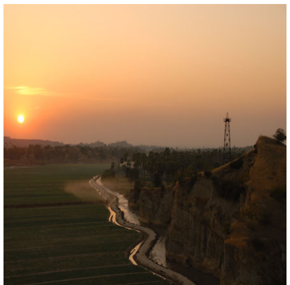
interraresources

INTERRA RESOURCES LIMITED
Company Registration No. 197300166Z

SGX ANNOUNCEMENT
Counter Name: Interra Res (Code: 5GI)



12 August 2021

Dear Shareholders,

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2021 ("1H 2021")

Highlights in 1H 2021

- Revenue for 1H 2021 was US$3.11 million, 43% lower than the second half-year ended 31 December 2020 ("2H 2020"). The decrease was due mainly to lower sales of shareable oil of 64,440 barrels in 1H 2021 (2H 2020: 159,344 barrels) despite higher weighted average transacted oil prices of US$61.21 per barrel for 1H 2021 (2H 2020: US$42.68 per barrel).
- Net loss for 1H 2021 was US$0.33 million, as compared to net loss for 2H 2020 of US$0.43 million.
- Earnings before divestment gain, interest income, exchange difference, finance cost, tax, depreciation, amortisation, allowance and impairment (EBITDA) for 1H 2021 was US$0.99 million.
- Net cash inflow for 1H 2021 was US$0.96 million, due mainly to net cash provided by operating activities of US$1.32 million offset by net cash used for capital expenditures of US$0.21 million and exploration and evaluation assets of US$0.03 million.
- Cash and cash equivalents were US$5.18 million as at 30 June 2021.

Yours sincerely,

The Board of Directors
Interra Resources Limited

<u>About Interra</u>

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.

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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 2021

TABLE OF CONTENTS

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

Group	Note	1H 2021 US$'000	1H 2020 US$'000	Change %
Revenue	4	3,114	5,427	↓ 43
Cost of production		(2,578)	(4,806)	↓ 46
Gross profit		**536**	**621**	↓ 14
Other income, net		639	373	↑ 71
Administrative expenses		(1,191)	(1,343)	↓ 11
Finance expenses		(57)	(64)	↓ 11
Other expenses		(83)	(100)	↓ 17
Loss before income tax		**(156)**	**(513)**	↓ 70
Income tax expense	7	(174)	(305)	↓ 43
Loss for the financial period		**(330)**	**(818)**	↓ 60
Attributable to:				
Equity holders of the Company		(301)	(783)	
Non-controlling interests		(29)	(35)	
		(330)	**(818)**	
Losses per share attributable to equity holders of the Company				
Basic losses per share (US cents)		**(0.046)**	**(0.131)**	
Diluted losses per share (US cents)		**(0.046)**	**(0.131)**	

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

Group	Note	1H 2021 US$'000	1H 2020 US$'000	Change %
Total loss for the financial period		(330)	(818)	↓ 60
Other comprehensive loss, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation		(48)	(40)	↑ 20
Total comprehensive loss for the financial period		**(378)**	**(858)**	↓ 56
Attributable to:				
Equity holders of the Company		(349)	(823)	
Non-controlling interests		(29)	(35)	
		(378)	**(858)**	

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

B CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group 30-Jun-21 US$'000	Group 31-Dec-20 US$'000	Company 30-Jun-21 US$'000	Company 31-Dec-20 US$'000
Assets					
Non-current assets					
Property, plant and equipment	11	60	1	60	1
Right-of-use assets	12	311	260	185	72
Producing oil and gas properties	13	9,693	10,037	-	-
Exploration and evaluation assets	14	13,762	13,734	-	-
Intangible assets	15	2,276	2,447	-	-
Investments in subsidiary corporations		-	-	19,062	19,062
Investments in associated companies	16	-	-	-	-
Other receivables	5	4,632	4,511	11,833	11,657
		30,734	**30,990**	**31,140**	**30,792**
Current assets					
Inventories		3,467	3,413	-	-
Financial assets at fair value through profit or loss ("FVPL")	10	385	-	385	-
Trade and other receivables	5	1,584	2,446	14	46
Other current assets		141	138	54	47
Cash and cash equivalents	5	5,178	4,218	536	1,422
		10,755	**10,215**	**989**	**1,515**
Total assets		**41,489**	**41,205**	**32,129**	**32,307**
Liabilities					
Non-current liabilities					
Other payables	5	1,326	1,294	-	-
Lease liabilities	5	139	66	82	6
		1,465	**1,360**	**82**	**6**
Current liabilities					
Trade and other payables	5	4,200	3,704	11,186	11,310
Lease liabilities	5	220	241	91	73
Borrowings	5	1,000	1,000	1,000	1,000
Current income tax liabilities		4,144	4,084	13	25
		9,564	**9,029**	**12,290**	**12,408**
Total liabilities		**11,029**	**10,389**	**12,372**	**12,414**
Net assets		**30,460**	**30,816**	**19,757**	**19,893**
Equity					
Share capital	19	75,157	75,157	75,157	75,157
Accumulated losses		(31,445)	(31,144)	(55,613)	(55,477)
Other reserves		(16,273)	(16,225)	213	213
Equity attributable to equity holders of the Company		**27,439**	**27,788**	**19,757**	**19,893**
Non-controlling interests		3,021	3,028	-	-
Total equity		**30,460**	**30,816**	**19,757**	**19,893**

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 2021	**75,157**	**107**	**(16,545)**	**213**	**(31,144)**	**27,788**	**3,028**	**30,816**
Net loss for 1H 2021	-	-	-	-	(301)	(301)	(29)	(330)
Other comprehensive loss								
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**
Balance as at 1 Jan 2020	**72,873**	**110**	**(16,545)**	**271**	**(29,979)**	**26,730**	**2,944**	**29,674**
Net loss for 1H 2020	-	-	-	-	(783)	(783)	(35)	(818)
Other comprehensive loss								
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
Balance as at 30 Jun 2020	**75,157**	**70**	**(16,545)**	**213**	**(30,762)**	**28,133**	**2,978**	**31,111**

Company	Share Capital US$'000	Share Option Reserve US$'000	Accumulated Losses US$'000	Total Equity US$'000
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**
Balance as at 1 Jan 2020	**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)
Balance as at 30 Jun 2020	**75,157**	**213**	**(55,039)**	**20,331**

D CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Group	Note	1H 2021 US$'000	1H 2020 US$'000
Cash Flows from Operating Activities			
Net loss		(330)	(818)
Adjustments for non-cash items:			
Income tax expense		174	305
Depreciation of property, plant and equipment		5	5
Depreciation of right-of-use assets		113	162
Amortisation of producing oil and gas properties		494	981
Amortisation of intangible assets		171	172
Interest income		(119)	(142)
Fair value gain on financial assets through profit or loss		(385)	-
Interest on borrowings		18	21
Interest on lease liabilities		6	11
Gain on derecognised of lease liability		(1)	-
Unwinding of interest-free non-current payables		32	32
Unrealised currency translation gains		(31)	(33)
Operating profit before working capital changes		**147**	**696**
Changes in working capital			
Inventories		(53)	327
Trade and other receivables and other current assets		859	1,073
Trade and other payables		485	(132)
Cash generated from operations		**1,438**	**1,964**
Income tax paid		(114)	(300)
Net cash provided by operating activities		**1,324**	**1,664**
Cash Flows from Investing Activities			
Interest received		1	2
Additions to property, plant and equipment		(64)	-
Additions to producing oil and gas properties		(150)	(1,203)
Additions to exploration and evaluation assets		(28)	(189)
Net cash used in investing activities		**(241)**	**(1,390)**
Cash Flows from Financing Activities			
Interest paid		(25)	(32)
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		(98)	(164)
Net cash (used in)/provided by financing activities		**(123)**	**2,030**
Net increase in cash and cash equivalents		**960**	**2,304**
Cash and cash equivalents at beginning of financial period		4,218	2,777
Cash and cash equivalents at end of financial period		**5,178**	**5,081**

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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 2021 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 2021 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 2020.

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 stattements 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 2021, the Group reported a net cash used in operating activities of US$1.32 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$30.46 mil and US$1.19 mil respectively; and

(b) The Group has sufficient cash to fund the operations of the Group, with free cash and cash equivalents of US$5.18 mil as at 30 Jun 2021.

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 January 2021. 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) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: Interest Rate Benchmark Reform - Phase 2

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 2020.

2 Basis of Preparation (Cont'd)

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 10 - Classification of equity investments.

Information about assumptions and estimation uncertainities that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:
Notes 13, 14 and 15 - 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 sigificantly by seasonal or cyclical factors during the financial period.

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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 Oil and Gas 1H 2021 US$'000	Indonesia Oil and Gas 1H 2020 US$'000	Myanmar Oil and Gas 1H 2021 US$'000	Myanmar Oil and Gas 1H 2020 US$'000	Consolidated 1H 2021 US$'000	Consolidated 1H 2020 US$'000
Sales to external customers	**-**	-	**3,114**	5,427	**3,114**	5,427
EBITDA	**(42)**	(51)	**1,033**	1,599	**991**	1,548
EBIT	**(42)**	(51)	**315**	350	**273**	299
Amortisation and depreciation	**-**	-	**719**	1,249	**719**	1,249
Finance expenses	**32**	32	**3**	6	**35**	38
Segment results	**(81)**	(124)	**315**	350	**234**	226
Unallocated corporate net operating results					**(390)**	(739)
Loss before income tax					**(156)**	(513)
Income tax expense					**(174)**	(305)
Total loss					**(330)**	(818)
Segment assets	**18,608**	18,208	**21,651**	20,997	**40,259**	39,205
Other segment assets					**1,230**	2,290
Total assets as per statement of financial position					**41,489**	41,495
Total asests include:						
- Capital expenditures (Tangible and Intangible assets)	**27**	189	**150**	1,203	**177**	1,392
Segment liabilities	**1,335**	1,545	**3,938**	2,971	**5,273**	4,516
Current income tax liabilities					**4,143**	4,295
Other segment liabilities					**1,613**	1,573
Total liabilities as per statement of financial position					**11,029**	10,384

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.

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

		Group		Company	
		30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
	Note	US$'000	US$'000	US$'000	US$'000
Financial Assets					
Financial assets at fair value					
through profit or loss ("FVPL")		**385**	-	**385**	-
Trade and other receivables (amortised cost)					
- current		**1,584**	2,446	**14**	46
- non-current		**4,632**	4,511	**11,833**	11,657
Cash and bank balances		**5,178**	4,218	**536**	1,422
		11,779	11,175	**12,768**	13,125
Financial Liabilities					
Trade and other payables (amortised cost)					
- current		**4,200**	3,704	**11,186**	11,310
- non-current		**1,326**	1,294	**-**	-
Lease liabilities		**359**	307	**173**	79
Borrowings		**1,000**	1,000	**1,000**	1,000
		6,885	6,305	**12,359**	12,389

6 LOSS BEFORE TAXATION

6.1 Significant items

	1H 2021	1H 2020
Group	US$'000	US$'000
Income		
Interest income	**119**	142
Petroleum services fees	**72**	137
Grant income	**29**	53
Foreign exchange gain, net	**33**	33
Fair value gain on financial assets through profit or loss	**385**	-
Expenses		
Interest on borrowings	**18**	21
Interest on lease liabilities	**6**	11
Unwinding of interest free other payables	**32**	32
Production expenses	**1,877**	3,586
Depreciation of property, plant and equipment	**5**	5
Depreciation of right-of-use assets	**113**	162
Amortisation of producing oil and gas properites	**494**	981
Amortisation of intangible assets	**171**	172

6 LOSS BEFORE TAXATION (CONT'D)

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

Group	1H 2021 US$'000	1H 2020 US$'000
Current income tax expense	**174**	284
Prior year under provision of current income tax	**-**	21
	174	305

8 EARNINGS PER SHARE

Group	1H 2021 US$'000	1H 2020 US$'000
Basic losses per ordinary share (US cents)	**(0.046)**	**(0.131)**
Weighted average number of ordinary shares for the purpose of computing losses per share	655,498,604	599,955,747
Fully diluted losses per ordinary share (US cents)	**(0.046)**	**(0.131)**
Weighted average number of ordinary shares for the purpose of computing fully diluted losses per share	655,498,604	599,955,747

For the purpose of computing basic and fully diluted losses per share, the relevant periods were from 1 Jan 2021 to 30 Jun 2021 and 1 Jan 2020 to 30 Jun 2020 respectively. The weighted average number of ordinary shares on issue has not been adjusted as the share options were anti-dilutive in 1H 2021 and 1H 2020 respectively. The impact on losses per share for 1H 2021 and 1H 2020 were 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-21 US$'000	31-Dec-20 US$'000	30-Jun-21 US$'000	31-Dec-20 US$'000
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares) (US cents)	4.186	4.239	3.014	3.035
Total number of issued shares (excluding treasury shares)	655,498,604	655,498,604	655,498,604	655,498,604

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVPL")

Financial assets at fair value through profit or loss comprise the following:

	Group		Company	
	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
	US$'000	US$'000	US$'000	US$'000
Foreign listed equity security - PT Mitra Investindo TBK ("MITI")	**385**	-	**385**	-

On 9 Feb 2021, the Company's shareholding in MITI was diluted from 48.87% to 11.30% after its right issue. Subsequent on 12 Apr 2021, the Company has no significant influence due to resignation from the Board of Commissioner and Board of Director, accordingly, the investment is reclassified to financial assets at fair value through profit or loss ("FVPL"). As at 12 Apr 2021, MITI continued to suspend to trade on Indonesia Stock Exchange ("IDX"), accordingly, there was no available market value to revalue the investment costs. On 29 Jun 21, IDX lifted the suspension and MITI has resumed trading. As at 30 Jun 2021, the Company has re-assessed the remaining investment in MITI considered that it will be held for trading purposes with no intention to hold further shareholding in future, therefore classified as FVPL, any fair value gain/(loss) will be recognised to profit or loss under SFRS(1) 9 Financial Instruments. As at 30 Jun 21, a fair value gain of US$0.39 mil was recognised to profit or loss. As at 31 Jul 21, a total of 255,334,700 MITI shares had been disposed at value of IDR3,458,719,830 (equivalent US$0.24 mil), the retained interests in FVPL reduced from 11.30% to 0.84% and a realised gain on disposal of estimated US$0.02 mil will be recognised to profit or loss. After the disposal, the Group has remaining balance of 20,613,454 MITI shares.

10.1 Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) Quoted prices (unadjusted) in active markets for identical asests or liabilities (Level 1);

(b) Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Leve 2); and

(c) Inputs for the assets or liability which are not based on observable market data (unobservable inputs) (Level 3).

	Group		Company	
	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
	US$'000	US$'000	US$'000	US$'000
Financial assets				
FVPL investment (Quoted investment)				
Level 1	**385**	-	**385**	-
Level 2	**-**	-	**-**	-
Level 3	**-**	-	**-**	-

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

11 PROPERTY, PLANT AND EQUIPMENT

Group and Company	Computers US$'000	Office Equipment US$'000	Renovations, Furniture and Fittings US$'000	Total US$'000
FY 2020				
Cost	126	7	100	233
Accumulated depreciation	(125)	(7)	(100)	(232)
Net book value	**1**	**-**	**-**	**1**
1H 2021				
Opening net book value	**1**	**-**	**-**	**1**
Additions	21	-	43	64
Disposals*	-	-	-	-
Depreciation charge	(4)	-	(1)	(5)
Closing net book value	**18**	**-**	**42**	**60**

* Property, plant and equipment disposed were fully depreciated.

12 RIGHT-OF-USE ASSETS

Group	Property US$'000	Office Equipment US$'000	Motor Vehicles US$'000	Heavy Equipment and Machinery US$'000	Total US$'000
FY 2020					
Cost	442	13	34	385	874
Accumulated depreciation	(345)	(6)	(23)	(240)	(614)
Net book value	**97**	**7**	**11**	**145**	**260**
1H 2021					
Opening net book value	**97**	**7**	**11**	**145**	**260**
Additions	179	-	-	-	179
Disposals	(6)	-	(9)	-	(15)
Depreciation charge	(75)	(1)	(2)	(35)	(113)
Closing net book value	**195**	**6**	**-**	**110**	**311**

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

Company	Property US$'000	Office Equipment US$'000	Total US$'000
FY 2020			
Cost	323	13	336
Accumulated depreciation	(258)	(6)	(264)
Net book value	**65**	**7**	**72**
1H 2021			
Opening net book value	**65**	**7**	**72**
Additions	179	-	179
Disposals	(6)	-	(6)
Depreciation charge	(59)	(1)	(60)
Closing net book value	**179**	**6**	**185**

13 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 2020				
Cost	49,878	6,059	600	56,537
Accumulated amortisation and impairment losses	(40,697)	(5,203)	(600)	(46,500)
Net book value	**9,181**	**856**	**-**	**10,037**
1H 2021				
Opening net book value	**9,181**	**856**	**-**	**10,037**
Additions	149	1	-	150
Amortisation charge	(305)	(189)	-	(494)
Closing net book value	**9,025**	**668**	**-**	**9,693**

Following the military coup in Myanmar operations and an unexpected significant decrease in revenue due to suspension of operation and instability in the country, management has recalculated the recoverable amount of Myanmar's cash generating unit ("CGU") as at 30 Jun 2021.

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 2021 revised budgets reviewed by the respective owner committees and also past experiences as a guide. The period beyond 2022 until the contracts expire assumes some drilling activities undertaken to further develop the existing fields. Future cash flows are discounted using discount rates of 13% per annum (2020: 13% 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 19% per annum (2020: 19% 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 2021. The estimated recoverable amount of the Myanmar CGU was higher than its carrying amount.

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

Group	Exploration and Evaluation Assets US$'000	Participating Rights US$'000	Total US$'000
FY 2020			
Cost	18,542	1,435	19,977
Accumulated impairment losses	(6,243)	-	(6,243)
Net book value	**12,299**	**1,435**	**13,734**
1H 2021			
Opening net book value	**12,299**	**1,435**	**13,734**
Additions	28	-	28
Closing net book value	**12,327**	**1,435**	**13,762**

In 1H 2021, 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.

15 INTANGIBLE ASSETS

Group	Goodwill on Reverse Acquisition US$'000	Computer Software US$'000	Patent Rights US$'000	Total US$'000
FY 2020				
Cost	1,489	26	3,480	4,995
Accumulated amortisation and impairment losses	(1,489)	(20)	(1,039)	(2,548)
Net book value	**-**	**6**	**2,441**	**2,447**
1H 2021				
Opening net book value	**-**	**6**	**2,441**	**2,447**
Amortisation charge	-	(3)	(168)	(171)
Closing net book value	**-**	**3**	**2,273**	**2,276**

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 13.

16 INVESTMENTS IN ASSOCIATED COMPANIES

Group and Company	30-Jun-21 US$'000	31-Dec-20 US$'000
Equity investment at costs	**7,358**	12,191
Share of losses in associated companies	**(7,358)**	(10,149)
Share of other comprehensive income in associated companies	**-**	96
Allowance for impairment of investment in associated company	**-**	(2,138)
	-	-

On 9 Feb 2021, MITI issued 1,878,368,047 new ordinary shares by a way of right issue, as a result, the Company's shareholding in MITI was diluted from 48.87% to 11.30%. Despite the reduction in its shareholding in MITI to less than 20%, the Company continues to have significant influence over MITI through its representative on the Board of MITI, and accordingly, the Company will continue to classify its interests in MITI of US$4.83 mil as investments in associated company. As at 31 Dec 20, the investment costs was fully impaired.

However, on 12 Apr 2021, the Company has no significant influence in MITI due to resignation from the Board of Commissioner and Board of Director, accordingly, the investment in MITI is reclassified to financial assets at fair value through profit or loss. As at 12 Apr 2021, MITI continued to suspend to trade on Indonesia Stock Exchange ("IDX"), accordingly, there was no available market value to revalue the investment costs.

17 BORROWINGS AND DEBT SECURITIES

Group	30-Jun-21		31-Dec-20	
	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.

18 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 2021 and 31 Dec 2020 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-21 US$'000	31-Dec-20 US$'000
Not later than one year	**1,997**	2,616

19 SHARE CAPITAL

Group and Company	30-Jun-21 Number of Shares	31-Dec-20 Number of Shares	30-Jun-21 US$'000	31-Dec-20 US$'000
<u>Issued and fully paid</u>				
Opening balance	**655,498,604**	588,368,604	**75,157**	72,873
Issuance of new ordinary shares pursuant to share option plan	-	4,630,000	-	264
Issuance of new ordinary shares pursuant to private placement	-	62,500,000	-	2,024
Share issue expenses	-	-	-	(4)
Closing balance	**655,498,604**	655,498,604	**75,157**	75,157

The number of ordinary shares comprised in the options granted and outstanding under the Interra Share Option Plan as at 30 Jun 2021 was 16,975,000 (31 Dec 2020: 16,975,000).

The Company does not have any treasury shares or subsidiary holdings as at 30 Jun 2021 and 31 Dec 2020.

20 SUBSEQUENT EVENTS

Subsequent to 1H 2021, the Group further disposed a total of 255,334,700 MITI shares at market value of IDR3,458,719,430 (equivalent US$0.24 mil), the retained interests in FVPL reduced from 11.30% to 0.84% and a realised gain on disposal of estimated US$0.02 mil will be recognised to profit or loss. After the disposal, the Group has remaining balance of 20,613,454 MITI shares.

F OTHER INFOMRATION 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 2021 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 2021 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 decreased by US$2.31 mil to US$3.11 mil in 1H 2021 from US$5.42 mil in 1H 2020. This was largely due to lower sales of shareable oil by 62% to 64,440 barrels in 1H 2021 (1H 2020: 168,364 barrels) due to disruption of operations as a result of political instability as of Feb 2021 despite higher weighted average transacted oil prices in 1H 2021 of US$61.21 per barrel (1H 2020: US$40.83 per barrel).

Cost of Production

The decrease in cost of production to US$2.58 mil in 1H 2021 from US$4.81 mil in 1H 2020 was largely attributable to lower production expenses of US$1.71 mil and lower amortisation charges and depreciation charges of US$0.52 mil in 1H 2021 as compared to 1H 2020 due to disruption of operations since Feb 2021. Myanmar operations incurred capital expenditures of US$0.15 mil in 1H 2021 which resulted in lower amortisation charges of producing oil and gas properties.

Net Loss

The Group posted a lower loss net loss of US$0.33 mil in 1H 2021 as compared to a net loss of US$0.82 mil in 1H 2020. The lower net loss was mainly due to the following:

(1) Lower revenue of US$3.11 mil in 1H 2021 (1H 2020: US$5.43 mil) was due to lower sales of shareable oil despite higher oil prices.

(2) Lower cost of production of US$2.58 mil in 1H 2021 (1H 2020: US$4.81 mil) was due to lower production expenses and lower amortisation charges of producing oil and gas properties and depreciation charges.

(3) Higher other income of US$0.64 mil in 1H 2021 (1H 2020: US$0.37 mil) was mainly due to fair value gain on financial assets through profit or loss of US$0.39 mil offset by lower government grant income received from Job Support Scheme of US$0.03 mil in 1H 2021 (1H 2020: US$0.05 mil) together with lower petroleum services fees of US$0.07 mil (1H 2020: US$0.14 mil).

(4) Lower administrative expenses of US$1.19 mil in 1H 2021 (1H 2020: US$1.34 mil) were mainly due to lower corporate expenses by US$0.11 mil from cost-cutting measures and lower administrative expenses from Myanmar operations by US$0.04 mil in 1H 2021 as compared to 1H 2020.

(5) Lower other expenses of US$0.08 mil 1H 2021 (1H 2020: US$0.10 mil) due to lower depreciation charges of right-of-use assets and property plant and equipment.

(6) Current income tax expenses of US$0.17 mil in 1H 2021 (1H 2020: US$0.31 mil) were in line with taxable income in 1H 2021.

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$0.31 mil as at 30 Jun 2021 from US$0.26 mil as at 31 Dec 2020 due to addition of new office lease of US$0.18 mil offset by early termination and adjustment of existing lease of US$0.02 mil and amortisation charges of US$0.11 mil.

Producing oil and gas properties decreased by US$0.34 mil to US$9.69 mil as at 30 Jun 2021 from US$10.04 mil as at 31 Dec 2020 due to net capitalisation of drilling expenditures of US$0.15 mil offset by amortisation charges of US$0.50 mil for the financial period.

Exploration and evaluation assets increased to US$13.76 mil as at 30 Jun 21 from US$13.73 mil as at 31 Dec 2020 mainly due to capitalisation of first exploration well 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 commerical viability is determined.

Intangible assets decreased to US$2.28 mil as at 30 Jun 21 from US$2.45 mil as at 31 Dec 2020 as a result of amortisation charges of US$0.17 mil.

Inventories increased by US$0.06 mil to US$3.47 mil as at 30 Jun 2021 from US$3.41 mil as at 31 Dec 2020 due to resumption of operations and purchase of consumable inventories for Myanmar drilling activities.

Trade and other receivables - non-related parties (non-current) increased to US$4.63 mil as at 30 Jun 2021 from US$4.51 mil as at 31 Dec 2020 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$1.58 mil as at 30 Jun 2021 from US$2.45 mil as at 31 Dec 2020 were mainly from lower amounts billed of US$2.62 mil as compared to the amounts collected of US$3.41 mil.

Trade and other payables (non-current and current) increased by US$0.53 mil to US$5.53 mil as at 30 Jun 2021 from US$5.00 mil as at 31 Dec 2020, were mainly from lower trade payables (non-related parties and related parties) by US$0.10 mil offset by higher other payables (non-related parties and related parties) by US$0.63 mil.

Lease liabilities (non-current and current) increased by US$0.05 mil to US$0.36 mil as at 30 Jun 2021 from US$0.31 mil as at 31 Dec 2020 due to additions of new lease of US$0.18 mil offset by repayment of the principal elements of lease payments of US$0.10 mil during the financial period.

Statement of Cash Flows

Cash and cash equivalents showed a net increase of US$0.96 mil in 1H 2021 due to the following:

(1) Net cash provided by operating activities of US$1.32 mil was mainly due to net cash inflows from oil and gas operations in Myanmar of US$1.98 mil and offset by the corporate expenses.

(2) Net cash used in investing activities of US$0.24 mil was mainly due to addition of exploration and evaluation assets of US$0.03 mil and capital expenditure for Myanmar operations of US$0.15 mil.

(3) Net cash used in financing activities of US$0.12 mil was mainly due to lease payments of US$0.10 mil and interest payments of US$0.02 mil.

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 decreased by 60% to 64,440 barrels in 1H 2021 from 159,344 barrels in 2H 2020. The shareable production decrease is largely the result of the suspension of operations at the Chauk and Yenanyaung fields as announced on 9 Feb 2021. As announced on 16 Jul 2021, the Company has reached an agreement with the Myanma Oil and Gas Enterprise ("MOGE"), to resume operations at the Chauk and Yenangyaung fields. Following this, the Company has resumed new well drilling in the third quarter. Most importantly, oil production on a well-by-well basis is being re-established, and related maintenance is in progress. It is expected that oil production approaching pre-suspension volumes will be achieved in the near term.

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 2020. However due to the current pandemic, it has been delayed to 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.

The Company is closely monitoring the political and COVID-19 situation in Myanmar and Indonesia and will make the necessary and appropriate announcement in future of any new development. Barring any unforeseen circumstances, the Company has sufficient cash resources to fulfil the current year work program.

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 INFOMRATION 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 2021 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 Tjia

Chief Executive Officer

12 Aug 2021

G ABBREVIATIONS

1H 2020	denotes	First half-year ended 30 June 2020
2H 2020	denotes	Second half-year ended 31 December 2020
1H 2021	denotes	First half-year ended 30 June 2021
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
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.

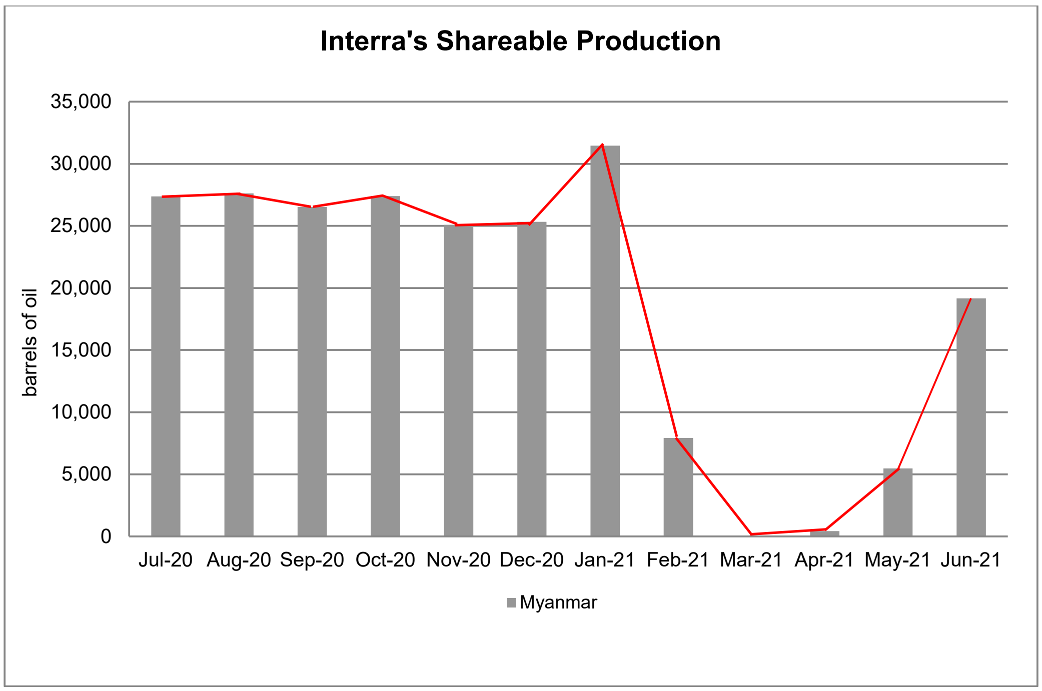
Appendix A

12 August 2021

PRODUCTION, DEVELOPMENT & EXPLORATION ACTIVITIES FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2021 (“1H 2021”)

Production Profile

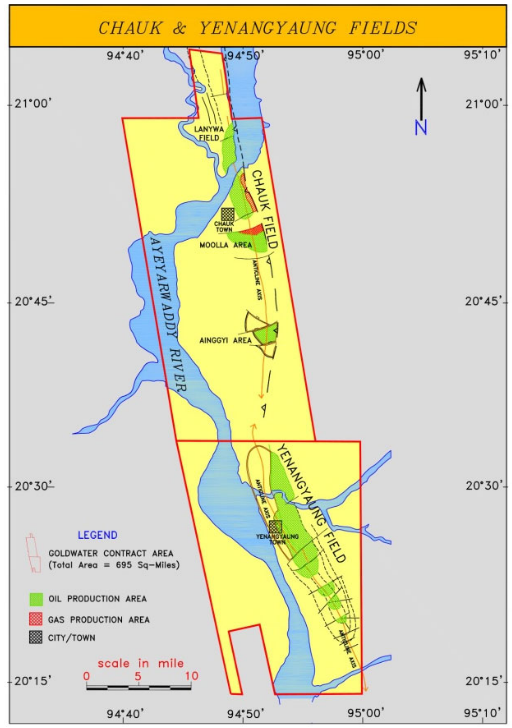
(Barrels)	Myanmar	
	Second Half-Year Ended 31 December 2020 (“2H 2020”)	**First Half-Year Ended 30 June 2021 (“1H 2021”)**
Shareable production	265,574	107,400
Interra’s share of shareable production	159,344	64,440



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.

<u>Development and Production Activities</u>

Myanmar: Chauk and Yenangyaung IPRCs (Interra 60%)



In 1H 2021, the combined shareable production for both fields was 64,440 barrels of oil, a decrease of 60% over the 2H 2020 of 159,344 barrels of oil.

Production and development expenditures for the 1H 2021 were US$1,877,308 and US$150,159 respectively.

The significant decrease in oil production was primarily a result of the suspension of operations at the Chauk and Yenanyaung fields as announced on 9 February 2021.

The operator, Goldpetrol Joint Operating Company Inc. ("**Goldpetrol**") (Interra 60%) drilled two new 2021 budgeted development wells in Chauk field. The first commenced drilling in December and was completed in early January as an oil producer, and the second was drilled, cased and in early February 2021 temporarily suspended until material and personnel resources would become available.

As announced on 16 July 2021, Goldpetrol has reached an agreement with the Myanma Oil and Gas Enterprise ("MOGE"), to resume operations at the Chauk and Yenangyaung fields. Most importantly, oil production on a well by well basis is being re-established, and related maintenance is in progress. It is expected that oil production approaching pre-suspension volumes will be achieved in the near future.

Planning for the drilling of budgeted development well is underway. Other critical operations such as waterflood projects, work-over's and additional perforations in existing wells, and infrastructure work are in various stages of planning and recovery.

Exploration Activities

Indonesia: Kuala Pambuang PSC (Interra 67.5%)

The optimum completion testing design has been prepared for which to evaluate the hydrocarbon productivity of exploration well KP-1. As previously announced, the borehole encountered several oil "shows" while drilling identifying these as potential reservoirs. In addition, subsequent open-hole testing recovered oil. The well bore has been cased and awaits perforation and testing.

The two most prospective intervals with somewhat differing properties have been selected to be tested by applying hydraulic sand fracturing combined with acid stimulation. This process should result in the most effective method to increase potential reservoir productivity. The interval selection and testing process is the results of extensive technical work accomplished by both Interra staff and contracted specialists. Details of critical reservoir properties such as pressure, permeability, heterogeneity, etc. will be investigated through testing and can be used in future project work.

Technical and operational proposals have been accepted by the relevant Indonesian government agencies. Contractors to provide materials and services have been identified and implementation discussions are ongoing.

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 2021 were US$27,293.