginning of financial period		5,488	4,218
Cash and cash equivalents at end of financial period		9,292	5,178

1 Corporate Information

Interra Resources Limited (the "Company") is a company incorporated in the Republic of Singapore and is publicly traded on the Singapore Exchange Securities Trading Limited ("SGX-ST") Mainboard. The address of its registered office is at 1 Grange Road #05-04 Orchard Building Singapore 239693. These condensed interim consolidated financial statements as at and for the first-half year ended 30 Jun 2022 comprise the Company and its subsidiary corporations (collectively, the "Group"). The primary activities of the Company is that of investment holding.

The principal activities of the Group are as follows:

- (a) Exploration and operation of oil fields for crude petroleum production; and
- (b) Investment holding.

2 Basis of Preparation

The condensed interim financial statements for the first-half year ended 30 Jun 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 Dec 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in United States Dollar which is the Company's functional currency. All financial information has been rounded to the nearest thousand, unless otherwise stated.

During 1H 2022, the Group reported a net cash provided by operating activities of US\$5.55 mil. The Board of Directors ("BOD") has assessed that the going concern basis of preparation for this set of financial statements remain appropriate due to the following:

- (a) The Group's net assets and net current assets position of US\$38.13 mil and US\$8.04 mil respectively; and
- (b) The Group has sufficient cash to fund the operations of the Group, with free cash and cash equivalents of US\$9.29 mil as at 30 Jun 2022.

2.1 New and Amended Standards Adopted by the Group

The Group adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 Jan 2022. The adoption of the new/revised SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group.

- Amendments to SFRS(I) 3: Reference to the Conceptual Framework
- Amendments to SFRS(I) 1-16: Property, Plant and Equipment-Proceeds before Intended Use
- Amendments to SFRS(I) 1-37: Onerous Contracts-Cost of Fulfilling a contract

2 Basis of Preparation (Cont'd)

2.2. Use of Judgements and Estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 Dec 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following notes:

Notes 12, 13 and 14 - Impairment test of producing oil and gas properties, exploration and evaluation assets and intangible assets: key assumptions underlying recoverable amounts.

Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

3 Seasonal Operations

The Group's business are not affected significantly by seasonal or cyclical factors during the financial period.

4 SEGMENTED REVENUE AND RESULTS

The Group operates primarily in two geographical areas, namely Indonesia and Myanmar. The Group has one reportable business segments, namely the exploration and operation of oil fields for crude petroleum production.

Management has determined the operating segments based on the reports reviewed by the BOD that are used to make strategic decisions, allocate resources, and assess performance.

4.1 Reportable Segments

Geographical Segment	Indonesia		Myanmar		Consolidated	
	Oil and Gas		Oil and Gas			
	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Sales to external customers	-	-	12,515	3,114	12,515	3,114
EBITDA	(39)	(42)	7,449	1,033	7,410	991
EBIT	(39)	(42)	6,228	315	6,189	273
Amortisation and depreciation	-	-	(1,220)	(719)	(1,220)	(719)
Finance expenses	(32)	(32)	(3)	(3)	(35)	(35)
Segment results	(74)	(81)	6,228	315	6,154	234
Unallocated corporate net operating results					(698)	(390)
Profit/(Loss) before income tax					5,456	(156)
Income tax expense					(569)	(174)
Total profit/(loss)					4,887	(330)
Segment assets	19,019	18,608	31,254	21,651	50,273	40,259
Other segment assets					695	1,230
Total assets as per statement of financial position					50,968	41,489
Total assets include:						
- Capital expenditures (Tangible and Intangible assets)	37	28	1,600	150	1,637	178
Segment liabilities	1,328	1,335	6,455	3,938	7,783	5,273
Current income tax liabilities					3,703	4,143
Other segment liabilities					1,354	1,613
Total liabilities as per statement of financial position					12,840	11,029

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.

4 SEGMENTED REVENUE AND RESULTS (CONT'D)

4.2 Disaggregation of Revenue

The Group is principally engaged in the business of petroleum exploration and production. Revenue from the sale of oil and petroleum products is recognised when control of goods is transferred to the customer being when the product is physically transferred into a vessel, pipe and by other delivery mechanism at an amount that reflects the consideration to which the Group expects to be entitled in exchange of those goods.

5 FINANCIAL ASSETS AND LIABILITIES

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 Jun 2022 and 31 Dec 2021:

	Note	Group		Company	
		30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
		US\$'000	US\$'000	US\$'000	US\$'000
Financial Assets					
Trade and other receivables (amortised cost)					
- current		5,897	4,232	9	7
- non-current		4,928	4,785	11,593	12,009
Cash and bank balances		9,292	5,488	482	467
		20,117	14,505	12,084	12,483
Financial Liabilities					
Trade and other payables (amortised cost)					
- current		5,718	5,323	11,327	11,261
- non-current		2,131	1,419	-	-
Lease liabilities		288	258	93	131
Borrowings		1,000	1,000	1,000	1,000
		9,137	8,000	12,420	12,392

5 FINANCIAL ASSETS AND LIABILITIES (CONT'D)

5.1 Breakdown on trade and other receivables

Trade and other receivables	Note	Group		Company	
		30-Jun-22 US\$'000	31-Dec-21 US\$'000	30-Jun-22 US\$'000	31-Dec-21 US\$'000
Current					
Trade receivables - non-related parties		5,706	4,087	-	-
Loan to subsidiary corporations		-	-	10,159	10,153
Less: Loss allowances		-	-	(10,153)	(10,153)
Loan to subsidiary corporations, net		-	-	6	-
Other receivables - non-related parties		191	145	3	7
Loan to associated companies		528	528	-	-
		719	673	3	7
Less: Loss allowances		(528)	(528)	-	-
		191	145	3	7
		5,897	4,232	9	7
Non-current					
Loan to subsidiary corporations		-	-	19,489	19,905
Less: Loss allowance		-	-	(7,896)	(7,896)
Loan to subsidiary corporations, net		-	-	11,593	12,009
Loan to non-related parties		4,928	4,785	-	-
		4,928	4,785	11,593	12,009

5.2 Breakdown on trade and other payables

Trade and other payables	Note	Group		Company	
		30-Jun-22 US\$'000	31-Dec-21 US\$'000	30-Jun-22 US\$'000	31-Dec-21 US\$'000
Current					
Trade payables - non-related parties		2,742	2,347	-	-
Trade payables - related parties		150	150	-	-
Accrued expenses		447	559	251	314
Other payables - non-related parties		2,379	2,267	8	50
Loan from subsidiary corporations		-	-	11,068	10,897
		5,718	5,323	11,327	11,261
Non-current					
Other payable - non-related party		936	904	-	-
Other payable - related party		1,195	515	-	-
		2,131	1,419	-	-

6 PROFIT/(LOSS) BEFORE TAXATION

6.1 Significant items

Group	1H 2022 US\$'000	1H 2021 US\$'000
Income		
Interest income	133	119
Petroleum services fees	93	72
Grant income	-	29
Foreign exchange gain, net	46	33
Fair value gain on financial assets through profit or loss	-	385
Expenses		
Interest on borrowings	20	18
Interest on lease liabilities	6	6
Unwinding of interest free from non-current payables	32	32
Production expenses	4,834	1,877
Depreciation of property, plant and equipment	13	5
Depreciation of right-of-use assets	103	113
Amortisation of producing oil and gas properties	995	494
Amortisation of intangible assets	169	171

6.2 Related Party Transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

7 INCOME TAX EXPENSE

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

Group	1H 2022 US\$'000	1H 2021 US\$'000
Current income tax expense	584	174
Prior year over provision of current income tax	(15)	-
	569	174

8 EARNINGS PER SHARE

Group	1H 2022	1H 2021
	US\$'000	US\$'000
Basic earnings/(losses) per ordinary share (US cents)	0.750	(0.046)
Weighted average number of ordinary shares for the purpose of computing losses per share	655,498,604	655,498,604
Fully diluted earnings/(losses) per ordinary share (US cents)	0.750	(0.046)
Weighted average number of ordinary shares for the purpose of computing fully diluted losses per share	655,498,604	655,498,604

For the purpose of computing basic and fully diluted losses per share, the relevant periods were from 1 Jan 2022 to 30 Jun 2022 and 1 Jan 2021 to 30 Jun 2021 respectively. The weighted average number of ordinary shares on issue has not been adjusted as the share options were anti-dilutive in 1H 2022 and 1H 2021 respectively. The impact on losses per share for 1H 2021 was anti-dilutive as it resulted in higher losses per share. Therefore, diluted losses per share was same as basic losses per share.

9 NET ASSET VALUE PER SHARE

	Group		Company	
	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
	US\$'000	US\$'000	US\$'000	US\$'000
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares) (US cents)	5.356	4.614	2.886	2.955
Total number of issued shares (excluding treasury shares)	655,498,604	655,498,604	655,498,604	655,498,604

10 PROPERTY, PLANT AND EQUIPMENT

Group and Company	Computers US\$'000	Office Equipment US\$'000	Renovations, Furniture and Fittings US\$'000	Total US\$'000
FY 2021				
Cost	147	7	107	261
Accumulated depreciation	(132)	(7)	(66)	(205)
Net book value	15	-	41	56
1H 2022				
Opening net book value	15	-	41	56
Additions	1	-	-	1
Disposals	(4)	-	(9)	(13)
Depreciation charge	-	-	-	-
Closing net book value	12	-	32	44

11 RIGHT-OF-USE ASSETS

Group	Property US\$'000	Office Equipment US\$'000	Heavy Equipment and Machinery US\$'000	Total US\$'000
FY 2021				
Cost	179	13	260	452
Accumulated depreciation	(45)	(9)	(202)	(256)
Net book value	134	4	58	196
1H 2022				
Opening net book value	134	4	58	196
Additions	117	14	-	131
Disposals	-	(2)	-	(2)
Depreciation charge	(64)	(2)	(37)	(103)
Closing net book value	187	14	21	222

11 RIGHT-OF-USE ASSETS (CONT'D)

Company	Property US\$'000	Office Equipment US\$'000	Total US\$'000
FY 2021			
Cost	179	13	192
Accumulated depreciation	(45)	(9)	(54)
Net book value	134	4	138
1H 2022			
Opening net book value	134	4	138
Additions	-	14	14
Disposals	-	(2)	(2)
Depreciation charge	(45)	(2)	(47)
Closing net book value	89	14	103

12 PRODUCING OIL AND GAS PROPERTIES

Group	Development and Production Assets US\$'000	Development Tangible Assets US\$'000	Participating and Concession Rights US\$'000	Total US\$'000
FY 2021				
Cost	51,972	6,241	600	58,813
Accumulated amortisation and impairment losses	(41,864)	(5,592)	(600)	(48,056)
Net book value	10,108	649	-	10,757
1H 2022				
Opening net book value	10,108	649	-	10,757
Additions	1,590	10	-	1,600
Amortisation charge	(809)	(186)	-	(995)
Closing net book value	10,889	473	-	11,362

The Group performs assessment of the carrying value of its non-financial assets (other than goodwill) when there is indication of impairment. The recoverable amounts of CGU are determined based on value-in-use calculations and fair value less cost of sale. These calculations require the use of estimates and key assumptions, inter alia, petroleum recoverable reserves, future crude oil prices, operating costs, capital expenditure, decline rate and number of payment of invoices received by the Group in the financial period. Management has used the 2022 revised budgets reviewed by the respective owner committees and also past experiences as a guide. The period beyond 2023 until the contracts expire assumes some drilling activities undertaken to further develop the existing fields. Future cash flows are discounted using discount rates of 16% per annum (2021: 16% per annum) (a comparable rate used by other companies in the region and in the similar nature of business sector). The average pre-tax discount rate is estimated to be 24% per annum (2021: 24% per annum).

Based on the impairment test of the Myanmar CGU, no impairment charge was recognised for producing oil and gas properties and patent rights respectively for 1H 2022. The estimated recoverable amount of the Myanmar CGU was higher than its carrying amount.

13 EXPLORATION AND EVALUATION ("E&E") ASSETS

Group	Exploration and Evaluation Assets US\$'000	Participating Rights US\$'000	Total US\$'000
FY 2021			
Cost	18,585	1,435	20,020
Accumulated impairment losses	(6,243)	-	(6,243)
Net book value	12,342	1,435	13,777
1H 2022			
Opening net book value	12,342	1,435	13,777
Additions	37	-	37
Closing net book value	12,379	1,435	13,814

In 1H 2022, management has assessed that there are no indicators that the Group's E&E assets would be impaired as the Group continues to have ability and intention to explore the assets which are believed to have commercial viability.

14 INTANGIBLE ASSETS

Group	Goodwill on Reverse Acquisition US\$'000	Computer Software US\$'000	Patent Rights US\$'000	Total US\$'000
FY 2021				
Cost	1,489	26	3,480	4,995
Accumulated amortisation and impairment losses	(1,489)	(26)	(1,375)	(2,890)
Net book value	-	-	2,105	2,105
1H 2022				
Opening net book value	-	-	2,105	2,105
Amortisation charge	-	-	(169)	(169)
Closing net book value	-	-	1,936	1,936

The Group performs impairment assessment of the carrying value of patent rights whenever there is an indication of impairment. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates and key assumptions that are disclosed under Note 12.

15 INVESTMENTS IN ASSOCIATED COMPANIES

Group and Company	30-Jun-22 US\$'000	31-Dec-21 US\$'000
Equity investment at costs	7,358	7,358
Share of losses in associated companies	(7,358)	(7,358)
	-	-

16 BORROWINGS AND DEBT SECURITIES

Group	30-Jun-22		31-Dec-21	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	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 is charged at 4.42% per annum for a tenor period of 3 months. On 18 Jul 2022, the Group repaid the remaining loans of US\$1 million through the withdrawal of fixed deposit.

17 CAPITAL COMMITMENTS

The Group's capital commitments are in respect of the investments in the IPRCs in Myanmar and PSC KP in Indonesia. The capital expenditure as at 30 Jun 2022 and 31 Dec 2021 are based on the work programmes and budgets approved by the respective local authorities. These include development and well drillings in Myanmar.

Group	30-Jun-22	31-Dec-21
	US\$'000	US\$'000
Not later than one year	2,658	3,200

18 SHARE CAPITAL

Group and Company	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
	Number of Shares		US\$'000	US\$'000
<u>Issued and fully paid</u>				
Opening and Closing balance	655,498,604	655,498,604	75,157	75,157

On 29 Apr 2022, Ng Soon Kai retired as director and the 2017 Options granted to him of 2,850,000 unissued shares lapsed on the same date. Consequently, the share option expenses of US\$35,699 recognised previously was reversed from the share option reserve to equity.

The number of ordinary shares comprised of the share options granted and outstanding under the Interra Share Option Plan as at 30 Jun 2022 was 11,275,000 (31 Dec 2021: 14,125,000).

The Company does not have any treasury shares or subsidiary holdings as at 30 Jun 2022 and 31 Dec 2021.

19 SUBSEQUENT EVENTS

On 18 Jul 2022, the Group repaid the remaining loans of US\$1 million through the withdrawal of fixed deposit.

F OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1 REVIEW

The condensed consolidated statement of financial position of Interra Resources Limited and its subsidiary corporations as at 30 Jun 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the first-half year then ended 30 Jun 2022 and certain explanatory notes have not been audited or reviewed.

2 PERFORMANCE REVIEW

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

Revenue & Production

Revenue increased by US\$9.40 mil to US\$12.52 mil in 1H 2022 from US\$3.11 mil in 1H 2021. This was largely due to higher sales of shareable oil by 134% to 151,126 barrels in 1H 2022 during which there were no disruption of operations (1H 2021: 64,450 barrels) as compared in 1H 2021. In addition, higher weighted average transacted oil price in 1H 2022 of US\$104.89 per barrel (1H 2021: US\$61.21 per barrel) also contributed to higher revenue.

Cost of Production

The increase in cost of production to US\$6.04 mil in 1H 2022 from US\$2.58 mil in 1H 2021 was largely attributable to higher production expenses of US\$4.83 mil and amortisation charges and depreciation charges of US\$1.20 mil in 1H 2022 as compared to 1H 2021. Myanmar operations incurred capital expenditures of US\$1.60 mil in 1H 2022 which resulted in higher amortisation charges of producing oil and gas properties.

Net Profit/(Loss)

The Group posted a higher net profit of US\$4.87 mil in 1H 2022 as compared to a net loss of US\$0.33 mil in 1H 2021. The net profit was mainly due to the following:

- (1) Higher revenue of US\$12.52 mil in 1H 2022 (1H 2021: US\$3.11 mil) was due to higher oil prices and sales of shareable oil.
- (2) Higher cost of production of US\$6.04 mil in 1H 2022 (1H 2021: US\$2.58 mil) was due to higher production expenses and amortisation charges of producing oil and gas properties and depreciation charges.
- (3) Lower other income of US\$0.28 mil in 1H 2022 (1H 2021: US\$0.64 mil) was mainly due to no fair value gain on FVPL of US\$0.39 mil and no government grant income received from Job Support Scheme of US\$0.03 mil in 1H 2022 as compared in 1H 2021. Higher petroleum services fees of US\$0.09 mil (1H 2021: US\$0.07 mil) and interest income of US\$0.13 mil in 1H 2022 (1H 2021: US\$0.12 mil) offset the decrease of other income.
- (4) Lower administrative expenses of US\$1.16 mil in 1H 2022 (1H 2021: US\$1.19 mil) were mainly due to lower corporate expenses by US\$0.05 mil from cost-cutting measures offset by higher administrative expenses from Myanmar operations by US\$0.03 mil in 1H 2022 as compared to 1H 2021.
- (5) Other expenses remained unchanged at US\$0.08 mil in 1H 2022 and 1H 2021 which comprises of depreciation charges of right-of-use assets and property plant and equipment.
- (6) Higher current income tax expenses of US\$0.57 mil in 1H 2022 (1H 2021: US\$0.17 mil) were in line with higher taxable income in 1H 2022.

2 PERFORMANCE REVIEW (CONT'D)

(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\$0.22 mil as at 30 Jun 2022 from US\$0.20 mil as at 31 Dec 2021 due to addition of new office lease and office equipment lease of US\$0.12 mil and US\$0.01 mil offset amortisation charges of US\$0.10 mil.

Producing oil and gas properties increased by US\$0.61 mil to US\$11.36 mil as at 30 Jun 2022 from US\$10.76 mil as at 31 Dec 2021 due to net capitalisation of drilling expenditures of US\$1.60 mil offset by amortisation charges of US\$1.00 mil for the financial period.

Exploration and evaluation assets increased to US\$13.81 mil as at 30 Jun 2022 from US\$13.78 mil as at 31 Dec 2021 mainly due to capitalisation of production testing costs of US\$0.03 mil. As announced, further analysis of the data is still ongoing and the classification of exploration and evaluation costs remained unchanged until commercial viability is determined.

Intangible assets decreased to US\$1.94 mil as at 30 Jun 2022 from US\$2.11 mil as at 31 Dec 2021 as a result of amortisation charges of US\$0.17 mil.

Inventories decreased by US\$0.14 mil to US\$3.25 mil as at 30 Jun 2022 from US\$3.39 mil as at 31 Dec 2021 due to utilisation of consumable inventories for Myanmar drilling activities.

Trade and other receivables - non-related parties (non-current) increased to US\$4.93 mil as at 30 Jun 2022 from US\$4.79 mil as at 31 Dec 2021 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) increased to US\$5.90 mil as at 30 Jun 2022 from US\$4.23 mil as at 31 Dec 2021 were mainly from higher amounts billed of US\$10.53 mil as compared to the amounts collected of US\$8.91 mil.

Trade and other payables (non-current and current) increased by US\$1.11 mil to US\$7.85 mil as at 30 Jun 2022 from US\$6.74 mil as at 31 Dec 2021. These were mainly from higher trade payables (non-related parties and related parties) by US\$0.40 mil and higher other payables (non-related parties and related parties) by US\$0.82 mil.

Lease liabilities (non-current and current) increased by US\$0.03 mil to US\$0.29 mil as at 30 Jun 2022 from US\$0.26 mil as at 31 Dec 2021 due to additions of new office lease and office equipment lease of US\$0.13 mil and repayment of the principal elements of lease payments and interest of US\$0.10 mil during the financial period.

Statement of Cash Flows

Cash and cash equivalents showed a net increase of US\$3.80 mil in 1H 2022 due to the following:

- (1) Net cash provided by operating activities of US\$5.55 mil was mainly due to net cash inflows from oil and gas operations in Myanmar of US\$4.16 mil and repayment of loan from joint venture partner of US\$0.68 mil, and offset by corporate expenses.
- (2) Net cash used in investing activities of US\$1.63 mil was mainly due to addition of exploration and evaluation assets of US\$0.03 mil and capital expenditure for Myanmar operations of US\$1.60 mil.
- (3) Net cash used in financing activities of US\$0.11 mil was mainly due to lease payments of US\$0.09 mil and interest payments of US\$0.02 mil.

F OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (CONT'D)

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

NA.

4 COMMENTARY

Myanmar's shareable production increased by 1% from 149,734 barrels in 2H 2021 to 151,126 barrels in 1H 2022. During 1H 2022, the Company drilled 6 new wells. The increase in shareable production is primarily due to the contribution from these new wells, as well as production from the water flood projects and other optimization operations. The situation in Myanmar remains challenging, and the Company will continue to monitor developments closely.

For Kuala Pambuang PSC, the exploration well KP-1 was completed in FY 2019 after reaching a total depth of 3,771 feet. The drilling and testing results were positive, and casing was successfully installed and cemented on Dec 2019. Production testing was planned to be performed in early FY 2020. However, due to the current pandemic, it has been delayed to the second half of FY 2021. Further analysis of all technical data is ongoing and will be incorporated into well completion plans as well as the overall sub-surface interpretation of the Exploration Block. The Company will announce any noteworthy results of data analysis and expected perforation testing. No significant contribution is expected from this field in the near term.

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 of any new development.

5 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.

F OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (CONT'D)

6 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.

7 INTERESTED PERSON TRANSACTIONS

The Company has not obtained any general mandate from shareholders pursuant to Rule 920(1)(a)(ii) of the Listing Rules.

8 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 first half-year ended 30 Jun 2022 to be false or misleading in any material respect.

9 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 Tjja
Chief Executive Officer
11 Aug 2022

G ABBREVIATIONS

1H 2021	denotes	First half-year ended 30 June 2021
2H 2021	denotes	Second half-year ended 31 December 2021
1H 2022	denotes	First half-year ended 30 June 2022
FY 2019	denotes	Financial year ended 31 December 2019
FY 2020	denotes	Financial year ended 31 December 2020
FY 2021	denotes	Financial year ended 31 December 2021
FY 2022	denotes	Financial year ended 31 December 2022
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.
IPRC	denotes	Improved Petroleum Recovery Contract
k	denotes	thousand
KP	denotes	Kuala Pambuang block
mil	denotes	million
MOGE	denotes	Myanma Oil and Gas Enterprise
NA	denotes	Not applicable
NM	denotes	Not meaningful
PSC	denotes	Production Sharing Contract

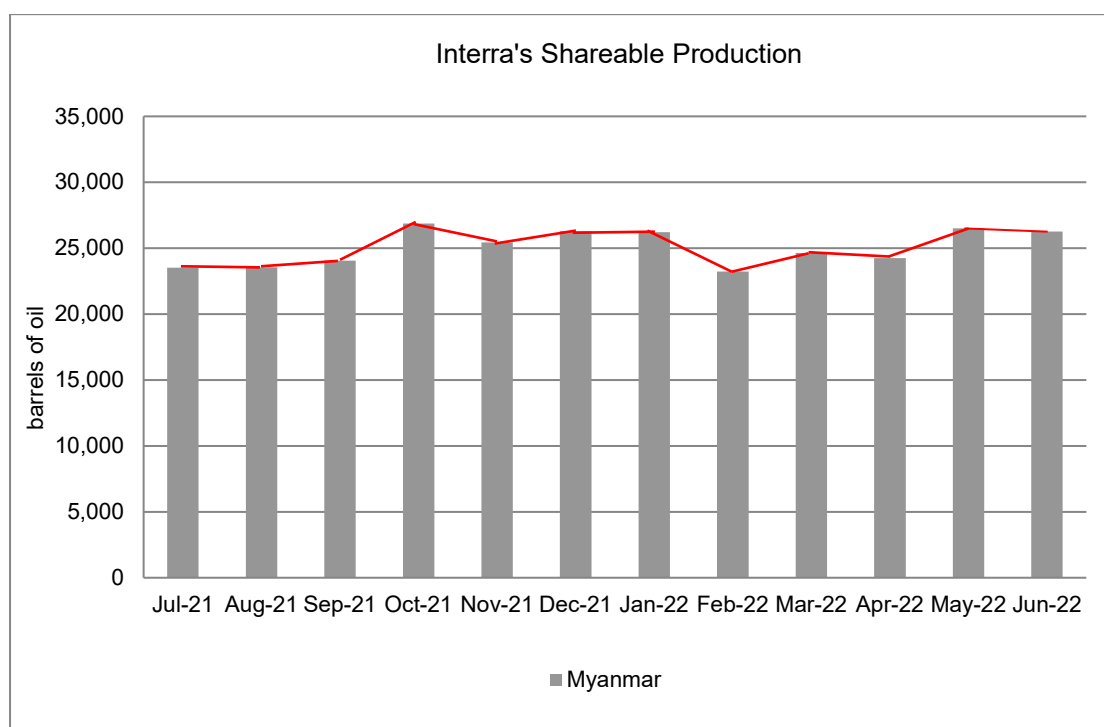
This release may contain forward-looking statements that are not statements of historical facts, and are subject to risk factors associated with the upstream petroleum and mining businesses. Actual future results, performance and outcomes may differ materially from those anticipated, expressed or implied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

11 August 2022

PRODUCTION, DEVELOPMENT & EXPLORATION ACTIVITIES FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2022 (“1H 2022”)

Production Profile

(Barrels)	Myanmar	
	Second Half-Year Ended 31 December 2021 (“2H 2021”)	First Half-Year Ended 30 June 2022 (“1H 2022”)
Shareable production	249,556	251,877
Interra’s share of shareable production	149,734	151,126



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.



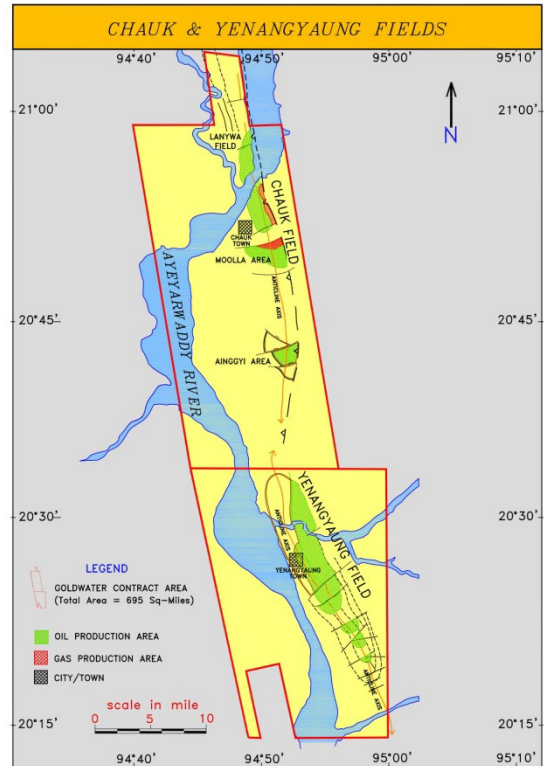
Development and Production Activities

Myanmar: Chauk and Yenangyaung IPRCs (Interra 60%)

In 1H 2022, the combined shareable production for both fields was 151,126 barrels of oil, an increase of 1% over the 2H 2021 of 149,734 barrels of oil.

Production and development expenditures for the 1H 2022 were US \$4,834,330 and US\$1,599,743 respectively.

The operator, Goldpetrol Joint Operating Company Inc. (“**Goldpetrol**”) (Interra 60%) drilled and completed five new wells as oil producers in Myanmar in 1H 2022. The increase in shareable production is primarily the result of these drilling successes, as well as combined production from the eleven water flood projects and other optimization operations with respect to existing wells in both Chauk and Yenangyaung fields. Two additional wells are under evaluation and production testing.



Successful well reactivations with and without new perforations of shut-in wells as well as new perforations of prospective reservoirs in existing producing wells continued.

Normal field operations and improvements were ongoing with respect to boreholes and surface infrastructure, combined with scheduled maintenance in existing wells with the objective of minimizing production declines.



Exploration Activities

Indonesia: Kuala Pambuang PSC (Interra 67.5%)

Exploration well KP-1 will undergo completion by production testing through casing perforation and hydraulic sand fracturing into two prospective reservoirs. The optimum testing design in which to evaluate the hydrocarbon productivity has been prepared by the Interra technical team together with several external experts. Details of critical reservoir properties such as oil quality and productivity, pressure, permeability, heterogeneity, etc. will be investigated, and could possibly lead to further development of the exploration area.

Contractors to provide materials and services have been identified and project logistics are in planning. Conceptual completion and technical proposals have been accepted by the relevant Indonesian agency (SKKMIGAS), with the majority of the individual action permits already approved.

Sub-surface interpretation and project enhancement work incorporating all available pre- and post-drilling data continues with respect to the remaining project area, employing the same rigorous methodology that led to development of the KP-1 drilling prospect.

Exploration costs for the 1H 2022 were US\$36,971.

