

13 August 2020

Dear Shareholders,

**UNAUDITED RESULTS FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2020 (“1H 2020”)**

**Highlights in 1H 2020**

- Revenue for 1H 2020 was US\$5.43 million, 28% lower than the second half-year ended 31 December 2019 (“2H 2019”). The decrease was due mainly to lower weighted average transacted oil prices of US\$40.83 per barrel for 1H 2020 (2H 2019: US\$62.08 per barrel) despite higher sales of shareable oil of 168,364 barrels for 1H 2020 (2H 2019: 154,673 barrels).
- Net loss for 1H 2020 was US\$0.82 million, as compared to net loss for 1H 2019 of US\$1.54 million.
- Earnings before divestment gain, interest income, exchange difference, finance cost, tax, depreciation, amortisation, allowance and impairment (EBITDA) for 1H 2020 was US\$1.55 million.
- Net cash inflow for 1H 2020 was US\$2.30 million, due mainly to net cash provided by operating activities of US\$1.66 million and net proceeds from issuance of new ordinary shares of US\$2.02 million through placement exercise offset by net cash used for capital expenditure of US\$1.20 million and exploration and evaluation costs of US\$0.19 million.
- Cash and cash equivalents were US\$5.08 million as at 30 June 2020.

Yours sincerely,

The Board of Directors  
Interra Resources Limited

**About Interra**

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

**INTERRA RESOURCES LIMITED**

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

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1(a)(i) PROFIT OR LOSS

Group	Note	1H 2020 US\$'000	1H 2019 US\$'000	Change %
Revenue	A1	5,427	8,094	↓ 33
Cost of production	A2	(4,806)	(4,828)	-
<b>Gross profit</b>		<b>621</b>	<b>3,266</b>	↓ 81
Other income, net	A3	373	281	↑ 33
Administrative expenses		(1,343)	(1,698)	↓ 21
Finance expenses		(64)	(47)	↑ 36
Other expenses	A4	(100)	(100)	-
Impairment and allowances	A5	-	(624)	↓ 100
Share of losses of associated companies		-	(2,417)	↓ 100
<b>Loss before income tax</b>		<b>(513)</b>	<b>(1,339)</b>	↓ 62
Income tax expense	A6	(305)	(200)	↑ 53
<b>Loss for the financial period</b>		<b>(818)</b>	<b>(1,539)</b>	↓ 47
<b>Attributable to:</b>				
Equity holders of the Company		(783)	(1,491)	
Non-controlling interests		(35)	(48)	
		<b>(818)</b>	<b>(1,539)</b>	
<b>Losses per share attributable to equity holders of the Company</b>				
<b>Basic losses per share (US cents)</b>		<b>(0.131)</b>	<b>(0.255)</b>	
<b>Diluted losses per share (US cents)</b>		<b>(0.131)</b>	<b>(0.255)</b>	

1(a)(i) STATEMENT OF COMPREHENSIVE INCOME

Group	Note	1H 2020 US\$'000	1H 2019 US\$'000	Change %
<b>Total loss for the financial period</b>		(818)	(1,539)	↓ 47
<b>Other comprehensive (loss)/income, net of tax Items that may be reclassified subsequently to profit or loss:</b>				
Share of currency translation differences of associated companies		-	33	↓ 100
Currency translation differences arising from consolidation		(40)	(1)	NM
<b>Items that will not reclassified subsequently to profit or loss:</b>				
Share of defined benefit obligation re-measurements of associated companies		-	2	↓ 100
		<u>(40)</u>	<u>34</u>	
<b>Total comprehensive loss for the financial period</b>		<b><u>(858)</u></b>	<b><u>(1,505)</u></b>	↓ 43
<b>Attributable to:</b>				
Equity holders of the Company		(823)	(1,457)	
Non-controlling interests		<u>(35)</u>	<u>(48)</u>	
		<b><u>(858)</u></b>	<b><u>(1,505)</u></b>	

↑ denotes increase  
↓ denotes decrease  
NM denotes not meaningful

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

Group	1H 2020 barrels	1H 2019 barrels
Group's share of shareable oil production	168,364	159,794
Group's sales of shareable oil	168,364	159,794
Group	1H 2020 US\$'000	1H 2019 US\$'000
<b>A1 Revenue</b>		
Sale of oil and petroleum products	5,427	8,094
<b>A2 Cost of production</b>		
Production expenses	3,586	4,010
Amortisation of producing oil and gas properties	981	646
Amortisation of intangible assets	172	172
Depreciation of right-of-use assets	67	-
	<b>4,806</b>	<b>4,828</b>
<b>A3 Other income, net</b>		
Interest income	142	148
Petroleum services fees	137	133
Grant income	53	-
Currency translation gain/(loss), net	33	(8)
Others	8	8
	<b>373</b>	<b>281</b>
<b>A4 Other expenses</b>		
Depreciation of property, plant and equipment	5	6
Depreciation of right-of-use assets	95	94
	<b>100</b>	<b>100</b>
<b>A5 Impairment and allowances</b>		
Loss allowances	-	624
	<b>-</b>	<b>624</b>
<b>A6 Income tax expense</b>		
Current income tax expense	284	425
Prior year under/(over) provision of current income tax	21	(225)
	<b>305</b>	<b>200</b>

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

	Note	Group		Company	
		30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
		US\$'000	US\$'000	US\$'000	US\$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment		5	10	5	10
Right-of-use assets	B1	247	409	138	204
Producing oil and gas properties	B2	10,263	10,041	-	-
Exploration and evaluation costs	B3	13,687	13,498	-	-
Intangible assets	B4	2,619	2,791	-	-
Investments in subsidiary corporations		-	-	19,062	19,062
Investments in associated companies	B5	-	-	-	-
Other receivables	B7	4,255	4,060	11,437	11,215
		<b>31,076</b>	<b>30,809</b>	<b>30,642</b>	<b>30,491</b>
<b>Current assets</b>					
Inventories	B6	3,742	4,069	-	-
Trade and other receivables	B7	1,421	2,460	46	36
Other current assets		175	209	62	81
Cash and cash equivalents	B8	5,081	2,777	2,043	377
		<b>10,419</b>	<b>9,515</b>	<b>2,151</b>	<b>494</b>
<b>Total assets</b>		<b>41,495</b>	<b>40,324</b>	<b>32,793</b>	<b>30,985</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Other payables	B9	1,326	1,295	-	-
Lease liabilities	B10	17	117	7	77
		<b>1,343</b>	<b>1,412</b>	<b>7</b>	<b>77</b>
<b>Current liabilities</b>					
Trade and other payables	B9	3,511	3,642	11,301	11,136
Lease liabilities	B10	235	306	133	135
Borrowings		1,000	1,000	1,000	1,000
Current income tax liabilities		4,295	4,290	21	-
		<b>9,041</b>	<b>9,238</b>	<b>12,455</b>	<b>12,271</b>
<b>Total liabilities</b>		<b>10,384</b>	<b>10,650</b>	<b>12,462</b>	<b>12,348</b>
<b>Net assets</b>		<b>31,111</b>	<b>29,674</b>	<b>20,331</b>	<b>18,637</b>
<b>Equity</b>					
Share capital		75,157	72,873	75,157	72,873
Accumulated losses		(30,762)	(29,979)	(55,039)	(54,507)
Other reserves		(16,262)	(16,164)	213	271
<b>Equity attributable to equity holders of the Company</b>		<b>28,133</b>	<b>26,730</b>	<b>20,331</b>	<b>18,637</b>
Non-controlling interests		2,978	2,944	-	-
<b>Total equity</b>		<b>31,111</b>	<b>29,674</b>	<b>20,331</b>	<b>18,637</b>

Group		30-Jun-20 US\$'000	31-Dec-19 US\$'000
<b>B1</b>	<b><u>Right-of-use assets</u></b>		
	Property	180	267
	Motor vehicles	16	22
	Office equipment	9	10
	Heavy equipment and machinery	42	110
		<b>247</b>	<b>409</b>
<b>B2</b>	<b><u>Producing oil and gas properties</u></b>		
	Development tangible assets	851	809
	Development intangible assets	9,412	9,232
		<b>10,263</b>	<b>10,041</b>
<b>B3</b>	<b><u>Exploration and evaluation costs</u></b>		
	Exploration and evaluation assets	12,252	12,063
	Participating rights of exploration assets	1,435	1,435
		<b>13,687</b>	<b>13,498</b>
<b>B4</b>	<b><u>Intangible assets</u></b>		
	Patent rights	2,610	2,778
	Computer software	9	13
		<b>2,619</b>	<b>2,791</b>
<b>B5</b>	<b><u>Investments in associated companies</u></b>		
	Equity investment at costs	12,191	12,191
	Share of losses in associated companies	(10,149)	(10,149)
	Share of other comprehensive income in associated companies	96	96
	Allowance for impairment of investment in associated company	(2,138)	(2,138)
		-	-
<b>B6</b>	<b><u>Inventories</u></b>		
	Consumable inventories	<b>3,742</b>	<b>4,069</b>
<b>B7</b>	<b><u>Trade and other receivables</u></b>		
	<b>Non-current</b>		
	Loan to non-related parties	4,255	4,060
	<b>Current</b>		
	Trade receivables - non-related parties	1,238	2,286
	Other receivables - non-related parties	151	143
	Loan to associated companies	656	655
		2,045	3,084
	Less: Loss allowances	(624)	(624)
		1,421	2,460
		<b>5,676</b>	<b>6,520</b>

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

Group		30-Jun-20 US\$'000	31-Dec-19 US\$'000
<b>B8</b>	<b><u>Cash and cash equivalents</u></b>		
	Cash at bank and on hand	1,581	1,777
	Short-term fixed deposits	3,500	1,000
		<b>5,081</b>	<b>2,777</b>
<b>B9</b>	<b><u>Trade and other payables</u></b>		
	<b>Non-current</b>		
	Other payables - non-related party	936	905
	Other payables - related party	390	390
		1,326	1,295
	<b>Current</b>		
	Trade payables - non-related parties	1,058	1,271
	Trade payables - related parties	199	333
	Other payables - non-related parties	1,779	1,664
	Accruals	475	374
		3,511	3,642
		<b>4,837</b>	<b>4,937</b>
	<b>B10</b>	<b><u>Lease liabilities</u></b>	
Non-current		17	117
Current		235	306
	<b>252</b>	<b>423</b>	

1(b)(ii) BORROWINGS AND DEBT SECURITIES

Group	30-Jun-20		31-Dec-19	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand - Bank loan	-	1,000	-	1,000

The unsecured bank loan of US\$1.00 mil represents a bank loan from United Overseas Bank Limited ("UOB") to finance the Company's working capital. The interest is charged at 3.77% per annum for a tenor period of 2 months.



## 1(c) STATEMENT OF CASH FLOWS

Group	Note	1H 2020 US\$'000	1H 2019 US\$'000
<b>Cash Flows from Operating Activities</b>			
Net loss		(818)	(1,539)
<b>Adjustments for non-cash items:</b>			
Income tax expense		305	200
Share of losses of associated companies		-	2,417
Depreciation of property, plant and equipment		5	6
Depreciation of right-of-use assets		162	94
Amortisation of producing oil and gas properties		981	646
Amortisation of intangible assets		172	172
Interest income		(142)	(148)
Loss allowances		-	624
Interest on borrowings		21	35
Interest on lease liabilities		11	12
Unwinding of interest-free loan		32	-
Unrealised currency translation gains		(33)	(10)
<b>Operating profit before working capital changes</b>		<b>696</b>	<b>2,509</b>
<b>Changes in working capital</b>			
Inventories		327	(415)
Trade and other receivables and other current assets		1,073	(394)
Trade and other payables		(132)	2,142
<b>Cash generated from operations</b>		<b>1,964</b>	<b>3,842</b>
Income tax paid		(300)	(440)
<b>Net cash provided by operating activities</b>		<b>1,664</b>	<b>3,402</b>
<b>Cash Flows from Investing Activities</b>			
Interest received		2	36
Additions to producing oil and gas properties		(1,203)	(2,518)
Additions to exploration and evaluation assets		(189)	(139)
<b>Net cash used in investing activities</b>		<b>(1,390)</b>	<b>(2,621)</b>
<b>Cash Flows from Financing Activities</b>			
Interest paid		(32)	(47)
Proceeds from issuance of new ordinary shares pursuant to share option plan, net of issuance costs		206	-
Proceeds from issuance of new ordinary shares pursuant to private placement, net of issuance costs		2,020	-
Principal elements of lease payments		(164)	(91)
<b>Net cash provided by/(used in) financing activities</b>		<b>2,030</b>	<b>(138)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,304</b>	<b>643</b>
Cash and cash equivalents at beginning of financial period		2,777	6,638
<b>Cash and cash equivalents at end of financial period</b>		<b>5,081</b>	<b>7,281</b>

## 1(d)(i) STATEMENT 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
<b>Balance as at 1 Jan 2020</b>	72,873	110	(16,545)	271	(29,979)	26,730	2,944	29,674
Net loss for 1H 2020	-	-	-	-	(783)	(783)	(35)	(818)
<u>Other comprehensive loss</u>								
Currency translation differences	-	(40)	-	-	-	(40)	-	(40)
Total comprehensive loss for 1H 2020	-	(40)	-	-	(783)	(823)	(35)	(858)
Additional increase of non-controlling interests in subsidiary corporation	-	-	-	-	-	-	69	69
Issuance of new ordinary shares pursuant to share option plan	264	-	-	(58)	-	206	-	206
Issuance of new ordinary shares pursuant to private placement	2,024	-	-	-	-	2,024	-	2,024
Share issue expenses	(4)	-	-	-	-	(4)	-	(4)
Total transactions with owners, recognised directly in equity	2,284	-	-	(58)	-	2,226	69	2,295
<b>Balance as at 30 Jun 2020</b>	<b>75,157</b>	<b>70</b>	<b>(16,545)</b>	<b>213</b>	<b>(30,762)</b>	<b>28,133</b>	<b>2,978</b>	<b>31,111</b>

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
<b>Balance as at 1 Jan 2019</b>	72,738	105	(16,545)	301	(29,503)	27,096	2,061	29,157
Net loss for 1H 2019	-	-	-	-	(1,491)	(1,491)	(48)	(1,539)
<u>Other comprehensive income/(loss)</u>								
Currency translation differences	-	(1)	-	-	-	(1)	-	(1)
Share of currency translation differences of associated companies	-	33	-	-	-	33	-	33
Share of defined benefit obligation re-measurements of associated companies	-	-	-	-	2	2	-	2
Total comprehensive income/(loss) for 1H 2019	-	32	-	-	(1,489)	(1,457)	(48)	(1,505)
Additional increase of non-controlling interests in subsidiary corporation	-	-	-	-	-	-	69	69
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	69	69
<b>Balance as at 30 Jun 2019</b>	<b>72,738</b>	<b>137</b>	<b>(16,545)</b>	<b>301</b>	<b>(30,992)</b>	<b>25,639</b>	<b>2,082</b>	<b>27,721</b>

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

Company	Share Capital US\$'000	Share Option Reserve US\$'000	Accumulated Losses US\$'000	Total Equity US\$'000
<b>Balance as at 1 Jan 2020</b>	72,873	271	(54,507)	18,637
Total comprehensive loss for 1H 2020	-	-	(532)	(532)
Issuance of new ordinary shares pursuant to share option plan	264	(58)	-	206
Issuance of new ordinary shares pursuant to private placement	2,024	-	-	2,024
Share issue expenses	(4)	-	-	(4)
<b>Balance as at 30 Jun 2020</b>	<b>75,157</b>	<b>213</b>	<b>(55,039)</b>	<b>20,331</b>
<b>Balance as at 1 Jan 2019</b>	<b>72,738</b>	<b>301</b>	<b>(42,935)</b>	<b>30,104</b>
Total comprehensive loss for 1H 2019	-	-	(11,039)	(11,039)
<b>Balance as at 30 Jun 2019</b>	<b>72,738</b>	<b>301</b>	<b>(53,974)</b>	<b>19,065</b>

1(d)(ii) SHARE CAPITAL

On 10 Jan 2020, an aggregate of 4,630,000 ordinary shares were issued at the exercise price of S\$0.060 per share pursuant to 2017 Options granted under the Share Option Plan. These newly issued ordinary shares ranked pari passu in all respects with the existing ordinary shares.

On 9 Jun 2020, an aggregate of 62,500,000 new ordinary shares were issued by a way of a private placement at an issue price of S\$0.045 per subscription price with aggregate subscription price of S\$2.81 mil (equivalent to US\$2.02 mil). These newly issued ordinary shares ranked pari passu in all respects with the existing ordinary shares.

The number of ordinary shares comprised in the options granted and outstanding under the Interra Share Option Plan as at 30 Jun 2020 was 16,975,000 (31 Dec 2019: 21,605,000).

The Company does not have any treasury shares or subsidiary holdings as at 30 Jun 2020 and 31 Dec 2019.

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

Group and Company	30 Jun 2020	31 Dec 2019
<b><u>Issued and fully paid</u></b>		
<b>Opening balance</b>	<b>588,368,604</b>	<b>585,973,604</b>
Issuance of new ordinary shares pursuant to share option plan	4,630,000	2,395,000
Issuance of new ordinary shares pursuant to private placement	62,500,000	-
<b>Closing balance</b>	<b>655,498,604</b>	<b>588,368,604</b>

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

NA.

1(d)(v) A STATEMENT SHOWING ALL SALES, TRANSFERS, CANCELLATION AND/OR USE OF SUBSIDIARY HOLDINGS AS AT THE END OF THE CURRENT FINANCIAL PERIOD REPORTED ON

NA.

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

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

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

NA.

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

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 Dec 2019.

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

On 1 Jan 2020, the Group adopted the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") that are effective for annual periods beginning on or after 1 Jan 2020. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I), INT SFRS(I) and amendments to SFRS(I).

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

- Amendments to SFRS(I) 3 Business Combination
- Amendments to SFRS(I) 16 Covid-19 Related Rent Concessions

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

6 EARNINGS PER SHARE

Group	1H 2020	1H 2019
<b>Basic losses per ordinary share (US cents)</b>	<b>(0.131)</b>	<b>(0.255)</b>
Weighted average number of ordinary shares for the purpose of computing basic losses per share	599,955,747	585,973,604
<b>Fully diluted losses per ordinary share (US cents)</b>	<b>(0.131)</b>	<b>(0.255)</b>
Weighted average number of ordinary shares for the purpose of computing fully diluted losses per share	599,955,747	585,973,604

On 10 Jan 2020, an aggregate of 4,630,000 ordinary shares were issued at the exercise price of S\$0.060 per share pursuant to 2017 Options granted under the Share Option Plan.

On 9 Jun 2020, an aggregate of 62,500,000 new ordinary shares were issued by a way of a private placement at an issue price of S\$0.045 per subscription price with aggregate subscription price of S\$2.81 mil (equivalent to US\$2.02 mil).

For the purpose of computing basic and fully diluted losses per share, the relevant periods were from 1 Jan 2020 to 30 Jun 2020 and 1 Jan 2019 to 30 Jun 2019 respectively. The weighted average number of ordinary shares on issue has not been adjusted as the share options were anti-dilutive in 1H 2020 and 1H 2019. The impact on losses per share for 1H 2020 and 1H 2019 were anti-dilutive as it resulted in higher losses per share. Therefore, diluted losses per share was same as basic losses per share.

7 NET ASSET VALUE PER SHARE

Group	Group		Company	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares) (US cents)	4.292	4.543	3.102	3.167
Total number of issued shares (excluding treasury shares)	655,498,604	588,368,604	655,498,604	588,368,604

## 8(i) PERFORMANCE REVIEW

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

#### Revenue & Production

Revenue decreased by US\$2.66 mil to US\$5.43 mil in 1H 2020 from US\$8.09 mil in 1H 2019. This was largely due to lower weighted average transacted oil prices in 1H 2020 of US\$40.83 per barrel (1H 2019: US\$64.15 per barrel) despite higher sales of shareable oil by 5% to 168,364 barrels in 1H 2020 (1H 2019: 159,794 barrels) from Myanmar operations.

#### Cost of Production

The decrease in cost of production to US\$4.81 mil in 1H 2020 from US\$4.83 mil in 1H 2019 was largely attributable to lower production expenses by US\$0.42 mil offset by higher amortisation charges and depreciation charges by US\$0.40 mil in 1H 2020 as compared to 1H 2019. Myanmar operations incurred capital expenditure of US\$1.20 mil in 1H 2020 which resulted in higher amortisation charges of producing oil and gas properties.

#### Net Loss

The Group posted a lower loss net loss of US\$0.82 mil in 1H 2020 as compared to a net loss of US\$1.54 mil in 1H 2019. The lower net loss was mainly due to the following:

- (1) Lower revenue of US\$5.43 mil in 1H 2020 (1H 2019: US\$8.09 mil) was due to lower oil prices despite higher sales of shareable oil.
- (2) Lower cost of production of US\$4.81 mil in 1H 2020 (1H 2019: US\$4.83 mil) was due to lower production expenses offset by higher amortisation charges of producing oil and gas properties and depreciation charges.
- (3) Higher other income of US\$0.37 mil in 1H 2020 (1H 2019: US\$0.28 mil) was mainly due to government grant income received from Job Support Scheme and property tax rebate of US\$0.05 mil in 1H 2020 (1H 2019: nil) together with higher petroleum services fees of US\$0.14 mil (1H 2019: US\$0.13 mil) and foreign exchange gain of US\$0.03 mil in 1H 2020 (1H 2019: foreign exchange loss of US\$0.01 mil).
- (4) Lower administrative expenses of US\$1.34 mil in 1H 2020 (1H 2019: US\$1.70 mil) was mainly due to lower corporate expenses by US\$0.27 mil from cost-cutting measures and lower administrative expenses from Myanmar operations by US\$0.08 mil in 1H 2020 as compared to 1H 2019.
- (5) Other expenses remained constant at US\$0.10 mil for both 1H 2020 and 1H 2019 due to depreciation charges of right-of-use assets and property plant and equipment.
- (6) No impairment and allowances in 1H 2020 as compared to 1H 2019 of US\$0.62 mil from loss allowance on loan to an associated company, PT Indelberg Indonesia ("IOI"), of US\$0.53 mil and balance due from IOI's subsidiary corporations of US\$0.09 mil.
- (7) No share of losses of associated companies in 1H 2020 (1H 2019: US\$2.42 mil).
- (8) Current income tax expenses of US\$0.31 mil in 1H 2020 (1H 2019: US\$0.20 mil) were in line with taxable income in 1H 2020. Lower income tax expenses in 1H 2019 was due mainly to overprovision of tax of US\$0.23 mil upon the finalisation from tax authority.

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

**Statement of Financial Position**

Right-of-use assets decreased to US\$0.25 mil as at 30 Jun 2020 from US\$0.41 mil as at 31 Dec 2019 due to amortisation charges of US\$0.16 mil.

Producing oil and gas properties increased by US\$0.22 mil to US\$10.26 mil as at 30 Jun 2020 from US\$10.04 mil as at 31 Dec 2019 due to net capitalisation of drilling expenditure of US\$1.20 mil offset by amortisation charges of US\$0.98 mil for the financial period.

Exploration and evaluation costs increased to US\$13.69 mil as at 30 Jun 20 from US\$13.50 mil as at 31 Dec 2019 mainly due to capitalisation of first exploration well costs of US\$0.19 mil which completed drilling on 11 Dec 2019. 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\$2.62 mil as at 30 Jun 20 from US\$2.79 mil as at 31 Dec 2019 as a result of amortisation charges of US\$0.17 mil.

Inventories decreased by US\$0.33 mil to US\$3.74 mil as at 30 Jun 2020 from US\$4.07 mil as at 31 Dec 2019 due to usage of consumable inventories for Myanmar drilling activities.

Trade and other receivables - non-related parties (non-current) increased to US\$4.26 mil as at 30 Jun 2020 from US\$4.06 mil as at 31 Dec 2019 increased mainly due to increase of loan to non-related parties for the exploration activities in Kuala Pambuang PSC Indonesia. Trade and other receivables - non-related parties (current) decreased to US\$1.39 mil as at 30 Jun 2020 from US\$2.43 mil as at 31 Dec 2019 were mainly from lower amounts billed of US\$4.57 mil as compared to the amounts collected of US\$5.62 mil.

Trade and other payables (non-current and current) decreased by US\$0.10 mil to US\$4.84 mil as at 30 Jun 2020 from US\$4.94 mil as at 31 Dec 2019, were mainly from lower trade payables (non-related parties and related parties) by US\$0.35 mil offset by higher other payables (non-related parties and related parties) by US\$0.15 mil.

Lease liabilities (non-current and current) decreased by US\$0.17 mil to US\$0.25 mil as at 30 Jun 2020 from US\$0.42 mil as at 31 Dec 2019 due to repayment of the principal elements of lease payments of US\$0.17 mil during the financial period.

**Statement of Cash Flows**

Cash and cash equivalents showed a net increase of US\$2.30 mil in 1H 2020 due to the following:

- (1) Net cash provided by operating activities of US\$1.66 mil was mainly due to net cash inflows contributed from oil and gas operations in Myanmar operations of US\$1.04 mil and offset by the corporate expenses.
- (2) Net cash used in investing activities of US\$1.39 mil was mainly due to addition of exploration and evaluation assets of US\$0.19 mil and capital expenditure for Myanmar operations of US\$1.20 mil.
- (3) Net cash provided by financing activities of US\$2.03 mil was mainly due to net proceeds for issuance of new ordinary shares pursuant to private placement of US\$2.02 mil and share option plan of US\$0.21 mil respectively offset the lease payments of US\$0.16 mil and interest payments of US\$0.03 mil.

## 8(ii) USE OF PROCEEDS

The placement was completed on 9 Jun 2020 (the "Placement") and the net proceeds (after deducting expenses incurred in connection with the Placement) was S\$2,797,500 (approximately US\$2,012,885). The utilisation of the proceeds from the placement is in line with the intended uses stated in the announcement of the Placement dated 20 Apr 2020. The remaining balance of the net proceeds amounts to approximately US\$1,639,085 as announced on 23 Jul 2020. The breakdown of the use of proceeds was as follows:

Purpose	To-date US\$'000
Net proceeds (after deducting expenses incurred in connection with the Placement)	2,013
Payment of work activities relating to the work programme of the Chauk and Yenangyaung fields in Myanmar for the year 2020	(374)
	<b>1,639</b>

## 8(iii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia Oil and Gas		Myanmar Oil and Gas		Consolidated	
	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Results</b>						
EBITDA	(51)	(56)	1,599	3,766	1,548	3,710
EBIT	(51)	(151)	350	2,919	299	2,768
<b>Sales to external customers</b>	-	-	5,427	8,094	5,427	8,094
<b>Segment results</b>	(124)	(277)	350	2,919	226	2,642
Unallocated corporate net operating results					(739)	(3,981)
<b>Loss before income tax</b>					(513)	(1,339)
Income tax expense					(305)	(200)
<b>Total loss</b>					(818)	(1,539)

### Notes

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

EBITDA represents the operating earnings before divestment gain, interest income, exchange difference, finance cost, tax, depreciation, amortisation, allowance and impairment. This is net of joint operation partner's share.



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

NA.

**10 COMMENTARY**

Myanmar's shareable production increased by 9% to 168,364 barrels in 1H 2020 from 154,673 barrels in 2H 2019. The shareable production increase is largely the result of early drilling successes of three new wells in Myanmar in 1H 2020 together with combined gains from water flood projects and other operations with respect to existing wells. Due to the plunging oil price in early 2020, all new well drilling has been suspended. Monitoring and optimizing in both fields of the nine current water flood projects continue to show positive incremental oil production gains, which offset the loss of contribution from new well drilling.

For Kuala Pambuang PSC, the exploration well KP-1 was completed on 11 Dec 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 15 Dec 2019. Although production testing was planned to be performed in early 2020, the low oil price and uncertainties in the world economy have forced suspension of work until the situation becomes more certain. Nevertheless, 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.

The Company has suspended all major capital expenditure for the rest of the year as a result of uncertain economic conditions. Further to the completion of the placement and issuance of new ordinary shares on 9 Jun 2020, the Company has strengthened its cash position in the midst of the ongoing crisis. 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.

**11 DIVIDEND**

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

No.

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

No.

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

NA.

**(d) Date payable**

NA.

**(e) Books closure date**

NA.

**12 IF NO DIVIDEND HAS BEEN DECLARED (RECOMMENDED), A STATEMENT TO THAT EFFECT AND THE REASON(S) FOR THE DECISION**

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

**13 INTERESTED PERSON TRANSACTIONS**

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

**14 CONFIRMATION BY THE BOARD OF DIRECTORS PURSUANT TO RULE 705(5)**

The Board of Directors of the Company hereby confirms to the best of their knowledge that nothing has come to their attention which may render the interim financial statements for the first half-year ended 30 Jun 2020 to be false or misleading in any material respect.

**15 CONFIRMATION PURSUANT TO RULE 720(1)**

The Company confirmed that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7).

By Order of the Board of Directors of  
INTERRA RESOURCES LIMITED

Marcel Tjia  
Chief Executive Officer  
13-Aug-20

## 16 ABBREVIATIONS

1H 2019	denotes	First half-year ended 30 June 2019
2H 2019	denotes	Second half-year ended 31 December 2019
1H 2020	denotes	First half-year ended 30 June 2020
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
KSO	denotes	Cooperation Agreement
mil	denotes	million
MITI	denotes	PT Mitra Investindo TBK
MOGE	denotes	Myanma Oil and Gas Enterprise
NA	denotes	Not applicable
NM	denotes	Not meaningful
Pertamina	denotes	Perusahaan Pertambangan Minyak Dan Gas Bumi Negara
PSC	denotes	Production Sharing Contract
TAC	denotes	Technical Assistance Contract

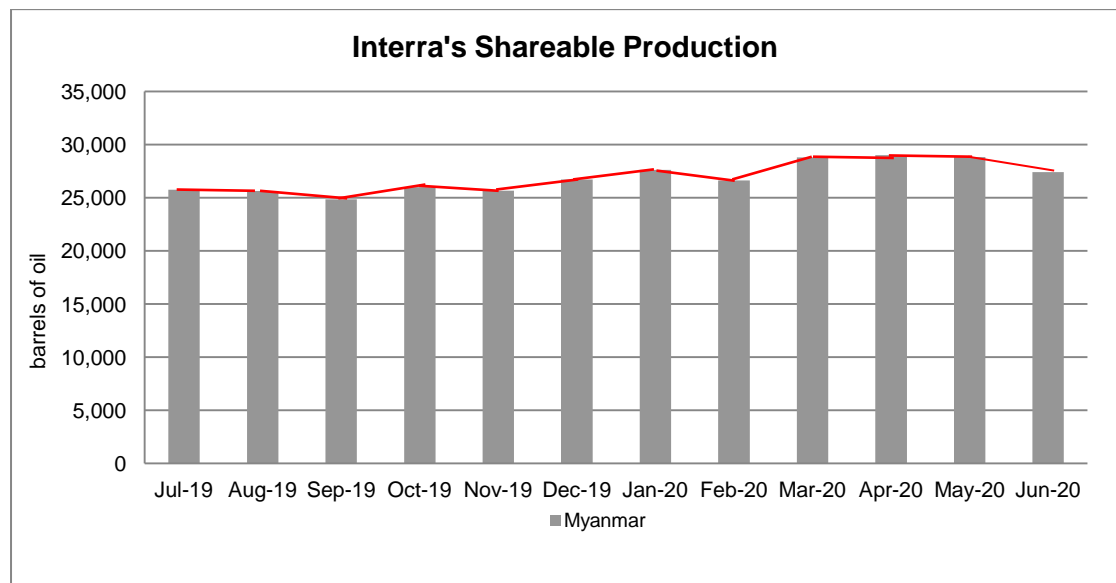
This release may contain forward-looking statements that are not statements of historical facts, and are subject to risk factors associated with the upstream petroleum and mining businesses. Actual future results, performance and outcomes may differ materially from those anticipated, expressed or implied in such forward-looking statements as a result of a number of risks, uncertainties and/or assumptions including but not limited to petroleum price fluctuations, actual petroleum demand, currency fluctuations, drilling and production results, reserve estimates, loss of contracts, industry competition, credit risks, environmental risks, geological risks, political risks, legislative, fiscal and regulatory developments, general industry conditions, economic and financial market conditions in various countries and regions, project delay or advancement, cost estimates, changes in operating expenses, cost of capital and capital availability, interest rate trends and the continued availability of financing in the amounts and the terms necessary to support future business. Undue reliance must not be placed on these forward-looking statements, which are based on current developments, events or circumstances, and may not be updated or revised to reflect new information or events.

13 August 2020

## PRODUCTION, DEVELOPMENT & EXPLORATION ACTIVITIES FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2020 (“1H 2020”)

### Production Profile

(Barrels)	Myanmar	
	Second Half-Year Ended 31 December 2019 (“2H 2019”)	First Half-Year Ended 30 June 2020 (“1H 2020”)
Shareable production	257,788	280,606
Interra’s share of shareable production	154,673	168,364



*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 2020, the combined shareable production for both fields was 168,364 barrels of oil, an increase of 9% over the 2H 2019 of 154,673 barrels of oil.

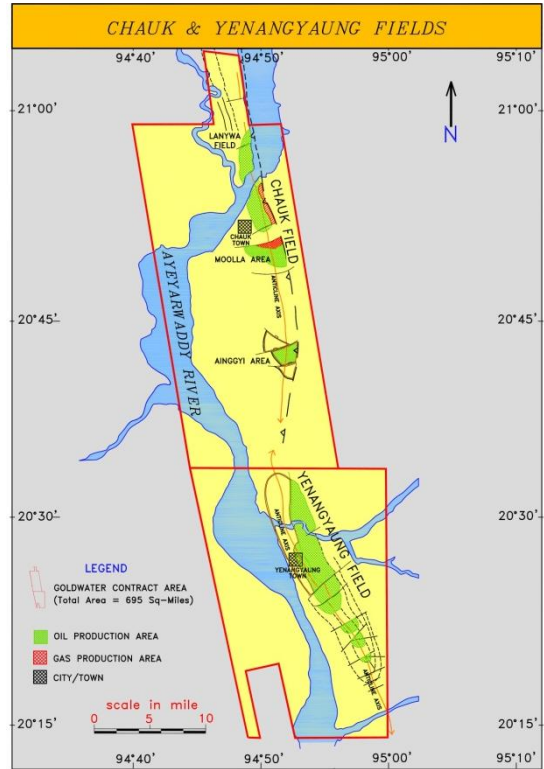
Production and development expenditures for the 1H 2020 were US\$3,586,303 and US\$1,203,106 respectively.

The operator, Goldpetrol Joint Operating Company Inc. (“**Goldpetrol**”) (Interra 60%) drilled and completed as oil producers three new wells in Myanmar in 1H 2020. The increase realized in shareable production is primarily the result of these early drilling successes, as well as combined gains from water flood projects and other operations with respect to existing wells.

Monitoring and optimizing in both fields of the nine current water flood projects and these continue to show positive incremental oil production gains. Additional projects are being studied for possible implementation going forward.

Reactivations of shut-in wells as well new perforations of prospective reservoirs in existing producing wells continued at an accelerated pace.

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





## Exploration Activities

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

As announced 11 December 2019, exploration well KP-1 completed drilling as per planned and live oil shows were recorded over several reservoirs. Wireline logging confirmed these and subsequent open hole testing collected samples of oil. Cementing of casing in the borehole has been successfully performed, and the well is temporarily shut-in awaiting production testing and possible stimulation.

KP-1 will undergo completion by production testing through casing perforation into the prospective reservoirs and a “completion plan” is currently being formulated based on analysis of drilling and related data. The same will be presented to the relative Government Regulatory agencies for approvals. Input for the “plan” is advanced from Interra technical team as well as that of several external experts.



As the first post-WWII well drilled in the Kuala Pambuang Block, a forward looking “work plan” is required addressing technical issues relating to advancing the overall exploration project following the completion. Enhancement work continues on the remaining project area using all available pre- and post-drilling data while employing a similar methodology that led to the drilling prospect development.

Potential sourcing for consumables and equipment, as well as operational support necessary to successfully accomplish the completion is underway. The Company will announce any noteworthy results of the proposed production testing or other relevant activities.

Exploration costs for the 1H 2020 were US\$189,132.