

13 August 2014

Dear Shareholders,

UNAUDITED RESULTS FOR THE QUARTER ENDED 30 JUNE 2014

Highlights in Q2 2014

- Total profit after tax for the quarter was US\$0.20 million. This was largely due to higher amortisation charges on the back of accelerated drilling activity in the first half and higher administrative expenses.
- Revenue from continuing operations for the quarter was US\$14.04 million, 18% higher than the previous quarter. This was the result of an increase of sales of shareable production to 183,594 barrels from 155,783 in the 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\$8.28 million.
- Net cash inflow for the quarter was US\$3.09 million, mainly due to net cash provided by operating activities of US\$6.73 million.
- Cash and cash equivalents (excluding restricted cash) were US\$16.03 million as at 30 June 2014.

Yours sincerely,

The Board of Directors
Interra Resources Limited

INTERRA RESOURCES LIMITED

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

**UNAUDITED RESULTS FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 2014****TABLE OF CONTENTS**

Item No.	Description	Page No.
1(a)(i)	Profit or Loss & Statement of Comprehensive Income	2
1(a)(ii)	Explanatory Notes to Profit or Loss	3
1(b)(i)	Statement of Financial Position & Explanatory Notes to Statement of Financial Position	4 - 5
1(b)(ii)	Borrowings and Debt Securities	5
1(c)	Statement of Cash Flows	6
1(d)(i)	Statements of Changes in Equity	7
1(d)(ii)	Share Capital	7
1(d)(iii)	Ordinary Shares (Excluding Treasury Shares)	7
1(d)(iv)	Treasury Shares	8
2 & 3	Audit	8
4 & 5	Accounting Policies and Methods of Computation	8
6	Earnings Per Share	9
7	Net Asset Value Per Share	9
8(i)	Performance Review	10
8(ii)	Segmented Revenue and Results	11
8(iii)	Production Profile	12 - 13
9 & 10	Prospect Statement & Commentary	13
11 & 12	Dividend & Dividend Statement	14
13	Interested Person Transactions	14
14	Confirmation by Board of Directors	14
15	Abbreviations	15
Appendix A	Production, Development & Exploration Activities Report	

1(a)(i) PROFIT OR LOSS

Group	Note	Q2 2014 US\$'000	Q2 2013 US\$'000	Change %	6M 2014 US\$'000	6M 2013 US\$'000	Change %
Continuing operations							
Revenue	A1	14,042	12,497	↑ 12	25,849	19,742	↑ 31
Cost of production	A2	(10,049)	(5,738)	↑ 75	(17,325)	(10,226)	↑ 69
Gross profit		3,993	6,759	↓ 41	8,524	9,516	↓ 10
Other income, net	A3	158	81	↑ 95	246	542	↓ 55
Administrative expenses		(2,803)	(1,189)	↑ 136	(4,234)	(2,355)	↑ 80
Other expenses	A4	(168)	(161)	↑ 4	(327)	(321)	↑ 2
Profit before income tax		1,180	5,490	↓ 79	4,209	7,382	↓ 43
Income tax expense		(1,148)	(861)	↑ 33	(2,107)	(1,430)	↑ 47
Profit from continuing operations for the financial period		32	4,629	↓ 99	2,102	5,952	↓ 65
Discontinued operations							
Profit/(loss) from discontinued operations for the financial period	A5	172	(178)	NM	(687)	(136)	NM
Total profit		204	4,451	↓ 95	1,415	5,816	↓ 76
Attributable to:							
Equity holders of the Company		204	4,451		1,415	5,816	
Earnings per share for profit continuing and discontinued operations attributable to equity holders							
Basic earnings per share (US cents)							
- From continuing operations		0.007	1.038		0.471	1.336	
- From discontinued operations		0.038	(0.040)		(0.154)	(0.031)	
Diluted earnings per share (US cents)							
- From continuing operations		0.007	1.026		0.466	1.322	
- From discontinued operations		0.038	(0.040)		(0.154)	(0.031)	

1(a)(i) STATEMENT OF COMPREHENSIVE INCOME

Group	Note	Q2 2014 US\$'000	Q2 2013 US\$'000	Change	6M 2014 US\$'000	6M 2013 US\$'000	Change %
Total profit for the financial period		204	4,451	↓ 95	1,415	5,816	↓ 76
Other comprehensive income, net of tax:							
Items that may be reclassified subsequently to profit or							
Currency translation differences arising from consolidation - losses		(37)	(5)	NM	(1)	(2)	NM
Total comprehensive income the financial period		167	4,446	↓ 96	1,414	5,814	↓ 76
Attributable to:							
Equity holders of the Company		167	4,446		1,414	5,814	

↑ denotes increase
↓ denotes decrease
NM denotes not meaningful

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

Group	Q2 2014 barrels	Q2 2013 barrels	6M 2014 barrels	6M 2013 barrels
Group's share of shareable production	183,594	172,388	339,377	261,381
Group's sales of shareable oil	183,594	172,388	339,377	261,381
Group	Q2 2014 US\$'000	Q2 2013 US\$'000	6M 2014 US\$'000	6M 2013 US\$'000
A1 Revenue Sale of oil and petroleum products (see 8(iii) Production Profile)	14,042	12,497	25,849	19,742
A2 Cost of production Production expenses	5,366	3,676	9,593	7,074
Amortisation of producing oil and gas properties	4,683	2,061	7,732	3,149
Amortisation of intangible assets	-	1	-	3
	10,049	5,738	17,325	10,226
A3 Other income, net Interest income	28	25	54	49
Petroleum services fees	15	9	37	11
Management fees	85	106	163	261
Other income	-	1	-	6
Reimbursement of unrecovered costs from a joint venture partner	-	-	-	333
Foreign exchange gain/(loss), net	30	(60)	(8)	(118)
	158	81	246	542
A4 Other expenses Depreciation of property, plant and equipment	3	10	5	20
Amortisation of producing oil and gas properties	165	151	322	301
	168	161	327	321
A5 Profit/(loss) from discontinued operations for the financial period Revenue	968	1,261	1,971	2,734
Expenses	(851)	(1,369)	(1,789)	(2,728)
Profit before income tax from discontinued operations	117	(108)	182	6
Income tax expense	(54)	(70)	(109)	(142)
Profit/(loss) after income tax from discontinued operations A	63	(178)	73	(136)
Pre-tax profit/(loss) recognised on the measurement to fair value less cost to sell on disposal group	109	-	(760)	-
Income tax expense	-	-	-	-
Profit/(loss) after tax recognised on the measurement to fair value less cost to sell on disposal group B	109	-	(760)	-
Total profit/(loss) from discontinued operations [A + B]	172	(178)	(687)	(136)

1(b)(i) STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		30-Jun-14 US\$'000	31-Dec-13 US\$'000	30-Jun-14 US\$'000	31-Dec-13 US\$'000
Assets					
Non-current assets					
Property, plant and equipment		19	17	18	16
Producing oil and gas properties	B1	46,330	61,346	-	-
Exploration and evaluation costs	B2	73	72	-	-
Intangible assets	B3	1,489	1,489	-	-
Investments in subsidiaries		-	-	45,086	44,776
Other receivables	B4	1,675	1,531	-	-
Restricted cash*		2,189	2,274	-	-
Retirement benefit obligations		165	119	-	-
		51,940	66,848	45,104	44,792
Current assets					
Inventories	B5	5,095	6,136	-	-
Trade and other receivables	B4	11,192	11,410	155	140
Other current assets		423	709	172	82
Cash and cash equivalents	B6	15,041	12,402	2,852	3,717
		31,751	30,657	3,179	3,939
Disposal group classified as held-for-sale	B7	18,202	-	-	-
		49,953	30,657	3,179	3,939
Total assets		101,893	97,505	48,283	48,731
Equity and Liabilities					
Equity					
Share capital		62,138	62,138	62,138	62,138
Retained profits/(Accumulated losses)		35,306	33,891	(16,055)	(14,533)
Other reserves		(17,403)	(17,404)	365	365
Total equity		80,041	78,625	46,448	47,970
Non-current liabilities					
Provision for environmental and restoration costs		1,602	2,715	-	-
		1,602	2,715	-	-
Current liabilities					
Trade and other payables	B8	10,368	8,596	1,835	761
Current income tax liabilities		6,580	7,569	-	-
		16,948	16,165	1,835	761
Liabilities directly associated with disposal group classified as held-for-sale	B7	3,302	-	-	-
Total current liabilities		20,250	16,165	1,835	761
Total equity and liabilities		101,893	97,505	48,283	48,731

* Fund intended for environmental and restoration costs.

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

Group		30-Jun-14 US\$'000	31-Dec-13 US\$'000
B1	<u>Producing oil and gas properties</u>		
	Development tangible assets	4,216	4,224
	Development and production assets	40,684	54,354
	Participating and concession rights	1,430	2,768
		46,330	61,346
B2	<u>Exploration and evaluation costs</u>		
	Exploration costs	73	72
B3	<u>Intangible assets</u>		
	Goodwill on reverse acquisition	1,489	1,489
B4	<u>Trade and other receivables</u>		
	Non-current		
	Other receivables - loan to a third party	1,675	1,531
	Current		
	Trade receivables - non-related parties	9,111	8,816
	Other receivables	2,081	2,594
		11,192	11,410
		12,867	12,941
B5	<u>Inventories</u>		
	Consumable inventories	5,095	5,720
	Crude oil on hand#	-	416
		5,095	6,136
B6	<u>Cash and cash equivalents</u>		
	Cash and bank balances	11,615	7,394
	Short-term fixed deposits	4,417	5,008
	Cash and cash equivalents per statement of cash flows	16,032	12,402
	Less: Disposal group classified as held-for-sale	(991)	-
		15,041	12,402
B7	<u>Disposal group classified as held-for-sale</u>		
	Producing oil and gas properties	14,752	-
	Restricted cash	95	-
	Inventories	1,769	-
	Trade and other receivables and other current assets	595	-
	Cash and bank balances	991	-
	Assets in disposal group	18,202	-
	Trade and other payables	582	-
	Current income tax liabilities	1,460	-
	Provision for environmental and restoration costs	1,260	-
	Liabilities directly associated with disposal group	3,302	-
		14,900	-
B8	<u>Trade and other payables</u>		
	Trade payables	6,564	6,684
	Other payables	2,147	910
	Accruals	1,657	1,002
		10,368	8,596

This represents costs of crude oil inventory of Linda Sele TAC ("LS TAC") which was not uplifted and was stored at stock points as at 31 Dec 2013. As at 30 Jun 2014, the crude oil inventory of US\$0.60 mil was recognised under "Disposal group classified as held-for-sale", subsequent to the announcement of disposal of Goldwater LS Pte Ltd and its subsidiary on 14 Mar 2014.

1(b)(ii) BORROWINGS AND DEBT SECURITIES

Group	30-Jun-14		31-Dec-13	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand	-	-	-	-
Amount repayable after one year	-	-	-	-

1(c) STATEMENT OF CASH FLOWS

Group	Note	Q2 2014 US\$'000	Q2 2013 US\$'000	6M 2014 US\$'000	6M 2013 US\$'000
Cash Flows from Operating Activities					
Total profit		204	4,451	1,415	5,816
Adjustments for non-cash items:					
Income tax expense		1,202	931	2,216	1,572
Share option expense		-	-	-	57
Depreciation of property, plant and equipment		3	10	6	20
Amortisation of producing oil and gas properties		4,848	2,473	8,333	3,910
Amortisation of intangible assets		-	1	-	3
Interest income		(28)	(25)	(54)	(49)
(Gain)/loss on measurement to fair value on disposal group		(109)	-	760	-
Unrealised currency translation (gain)/loss		(17)	15	39	67
Operating profit before working capital changes		6,103	7,856	12,715	11,396
Changes in working capital					
Inventories		(1,012)	(1,051)	(729)	(708)
Trade and other receivables and other current assets		(1,148)	(2,202)	(131)	(5,030)
Trade and other payables		3,524	(536)	2,309	116
Provision for environmental and restoration costs		79	97	147	139
Restricted cash		(5)	(5)	(10)	(10)
Cash generated from operations		7,541	4,159	14,301	5,903
Income tax paid		(811)	(861)	(1,746)	(1,705)
Net cash provided by operating activities		6,730	3,298	12,555	4,198
Cash Flows from Investing Activities					
Interest income received		8	9	16	20
Additions to property, plant and equipment		(1)	-	(8)	-
Additions to producing oil and gas properties		(3,643)	(4,109)	(8,829)	(10,838)
Additions to exploration and evaluation assets		-	-	-	(14)
Net cash used in investing activities		(3,636)	(4,100)	(8,821)	(10,832)
Cash Flows from Financing Activities					
Proceeds from issuance of new ordinary shares pursuant to share options		-	74	-	426
Share issue expenses		-	(2)	-	(3)
Loan to a third party		-	(174)	(104)	(174)
Net cash (used in)/provided by financing activities		-	(102)	(104)	249
Net increase/(decrease) in cash and cash equivalents		3,094	(904)	3,630	(6,385)
Cash and cash equivalents at beginning of period		12,938	11,255	12,402	16,736
Cash and cash equivalents at end of period	B6	16,032	10,351	16,032	10,351

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 Equity US\$'000
Balance as at 1 Apr 2013	62,035	(1,689)	(16,545)	396	28,051	72,248
Issuance of new ordinary shares pursuant to share options	74	-	-	-	-	74
Share issue expenses	(2)	-	-	-	-	(2)
Employee share option scheme - share options exercised	31	-	-	(31)	-	-
Total comprehensive (loss)/income for Q2 2013	-	(5)	-	-	4,451	4,446
Balance as at 30 Jun 2013	62,138	(1,689)	(16,545)	365	28,051	72,320
Balance as at 1 Apr 2014	62,138	(1,186)	(16,545)	365	35,102	79,874
Total comprehensive (loss)/income for Q2 2014	-	(37)	-	-	204	167
Balance as at 30 Jun 2014	62,138	(1,186)	(16,545)	365	35,102	79,874

Company	Share Capital US\$'000	Share Option Reserve US\$'000	Accumulated Losses US\$'000	Total Equity US\$'000
Balance as at 1 Apr 2013	62,035	396	(9,033)	53,398
Issuance of new ordinary shares pursuant to share options	74	-	-	74
Share issue expenses	(2)	-	-	(2)
Employee share option scheme - share options exercised	31	(31)	-	-
Total comprehensive loss for Q2 2013	-	-	(488)	(488)
Balance as at 30 Jun 2013	62,138	365	(9,521)	52,982
Balance as at 1 Apr 2014	62,138	365	(13,931)	48,572
Total comprehensive loss for Q2 2014	-	-	(2,124)	(2,124)
Balance as at 30 Jun 2014	62,138	365	(16,055)	46,448

1(d)(ii) SHARE CAPITAL

No new ordinary shares were issued in Q2 2014.

The number of ordinary shares comprised in the options granted and outstanding under the Interra Share Option Plan for Q2 2014 was 7,260,000 (Q2 2013: 7,260,000).

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

Group and Company	30 Jun 2014	31 Dec 2013
<u>Issued and fully paid</u>		
Opening balance	446,170,357	443,130,357
Issuance of new ordinary shares pursuant to share options	-	3,040,000
Closing balance	446,170,357	446,170,357

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 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 2013.

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 2014. Consequential amendments made to these new or revised standards.

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

- FRS 27 (revised 2011) - Separate Financial Statements
- FRS 28 (revised 2011) - Investments in Associates and Joint Ventures
- Amendments to FRS 32 - Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 36 - Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 39 - Novation of Derivatives and Continuation of Hedge Accounting
- FRS 110 - Consolidated Financial Statements
- FRS 111 - Joint Arrangements
- FRS 112 - Disclosure of Interests in Other Entities
- Amendments to FRS 110, FRS 111, FRS 112, FRS 27 (2011) and FRS 28 (2011) - Mandatory Effective Date
- Amendments to FRS 110, FRS 111, FRS 112 and FRS 27 - Transition Guidance
- Amendments to FRS 110, FRS 111, FRS 112 and FRS 27 - Investment Entities

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

6 EARNINGS PER SHARE

Group	Q2 2014	Q2 2013	6M 2014	6M 2013
Basic earnings/(losses) per ordinary share (US cents)				
- From continuing operations	0.007	1.038	0.471	1.336
- From discontinued operations	0.038	(0.040)	(0.154)	(0.031)
Weighted average number of ordinary shares for the purpose of computing basic earnings per share	446,170,357	445,968,819	446,170,357	445,327,512
Fully diluted earnings/(losses) per ordinary share (US cents)				
- From continuing operations	0.007	1.026	0.466	1.322
- From discontinued operations	0.038	(0.040)*	(0.154)*	(0.031)*
Weighted average number of ordinary shares for the purpose of computing fully diluted earnings per share	450,682,828	450,980,800	450,687,789	450,339,493

No new ordinary shares were issued in Q2 2014.

* As loss was recorded by discontinued operations, the dilutive potential shares from share options is anti-dilutive and no change is made to the diluted loss per share.

7 NET ASSET VALUE PER SHARE

	Group		Company	
	30 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares) (US cents)	17.940	17.622	10.417	10.751
Total number of issued shares (excluding treasury shares)	446,170,357	446,170,357	446,170,357	446,170,357

8(i) PERFORMANCE REVIEW

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

Revenue & Production

Revenue increased by 12% to US\$14.04 mil in Q2 2014 from US\$12.50 mil in Q2 2013. This was largely due to higher sales of shareable production, which increased to 183,594 barrels in Q2 2014 from 172,388 barrels in Q2 2013 and higher transacted oil prices. The weighted average transacted oil prices for Q2 2014 was US\$108.61 per barrel (Q2 2013: US\$99.28 per barrel).

The Group's shareable production increased by 7% (11,206 barrels) to 183,594 barrels in Q2 2014 from 172,388 barrels in Q2 2013. The increase was mainly due to higher contributions from Myanmar of 122,222 barrels in Q2 2014 (Q2 2013: 63,829 barrels) as the Group successfully completed several development wells as oil producers. However, the increase was partially offset by the decrease in shareable production from Tanjung Miring Timur ("TMT TAC") to 61,372 barrels in Q2 2014 from 108,559 barrels in Q2 2013.

Cost of Production

The cost of production increased by 75% to US\$10.05 mil in Q2 2014 from US\$5.74 mil in Q2 2013. The increase was largely attributable to higher amortisation of oil and gas properties resulting from amortisation of new well drillings for Myanmar and TMT TAC. Amortisation charges have increased by US\$2.62 mil from TMT TAC and Myanmar operation of US\$0.45 mil and US\$2.17 mil respectively for a total of US\$4.68 mil.

Net Profit After Tax

Despite the increase in revenue of US\$1.54 mil in Q2 2014, the Group posted a lower net profit after tax from continuing operations of US\$0.03 mil in Q2 2014 as compared to US\$4.63 mil in Q2 2013. The decrease was mainly due after taking the following into consideration:

- (1) Higher cost of production of US\$10.05 mil (Q2 2013: US\$5.74 mil).
- (2) Higher administrative expenses of US\$2.80 mil (Q2 2013: US\$1.19 mil) mainly due to recognition of fair value of remuneration shares granted to the non-executive directors of US\$0.99 mil, cost incurred relating to on-going projects of US\$0.41 mil and professional fee of US\$0.18 mil in Q2 2014 as compared to Q2 2013.
- (3) Higher income tax expenses of US\$1.15 mil due to higher taxable income (Q2 2013: US\$0.86 mil).

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

Statement of Financial Position

Producing oil and gas properties decreased by US\$15.02 mil to US\$46.33 mil as at 30 Jun 2014 from US\$61.35 mil in FY 2013. This was mainly due to reclassification as held-for-sale of US\$14.75 mil of the LS TAC assets.

Inventories decreased by US\$1.04 mil to US\$5.10 mil as at 30 Jun 2014 from US\$6.14 mil in FY 2013. This was mainly due to reclassification as held-for sale of US\$1.77 mil as at 30 Jun 2014 of the LS TAC assets.

Trade and other receivables (current and non-current) decreased by US\$0.07 mil to US\$12.87 mil as at 30 Jun 2014 from US\$12.94 mil in FY 2013. This was mainly due to reclassification as held-for-sale of US\$0.60 mil of the LS TAC assets.

Trade and other payables increased by US\$1.77 mil to US\$10.37 mil as at 30 Jun 2014 from US\$8.60 mil in FY 2013. This was mainly due to increase in trade payables and other payables from Myanmar and TMT TAC operations of US\$1.43 mil.

Statement of Cash Flows

Cash and cash equivalents showed a net increase of US\$3.09 mil in Q2 2014 due to the following:

- (1) Net cash provided by operating activities of US\$6.73 mil, mainly due to cash generated from Myanmar operations of US\$2.93 mil.
- (2) Net cash used in investing activities of US\$3.64 mil, mainly for capital expenditure incurred for drilling activities of the Myanmar operations of US\$3.01 mil and TMT TAC of US\$0.57 mil.

8(ii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia		Myanmar		Consolidated	
	Q2 2014	Q2 2013	Q2 2014	Q2 2013	Q2 2014	Q2 2013
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Results						
EBITDA	1,476	5,653	6,804	2,788	8,280	8,441
EBIT	(244)	4,397	3,676	1,832	3,432	6,229
Sales to external customers	4,348	7,832	9,694	4,665	14,042	12,497
Segment results	(213)	4,425	3,676	1,832	3,463	6,257
Unallocated corporate net operating results					(2,283)	(767)
Profit before income tax					1,180	5,490
Income tax expense					(1,148)	(861)
Net profit from continuing operations					32	4,629
Profit/(loss) from discontinued operations for the financial period					172	(178)
Total profit					204	4,451

Geographical Segment	Indonesia		Myanmar		Consolidated	
	6M 2014	6M 2013	6M 2014	6M 2013	6M 2014	6M 2013
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Results						
EBITDA	3,403	6,620	12,068	5,335	15,471	11,955
EBIT	415	4,946	7,002	3,558	7,417	8,504
Sales to external customers	8,442	10,558	17,407	9,184	25,849	19,742
Segment results	409	4,985	7,002	3,558	7,411	8,543
Unallocated corporate net operating results					(3,202)	(1,161)
Profit before income tax					4,209	7,382
Income tax expense					(2,107)	(1,430)
Net profit from continuing operations					2,102	5,952
Loss from discontinued operations for the financial period					(687)	(136)
Total profit					1,415	5,816

Notes

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

EBITDA is 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.

8(iii) PRODUCTION PROFILE

Continuing Operations					
Myanmar Production		Q2 2014 barrels	Q2 2013 barrels	6M 2014 barrels	6M 2013 barrels
Average gross production per day		3,401	2,380	3,187	2,308
Gross production		309,450	216,596	576,880	417,781
Non-shareable production		(105,747)	(110,214)	(211,444)	(220,354)
Production shareable with MOGE		203,703	106,382	365,436	197,427
Group's 60% share of shareable production		122,222	63,829	219,262	118,456
Group's average shareable production per day		1,343	701	1,211	654
Myanmar Revenue		Q2 2014	Q2 2013	6M 2014	6M 2013
Weighted average transacted oil price US\$		110.25	101.59	110.36	107.78
Revenue shareable with MOGE US\$'000		13,475	6,485	24,197	12,767
MOGE's share US\$'000		(3,781)	(1,820)	(6,790)	(3,583)
Group's net share of revenue US\$'000		9,694	4,665	17,407	9,184
Indonesia Production - TMT TAC		Q2 2014 barrels	Q2 2013 barrels	6M 2014 barrels	6M 2013 barrels
Average gross production per day		684	1,203	673	800
Gross production		62,218	109,490	121,827	144,810
Non-shareable production		(846)	(931)	(1,712)	(1,885)
Production shareable with Pertamina		61,372	108,559	120,115	142,925
Group's 100% share of shareable production		61,372	108,559	120,115	142,925
Group's average shareable production per day		674	1,193	664	790
Indonesia Revenue - TMT TAC		Q2 2014	Q2 2013	6M 2014	6M 2013
Weighted average transacted oil price US\$		103.15	97.01	102.33	99.32
Revenue shareable with Pertamina US\$'000		6,331	10,531	12,291	14,195
Pertamina's share* US\$'000		(1,983)	(2,699)	(3,849)	(3,637)
Group's net share of revenue US\$'000		4,348	7,832	8,442	10,558
Discontinued Operations					
Indonesia Production - LS TAC		Q2 2014 barrels	Q2 2013 barrels	6M 2014 barrels	6M 2013 barrels
Average gross production per day		198	214	191	193
Gross production		18,061	19,508	34,549	35,014
Non-shareable production		-	-	-	-
Production shareable with Pertamina		18,061	19,508	34,549	35,014
Group's 100% share of sharable production		-	19,508	-	35,014
Group's average shareable production per day		-	214	-	193

Note: * Under the TAC production sharing regime, once the unrecovered cost pool is exhausted, the net oil entitlement and the Group's share of revenue will also reduce. As a result, Pertamina's share of revenue, which includes Domestic Market Obligation ("DMO") increased.

8(iii) PRODUCTION PROFILE (CONT'D)

Indonesia Crude Oil on Hand - LS TAC	Q2 2014 barrels	Q2 2013 barrels	6M 2014 barrels	6M 2013 barrels
Opening balance	10,092	11,000	6,933	14,151
Production	18,061	19,508	34,549	35,014
Lifting	(12,766)	(17,512)	(26,095)	(36,169)
Closing balance	15,387	12,996	15,387	12,996

Indonesia Revenue - LS TAC	Q2 2014	Q2 2013	6M 2014	6M 2013
Weighted average transacted oil price	US\$ 101.91	96.79	101.58	101.62
Revenue shareable with Pertamina	US\$'000 1,301	1,695	2,651	3,676
Pertamina's share	US\$'000 (333)	(434)	(679)	(942)
Net share of revenue	US\$'000 968	1,261	1,972	2,734

Group Production and Revenue	Q2 2014	Q2 2013	6M 2014	6M 2013
Group's share of shareable production	barrels 183,594	172,388	339,377	261,381
Group's average shareable production per day	barrels 2,018	1,894	1,875	1,444
Group's sales of shareable oil	barrels 183,594	172,388	339,377	261,381
Group's total shareable oil revenue	US\$'000 14,042	12,497	25,849	19,742
Group's weighted average transacted oil price	US\$ 108.61	99.28	108.37	104.23

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

Tanjung Miring Timur TAC ("TMT TAC") gross production decreased significantly from 109,490 barrels in Q2 2013 to 62,218 barrels in Q2 2014. This was largely due to the bad weather which hindered the servicing and maintenance of existing wells. However, with better weather, maintenance improved and as a result, production levels are expected to improve over the next six months.

Further to our announcement dated 14 March 2014 regarding the proposed disposal of Linda Sele TAC and the proposed subscription of the rights issue of PT Mitra Investindo TBK ("MITI"), and subsequent announcement dated 5 Aug 2014, the Group is pleased to announce that the transaction has been completed. Interra now owns 52.46% of MITI, an Indonesian company listed on Jakarta Stock Exchange. As a result, the financial results relating to Linda Sele TAC will be re-classified from discontinued operation to continued operations from Q3 2014 onwards.

Since the beginning of the financial year, Myanmar has spudded twenty-one new wells. Production has increased significantly over the last 2 quarters. With the good result from the drilling program, the joint venture is in the midst of obtaining local authority approval to drill more wells in the second half of the year.

Kuala Pambuang Production Sharing Contract ("KP PSC") will commence 2D seismic acquisition in Q3 2014 once all approvals have been obtained from local authorities. No significant contribution is expected from this field in the near term.

Further to our announcement relating to issuing bonus warrant to shareholders dated 19 Jun 2014, the Group is currently in the midst of submitting the relevant documentation to the relevant authority and will inform shareholders of any new development.

The Group has sufficient cash on hand to meet its workplan commitments for the year 2014. The Group will evaluate and source funding when the need arises. The Group will continue to actively seek new concessions and assets to strengthen its presence in the region as well as to achieve growth sustainability.

11 DIVIDEND

- (a) **Any dividend recommended for the current financial period reported on**
No.
- (b) **Any dividend declared for the corresponding period of the immediately preceding financial year**
No.
- (c) **Whether the dividend is before tax, net of tax or tax exempt**
NA.
- (d) **Date payable**
NA.
- (e) **Books closure date**
NA.

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

The Company has not declared a dividend for the current financial period reported on.

13 INTERESTED PERSON TRANSACTIONS

The Company has not obtained any general mandate 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 the attention of the Board of Directors which may render the interim financial statements for the quarter ended 30 Jun 2014 to be false or misleading in any material respect.

By Order of the Board of Directors of
INTERRA RESOURCES LIMITED
Marcel Tjia
Chief Executive Officer
13-Aug-14

15 ABBREVIATIONS

Q2 2013	denotes	Second calendar quarter of the year 2013
Q2 2014	denotes	Second calendar quarter of the year 2014
Q3 2014	denotes	Third calendar quarter of the year 2014
6M 2013	denotes	Six months ended 30 June 2013
6M 2014	denotes	Six months ended 30 June 2014
FY 2013	denotes	Full year ended 31 December 2013
FY 2014	denotes	Full year ended 31 December 2014
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 companies and joint ventures
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.
IRT	denotes	Interra Resources (Thailand) Limited
k	denotes	thousand
KP	denotes	Kuala Pambuang block
LS	denotes	Linda Sele fields
mil	denotes	million
MITI	denotes	PT Mitra Investindo TBK
MOGE	denotes	Myanma Oil and Gas Enterprise
NA	denotes	Not applicable
NM	denotes	Not meaningful
Pertamina	denotes	Perusahaan Pertambangan Minyak Dan Gas Bumi Negara
PSC	denotes	Production Sharing Contract
TAC	denotes	Technical Assistance Contract
TMT	denotes	Tanjung Miring Timur field

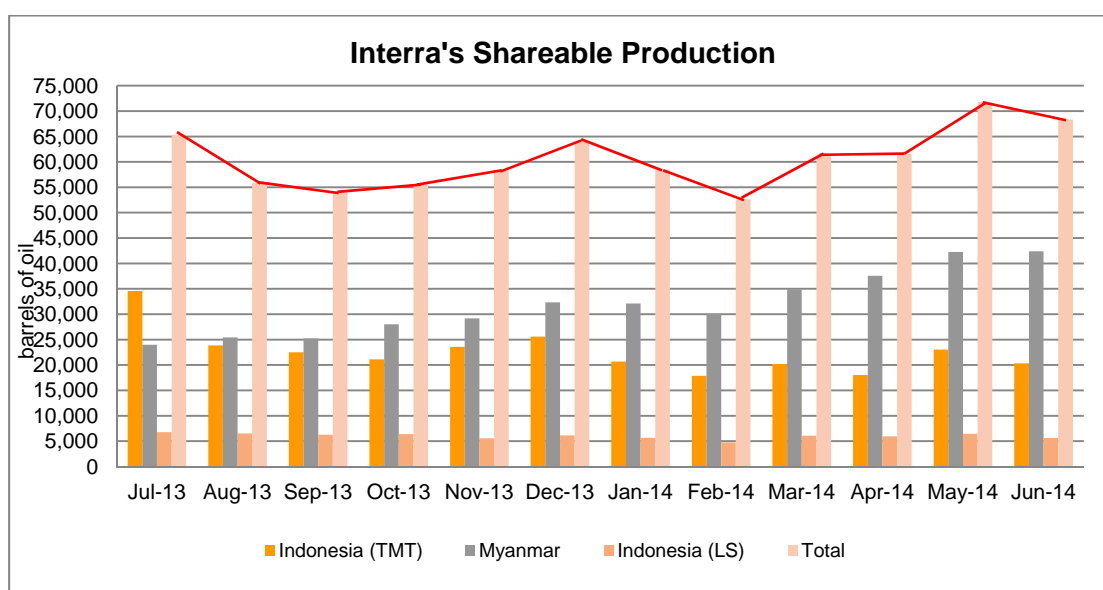
This release may contain forward-looking statements that are subject to risk factors associated with oil and gas businesses. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions including but not limited to: oil and gas price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, general industry conditions, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals, 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. You are cautioned not to place undue reliance on these forward looking statements, which are based on the current view of management on future events.

13 August 2014

PRODUCTION, DEVELOPMENT & EXPLORATION ACTIVITIES FOR THE QUARTER ENDED 30 JUNE 2014 (“Q2 2014”)

Production Profile

(barrels)	Myanmar		Indonesia (TMT)		Indonesia (LS)	
	Q1 2014	Q2 2014	Q1 2014	Q2 2014	Q1 2014	Q2 2014
Gross production	267,430	309,450	59,609	62,218	16,487	18,061
Non-shareable production	(105,697)	(105,747)	(866)	(846)	-	-
Shareable production	161,733	203,703	58,743	61,372	16,487	18,061
Interra's share of shareable production	97,040	122,222	58,743	61,372	16,487	18,061



Gross production refers to the total volume of oil produced in the respective fields. Non-shareable production is the quantity of oil that is deducted from gross production and allocated directly to the respective host governments. The amount of oil remaining is the shareable production, which is then split among the contract counterparties in accordance with the respective contractual terms. The chart above represents Interra's share of the shareable production in the respective fields.

Reserves and Resources

There have been no material changes to the reserves or resources during the period.



Development and Production Activities

Myanmar: Chauk and Yenangyaung IPRCs (Interra 60%)

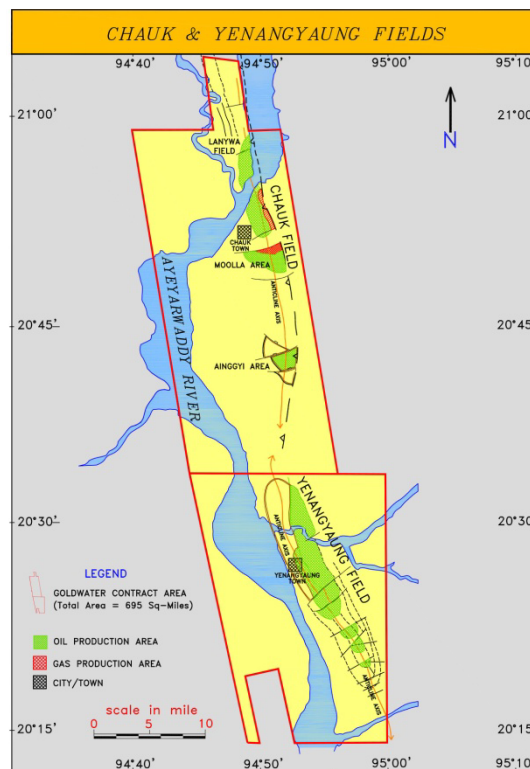
In Q2 2014, the combined gross production for both fields was 309,450 barrels of oil, an increase of 16% over the preceding quarter of 267,430 barrels of oil.

Production and development expenditure for the period were US\$2,733,008 and US\$2,732,088 respectively.

A total of eight development wells were completed as oil producers in Q2 by the operator, Goldpetrol Joint Operating Company Inc. (“**Goldpetrol**”) (Interra 60%), a result of the continued aggressive drilling program. Six of the total were drilled in the Chauk field with the remaining two drilled in the Yenangyaung field

Goldpetrol continued with the full-time operation of three drilling rigs, two owned and one higher capacity hired rig which has allowed the drilling of more challenging and deeper targets. Two of the Chauk field completions were a continuation of the very successful development program begun in 2013 of directional drilling under the Ayeyarwaddy River from Chauk field side. Following these completions the hired rig was ferried to the west bank of the river to begin Q3 2014 directional drilling to reach targets not accessible from the east bank. The two owned rigs continue to drill shallow to intermediate depth wells to develop areas in producing reservoirs that are not currently drained by existing wells.

Throughout the quarter, Goldpetrol 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 aimed at identifying additional opportunities with respect to increasing production in existing wells and new well delineation are ongoing both by Goldpetrol and an external research center.





Indonesia: Tanjung Miring Timur TAC (Interra 100%)

In Q2 2014, gross production was 62,218 barrels of oil, an increase of 4% as compared to the previous quarter of 59,609 barrels of oil. The slight increase was due to various production optimizations relative to arresting production declines.

Production and development expenditure for the period were US\$2,632,774 and US\$558,739 respectively.

Site preparations have begun with respect to the four proposed 2014 development wells the first of which is expected to commence drilling in Q3 2014. Planning and implementation is underway aimed at increasing production from existing wells (including "new" wells) primarily through additional perforations into prospective formations that have yet to be properly tested, and more aggressive formation stimulation techniques applied to current productive formations.



In addition, regular surface and borehole enhancements combined with scheduled maintenance and the installation of new lifting and other production equipment continue with the goal of optimizing production from current producing wells. Production and reservoir studies continue both internally and employing outside specialists and detailed 3D seismic interpretation incorporating data from these studies is ongoing.

Indonesia: Linda Sele TAC (Interra 100%)

In Q2 2014, gross production was 18,061 barrels of oil, an increase of 10% as compared to the previous quarter of 16,487 barrels of oil. There were two uplifting of approximately 12,766 barrels of oil during the quarter.

Production and development expenditure for the period were US\$706,010 and US\$5,621 respectively.

The production increase reflects continued production optimisation through surface and borehole enhancements, scheduled maintenance, and the installation of new lifting and other production equipment. The reservoir study done by an outside contractor which was completed in Q2 2014 was incorporated into the 3D seismic data interpretation. Prospective drilling locations delineated from this detailed work are expected to be tested via drilling in 2014.





Also at the Sele field, a shallower hydrocarbon bearing reservoir covering a large area has been delineated by the new work and is expected to be tested via casing penetrations in existing wells in 2014 to determine commerciality.

Exploration Activities

Indonesia: Kuala Pambuang PSC (Interra 49%)

Government approvals for the acquisition of 245 line kilometres of 2D seismic data have been granted. The acquisition contractor has begun mobilization and "scouting" and surveying for the seismic has commenced. Optimistically the 2D seismic data results will yield a quality drillable location for a possible exploration well to test the hydrocarbon potential of this portion of the Pambuang Basin.

Geologic, geophysical and reservoir studies continued over the block. Of note, the acquisition of a "passive seismic" test program over the block has been approved by the government. This technique in tests by others seems to indicate the presence of subsurface hydrocarbon accumulations.

