in depth.

interra resources limited annual report 2009

contents

This annual report and its contents have been reviewed by the Company's Sponsor, Collins Stewart Pte. Limited, for compliance with the relevant rules of the SGX-ST. It has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr Alex Tan, CEO of Collins Stewart Pte. Limited, address 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.

There were no non-sponsor fees paid to the Sponsor during the financial year ended 31 December 2009.

We will continue
to adopt an
in-depth perspective
in exploring ways
to achieve a dynamic
and sustainable
Interra Resources


MYANMAR
Bagan
Chauk
Yenangyaung
Nay Pyi Daw
L3/48
L9/48
L17/48
Yangon
Mae Sot
Bangkok
THAILAND
SINGAPORE
SULAWESI
KALIMANTAN
SUMATRA
Palembang
TMT
INDONESIA
Jakarta
JAVA
AUSTRALIA
Melbourne
PEP 167

about us

Our Company

We are Interra Resources Limited, a Singapore and Australia listed company engaged in upstream petroleum exploration and production ("E&P").

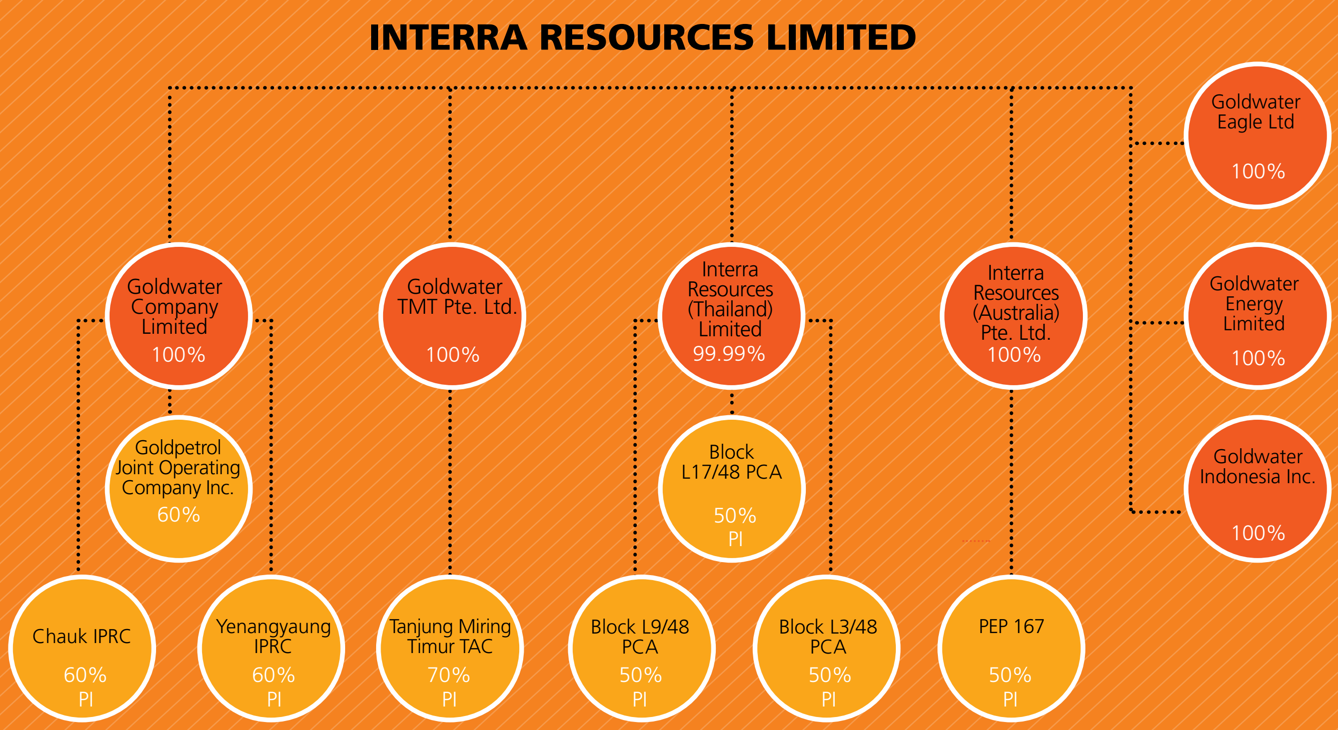
Our Business

Our E&P activities include petroleum production, field development and exploration.

Our Presence

Today, we have established oil and gas interests and operations in various parts of Southeast Asia and Australia. Our portfolio of production, development and exploration assets comprises seven contract areas in Australia, Indonesia, Myanmar and Thailand.

group structure



PI: Participating Interest

interra resources in focus

chairman's statement

Dear Shareholders,

We are very pleased to present the audited consolidated results of the Group for the financial year ended 31 December 2009. Despite a very challenging year, we are glad to report that the Group recorded a net profit after tax of US$1.48 million for the year ended 31 December 2009 as compared to US$1.70 million for the previous year.

The Group's revenue for 2009 was US$12.62 million, a decrease of 27.8% as compared to 2008. The decrease in revenue was mainly due to significantly lower oil prices. The weighted average transacted oil price for the year was US$65.03 per barrel, which was 35.1% lower as compared to US$100.21 per barrel for 2008.

In order to address the challenges that the Group was facing, we implemented strict cost control measures and scaled back work programs early in the year. As a result, the total cost of production was reduced by 14.3% to US$9.18 million while our total annual shareable production decreased by 10.4% to 270,953 barrels of oil.

Meanwhile, the Company's financial position remains strong with no debt and total cash on hand of US$17.34 million.

Our operations in Myanmar performed well during 2009 with successes in the reactivation of old wells and the drilling of new development wells. Shareable production improved by 30.4% to an all time high of 144,767 barrels of oil. Furthermore, the invoice payments from Myanma Oil and Gas Enterprise continued to be regular for the past three years and, as a result, the Board considered it justifiable to partially write back the carrying value of the Myanmar assets that were impaired in 2006. The write-back contributed US$3.00 million to the bottom line for the year, bringing the total impairment and allowance for impairment of trade receivables in respect of the Myanmar assets down to US$7.24 million.

In Thailand, the exploration well drilled at Block L17/48 at year end unfortunately did not lead to any discovery. As a result, we made a provision to write off the US$1.57 million drilling cost that was incurred. Furthermore, after careful analysis of the available technical data, we intend to relinquish Block L3/48. In view of the impending relinquishment, we made another provision of US$0.47 million for the impairment of its carrying value. The Group's earnings were adversely affected by these two provisions for impairment totalling US$2.04 million.

The TMT field in Indonesia, which is operated by our partner, encountered numerous mechanical difficulties and equipment problems during 2009. The development well that was drilled at the end of 2008 took significantly longer than expected to complete and the results were not favourable. Activity level was kept to a minimum with the planned drilling program postponed and 3D seismic acquisition program suspended. All these resulted in lower production. We have been actively seeking from the operator, a reassessment of the production activities and plans, as well as an evaluation of the scope of future development of the field.

During the year, Interra made its first venture into Australia with the acquisition of a 50% participating interest in a petroleum exploration permit ("PEP 167") located in the onshore Otway Basin. PEP 167 contains two discovery wells and a 3D seismic program designed to define possible drilling locations to appraise one of the discovery wells is expected to complete in early second quarter of 2010.

Going forward, our growth strategy remains unchanged. We aim to grow both organically by maximising our existing assets and externally through the acquisition of new assets. The year to come will continue to be challenging. Nevertheless, we will remain focused on increasing our production and enhancing our reserves, while maintaining good health, safety and environmental standards.

On behalf of the Board of Directors, I regret to inform shareholders that no dividend will be declared for this financial year.

On 22 January 2010, Interra has transited to the Catalist sponsor-supervised regime in respect of its listing on the Singapore Exchange and Collins Stewart Pte. Limited has been appointed as the sponsor of the Company. Following the transition, the Company will comply with the Catalist listing rules and the Board will continue to maintain the highest standards of corporate governance.

During the year, we bid farewell to Independent Director, Mr Lim Hock San, and CEO, Mr Luke Targett. They have both made significant contributions to the Company over the years and I would like to express our gratitude to them for their commitment and efforts. At the same time, we would like to welcome Mr Marcel Tjia aboard as the new CEO. I am confident that he will be a valuable asset to Interra.

On behalf of the Board of Directors, I would like to thank our dedicated staff and express our appreciation to our shareholders for their support throughout the year. In the coming year, we will strive to unearth the value underlying Interra and its assets and transfer it to our shareholders.

EDWIN SOERYADJAYA
Chairman

19 March 2010

financial highlights

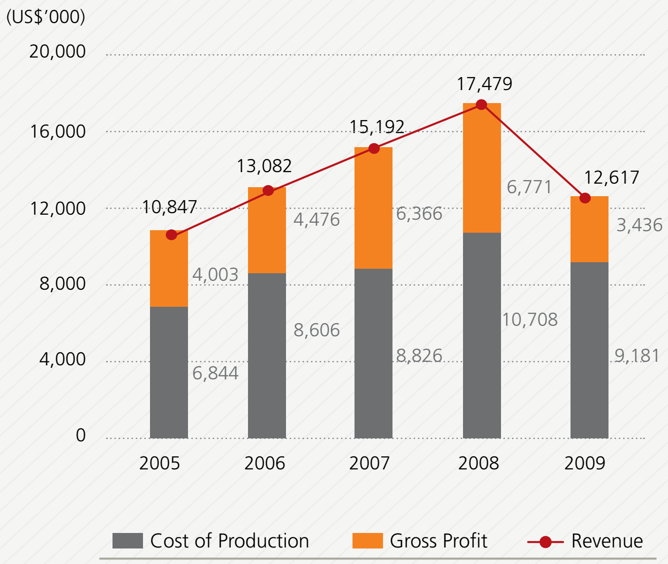
Group	2005[b]	2006	2007	2008	2009
Financial Performance (US$'000)					
Revenue	10,847	13,082	15,192	17,479	12,617
Cost of production	6,844	8,606	8,826	10,708	9,181
Gross profit	4,003	4,476	6,366	6,771	3,436
Net profit/(loss) before tax	2,753	(822)	3,398	3,358	2,256
Net profit/(loss) after tax	2,034	(1,743)	2,264	1,696	1,478
Financial Strength (US$'000)					
Cash and cash equivalents	4,829	24,229	24,993	17,257	17,341
Debt and borrowings	15,282	4,041	4,292	-	-
Net current assets	4,005	23,822	18,436	16,779	15,521
Shareholders' equity	21,347	30,921	33,238	34,010	35,312
Cash Flow (US$'000)					
Operating cash flow	797	748	3,505	2,014	3,371
Investing cash flow	(11,998)	20,061	(6,928)	(3,199)	3,140
Financing cash flow	11,238	(1,409)	-	(5,325)	-
Per Share Data (US cents)					
Basic earnings/(loss) per share [a]	1.057	(0.768)	0.881	0.660	0.575
Net asset value per share	11.088	12.035	12.937	13.238	13.744

a. See Note 30 of the notes to financial statements for full details on fully diluted earnings per share
b. Restated in US$

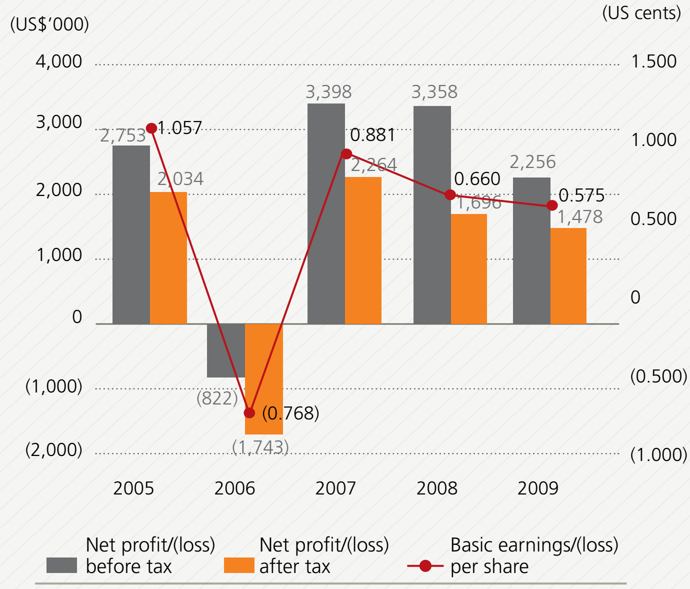
Company	2005[c]	2006	2007	2008	2009
SGX Share Price Information (S$)					
Year-end closing price	0.215	0.290	0.280	0.095	0.200
Average closing price	0.338	0.349	0.311	0.190	0.166
Highest traded price	0.700	0.640	0.405	0.295	0.260
Lowest traded price	0.185	0.220	0.210	0.070	0.055
Year-end market capitalisation	41,393,310	74,506,869	71,937,667	24,407,423	51,384,048
Average market capitalisation	64,977,871	79,886,449	79,953,578	48,917,613	42,743,575

c. Adjusted for 5-to-1 share consolidation

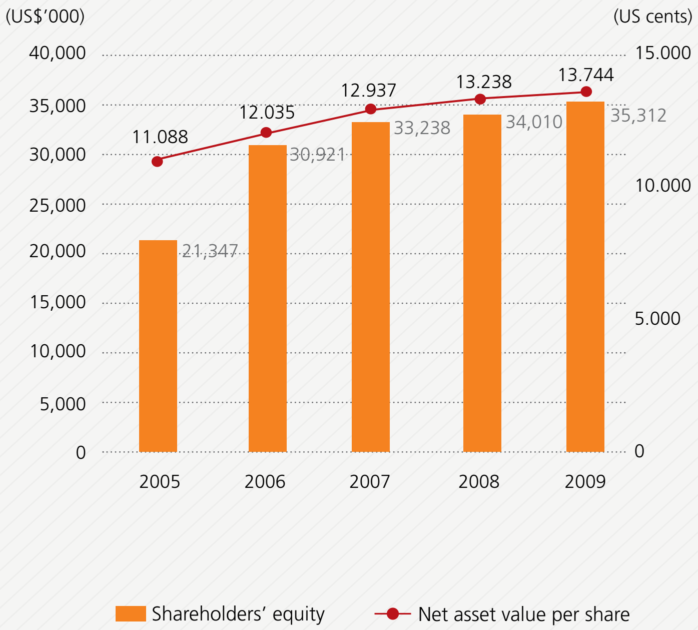
Revenue, Cost of Production, Gross Profit



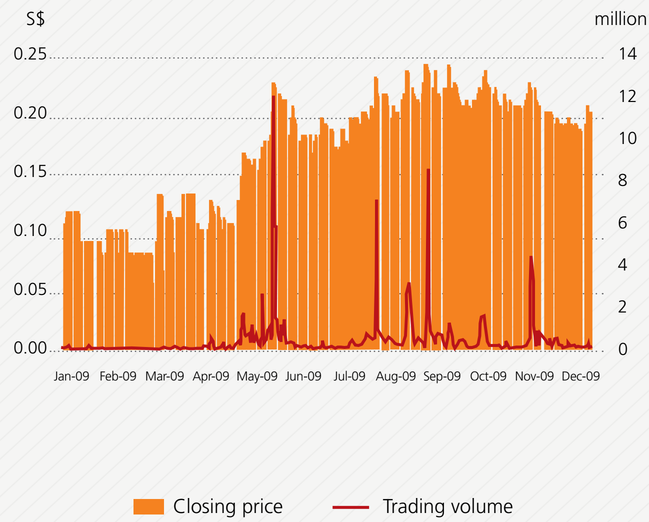
Net Profit/(Loss) Before & After Tax, Basic Earnings/(Loss) Per Share



Shareholder's Equity & Net Asset Value Per Share



SGX Share Price & Volume for 2009



performance in review

US$1.48 million
Net profit after tax

270,953 barrels
Group's share of shareable production

US$17.34 million
Cash and cash equivalents

operating and financial review

FINANCIAL REVIEW

Financial Performance

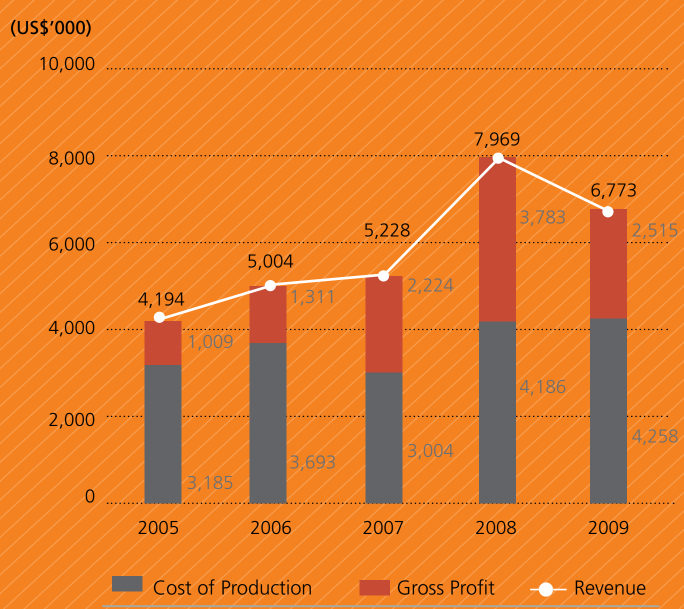
The Group recorded revenues for the year of US$12.62 million, down US$4.86 million as compared to US$17.48 million the previous year. This 27.8% decrease was attributed to significantly lower crude oil prices and lower shareable production from the TMT field. The weighted average transacted oil price for 2009 was US$65.03 per barrel, a 35.1% decreased from US$100.21 per barrel for 2008. This resulted in a 15.0% decline in revenue contribution from the Myanmar fields to US$6.77 million despite their increased shareable production. The reduction in crude oil prices, in addition to decreasing production, also caused TMT's revenue contribution to shrink by 38.5% to US$5.84 million.

Given the weakness in crude oil prices, the Group assessed the direct operating costs and introduced cost control measures, including scaling back work programs and capital commitments from the beginning of the year. As a result, the overall cost of production for 2009 decreased by 14.3% from US$10.71 million for 2008 to US$9.18 million, of which US$1.88 million was attributable to non-cash depreciation and amortisation costs. Production cost in Myanmar increased by a nominal 1.72% to US$4.26 million, including the cost of drilling two infill development wells. Production cost at TMT, of which the Group is not the operator, decreased by 24.5% to US$4.92 million with the reduced level of activities.

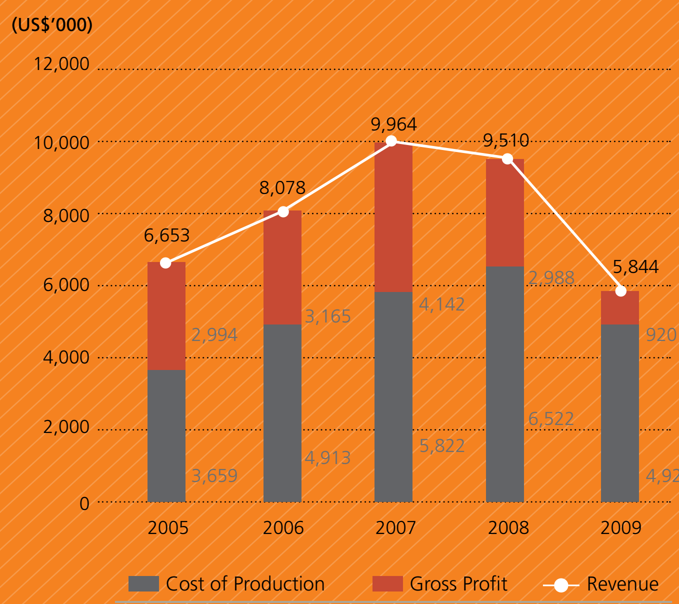
The Group made a provision for the impairment of exploration, evaluation and development costs amounting to US$1.57 million in respect of its interest in the Thai Block L17/48 exploration well that was plugged and abandoned in December 2009. In consideration of the impending relinquishment of Block L3/48, the Group made a further provision of US$0.47 million against the carrying value of this block. The total provision for impairment for the exploration blocks in Thailand was US$2.04 million.

In view of the regular invoice payments from Myanma Oil and Gas Enterprise ("MOGE"), the Board conservatively came to a decision to partially write back US$3.00 million of the impairment of exploration, evaluation and development costs and allowance for impairment of trade receivables, which amounted to US$10.24 million made in respect of the Myanmar investments previously. MOGE's payment pattern has consistently improved over the years, with 10 payments made in 2007, 14 payments made in 2008 and 13 payments made in 2009. Nonetheless, the Group will continue to conduct regular impairment tests and closely monitor the situation in Myanmar.

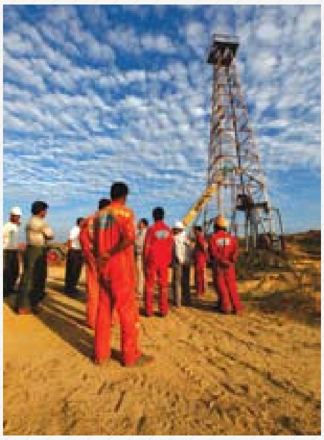
Revenue, Cost of Production & Gross Profit for Myanmar



Revenue, Cost of Production & Gross Profit for TMT



operating and financial review


During the year, the Group disposed of 7 million PT Adaro Energy Tbk shares at a one-off gain of US$0.09 million. Interest income declined to US$0.10 million compared to US0.51 million earned in 2008. Income tax expense was US$0.77 million, a decrease of US$0.89 million from the year before.

On the whole, the Group delivered a net profit after tax of US$1.48 million for 2009, slightly lower than US$1.70 million realised in 2008.

Financial Position

As at the end of 2009, the Group continued to be in a sound financial position with no debt and with sufficient cash on hand to meet its operating costs for the foreseeable future. Total shareholders' equity as at 31 December 2009 was US$35.31 million, an increase of US$1.30 million over the year. Total cash on hand as at 31 December 2009 was US$17.34 million, of which US$2.81 million was pledged as collateral in respect of bank guarantees in favour of the Thai Ministry of Energy and the Thai Department of Customs. Subsequently, on 19 March 2010, the Group obtained confirmation from the bank that US$2.06 million was discharged and thus the outstanding bank guarantees were reduced to US$0.75 million. The Group had 3 million PT Adaro Energy Tbk shares worth approximately US$0.55 million as of year end.

Cash Flow

The Group's cash position remained stable with US$17.34 million cash in bank at the end of 2009, a slight increase over the previous year end of US$17.26 million.

TMT generated a net cash inflow of US$0.34 million with minimal capital expenditure as the planned drilling program was postponed. The net cash inflow from the Myanmar operations was US$2.82 million. During the year, two infill development wells were drilled at the Chauk and Yenangyaung fields.

Capital expenditure for the Thai exploration activity totalled US$1.75 million, primarily spent on the drilling of Block L17/48 exploration well which was not successful. All the initial and minimum expenditure commitments for the three exploration blocks in Thailand have been satisfied. During the year, the existing bank guarantees in favour of the Thai Ministry of Energy were reduced by US$0.82 million to US$2.14 million and a new bank guarantee of US$0.67 million was made in favour of the Thai Customs Department to facilitate the import of drilling materials and equipment. The Group plans to continue with the obligations for Blocks L17/48 and L9/48 and to relinquish Block L3/48 in 2010.

The Group disbursed US$0.34 million in respect of its newly acquired 50% participating interest in the Australian petroleum exploration permit PEP 167. The purchase consideration was US$0.21 million and the remaining US$0.13 million went towards expenses relating to the acquisition. The Group is obliged to fund the first US$1.50 million of the 3D seismic survey cost and any excess seismic expenditure and all future exploration and operating costs will be borne by all parties in proportion to their participating interests.

The Group foresees that it will be able to fund its share of operating expenses and capital commitments for the work programs and contract obligations planned for 2010.

Capital

As there were no new shares issued, the capital structure of the Company did not change throughout 2009. Although the Share Purchase Mandate approved by shareholders at the extraordinary general meeting held on 21 November 2008 was renewed at the last annual general meeting, no share-buy back was conducted thus far.

With the departure of the previous CEO, the unexercised share options granted to him under the Interra Share Option Plan lapsed and consequently the share option expenses of US$0.013 million recognised previously were reversed. No other share options were being exercised and hence the number of share options outstanding as at the end of the year was 500,000.

Myanmar

The Group's earnings will continue to be influenced by developments in Myanmar, particularly with respect to the payment of trade receivables. Although part of the impairment and allowance for impairment of trade receivables in respect of the Myanmar investments were reversed in 2009, the Group will continue to monitor the receipt of its trade receivables closely.

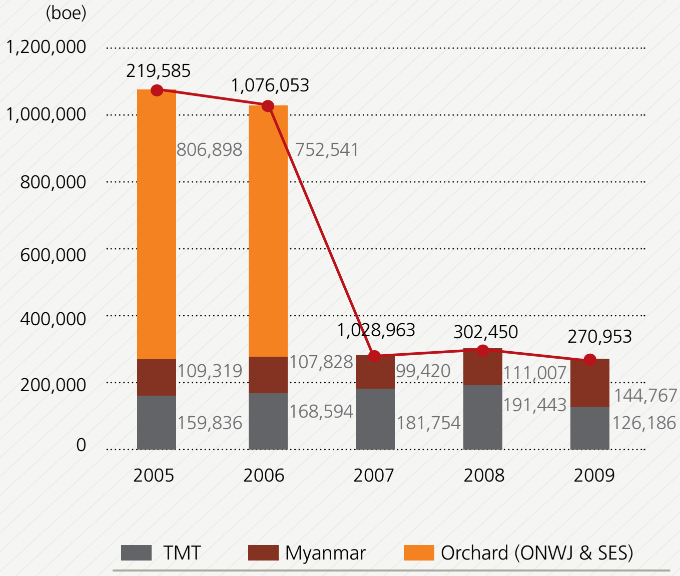
Shareholders should be aware that there is inherent uncertainty and unpredictability regarding the interpretation and implementation of various laws and regulations in Myanmar. For more detailed information regarding this matter, please refer to Note 31, Contingent Liabilities, of the Notes to the Financial Statements section of this Annual Report.

OPERATING REVIEW

Production

The Group's annual shareable production by field before application of the contractual arrangements with the relevant host governments for the past 5 years is as follows:

Annual Shareable Production



Notes:

1. *Revenue from Orchard (ONWJ and SES) was not consolidated into the Group's top line revenue as it was consolidated based on equity accounting.*
2. *"boe" means "barrels of oil equivalent".*

The total annual shareable production during 2009 was 270,953 barrels of oil, approximately 10.4% lower than the previous year's 302,450 barrels. TMT's portion fell by 34.1% to 126,186 barrels due to various mechanical difficulties and equipment problems encountered by the operator throughout the year. The postponement of the development drilling program also had a potential negative effect on maintaining or increasing production levels. Conversely, Myanmar's portion rose by 30.4% to a record high of 144,767 barrels. The improvement was attributable primarily to an aggressive program of re-openings/re-activations of old shut-in wells at the Yenangyaung field and general enhanced production practices and maintenance in both fields.

With the sale of Orchard (ONWJ SES) in August 2006, the Group no longer commercially produces gas.

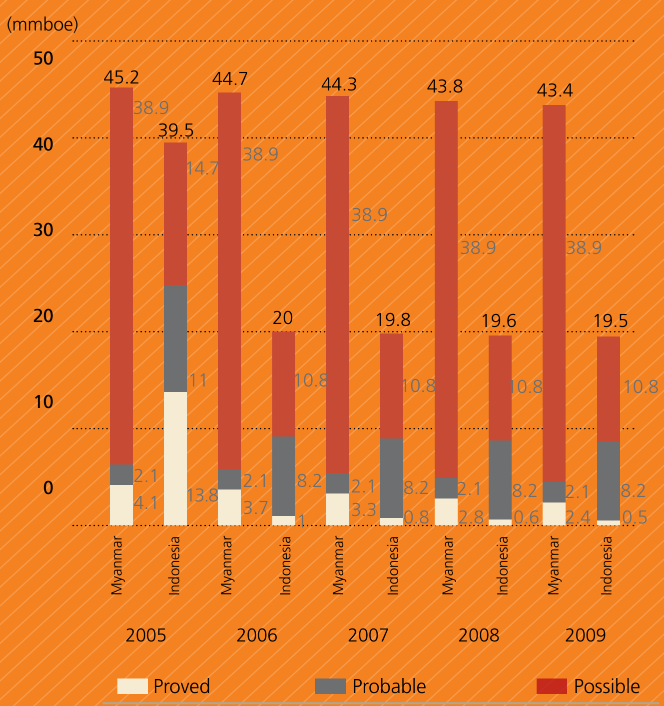
work in progress

"Our results for the year reflect trying business conditions in 2009. Nevertheless we are keeping our focus in setting sights on not just recovery but growth."

Reserves

The Group's gross reserves by country which represent its participating interests in the reserves of the various fields for the past 5 years are as follows:

Gross Reserves



Notes:
1. *Gross reserves refer to the estimated oil and gas reserves in the ground before application of the contractual arrangements with the relevant host government regarding produced hydrocarbons.*
2. *"mmboe" means "million barrels of oil equivalent".*
3. *For the purpose of converting gas reserves to barrels of oil equivalent, a factor of 6,000 standard cubic feet of gas to 1 barrel of oil equivalent was used.*
4. *The gross reserves are internal estimations based upon the following sources:*

Field	***Source of Data***
Myanmar Chauk & Yenangyaung	*Certificate of Oil Reserves as of April 2002* By Lemigas dated September 2002*
Indonesia TMT	*Reserves Certification of Tanjung Miring Timur as of 1 August 2005* By Gaffney, Cline & Associates (Consultants) Pte Ltd dated March 2006*
Indonesia ONWJ	*Oil and Gas Reserves Report as of 1 January 2006 By BP West Java Ltd dated January 2006*
Indonesia SES	*Estimated Future Gross and Net Reserves as of 31 December 2005 By Ryder Scott Company Petroleum Consultants dated February 2006*

**Actual production since the cut-off date has been deducted from the quantum of proved reserves.*

The Group's share of gross reserves as of 31 December 2009 based upon existing reserves certifications compiled by external industry experts, decreased compared to the previous year end as a result of actual production during 2009. Updated external reserves certifications were not commissioned during the year.

In the exploration blocks of western Thailand, one exploration well was drilled in the Mae Sot Basin but did not encounter any significant reservoir rocks containing commercial hydrocarbons and was plugged and abandoned. Hence no reserves have been assigned to the Thai blocks. Any potential accumulation that would be inferred in the several remaining structural leads would likely be classified as prospective or contingent resources under the petroleum reserves and resources classification definitions and guidelines issued by the SPE/WPC/AAPG. Accordingly, they are not included in the gross reserves chart above.

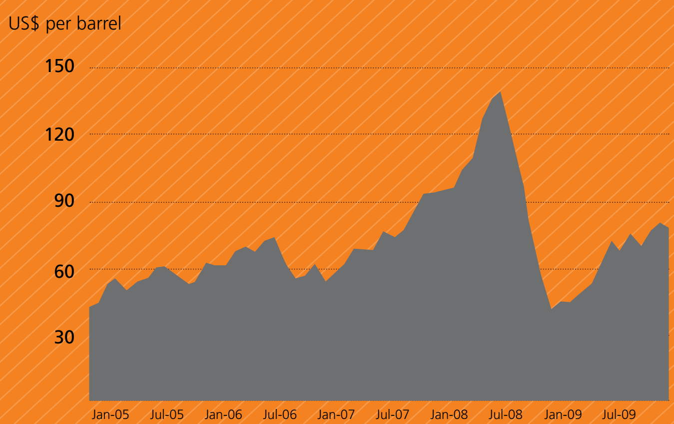
No reserves are currently assigned to PEP 167 in Australia as the Group awaits the drilling of a potential well there to appraise the possible oil accumulation.

Note:
The above information regarding the Group's reserves is compiled by the Group's Chief Technical Officer, Mr Frank Overall Hollinger, who has consented in writing to the inclusion of that information in the form and context in which it appears.

Crude Oil Prices and Hedging

Following the dramatic plunge in 2008, crude oil prices climbed steadily during the first half of 2009 towards the level of US$70-US$80 per barrel in the latter half of the year. The Sumatran Light Crude ("SLC") prices (the oil price at which all of the Group's crude oil is sold) for the past 5 years are as follows:

Sumatran Light Crude Price




strategies
in development

operating and financial review

"Extracting value through our activities, we are actively exploring strategic investments and looking into forging strong business alliances."

The Group did not use any hedging instruments with regard to its crude oil sales or production in 2009. Hence, it remains exposed to any fluctuations in the prevailing crude oil price. It is likely that the Group will only enter into hedging agreements which are considered essential as part of any acquisitions. It will continue monitoring the situation in light of the prevailing circumstances.

Factors Affecting Performance of the Business

The key factors affecting the Group's business, financial conditions or operations include:

- **Crude Oil Prices**
  As mentioned above, the Group does not have any hedge or derivative arrangements which would have the effect of giving the business a certain and fixed sale price for the crude oil it produces. Its revenue is exposed to fluctuations in the prevailing crude oil price.

- **Operating Costs**
  As a result of the weakening of crude oil prices in 2008 and the consequential softening of activity levels throughout the industry, upstream operating costs eased to some extent in 2009. However, with the rebound of crude oil prices to a relatively stable level during the year, operating costs are poised to rise along with the return in demand for materials, oil rigs, and oilfield related equipment and services.

- **Reserve Replacement and Drilling**
  The Group aims to replace reserves and sustain or increase production through development of existing assets and acquisition of new concessions.

  In Myanmar, where the fields are jointly operated by the Group and its partner, focus was placed on drilling new development wells, reactivating and deepening old wells and enhancing existing production. During 2009, amidst cost cutting, two instead of three low cost development wells of intermediate depth were drilled using our in-house rig. The wells were successful and lifted the overall production modestly. As a part of the continued emphasis on increasing production and reserve additions, an approximately 280-kilometre 2D seismic acquisition program is being planned over the Chauk field in 2010, with the primary focus of evaluating under-developed areas with sparse seismic coverage and un-drilled areas with new pool or exploration potential. Intermediate depth wells and deepening of two existing wells are also part of the 2010 work program, together with the continuance of aggressive re-opening/re-activation program and normal operation and maintenance programs.

  At TMT, which is operated by the Group's partner, the first of the three development well drilling program completed in the first quarter of 2009 was not successful.

  Drilling of the remaining two wells has been postponed due to ongoing work program evaluation by the operator. In light of reduced activity level, the 3D seismic acquisition program at TMT continues to be suspended.

  Although the planned drilling program in Myanmar and TMT was development in nature, there is always a risk of the drilling being unsuccessful and thus affecting the bottom line of the business. The Group is continuously seeking suitable producing fields and new acreage for acquisition to grow and expand its reserve base and production.

  In Australia, the 3D seismic survey, which began in February 2010 over the prospective area surrounding the Windermere oil discovery of PEP 167, is anticipated to lead to the drilling of an offset well.

- **Exploration Risk**
  Exploration activity involves a significant inherent risk of not discovering any accumulation of oil or gas, or that the discovery of oil or gas is not commercially recoverable or viable. In the event the exploration program proves to be unsuccessful, it may lead to a reduction in cash reserves due to such cost incurred and possible relinquishment of concession, and a diminution in asset value.

  In Thailand, the exploration well drilled at Block L17/48 towards the end of 2009 was not successful and therefore, the drilling cost was charged against the Group's earnings as an impairment. Going forward, the Group plans to continue its contract obligations under Blocks L17/48 and L9/48, and relinquish Block L3/48, the asset value of which will be written off.

  The Australian PEP 167 in which the Group acquired a 50% interest in late 2009 is also exploration in nature. Although the permit area contains two discovery wells, it is not certain whether a discovery would give rise to viable recovery or commercial production. A 3D seismic survey is being commissioned to delineate an offset well location to appraise one of the existing discovery wells. The results of the survey will determine the future work program for PEP 167.

- **Production Risk**
  There are inherent risks involved in the production of hydrocarbons that, in addition to impacting the actual volumes produced, may ultimately affect the reserves (recovered). Disregard for continuous industry standard production practices can lead to reduction in production volumes and in extreme cases, the actual total loss of production. Hence, the Group strives to put utmost emphasis on production and operation practices, and rigorous repetitive maintenance regimes that include continuous equipment repair and replacement. There are also events that can affect the production beyond the control of the operator, such as electrical shut down, weather and political or social situations.

- **Reserve Calculation Risk**
  Shareholders should be aware that there are numerous inherent uncertainties in respect to the estimation of reserves. The calculation involves a number of variable factors and assumptions that, when combined, gives rise to uncertainties in the reserves estimates. Normally, reserves are certified by a reputable technically competent auditor. In addition, the estimation of future net cash flows and fair values of assets are based upon reserves estimates. For more detailed information regarding this matter, please refer to Note 3(a), Petroleum Reserves, of the Notes to the Financial Statements section of this Annual Report.

Review of Assets

- **Myanmar – Chauk and Yenangyaung Fields**
  Combined production of the two Myanmar fields showed encouraging improvement with total gross production raised by 4.4% from 728,837 barrels of oil in 2008 to 760,791 barrels in 2009. The Yenangyaung field produced 584,414 barrels of oil, an increase of 6.3% from 549,700 barrels, whereas Chauk's production remained fairly steady at 176,377 barrels.

  Given the overall success of well re-openings in 2008, an aggressive re-opening program was implemented at both fields during 2009, whereby optimised reactivation of old wells were identified from geologic and reservoir engineering studies. Enhancement of existing production continued through replacing hardware, upgrading equipment and facilities, and improving operational practices.

  Two development wells were drilled – one at the Chauk field and the other at the Yenangyaung field in June and December 2009 respectively and both were completed as oil producers. The development drilling program was a continuation of the operator's strategy to focus on low risk, low cost, shallow to intermediate depth wells using its in-house drilling rig.

- **Indonesia – TMT**
  TMT's total gross production for 2009 dropped by 33.6% to 190,784 barrels of oil from 287,235 barrels last year. The operator recalibrated its work plan with the low oil price level at the beginning of 2009 and kept the activity level to a minimum. It postponed the planned drilling program and continued to suspend the 3D seismic acquisition program proposed in 2008.

  The development well drilled towards the end of 2008 was completed as an oil producer in early 2009 after much delay owing to frequent rig breakdowns. Throughout the year, the operator experienced increase in water cut in the fluid production as well as mechanical difficulties in the lifting and transportation equipment.

  A reassessment of the production activities and plans, and an evaluation of the scope of future development strategy are ongoing.

- **Thailand – Blocks L17/48, L9/48, L3/48**
  The maiden exploration well in Block L17/48 was drilled to a total depth of 5,770 feet during December 2009 and was subsequently plugged and abandoned since no commercial hydrocarbons were encountered. The evaluation of collected borehole data and all previously obtained geologic and geophysical information will be combined and re-interpreted to determine the implications of this well on future work plans for the exploration blocks.

  The work program for the first obligation period of the Block L17/48 petroleum contract was fulfilled and a letter confirming the continuance into the second obligation period was submitted to the Thai Department of Mineral Fuels in September 2009. With respect to the other two blocks, the owners intend to relinquish Block L3/48 and undertake the second obligation period for Block L9/48.

- **Australia – PEP 167**
  The Windermere 3D seismic program, which covers approximately 40 square kilometres surrounding the Windermere oil discovery in PEP 167, commenced during February 2010. To date, surveying of line locations and the other preliminary work are nearing completion. Data acquisition is scheduled to begin in March 2010 and be completed by April 2010. This will be followed by data processing and interpretation, the result of which will be used to define an optimal location for appraisal drilling.

board of directors

Edwin Soeryadjaya
Chairman

Mr Edwin Soeryadjaya is a non-executive and non-independent Director of Interra. He was appointed a Director on 14 December 2004 and Chairman on 1 July 2005. Mr Soeryadjaya was last re-elected as a Director on 25 April 2008.

Mr Soeryadjaya is one of the Founding Partners and the Chairman of PT Saratoga Investama Sedaya, a private equity and direct investment company in Indonesia and has deep insight into the Indonesian economy. He commenced his career with PT Astra International Tbk in 1978 and was responsible for its financial restructuring and public listing. He left Astra as Vice President Director in 1993 to set up his own investment company. His chairmanships include being the President Commissioner of PT Mitra Global Telekomunikasi Indonesia, PT Adaro Energy Tbk, PT Saptaindra Sejati, PT Global Kalimantan Makmur, PT Indonesia Bulk Terminal and PT Pulau Seroja Jaya. He also serves on the board of commissioners of PT Lintas Marga Sedaya and sits on the board of directors of Seroja Investments Limited and Fleur Enterprises Limited.

Mr Soeryadjaya graduated with a Bachelor of Business Administration from the University of Southern California, Los Angeles in 1974.

Sandiaga Salahuddin Uno
Deputy Chairman

Mr Sandiaga Salahuddin Uno is a non-executive and non-independent Director of Interra. He was appointed a Director on 1 July 2003 and Deputy Chairman on 1 July 2005. Mr Sandiaga was last re-elected as a Director on 30 April 2007. He also serves as member of the Audit Committee, the Nominating Committee and the Remuneration Committee.

Currently, Mr Sandiaga is the President Director of PT Saratoga Investama Sedaya, a private equity and direct investment company in Indonesia. He is also the Vice President for Small and Medium Enterprises of the Indonesian Chamber of Commerce and Industry (KADIN).

He sits on the board of directors of PT Adaro Energy Tbk, PT Indonesia Bulk Terminal, PT Mitra Global Telekomunikasi Indonesia, PT Lintas Marga Sedaya, Fleur Enterprises Limited and Attica Finance Limited. He also serves on the board of commissioners of PT Saptaindra Sejati, PT Global Kalimantan Makmur, PT Capitalinc Investment Tbk and PT Makmur Sejahtera Wisesa.

Mr Sandiaga received a Bachelor of Business Administration with *summa cum laude* from the Wichita State University, Kansas in 1990 and a Master of Business Administration from The George Washington University, Washington D.C. in 1992.

Marcel Han Liong Tjia
Executive Director & Chief Executive Officer

Mr Marcel Han Liong Tjia is an executive and non-independent Director of Interra. He was appointed Executive Director and Chief Executive Officer on 20 June 2009. Mr Tjia also sits on various boards and management committees of Interra's subsidiary companies and joint venture entities.

Prior to joining Interra, Mr Tjia was a partner in a regional private equity and direct investment company with interests in energy and natural resources. He is also a partner in an investment company with holdings in real estate and the automotive industry. Over the past 25 years, Mr Tjia has gained extensive experience in mergers and acquisitions as well as corporate finance in Hong Kong, Indonesia, Singapore and Canada.

Mr Tjia holds a Bachelor of Commerce (Honours) and a Master of Business Administration degree from the University of British Columbia in Vancouver, Canada.

board of directors

Subianto Arpan Sumodikoro
Non-Executive Director

Mr Subianto Arpan Sumodikoro is a non-executive and non-independent Director of Interra. He was appointed a Director on 14 December 2004 and was last re-elected on 29 April 2009.

Mr Subianto commenced his career with PT Astra International Tbk in 1969 and held a variety of positions within the Astra group, rising to be its Vice Chairman in 2000. Before he retired from the Astra group in 2006, he also served on the board of commissioners of PT Astra Agro Lestari Tbk.

Currently, Mr Subianto leads the board of directors of his own investment and holding companies, PT Tri Nur Cakrawala, PT Pandu AlamPersada, PT Persada Capital Investama and Canyon Gate Investments Ltd. In addition, he is the President Commissioner of PT Persada Capital, PT Kirana Megatara and the Chairman of Multi-Corporation (S) Pte Ltd. He also sits on the board of commissioners of PT Adaro Indonesia and PT Adaro Energy Tbk.

Mr Subianto graduated from the Bandung Institute of Technology in 1969 with a Bachelor Degree in Mechanical Engineering.

Allan Charles Buckler
Independent Director

Mr Allan Charles Buckler is a non-executive and independent Director of Interra. He was appointed a Director on 14 December 2004 and was last re-elected on 25 April 2008. Mr Buckler also serves as Chairman of the Audit Committee and the Nominating Committee and member of the Remuneration Committee.

Mr Buckler sits on the board of directors of Altura Mining Limited.

Mr Buckler holds a Certificate in Mine Surveying and Mining. He also holds a First Class Mine Managers Certificate and a Mine Surveyor Certificate issued by the Queensland Government's Department of Mines.

Ng Soon Kai
Independent Director

Mr Ng Soon Kai is a non-executive and independent Director of Interra. He was appointed a Director on 1 November 2005 and was last re-elected on 29 April 2009. Mr Ng also serves as Chairman of the Remuneration Committee and member of the Audit Committee and the Nominating Committee.

Mr Ng is currently the Managing Director of Ng Chong & Hue LLC and has vast legal experience in litigation, mergers and acquisitions, corporate restructuring, reverse takeovers and schemes of arrangement.

Mr Ng obtained a Bachelor of Laws with Second Class Upper Division Honours from the National University of Singapore in 1989. He is a Commissioner for Oaths and a Notary Public.

Crescento Hermawan
Alternate Director to Subianto Arpan Sumodikoro

Mr Crescento Hermawan is the Alternate Director to Mr Subianto Arpan Sumodikoro. He was appointed as an Alternate Director on 19 May 2005.

Mr Crescento is currently the President Director of PT Persada Capital and Director of PT Persada Capital Investama.

Mr Crescento holds a Bachelor of Finance from The University of Toledo, Ohio.

key management

Foo Say Tain
Chief Financial Officer

Mr Foo Say Tain joined Interra as Chief Financial Officer in November 2007. He has overall responsibility for the Group's financial and management accounting, treasury, taxation and other corporate compliance matters.

Prior to joining Interra, Mr Foo was the Group Financial Controller of Ultro Technologies Limited and Tye Soon Limited. He has more than 20 years of experience in accounting, finance and administration, both in listed companies and foreign MNCs.

Mr Foo is a Fellow of the Institute of Certified Public Accountants of Singapore and a Fellow of the Association of Chartered Certified Accountants, UK. He also holds a degree in Bachelor of Business Administration from The National University of Singapore.

Frank Overall Hollinger
Chief Technical Officer

Mr Frank Overall Hollinger was appointed the Chief Technical Officer of Interra in July 2006. He manages the geoscience and other technical aspects of the petroleum exploration and production business.

Before Interra, Mr Hollinger spent 8 years in Myanmar as a Geophysical Consultant for Premier Petroleum Myanmar Ltd., Myanmar Petroleum Resources Ltd. and Goldpetrol JOC Inc. He commenced his geoscience career in 1971 while in graduate school as a National Aeronautics and Space Administration research assistant at The University of New Mexico, USA. Subsequently, he worked on numerous exploration and development projects in different capacities with oil and gas corporations such as Texaco Inc., Petroleum Exploration Consultants Worldwide Inc., Mapco Production Co., Ladd Petroleum Corp., Enron Oil & Gas, Columbia Gas Development Corporation, and Petronas Carigali Sdn Bhd. He has more than 30 years experience in the petroleum industry.

Mr Hollinger graduated from the University of South Alabama with a Bachelor of Science in Geology in 1971. Subsequently, he obtained a Master of Science in Geology from The University of New Mexico in 1973. In 1988, Mr Hollinger completed the Professional Degree Program in Geology at the Colorado School of Mines. He is a Member of the American Association of Petroleum Geologists.

corporate governance report

The Company is required under the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual – Section B: Rules of Catalist (the "Rules of Catalist") to describe its corporate governance practices with specific reference to the principles of the Code of Corporate Governance issued by the Committee on Corporate Governance, as from time to time amended, modified or supplemented (the "Code").

The following report discloses the Company's corporate governance policies and practices in 2009 and explains any deviation from any guideline of the Code.

BOARD MATTERS

Principle 1 – Board's Conduct of its Affairs

Every company should be headed by an effective board to lead and control the company. The board is collectively responsible for the success of the company. The board works with management to achieve this and the management remains accountable to the board.

The role of the Board includes:
(a) providing entrepreneurial leadership and setting corporate strategy and direction;
(b) ensuring that the necessary financial resources and Management of high integrity are in place for the Company to meet its objectives;
(c) reviewing risk management framework and controls;
(d) reviewing Management performance and providing oversight in the proper conduct of the Group's business; and
(e) ensuring that obligations to shareholders and others are understood and met.

To assist in the efficient discharge of its fiduciary duties, the Board had previously established three (3) Board Committees namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). Each Committee has its own terms of reference to address their respective areas of focus. Matters which are delegated to the Board Committees are reported to and approved collectively by the Board.

All Directors objectively take decisions in the interests of the Company. The Management provides the Board with regular financial and operational updates and decisions on all key matters such as significant acquisitions and disposals or undertakings, funding proposals and the releases of the Group's results and other significant announcements are made by the Board.

During the year, the Board met on four (4) occasions to review and approve various matters relating to business strategies, corporate governance practices, and the performance of the Group. Whenever possible, Board meetings were scheduled to coincide with quarterly financial results reporting in order to facilitate the review of financial statements and announcement of unaudited quarterly results of the Group. Ad-hoc Board meetings to discuss and approve material acquisitions and disposals of assets and major undertakings of the Group were convened when the need arose. Where the attendance of certain Directors was not physically possible, meetings were conducted with these Directors communicating through teleconferencing. To further facilitate the efficient management of the Group, resolutions of the Board were passed by way of circulating minutes pursuant to Article 105 of the Articles of Association of the Company.

Upon the appointment of a new Director, the Company will provide a formal letter to the Director, setting out clearly the Director's duties and obligations. For first-time Directors, the Company will offer to provide training appropriate to the level of their previous experience in areas such as accounting, legal and industry knowledge. Further, the Company has in place an orientation program to ensure that the incoming Directors become familiar with the Group's businesses and corporate governance practices. Mr Marcel Han Liong Tjia was appointed the Executive Director and Chief Executive Officer ("CEO") of the Company on 20 June 2009. As Mr Tjia was involved in the intial inception of the Company, he is familiar with the business and industry that the Company is operating in. In addition, he was briefed by the respective DIrectors and Management on the Company's business and corporate governance practices.

Changes to regulations and accounting standards are monitored closely by the Management. Where these changes have an important bearing on the Company's or Directors' disclosure obligations, Directors are kept informed of such changes from time to time through the circulation of the relevant changes which are also tabled during Board meetings.

The attendance of every member at Board meetings and Board Committee meetings expressed as a ratio of the total number of meetings held during each member's period of appointment in 2009, is set out below.

Name	Board Meeting Attendance	AC Meeting Attendance	NC Meeting Attendance	RC Meeting Attendance
Edwin Soeryadjaya	2/4	-	-	-
Sandiaga Salahuddin Uno	4/4	4/4	1/1	2/2
Marcel Han Liong Tjia(1)	2/2	2/2(5)	-	-
Subianto Arpan Sumodikoro	0/4	-	-	-
Allan Charles Buckler	3/4	3/4	1/1	2/2
Ng Soon Kai(2)	3/4	-	1/1	1/2
Crescento Hermawan (Alternate Director to Subianto Arpan Sumodikoro)	0/4	-	-	-
Luke Christopher Targett(3)	2/2	2/2(5)	-	-
Lim Hock San(4)	3/4	3/4	1/1	2/2

Notes:

(1) Mr Marcel Han Liong Tjia was appointed as Executive Director and CEO on 20 June 2009.

(2) Mr Ng Soon Kai was appointed to the AC on 3 February 2010.

(3) Mr Luke Christopher Targett ceased to be the Executive Director and CEO on 19 June 2009.

(4) Mr Lim Hock San resigned as an Independent Director on 31 December 2009.

(5) Attendance by invitation.

Principle 2 – Board Composition and Balance

There should be a strong and independent element on the board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management. No individual or small group of individuals should be allowed to dominate the board's decision making.

The Board comprises six (6) Directors and one (1) Alternate Director to Mr Subianto Arpan Sumodikoro. Profiles of the Directors are set out in the Board of Directors section of this Annual Report.

Mr Luke Christopher Targett ceased to be the Executive Director and CEO of the Company on 19 June 2009 and Mr Lim Hock San resigned as an Independent Director on 31 December 2009.

The compositions of the Board and Board Committees as at the date of this Annual Report are set out below.

Name	Date of First Appointment/ Last Re-election	Board	AC	NC	RC
Edwin Soeryadjaya	14-Dec-2004/ 25-Apr-2008	Non-Executive, Chairman	-	-	-
Sandiaga Salahuddin Uno	01-Jul-2003/ 30-Apr-2007	Non-Executive, Deputy Chairman	Member	Member	Member
Marcel Han Liong Tjia	20-Jun-2009/ -	Executive, CEO	-	-	-
Subianto Arpan Sumodikoro	14-Dec-2004/ 29-Apr-2009	Non-Executive	-	-	-
Allan Charles Buckler	14-Dec-2004/ 25-Apr-2008	Non-Executive, Independent	Chairman	Chairman	Member

corporate governance report

Name	Date of First Appointment/ Last Re-election	Board	AC	NC	RC
Ng Soon Kai	01-Nov-2005/ 29-Apr-2009	Non-Executive, Independent	Member	Member	Chairman
Crescento Hermawan	19-May-2005/ -	Alternate Director to Subianto Arpan Sumodikoro	-	-	-

Currently, there are two (2) Independent Directors appointed on the Board thereby fulfilling the Code's recommendation that Independent Directors make up at least one third (1/3) of the Board. The independence of each Director is reviewed by the NC based on the guidelines set forth in the Code.

The Board is of the view that its current size is appropriate, taking into account the size and scope of operations of the Company.

The Board of Directors possesses the requisite experience and knowledge in various fields. As a group, the Board is skilled in core competencies such as law, accounting/finance, business/management, industry knowledge and strategic planning.

The Non-Executive Directors met informally without the presence of the Management from time to time so as to facilitate a more effective check on the Management. The matters discussed included developing proposals on strategy, reviewing the performance of the Management in meeting agreed goals and objectives, and monitoring the reporting of performance.

Principle 3 – Chairman and Chief Executive Officer

There should be a clear division of responsibilities at the top of the company – the working of the board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The roles of the Chairman and the CEO are kept separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the CEO are not related to each other within the meaning of the Code. The CEO, who is responsible for the day-to-day operations of the Group, has his role and responsibilities clearly established by the Board and set out in writing under his employment agreement. The Chairman, who is a Non-Executive Director, is responsible for the leadership and objective functioning of the Board.

Principle 4 – Board Membership

There should be a formal and transparent process for the appointment of new directors to the board.

As at the date of this Annual Report, the members of the NC are:

(a) Mr Allan Charles Buckler (Chairman);
(b) Mr Ng Soon Kai; and
(c) Mr Sandiaga Salahuddin Uno.

Note: Mr Lim Hock San ceased to be a member of the NC when he resigned as a Director on 31 December 2009.

The NC comprises three (3) Non-Executive Directors, the majority of whom, including the Chairman are Independent Directors. The Chairman of the NC is not directly associated with a substantial shareholder of the Company within the meaning of the Code.

The NC has written terms of reference that describe the responsibilities of its members. The role of the NC includes:

(a) developing and maintaining a formal and transparent process for the appointment of new Directors, including the nomination and selection process of the new Director and how he/she will fit in the overall competency of the Board;
(b) reviewing all nominations for the re-appointment of members of the Board at the annual general meeting having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation, candour and any other salient factors);
(c) ensuring that all Directors submit themselves for re-nomination and re-election at regular intervals and at least every three (3) years in accordance with the Articles of Association of the Company;
(d) determining annually whether a Director is independent, bearing in mind the circumstances set forth in the Code;
(e) recommending to the Board as to whether the Director is to be considered independent, based on the returns submitted by the Directors upon appointment and subsequently on an annual basis in the form set out in its terms of reference;
(f) reviewing the change in circumstances upon notification of an Independent Director to the Board that he no longer meets the criteria for independence as a result of a change in circumstances and make its recommendation to the Board;
(g) deciding whether a Director is able to and has adequately carried out his duties as a Director of the Company in particular where the Director concerned has multiple board representations;
(h) developing and maintaining a formal assessment process for the evaluation of the effectiveness of the Board as a whole and the contributions of each individual Director to the Board's effectiveness;
(i) deciding on how the Board's performance may be evaluated and proposing objective performance criteria for the Board's approval;
(j) retaining such professional consultancy firm as it may deem necessary to enable it to discharge its duties hereunder satisfactorily;
(k) considering the various disclosure requirements for the appointment of Directors, particularly those required by regulatory bodies such as the SGX-ST; and
(l) undertaking such other duties as may be agreed to between itself and the Board.

The NC made the requisite recommendations to the Board on the re-nomination and re-election of Directors in accordance with the Articles of Association of the Company and as contemplated by the Code.

The NC also reviewed and determined that there was no change in the independent status of two (2) Independent Directors, Mr Allan Charles Buckler and Mr Ng Soon Kai.

When considering a new Board member, the NC will review the curriculum vitae of the potential candidate and consider his/her experience and likely contribution to the Board. Interviews will then be subsequently conducted before the NC makes its recommendation to the Board. The Board will make the final determination for the appointment.

Each meeting of the NC was properly minuted and upon confirmation of such minutes by the Chairman, a copy of the confirmed minutes was duly circulated to all members and reported by the NC chairman to the Board.

Principle 5 – Board Performance

There should be a formal assessment of the effectiveness of the board as a whole and the contribution by each director to the effectiveness of the board.

The NC has established an appraisal process to assess the performance and effectiveness of the Board as a whole as well as to assess the contribution of individual Directors. The assessment parameters include evaluation of the size and composition of the Board, the Board's access to information, the Board's processes and accountability, objective performance criteria, which allow comparison with the Company's peers, as well as consideration of the Guidelines to Principle 5 of the Code.

Principle 6 – Access to Information

In order to fulfil their responsibilities, board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

The Management regularly keeps the Board updated on the operational activities, progress and development, and future prospects of the Group. Comprehensive quarterly financial reports are submitted to the Board for approval and release to the public. Other information given to the Board comprises background or explanatory information, disclosure documents, proposals, budgets, forecasts and monthly management accounts.

The Directors have direct and independent access to the Company Secretary. The responsibilities of the Company Secretary include:

(a) attending all Board meetings and preparing minutes of these meetings;
(b) ensuring compliance with applicable laws and regulations;
(c) ensuring compliance with internal procedures and guidelines of the Group;
(d) maintaining and updating all statutory books and records;
(e) ensuring that good information flows within the Board and its Committees and between Management and Non-Executive Directors; and
(f) facilitating orientation and assisting with professional development as required.

The appointment and removal of the Company Secretary is a matter for the Board to decide as a whole.

The Directors, in the furtherance of their duties, are allowed to take independent professional advice, if necessary, at the Company's expense.

REMUNERATION MATTERS

Principle 7 – Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8 – Level and Mix of Remuneration

The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Principle 9 – Disclosure on Remuneration

Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

As at the date of this Annual Report, the members of the RC are:
(a) Mr Ng Soon Kai (Chairman);
(b) Mr Allan Charles Buckler; and
(c) Mr Sandiaga Salahuddin Uno.

Note: Mr Lim Hock San ceased to be the Chairman of the RC when he resigned as a Director on 31 December 2009. Mr Ng Soon Kai was re-designated as the Chairman on 3 February 2010.

The RC comprises three (3) Non-Executive Directors, the majority of whom, including the Chairman, are Independent Directors.

The RC has written terms of reference that describe the responsibilities of its members. The role of the RC includes:
(a) developing and maintaining a formal and transparent policy for the determination of Directors' remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind;
(b) recommending to the Board a framework of remuneration for Directors and specific remuneration packages for each Executive Director and the CEO, if the CEO is not an Executive Director;
(c) reviewing the remuneration of Management;
(d) considering what compensation commitments the Directors' contracts of service, if any, would entail in the event of early termination;
(e) ensuring that the level of remuneration offered is appropriate to the level of contribution, taking into account factors such as effort and time spent, pay and employment conditions within the industry and in comparable companies and responsibilities undertaken;
(f) reviewing whether Directors should be eligible for benefits under long-term incentive schemes and to evaluate the costs and benefits of long-term incentive schemes;
(g) making recommendations in consultation with the CEO and submitting its recommendations for endorsement by the entire Board;
(h) retaining such professional consultancy firm as it may deem necessary to enable it to discharge its duties hereunder satisfactorily;
(i) considering the various disclosure requirements for Directors' remuneration, particularly those required by regulatory bodies such as the SGX-ST, and ensuring that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties; and
(j) undertaking such other duties as may be agreed to by itself and the Board.

During the year, the RC made the requisite recommendations regarding the remuneration packages of Directors including the CEO and submitted them for endorsement by the entire Board. The RC's recommendations covered all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind. In setting remuneration packages of Directors, the RC takes into consideration the remuneration and employment conditions within the same industry and comparable companies as well as the Group's relative performance and size. No Director was involved in deciding his own remuneration other than the framework of remuneration scheme for the Board as a whole. Directors' fees for the financial year ended 31 December 2009 are proposed by the Board for shareholders' approval at the Company's annual general meeting to be held on 28 April 2010.

The RC also reviewed the remuneration of the Management during the course of the year. There were no share options granted for the financial year ended 31 December 2009.

Each meeting of the RC was properly minuted and upon confirmation of such minutes by the Chairman, a copy of the confirmed minutes was duly circulated to all members and reported by the RC chairman to the Board.

The Company has endeavoured to ensure that there is adequate disclosure of its remunerations policies and the remuneration details of Directors and key executives to enhance transparency between the Company and shareholders.

The remuneration of Directors for the financial year ended 31 December 2009 is summarised below.

Name	**Directors' Fees**	**Base / Fixed Salary**	**Variable Component or Bonuses**	**Benefits-in-kind, Allowances and Other Incentives**
S$250,000 – S$500,000				
Luke Christopher Targett[(1)]	-	37%	20%	43%
Below S$250,000				
Edwin Soeryadjaya	100%	-	-	-
Sandiaga Salahuddin Uno	100%	-	-	-
Subianto Arpan Sumodikoro	100%	-	-	-
Allan Charles Buckler	100%	-	-	-
Ng Soon Kai	100%	-	-	-

Name	Directors' Fees	Base / Fixed Salary	Variable Component or Bonuses	Benefits-in-kind, Allowances and Other Incentives
Below S$250,000				
Crescento Hermawan	-	-	-	-
Marcel Han Liong Tjia[(2)]	-	84%	16%	-
Lim Hock San[(3)]	100%	-	-	-

Notes:

(1) Mr Luke Christopher Targett ceased to be the Executive Director and CEO on 19 June 2009.
(2) Mr Marcel Han Liong Tjia was appointed as Executive Director and CEO on 20 June 2009.
(3) Mr Lim Hock San resigned as an Independent Director on 31 December 2009.

The total Directors' fees for the year amounted to S$328,000 (FY2008: S$328,000).

The remuneration of key executives for the financial year ended 31 December 2009 is summarised below.

Name	Base / Fixed Salary	Variable Component or Bonuses	Benefits-in-kind, Allowances and Other Incentives
S$250,000 – S$500,000			
Frank Overall Hollinger	74%	12%	14%
Below S$250,000			
Foo Say Tain	81%	15%	4%

There were no employees who are immediate family members of a Director or CEO, and whose remuneration exceeds S$150,000 during the year.

ACCOUNTIBILITY AND AUDIT

Principle 10 – Accountability

The board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is mindful of its responsibility of overseeing the corporate performance of the Company and is accountable to shareholders for the processes of directing and managing the Company's business and affairs. The Board makes quarterly announcements of the Group's results so as to provide shareholders with comprehensive information and a balanced view on the Group's performance, position and prospects.

The Management keeps the Board informed and updated of the Group's operational and financial performance with the provision of comprehensive monthly management reports. Apart from adopting corporate governance practices in line with the spirit of the Code, the Company also observes obligations of continuing disclosure under the Rules of Catalist. The Company has endeavoured to circulate timely, adequate and non-selective disclosure of material information.

Principle 11 – Audit Committee

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

As at the date of this Annual Report, the members of the AC are:
(a) Mr Allan Charles Buckler (Chairman);
(b) Mr Ng Soon Kai; and
(c) Mr Sandiaga Salahuddin Uno.

Note: Mr Lim Hock San ceased to be the Chairman of the AC when he resigned as a Director on 31 December 2009. On 3 February 2010, Mr Allan Charles Buckler was re-designated as the Chairman of the AC and Mr Ng Soon Kai was appointed as a member of the AC.

The AC comprises three (3) Non-Executive Directors, the majority of whom, including the Chairman, are Independent Directors.

The AC has written terms of reference that describe the responsibilities of its members. The role of the AC includes:

(a) appraising the effectiveness of the audit efforts of the external auditors and reviewing the independence of the external auditors annually and making recommendations to the Board on the appointment and re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors, including but not limited to approving remuneration and terms of engagement of the external auditors;
(b) ensuring (at least annually) that the internal audit function is adequately resourced, independent of the activities it audits and has appropriate standing within the Company;
(c) ensuring that a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management policies and systems, is conducted annually;
(d) reviewing the audit plans of the external auditors and the internal auditors, including the results of their review and evaluation of the adequacy and effectiveness of the system of internal audit controls;
(e) reviewing the annual consolidated financial statements and the external auditors' report on those financial statements, and discussing any significant adjustments, major risks areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management, where necessary, before submission to the Board for approval;
(f) reviewing the periodic consolidated financial statements comprising the profit and loss statements and the balance sheets and such other information required by the Rules of Catalist, before submission to the Board for approval;
(g) reviewing and discussing with the external auditors and the internal auditors any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
(h) meeting with the external auditors and the internal auditors without the presence of the Management at least once a year and to review the co-operation given by the Management to them;
(i) reviewing arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
(j) reviewing, approving and ratifying any interested person transactions falling within the scope of Chapter 9 of the Rules of Catalist as may be amended from time to time and such other rules and regulations under the listing rules of the SGX-ST that may be applicable in relation to such matters from time to time;
(k) reviewing any potential conflicts of interest;
(l) undertaking such other reviews and projects as may be requested by the Board, and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC;
(m) undertaking generally such other functions and duties as may be required by law, the Rules of Catalist or the Securities and Futures Act, Chapter 289 and by such amendments made thereto from time to time;
(n) retaining such professional consultancy firm as it may deem necessary to enable it to discharge its duties hereunder satisfactorily; and
(o) considering the various disclosure requirements for the financial reporting, particularly those required by regulatory bodies such as the SGX-ST and to ensure that there is adequate disclosure in the financial statements.

The Board is of the view that the present members of the AC have sufficient accounting or related financial management expertise and experience to discharge their responsibilities as set out in its terms of reference.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation of the Management and full discretion to invite any Director or executive officer to any of its meetings, and it is in possession of reasonable resources to enable it to discharge its functions properly.

During the year, the AC met with the Management and the external auditors on four (4) occasions. These meetings included, amongst other things, a review of the Group's financial statements, accounting and internal control procedures, prospects and independence of the external auditors. The AC also met with the external auditors without the presence of the Management.

The AC confirms that the appointment of different external auditors for the various subsidiaries and joint venture companies would not compromise the standard and effectiveness of the audit of the Company. There were no non-audit services provided to the Group by the external auditors.

The AC has in place a whistle blowing policy for the Group. The purpose of the policy is to provide a platform for the employees of the Group to report any fraud, abuse or violations of business ethics and regulations to the AC Chairman directly. The violations that can be reported on under the policy include both accounting related as well as non-accounting related violations.

Each meeting of the AC was properly minuted and upon confirmation of such minutes by the Chairman, a copy of the confirmed minutes was duly circulated to all members and tabled at Board meetings.

Principle 12 – Internal Controls

The board should ensure that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

Principle 13 – Internal Audit

The company should establish an internal audit function that is independent of the activities it audits.

The AC is responsible for reviewing the adequacy of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the Management. The external auditors conduct annual compliance check of the accounting records and financial statements of the Group, review of principal management and internal accounting controls, and report their findings and recommendations to the AC. The internal auditors perform annual evaluation of the accounting and internal control system, and report their findings and recommendations to the AC. Besides identifying the key risks of the Group, which are outlined in Note 32, Financial Risk Management, of the Notes of the Financial Statements section of this Annual Report, the Management responds and follows up on the audit recommendations so as to improve any accounting and internal control weaknesses. This three-dimensional approach facilitates the AC in assessing the adequacy of internal controls and in advising the Board the effectiveness of the internal control framework.

The internal audit function is outsourced to a reputable public accounting/audit firm and is therefore expected to meet or exceed the standards set by the relevant professional bodies in Singapore. The internal auditors report functionally to the AC and administratively to the Management. The AC reviews the adequacy of the internal audit function and approves the internal audit plans on a regular basis.

The Board is of the opinion that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the Company's assets.

COMMUNICATIONS WITH SHAREHOLDERS

Principle 14 – Regular, Effective and Fair Communication with Shareholders

Companies should engage in regular, effective and fair communication with shareholders.

Principle 15 – Greater Shareholder Participation

Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company has in place a communication framework that disseminates timely and complete financial data, price-sensitive information and material developments to shareholders. Quarterly releases of financial results, press releases on significant developments and all other information are first announced on the website of the SGX-ST via SGXNET and then posted on the Company's website at www.interraresources.com.

The Company encourages active shareholder participation at its general meetings. Notices of meetings are published in the major newspapers and reports or circulars of the general meetings are despatched to all shareholders by post. Shareholders who are unable to attend the general meetings may appoint up to two proxies each to attend and vote on their behalf as long as proxy forms are sent in advance.

Resolutions passed at general meetings are kept separate with respect to each distinct issue.

In previous general meetings, as far as possible, at least one chairperson of the AC, NC and RC has been present and was available to address questions. The Company will continue to endeavour to arrange for all Committee chairpersons to attend all general meetings. The external auditors are present at every general meeting to assist the Directors in addressing any relevant queries by any shareholder.

INTERESTED PERSON TRANSACTIONS – Rule 1204(16) of the Rules of Catalist

There were no interested person transactions entered into during the financial year ended 31 December 2009.

DEALING IN SECURITIES – Rule 1204(18) of the Rules of Catalist

The Company has complied with Rule 1204(18) of the Rules of Catalist in relation to dealings in securities of the Company. Directors and employees of the Company are required to adhere to the following rules at all times:

(a) to observe insider trading laws and avoid potential conflicts of interest at all times when dealing in securities;
(b) not to deal in the Company's shares while in possession of unpublished material price sensitive information;
(c) not to deal in the Company's shares for short-term considerations; and
(d) not to deal in the Company's shares during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one (1) month before the announcement of the Company's full year financial statements.

CORPORATE GOVERNANCE STATEMENT

The Company is required under the Australian Securities Exchange Limited ("ASX") Listing Rules to disclose the extent to which it has complied with the Corporate Governance Principles and Recommendations, 2nd Edition (the "ASX Code") which took effect from 1 January 2008.

As the principles and best practice recommendations of the ASX Code are fairly similar to those of the Code, the Company's compliance with the ASX Code is tabulated below with references being made to comparable provisions in the Code described in the preceding Corporate Governance Report section.

ASX Code Recommendation		Complied	Note	Code Principle
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	-	1
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes	-	4, 9
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	Yes	-	1, 4, 9
2.1	A majority of the board should be independent directors.	-	A	2, 6
2.2	The chair should be an independent director.	-	B	3
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes	-	3
2.4	The board should establish a nomination committee.	Yes	-	1, 4
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	-	5
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	Yes	A, B	1, 2, 3, 4, 5, 6
3.1	Companies should establish a code of conduct and disclose the code or summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	-	C	6, 10, 11

corporate governance report

ASX Code Recommendation		Complied	Note	Code Principle
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Yes	D	-
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	C, D	6, 10, 11
4.1	The board should establish an audit committee.	Yes	-	1, 11
4.2	The audit committee should be structured so that it: • consists only of non-executive directors • consist of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members.	Yes	-	11
4.3	The audit committee should have a formal charter.	Yes	-	11
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	-	11
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	-	E	6, 10, 14
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	E	6, 10, 14
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	-	14, 15
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Yes	-	14, 15
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	-	11, 12
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	-	1, 11, 12, 13
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Not applicable	F	13

ASX Code Recommendation		Complied	Note	Code Principle
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Yes	F	1, 11, 12, 13
8.1	The board should establish a remuneration committee.	Yes	-	1, 7, 8
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors or senior executives.	Yes	-	8, 9
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	-	1, 7, 8, 9

Notes to Corporate Governance Statement

(A) The Board comprises two (2) Independent Directors, three (3) Non-Executive Directors and one (1) Executive Director, in compliance with the Code that Independent Directors make up at least one third of the Board. Given the Company's background, nature of business, size of operations and current stage of development, the Board is of the view that its current size and composition is appropriate and has a strong and independent element in exercising objective judgement and decision making.

(B) The Chairman's role is non-executive and is kept separate from the CEO to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Board had established 3 Board Committees namely, the AC, the NC and the RC, to assist in the efficient discharge of its fiduciary duties. Each Committee is headed by an Independent Director and the majority of its members are also Independent Directors. Matters which are delegated to the Board Committees are reported to and approved collectively by the Board. Directors are regularly informed of and consulted on all key matters and activities of the Company, both at formal Board meetings and informally as and when information is available. Given the current size and structure of the Company, the Board is of the view that this culture of open communication and consultation is a sound corporate governance practice. It is the Board's intention to appoint a lead Independent Director in due course as the Company expands and grows in size.

(C) The AC has in place a whistle blowing policy for the Group. The policy states the Company's requirement for Directors, managers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities and provides a platform for the employees of the Group to report any fraud, abuse or violations of business ethics and regulations to the AC Chairman directly. The violations that can be reported on under the policy include both accounting related as well as non-accounting related violations.

(D) This is in line with Rule 1204(18) of the Rules of Catalist.

(E) As the Company is a listed entity on both SGX Catalist and ASX, for the purposes of compliance with the ASX Listing Rules, the management of the Company gives careful consideration to the views expressed by its Australian based lawyers and similar professional persons to ensure compliance at all times. Following such considerations, the authority to release the Company's material information and announcements is typically made only upon the written authorisation by the Board of Directors.

(F) As the Company is registered as a foreign company in Australia, it is not required to comply with section 295A of the Corporations Act. Nevertheless, the AC is responsible for reviewing the adequacy of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the Management. The external auditors conduct annual compliance check of the internal controls of the Group and report these findings to the AC. This facilitates the AC in assessing the adequacy of internal controls and in reassuring the Board that sufficient checks are in place.

The Company's corporate governance policies and practices can be found under the Corporate Governance section of its website at www.interraresources.com.

Directors' Report

For the financial year ended 31 December 2009

The directors present their report to the members together with the audited balance sheet of the Company and financial statements of the Group for the financial year ended 31 December 2009.

DIRECTORATE

The directors of the Company at the date of this report are:

Edwin Soeryadjaya	(Chairman)
Sandiaga Salahuddin Uno	(Deputy Chairman)
Tjia Marcel Han Liong	(Appointed on 20 June 2009)
Subianto Arpan Sumodikoro	
Allan Charles Buckler	
Ng Soon Kai	
Crescento Hermawan	(Alternate to Subianto Arpan Sumodikoro)
Lim Hock San	(Resigned on 31 December 2009)
Luke Christopher Targett	(Resigned on 19 June 2009)

ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as disclosed under "Share Options" on pages 33 and 34 of this report.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the particulars of interests of directors who held office at the end of the financial year in shares or debentures of the Company and of related corporations other than wholly-owned subsidiaries were as follows:

	Number of ordinary shares in the name of director or nominee		**Number of ordinary shares in which the director is deemed to have an interest**	
	At end of the financial year	**At beginning of the financial year**	**At end of the financial year**	**At beginning of the financial year**
<u>The Company</u>				
Edwin Soeryadjaya	-	-	39,948,000	39,958,000
Sandiaga Salahuddin Uno	-	-	39,948,000	39,958,000
Luke Christopher Targett (resigned on 19 June 2009)	-	40,000	-	-
Subianto Arpan Sumodikoro	-	-	30,000,000	30,000,000
Allan Charles Buckler	3,945,600	3,945,600	-	-

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares or debentures of the Company or related corporations either at the beginning of the financial year or at the end of the financial year.

Directors' Report

For the financial year ended 31 December 2009

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

(b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Interra Share Option Plan as set out below are under "Share Options" on pages 33 and 34 of this report.

	Number of unissued ordinary shares under option	
	At end of the financial year	At beginning of the financial year
<u>Luke Christopher Targett</u>		
2008 Options	-	700,000

On 19 June 2009, Chief Executive Officer and Executive Director, Luke Christopher Targett resigned after the expiry of his service contract and the 2008 Options granted to him lapsed on the same date.

(c) Except as disclosed above, there was no change in any of the above-mentioned interests in the Company or related corporations between the end of the financial year and 21 January 2010.

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the accompanying financial statements and in this report, since the end of previous financial year, no director of the Company had received or become entitled to receive a benefit (other than as disclosed as directors' remuneration and fees in the accompanying financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

SHARE OPTIONS

(a) <u>Interra Share Option Plan</u>

The Interra Share Option Plan (the "Plan") for key executives and other employees of the Group was approved by members of the Company at an Extraordinary General Meeting on 30 April 2007.

The Plan provides a means to recruit, retain and give recognition to employees who have contributed to the success and development of the Group.

Under the Plan, options to subscribe for the ordinary shares of the Company are granted to key management personnel and employees after taking into account criteria such as the rank, job performance, years of service, potential for future development, contribution to the success and development of the Group and the prevailing market and economic conditions. The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange Securities Trading Limited ("SGX-ST") for five market days immediately preceding the date of the grant or a price which is set at a premium to the market price, the quantum of such premium to be determined by the Remuneration Committee in its absolute discretion (amended and approved by SGX-ST on 26 December 2007). The vesting of the options is conditional on the participant completing another two years of service to the Group. Once the options are vested, they are exercisable for a period of three years. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. There will be no restriction on the eligibility of any participant to participate in any other share option plan or share incentive plan implemented by any other companies within the Group. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the Plan, shall not exceed 5% of the issued share capital of the Company on the day preceding that date.

SHARE OPTIONS (CONT'D)

The Plan became operative upon the Company granting options to subscribe for 1,200,000 ordinary shares of the Company on 3 March 2008 ("2008 Options"). On 3 March 2008, the Company granted options to subscribe for 600,000 ordinary shares at an exercise price of S$0.45 per share and 600,000 ordinary shares at an exercise price of S$0.55 per share. The 2008 Options are exercisable from 4 March 2010 and expires on 2 March 2013. The total fair value of the 2008 Options granted was estimated to be S$49,448 (US$35,461) using the Binomial Option Pricing Model.

On 19 June 2009, Chief Executive Officer and Executive Director, Luke Christopher Targett resigned after the expiry of the service contract and the 2008 Options granted to him lapsed on the same date. Consequently, the share option expenses recognised previously was reversed from the share option reserve to the statement of comprehensive income. As at 30 June 2009, the total fair value of the 2008 Options granted and still valid was estimated to be S$20,603 (US$14,776). Details of the options granted to Chief Executive Officer and Executive Director, Luke Christopher Targett and Chief Technical Officer, Frank Overall Hollinger of the Company are as follows:

	Number of unissued ordinary shares of the Company under option			
	Aggregate granted since the commencement of plan to end of the financial year	Aggregate forfeited at the end of the financial year	Aggregate exercise since the commencement of plan to end of the financial year	Aggregate outstanding at the end of the financial year
Luke Christopher Targett	-	700,000	-	-
Frank Overall Hollinger	500,000	-	-	500,000

No options have been granted to controlling shareholders of the Company or their associates (as defined in the Listing Manual of the SGX-ST).

No participant under the Plan has received 5% or more of the total number of shares under option available under the Plan.

(b) Share Options Outstanding

The number of unissued ordinary shares of the Company under option in relation to the Plan outstanding at the end of the financial year as follows:

	Number of unissued ordinary shares under option				
	At beginning of the financial year	Forfeited during the financial year	At end of the financial year	Exercise price	Exercise period
Luke Christopher Targett	350,000	350,000	-	S$0.45	-
	350,000	350,000	-	S$0.55	-
Frank Overall Hollinger	250,000	-	250,000	S$0.45	4 March 2010 to 2 March 2013
	250,000	-	250,000	S$0.55	4 March 2010 to 2 March 2013

Directors' Report

For the financial year ended 31 December 2009

AUDIT COMMITTEE

The members of the Audit Committee during the financial year and at the date of this report are as follows:

Allan Charles Buckler	(Chairman)*
Ng Soon Kai	
Sandiaga Salahuddin Uno	
Lim Hock San	(Resigned on 31 December 2009)

* On 3 February 2010, Mr Allan Charles Buckler was re-designated as Chairman of the Audit Commitee.

The Audit Committee carried out its function in accordance with Section 201B(5) of the Singapore Companies Act. The nature and extent of the functions performed by the Audit Committee are further described in the Corporate Governance Report.

The Audit Committee has recommended to the Board of Directors that Nexia TS Public Accounting Corporation be nominated for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has indicated its willingness to accept re-appointment.

On behalf of the Board of Directors

Edwin Soeryadjaya
Director

Tjia Marcel Han Liong
Director

Singapore
19 March 2010

Statement by Directors

For the financial year ended 31 December 2009

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 38 to 80 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Edwin Soeryadjaya
Director

Tjia Marcel Han Liong
Director

Singapore
19 March 2010

Auditors' Report
For the financial year ended 31 December 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERRA RESOURCES LIMITED

We have audited the accompanying financial statements of Interra Resources Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 38 to 80, which comprise the balance sheets of the Company and of the Group as at 31 December 2009, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act Chapter 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) Devising and maintaining a system of internal accounting control sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheets and to maintain accountability of assets;

(b) Selecting and applying appropriate accounting policies; and

(c) Making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITIES

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion,

(a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and Certified Public Accountants
Director-in-charge: Kristin YS Kim
Appointed since financial year ended 31 December 2006

Singapore
19 March 2010

Balance Sheets

as at 31 December 2009

	Note	Company 2009 US$	Company 2008 US$	Group 2009 US$	Group 2008 US$
ASSETS					
Non-current assets					
Property, plant and equipment	4	**39,063**	76,629	**1,700,596**	1,790,043
Exploration, evaluation and development costs	5	**-**	-	**12,650,624**	10,540,075
Intangible assets	6	**4,060**	6,713	**6,124,208**	5,414,818
Investments in subsidiaries	7	**20,240,156**	18,614,952	**-**	-
Club membership	9	**-**	4,570	**-**	4,570
		20,283,279	18,702,864	**20,475,428**	17,749,506
Current assets					
Financial assets, at fair value through profit or loss	10	**-**	-	**551,178**	436,014
Inventories	11	**-**	-	**1,975,955**	1,746,355
Trade and other receivables	12	**19,152**	20,000	**4,653,510**	6,015,478
Deposits and prepayments	13	**57,421**	114,020	**252,437**	712,383
Cash and cash equivalents	14	**12,142,663**	12,212,864	**17,341,138**	17,256,829
		12,219,236	12,346,884	**24,774,218**	26,167,059
Total Assets		**32,502,515**	31,049,748	**45,249,646**	43,916,565
LIABILITIES					
Current liabilities					
Trade and other payables	15	**533,524**	528,522	**4,550,291**	5,129,640
Current income tax liabilities	16	**(11,428)**	40,564	**4,702,979**	4,258,452
		522,096	569,086	**9,253,270**	9,388,092
Non-current liabilities					
Provision for environmental and restoration costs	18	**-**	-	**684,106**	517,989
Total Liabilities		**522,096**	569,086	**9,937,376**	9,906,081
NET ASSETS		**31,980,419**	30,480,662	**35,312,270**	34,010,484
EQUITY					
Share capital	20	**40,108,575**	40,108,575	**40,108,575**	40,108,575
Reserves	22	**(8,128,156)**	(9,627,913)	**(4,796,305)**	(6,098,091)
TOTAL EQUITY		**31,980,419**	30,480,662	**35,312,270**	34,010,484

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income

For the financial year ended 31 December 2009

	Note	2009 US$	2008 US$
Revenue	24	**12,617,083**	17,479,459
Cost of production	26	**(9,181,711)**	(10,707,967)
Gross profit		**3,435,372**	6,771,492
Other gain, net	25	**4,263,011**	576,596
Administrative expenses	26	**(5,442,702)**	(3,900,728)
Finance costs	28	**-**	(88,848)
Profit before income tax		**2,255,681**	3,358,512
Income tax expense	17	**(777,727)**	(1,662,564)
Profit after income tax		**1,477,954**	1,695,948
Other comprehensive income			
Financial assets, available-for-sale			
- Transfer to statement of comprehensive income on disposal		**-**	(29,132)
Currency translation difference of financial statements of foreign subsidiary		**(174,963)**	34,739
		(174,963)	5,607
Total comprehensive income for the year		**1,302,991**	1,701,555
Attributable to:			
Equity holders of the Company		**1,477,954**	1,695,948
Earnings per share (cents)			
- Basic	29	**0.575**	0.660
- Fully diluted	29	**0.575**	0.660

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2009

		Attributable to equity holders of the Company						
Group	**Note**	**Share Capital US$**	**Foreign Currency Translation Reserve US$**	**Special Reserves US$**	**Fair Value Reserves US$**	**Share Option Reserves US$**	**Retained Earnings US$**	**Total Equity US$**
At 1 January 2009		**40,108,575**	**(1,128,345)**	**(16,544,140)**	**-**	**14,707**	**11,559,687**	**34,010,484**
Employee share option plan - value of employee services	**22(c)**	**-**	**-**	**-**	**-**	**(1,205)**	**-**	**(1,205)**
Total comprehensive income for the year		**-**	**(174,963)**	**-**	**-**	**-**	**1,477,954**	**1,302,991**
At 31 December 2009		**40,108,575**	**(1,303,308)**	**(16,544,140)**	**-**	**13,502**	**13,037,641**	**35,312,270**
At 1 January 2008		40,108,575	(1,163,084)	(16,544,140)	29,132	-	10,807,605	33,238,088
Employee share option plan - value of employee services	22(c)	-	-	-	-	14,707	-	14,707
Dividends relating to FY 2007 paid	23	-	-	-	-	-	(943,866)	(943,866)
Total comprehensive income for the year		-	34,739	-	(29,132)	-	1,695,948	1,701,555
At 31 December 2008		40,108,575	(1,128,345)	(16,544,140)	-	14,707	11,559,687	34,010,484

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2009

	Note	2009 US$	2008 US$
Cash flows from operating activities			
Profit before income tax		**2,255,681**	3,358,512
Adjustments for non-cash items			
Depreciation of property, plant and equipment	4	**874,175**	543,849
Amortisation of:			
- Exploration, evaluation and development costs	5	**1,031,318**	1,130,745
- Concession rights	6	**8,187**	8,187
- Computer software	6	**40,793**	10,600
- Participating rights	6	**169,200**	169,200
Impairment of exploration, evaluation and development costs	5	**1,798,744**	-
Impairment of concession rights	6	**242,160**	-
Interest income	25	**(95,794)**	(513,068)
Interest expense	28	**-**	88,848
Exchange difference		**(330,618)**	233,579
Net gain on disposal of financial assets, at fair value through profit or loss	25	**(90,284)**	-
Net gain on disposal of club membership	25	**(95)**	-
Net gain on disposal of property, plant and equipment	25	**(874)**	-
Fixed asset written off		**165**	**-**
Write-back of impairment of exploration, evaluation and development costs	5	**(2,081,000)**	-
Write-back of impairment of trade receivables	12	**(919,000)**	-
Financial assets, at fair value through profit or loss			
– fair value (gain) / loss	25	**(596,613)**	101,764
Financial assets, available-for-sale			
– transfer from equity on disposal	25	**-**	(29,132)
Net gain on disposal of financial assets, available-for-sale	25	**-**	(180,880)
Operating profit before working capital changes		**2,306,145**	4,922,204
Changes in working capital:			
Inventories		**(229,600)**	(671,027)
Trade and other receivables		**2,741,236**	(1,513,288)
Trade and other payables		**(1,327,919)**	417,643
Accrued operating expenses		**47,470**	(108,641)
Provision for environmental and restoration costs		**166,117**	223,660
Cash generated from operations		**3,703,449**	3,270,551
Income tax paid	16	**(332,087)**	(1,255,245)
Net cash provided by operating activities		**3,371,362**	2,015,306

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2009

	Note	2009 US$	2008 US$
Cash flows from investing activities			
Interest income received		**104,110**	557,366
Fixed deposit released as collateral for bankers' guarantees, net		**150,000**	1,227,000
Net proceeds from disposal of property, plant and equipment		**966**	-
Net proceeds from disposal of club membership		**5,085**	
Net proceeds from disposal of financial assets, at fair value through profit or loss	10	**571,733**	-
Net proceeds from disposal of financial assets, available-for-sale		**-**	1,210,012
Purchase of financial assets, at fair value through profit or loss	10	**-**	(537,778)
Acquisition cost for exploration concession in Australia		**(342,324)**	-
Capital expenditure			
- Purchase of property, plant and equipment	4	**(409,009)**	(1,306,639)
- Purchase of computer software	6	**(26,250)**	(81,186)
- Well drillings and improvements	5	**(1,442,629)**	(3,537,679)
- Geological and geophysical studies	5	**(1,751,811)**	(730,527)
Net cash used in investing activities		**(3,140,129)**	(3,199,431)
Cash flows from financing activities			
Repayment of loan from a director		**-**	(1,401,843)
Repayment of loan from a substantial shareholder		**-**	(1,489,458)
Repayment of loan from a third party		**-**	(1,489,458)
Dividend paid	23	**-**	(943,866)
Net cash used in financing activities		**-**	(5,324,625)
Net increase / (decrease) in cash and cash equivalents		**231,233**	(6,508,750)
Cash and cash equivalents			
Beginning of the financial year	14	**14,296,829**	20,806,495
Effects of currency translation on cash and cash equivalents		**3,076**	(916)
End of the financial year	14	**14,531,138**	14,296,829

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2009

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

Interra Resources Limited (the "Company") is a company incorporated in the Republic of Singapore and is publicly traded on the catalist in the Singapore Exchange Securities Trading Limited ("SGX-ST") being the primary exchange and the Australian Securities Exchange ("ASX") being the secondary exchange. The address of its registered office is at 61 Stamford Road, #04-06 Stamford Court Singapore 178892. The Company registration number is 197300166Z and the Australian registered body number is 129 575 275.

The principal activity of the Company is that of investment holding.

The principal activities, country of incorporation and place of operation of the subsidiaries and joint ventures are set out in Note 7 to the financial statements respectively. During the year, a new subsidiary, Interra Resources (Australia) Pte. Ltd. is incorporated on 30 October 2009. The principal activity is the exploration and operation of oil fields for crude petroleum production.

The consolidated financial statements relate to the Company and its subsidiaries (the "Group") and the Group's interests in joint ventures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been consistently applied in the preparation of the financial statements of the Group and of the Company are as follows:

(a) Basis of Preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS"). The financial statements are prepared in accordance with the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2009

On 1 January 2009, the Group adopted the following new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS and INT FRS that are relevant to the Group:

FRS 1 (revised) Presentation of financial statements (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has chosen to adopt the former alternative. Where comparative information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 1 January 2008 in the current financial year.

FRS 108 Operating segments (effective from 1 January 2009) replaces FRS 14 Segment reporting, and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. Segment revenue, segment profits and segment assets are also measured on a basis that is consistent with internal reporting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Amendment to FRS 107 Improving disclosures about financial statements (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy (see Note 32). The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

(b) Group Accounting

(i) Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses. Subsidiaries are consolidated with the Company in the Group's financial statements. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

On 10 July 2003, the Company became the legal parent of Goldwater Company Limited ("Goldwater") as part of its restructuring process. The shareholders of Goldwater became the majority shareholders of the Company with 76.18% of the enlarged share capital before the placement exercise. Further, the Company's continuing operations and executive management were those of Goldwater. Accordingly, the substance of the business combination was that Goldwater acquired the Company in a reverse acquisition. As a result of applying the reverse acquisition accounting, the Group's consolidated financial statements reflect the continuation of the financial statements of its legal subsidiary, Goldwater.

(ii) Joint Ventures

Joint ventures are entities over which the Group has contractual arrangements to jointly share the control with one or more parties. The Group's interests in joint ventures are accounted for in the consolidated financial statements by proportionate consolidation.

Proportionate consolidation involves combining the Group's share of joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture to the extent that it is attributable to the other venturers. The Group does not recognise its share of results from the joint venture that arises from its purchase of assets from the joint venture until the Group resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of the current assets or an impairment loss.

(c) Intangible Assets

(i) Goodwill on Reverse Acquisition

Goodwill arising from reverse acquisition represents the excess of the deemed cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less impairment losses. Goodwill is tested for its impairment annually or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) Participating Rights for TAC TMT

Participating rights represent the excess of the fair value of the identifiable assets acquired and the liabilities assumed over the cost of acquisition of the 70% interest in the Technical Assistance Contract for Tanjung Miring Timur (“TAC TMT”). Participating rights are amortised on a straight line basis from the date of initial recognition over the remaining period of TAC TMT.

(iii) Participating Rights for Petroleum Concession Agreements (“PCAs”) and Petroleum Exploration Permit ("PEP")

Participating rights represent the excess of the fair value of the identifiable assets acquired and the liabilities assumed over the cost of acquisition of the 50% interests in the PCAs in Thailand and PEP in Australia. Participating rights are amortised on a straight line basis from the date of initial recognition over the remaining period of PCAs and PEP upon successful exploration.

(iv) Intangible Benefits

Intangible benefits are capitalised and amortised on a straight line basis over their remaining useful life.

(v) Concession Rights

Concession rights are capitalised and amortised on a straight line basis over their remaining useful life.

(vi) Computer Software

Computer software is capitalised and amortised on a straight line basis over its useful life of 3 to 4 years.

(d) Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. When assets are sold or retired, their costs and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the statement of comprehensive income.

<u>Depreciation</u>

Depreciation is provided for all property, plant and equipment on a straight-line basis so as to write off the cost of these assets over the following estimated useful life:

Pumping tools	4 years
Drilling and field equipment	4 years
Computers	3 years
Office equipment	3 years
Renovations, furniture and fittings	2 to 3 years

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the statement of comprehensive income when incurred.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Exploration, Evaluation and Development Costs

(i) Exploration and Evaluation Phase

Exploration and evaluation costs are accumulated in respect of each area of interest. Exploration and evaluation costs include the cost of acquisition, drilling, seismic, technical evaluation and feasibility studies and include manpower and associated overhead charges incurred during the initial study period.

Exploration, evaluation and development costs are carried forward to where the right to tenure of the area of interest is current and they are expected to be recouped through successful development and exploitation of the area of interest, or where activities in the area of interest have not yet reached a stage that allows reasonable assessment of the existence of economically recoverable reserves.

Costs of evaluation and unsuccessful exploration in areas of interest where economically recoverable reserves do not currently exist (or is held under Retention Lease or equivalent) are expensed as incurred even if facilities in this area of interest are continuing. When an area of interest is abandoned or the directors decide that it is not commercially viable, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of a financial period and accumulated costs written off to the extent that they will not be recoverable. Each potential or recognised area of interest is evaluated as and when the management deems there are indications of significant change in the oil reserves.

(ii) Development and Production Phase

Development costs are only incurred within an area of interest as a component of a commercial development phase only upon commitment to a commercial development.

Recoverable costs included in the production phase represent costs recoverable under the production sharing type of petroleum contracts. Under these contracts, cost is recoverable monthly to the extent and out of a maximum allowable depending on the production output. Any excess expenses not recovered for the period are carried forward to the extent where they may be recouped in the following periods. The carrying amount of the recoverable cost is reviewed to determine whether there is any indication of impairment. Capitalisation of recoverable cost will cease if there is such indication.

(iii) Amortisation

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward exploration, evaluation and development costs will be amortised on a units of production basis over the life of the economically recoverable reserves.

Capitalised recoverable costs are amortised on a units of production basis over the life of the reserves.

(f) Impairment of Non-Financial Assets

(i) Goodwill

Goodwill is reviewed for impairment whenever there is an indication that the assets may be impaired or at least once a year.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") which are expected to benefit from synergies of the business combination. An impairment loss is recognised in the statement of comprehensive income when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value-in-use. The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

Impairment loss on goodwill is not reversed in a subsequent period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) Non-Financial Assets other than Goodwill

Intangible assets, exploration, evaluation and development costs, property, plant and equipment and investments in subsidiaries and joint ventures are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of these assets, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If that is the case the recoverable amount is determined for the CGU to which the asset belongs. When estimating these future cash flows, the Company makes reasonable and supportable assumptions based on a range of economic conditions that will exist over the remaining useful life of the asset. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset or its CGU exceeds its recoverable amount.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the statement of comprehensive income.

(g) Payables

Trade and other payables, and interest-bearing liabilities are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest method.

(h) Provisions

A provision is recognised in the balance sheet when the Company or the Group has a legal constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for onerous contracts is recognised when the expected benefits from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

(i) Income Taxes

(i) Current Income Tax

Current income tax liabilities (and assets) for current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities.

(ii) Deferred Income Tax

Deferred income tax is recognised for all temporary difference except when the deferred income tax arises from the initial recognition of an asset or liability affects neither accounting nor taxable profit or loss at the time of the transaction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Current and deferred income taxes are measured using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date and are recognised as income or expenses in the statement of comprehensive income for the period, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

(j) Borrowings and Finance Costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are de-recognised as well as through the amortisation process.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Interest expense and similar charges are expensed in the statement of comprehensive income in the period in which they are incurred, except to the extent that they are being capitalised as part of a cost that is directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. All borrowing costs are recognised in the statement of comprehensive income using the effective interest method.

(k) Environmental and Restoration Expenditure

Liabilities for environmental remediation resulting from past operations or events are recognised in the period in which an obligation to a third party arises and the amount can be reasonably estimated.

The environmental and restoration expenditure is accumulated using the units of production basis. Subsequent revisions to the environmental and restoration expenditure are considered as a change in estimates and will be accounted for on a prospective basis.

(l) Employee Benefits

(i) Post Employment Benefits

The Group and its joint ventures operate both defined benefit and defined contribution post-employment benefit plans.

Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group and its joint ventures pay fixed contributions to entities such as the Central Provident Fund ("CPF") Board on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions are paid. The Group's contributions are recognised as employee compensation expense when they are due.

Defined Benefit Plans

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive upon or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The liability recognised in the balance sheet in respect of defined benefits plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is estimated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency and the country in which the benefits will be paid, and have tenures approximating to that of the post-employment benefit obligations.

Past service costs are recognised immediately in the statement of comprehensive income. If there is a change to the plan which is conditional on the employee remaining in service for a specified period of time (the vesting period), the past service costs are amortised on a straight-line basis over the vesting period.

(ii) Employee Leave Entitlements

Employee entitlements to annual leave are recognised when accrued to employees. An accrual is made for the estimated liabilities for annual leave as a result of services rendered up to the balance sheet.

(iii) Share-based Compensation

The share option plan allows Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense in the statement of comprehensive income with a corresponding increase in the share option reserve over the vesting period. The fair value is measured at grant value and spread over the period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expenses and in a corresponding adjustment to equity over the remaining vesting period.

When the options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital accounts when new ordinary shares are issued.

(m) Financial Assets

The Group's and Company's financial assets which are within the scope of FRS 39 are classified in the following categories: loans and receivables, financial assets, available-for-sale and at fair value through profit or loss. The classification depends on the purpose for which the assets were acquired. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provision of the financial instrument. The Group and the Company determine the classification of the financial assets after initial recognition and, where allowed and appropriate, re-evaluate this designation at each financial year end. The designation of financial assets at fair value through profit or loss is irrevocable.

(i) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

Loans and receivables, including trade and other receivables, are initially recognised at fair value and subsequently at fair value less allowances for impairment.

An allowance for impairment of loans and receivables, including trade and other receivables, is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) Financial Assets, Available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories within the scope of FRS 39. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

Financial assets, available-for-sale are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. Unrealised gains and losses arising from the changes in the fair value of the financial assets, available-for-sale are recognised in the fair value reserves within equity. When financial assets, available-for-sale are sold the accumulated fair value adjustments recognised in the fair value reserves within equity are reversed to the statement of comprehensive income.

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired. The impairment amount charged to the statement of comprehensive income shall be the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income. This impairment loss shall not be reversed through the statement of comprehensive income.

(iii) Financial Assets, At Fair Value through Profit or Loss

Financial assets designated as fair value through profit or loss at inception are those that are managed and whose performance is evaluated on a fair value basis, in accordance with a documented Group investment strategy. Assets in this category are presented as current assets.

Financial assets, at fair value through profit or loss are initially recognised at fair value and subsequently carried at fair value. Transaction costs are recognised immediately in the statement of comprehensive income.

Changes in the fair values of financial assets, at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in the statement of comprehensive income when the changes arise.

(n) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, bank balances, fixed deposits and fixed deposits as collateral for bankers' guarantees which are subject to an insignificant risk of change in value. For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents are presented net of bank overdrafts (if any) which are repayable on demand and which form an integral part of the Group's cash management.

(o) Inventories

Inventories comprise mainly consumable stocks which are stated at the lower of cost and net realisable value. Cost is determined by applying the first-in-first-out basis.

(p) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably. Revenue is recognised in the statement of comprehensive as follows:

(i) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and it can be reliably measured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) Interest Income

Interest income from bank deposits and advances made to subsidiaries are accrued on a time basis, by reference to the principal outstanding and the interest the applicable.

(iii) Dividend Income

Dividend income from subsidiaries is recognised when the right to receive payment is established.

(iv) Management and Petroleum Services Fees

Management and petroleum services fees are recognised upon the rendering of management and consultation services to and the acceptance by subsidiaries and joint ventures.

(q) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The financial statements are presented in United States Dollars, which is the functional and presentation currency of the Group.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transactions. Foreign currency monetary assets and liabilities are translated into the functional currency at the exchange rate prevailing at the balance sheet date or at contracted rates where they are covered by forward exchange contracts. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at financial year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are taken to the statement of comprehensive income.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(iii) Translation of Group Entities' Financial Statements

The results and financial position of Group entities that are in functional currencies other than United States Dollars are translated into United States Dollars on the following basis:

(1) Assets and liabilities for each balance sheet presented are translated at the rate of exchange approximating those ruling at the balance sheet date;

(2) Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(3) All resulting foreign currency translation differences are taken into the shareholders' equity as foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the dates of acquisition are used.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Operating Leases

Leases of property, plant and equipment where a significant portion of the risks and rewards are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of comprehensive income on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in the statement of comprehensive income in the financial period in which they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial period in which termination takes place.

(s) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors ("BOD") whose members are responsible for allocating resources and assessing performance of the operating segments.

(t) Dividends to Company's Shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions concerning the future and judgements are made in preparation of the financial statements. They affect the application of the Group's accounting policies and the reported amounts of the financial statements and disclosures made. They are assessed on an on-going basis and are based on experience, relevant factors and conditions including current and the expectation of future events that are believed to be reasonable under the circumstances.

Key Sources of Estimating Uncertainty

(a) Petroleum Reserves

There are numerous uncertainties inherent in estimating quantities of reserves and cash flows including many factors beyond the Group's control. Evaluation of reserves and cash flows includes a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future petroleum prices, future operating costs and government levies that may be imposed over the producing life of the reserves. Many of these assumptions are subject to change and are beyond the Group's control. The determination of petroleum reserves has a significant impact on the future cash flows which will affect the production level and hence future sales. Petroleum reserves also affect the future amortisation rates of certain capitalised costs, such as exploration, evaluation and development costs. It also affects the future provision rates for the provision for environmental and restoration costs.

(b) Amortisation of Exploration, Evaluation and Development Costs

The amounts recorded for amortisation as well as the recovery of the carrying value of petroleum properties depend on the estimates of petroleum reserves and the useful lives of the related assets. The Group currently amortises exploration, evaluation and development costs using the units of production method against management's estimates of petroleum reserves. Changes in the petroleum reserves could impact future amortisation charges. Accordingly, there may be material adjustments to the carrying amount of the respective assets.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

(c) Estimated Impairment of Exploration, Evaluation and Development Costs, Intangible Assets and Allowances for Impairment of Trade Receivables

The Group performs assessment of the carrying value of its assets on a regular basis. The recoverable amounts of CGU have been determined based on value-in-use calculations. These calculations require the use of estimates and key assumptions, inter alia, petroleum reserves, future crude oil prices, operating costs, capital expenditure and number of payments of invoices received by the Group in a year. Management has used the 2010 budgets which have been reviewed by the relevant joint ventures' Owner Committees and also past experience as a guide. The period beyond 2010 until the contracts expire assumes some drilling activities are undertaken to further develop the existing fields. The future cash flows are discounted using weighted average cost of capital of 10% per annum (a comparable rate used by other companies in the region and in the similar nature of business sector).

Actual results may ultimately differ from the estimates and key assumptions utilised in the calculations. Accordingly, there may be material adjustments to the carrying amount of the respective assets.

Although the number of collection of the trade receivables in Myanmar decreased slightly during 2009 compared to the previous year, the total amount collected increased significantly. Due to consistent higher payment in Myanmar, the management wrote back the impairment of exploration, evaluation and development costs of US$2,081,000 (see Note 5) and allowances for impairment of trade receivables of US$919,000 (see Note 12) as at 31 December 2009 in the consolidated balance sheet.

In addition, the Company wrote back the impairment on its investment in Goldwater Company Limited of US$2,510,067 (see Note 7) in 2009. However, this write back does not have any impact on Group's consolidated statement of comprehensive income as it is eliminated on consolidation.

If the management's estimated pre-tax discount rate applied to the discounted cash flows for the Myanmar and Indonesia's operations at 31 December 2009 are raised by 5%, the carrying amounts of exploration, evaluation and development costs and trade receivables for each operation would have been reduced in aggregate by approximate US$413,000 and US$1,089,000 respectively.

(d) Provision for Environmental and Restoration Costs

Environmental and restoration costs are a normal consequence of oil extraction and the majority of this expenditure is incurred at the end of a well's life or area of interest. In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the wells), and the expected useful life of the areas of interest and wells. The ultimate cost of environmental and restoration is uncertain and costs can also vary in response to many factors including changes to the relevant legal requirements and the emergence of new restoration techniques or experience at other wells. The Group currently makes provisions for environmental and restoration costs using the units of production method. Changes in the petroleum reserves could impact future provision charges.

(e) Income Taxes

The Group is subjected to income tax mainly in Indonesia, Myanmar and Singapore. Significant judgement is required in determining the Group-wide provision for income taxes including capital allowances and deductibility of certain expenses. The Group has made the necessary tax provisions under the respective petroleum contracts. In FY 2009, the Group has not paid income tax in respect of Indonesian operations as there was still unrecovered cost pool. As for Myanmar operations, the Group paid the tax assessment for 2002 to 2004, and the prior year overprovision of US$209,627 (see Note 17) was reversed through the statement of comprehensive income. If the final tax outcome allows the deduction of unrecovered cost pools against profit oil, the actual tax expenses may be lower than the current tax provision. If such over provision occurs, it will be reversed when it is determined. Please also see Note 31(b) for contingent liabilities for possible capital gains tax in Myanmar.

4. PROPERTY, PLANT AND EQUIPMENT

Company	Computers US$	Office Equipment US$	Renovations, Furniture and Fittings US$	Total US$
2009				
Cost				
Opening balance	**124,225**	**4,426**	**80,824**	**209,475**
Additions	18,586	513	2,356	21,455
Disposals	(34,122)	(1,078)	(40,818)	(76,018)
Closing balance	**108,689**	**3,861**	**42,362**	**154,912**
Accumulated depreciation				
Opening balance	**68,290**	**4,426**	**60,130**	**132,846**
Charge	21,465	85	15,118	36,668
Disposals	(12,027)	(1,078)	(40,560)	(53,665)
Closing balance	**77,728**	**3,433**	**34,688**	**115,849**
Net book value as at 31 December 2009	**30,961**	**428**	**7,674**	**39,063**
2008				
Cost				
Opening balance	**81,698**	**4,426**	**80,824**	**166,948**
Additions	42,527	-	-	42,527
Closing balance	**124,225**	**4,426**	**80,824**	**209,475**
Accumulated depreciation				
Opening balance	**53,327**	**4,417**	**40,449**	**98,193**
Charge	14,963	9	19,681	34,653
Closing balance	**68,290**	**4,426**	**60,130**	**132,846**
Net book value as at 31 December 2008	**55,935**	**-**	**20,694**	**76,629**

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For the financial year ended 31 December 2009

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Computers US$	Office Equipment US$	Renovations, Furniture and Fittings US$	Pumping Tools US$	Drilling and Field Equipment US$	Total US$
2009						
Cost						
Opening balance	**202,009**	**34,060**	**172,336**	**2,063,944**	**1,858,726**	**4,331,075**
Additions	35,261	1,065	14,727	501,310	20,222	572,585
Transfer from asset under construction	-	-	-	-	375,664	375,664
Adjustment	-	-	-	-	(120,541)	(120,541)
Disposals	(46,169)	(5,029)	(49,580)	-	-	(100,778)
Foreign currency realignment	464	55	113	-	-	632
Closing balance	**191,565**	**30,151**	**137,596**	**2,565,254**	**2,134,071**	**5,058,637**
Accumulated depreciation						
Opening balance	**95,550**	**24,113**	**74,988**	**1,041,111**	**1,305,270**	**2,541,032**
Charge	42,048	2,011	25,171	515,196	289,749	874,175
Disposals	(15,847)	(1,078)	(40,560)	-	-	(57,485)
Foreign currency realignment	156	50	113	-	-	319
Closing balance	**121,907**	**25,096**	**59,712**	**1,556,307**	**1,595,019**	**3,358,041**
Net book value as at 31 December 2009	**69,658**	**5,055**	**77,884**	**1,008,947**	**539,052**	**1,700,596**
2008						
Cost						
Opening balance	**108,440**	**23,708**	**87,753**	**1,063,557**	**1,742,388**	**3,025,846**
Additions	93,878	10,612	85,424	1,000,387	116,338	1,306,639
Foreign currency realignment	(309)	(260)	(841)	-	-	(1,410)
Closing balance	**202,009**	**34,060**	**172,336**	**2,063,944**	**1,858,726**	**4,331,075**
Accumulated depreciation						
Opening balance	**71,567**	**21,062**	**44,826**	**870,368**	**989,430**	**1,997,253**
Charge	24,023	3,061	30,182	170,743	315,840	543,849
Foreign currency realignment	(40)	(10)	(20)	-	-	(70)
Closing balance	**95,550**	**24,113**	**74,988**	**1,041,111**	**1,305,270**	**2,541,032**
Net book value as at 31 December 2008	**106,459**	**9,947**	**97,348**	**1,022,833**	**553,456**	**1,790,043**

5. EXPLORATION, EVALUATION AND DEVELOPMENT COSTS

Group	Exploration and Evaluation			Development and Production			
	Initial Joint Study Cost US$	Contractual Bonus US$	Exploration, Geological and Geophysical Cost US$	Asset under Construction US$	Completed Assets US$	Cost Recovery US$	Total US$
<u>2009</u>							
Cost							
Opening balance	**1,890,616**	**598,298**	**1,756,741**	**147,931**	**15,214,180**	**4,249,173**	**23,856,939**
Additions	-	-	1,751,811	1,059,934	382,695	-	3,194,440
Transfer to tangible assets	-	-	-	(375,664)	-	-	(375,664)
Transfer to completed assets	-	-	-	(540,219)	540,219	-	-
Foreign currency realignment	-	1,490	39,409	-	-	-	40,899
Closing balance	**1,890,616**	**599,788**	**3,547,961**	**291,982**	**16,137,094**	**4,249,173**	**26,716,614**
Accumulated amortisation and impairment loss							
Opening balance	**1,271,100**	**540,000**	**153,390**	**-**	**7,639,877**	**3,712,497**	**13,316,864**
Charge	79,343	-	9,025	-	870,472	72,478	1,031,318
Impairment loss	-	14,883	1,783,861	-	-	-	1,798,744
Write-back of impairment loss	-	-	(116,873)	-	(1,964,127)	-	(2,081,000)
Foreign currency realignment	-	64	-	-	-	-	64
Closing balance	**1,350,443**	**554,947**	**1,829,403**	**-**	**6,546,222**	**3,784,975**	**14,065,990**
Net book value as at 31 December 2009	**540,173**	**44,841**	**1,718,558**	**291,982**	**9,590,872**	**464,198**	**12,650,624**

5. EXPLORATION, EVALUATION AND DEVELOPMENT COSTS (CONT'D)

Group	Exploration and Evaluation			Development and Production			
	Initial Joint Study Cost US$	Contractual Bonus US$	Exploration, Geological and Geophysical Cost US$	Asset under Construction US$	Completed Assets US$	Cost Recovery US$	Total US$
2008							
Cost							
Opening balance	**1,890,616**	**599,023**	**1,117,424**	**-**	**11,824,432**	**4,249,173**	**19,680,668**
Additions	-	-	730,527	723,207	2,895,658	-	4,349,392
Transfer to intangible assets	-	-	-	(81,186)	-	-	(81,186)
Transfer to completed assets	-	-	-	(494,090)	494,090	-	-
Foreign currency realignment	-	(725)	(91,210)	-	-	-	(91,935)
Closing balance	**1,890,616**	**598,298**	**1,756,741**	**147,931**	**15,214,180**	**4,249,173**	**23,856,939**
Accumulated amortisation and impairment loss							
Opening balance	**1,110,719**	**540,000**	**137,592**	**-**	**6,812,368**	**3,585,440**	**12,186,119**
Charge	160,381	-	15,798	-	827,509	127,057	1,130,745
Closing balance	**1,271,100**	**540,000**	**153,390**	**-**	**7,639,877**	**3,712,497**	**13,316,864**
Net book value as at 31 December 2008	**619,516**	**58,298**	**1,603,351**	**147,931**	**7,574,303**	**536,676**	**10,540,075**

An impairment loss in exploration, evaluation and development costs of US$1,798,744 is included in the statement of comprehensive income under Administrative expenses (see Note 26). The impairment charge arose from the Thailand operations following a decision from the management to plug and abandon the exploration well (MS-1) of Block L17/48 and to relinquish Block L3/48 in Thailand in April 2010.

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6. INTANGIBLE ASSETS

Group	Goodwill on Reverse Acquisition US$	Participating Rights US$	Concession Rights US$	Computer Software US$	Total US$
2009					
Cost					
Opening balance	**1,488,902**	**4,567,271**	**600,000**	**120,302**	**6,776,475**
Additions	-	1,144,526	-	26,250	1,170,776
Closing balance	**1,488,902**	**5,711,797**	**600,000**	**146,552**	**7,947,251**
Accumulated amortisation and impairment loss					
Opening balance	**-**	**802,125**	**532,453**	**27,079**	**1,361,657**
Charge	-	169,200	8,187	40,793	218,180
Impairment loss	-	242,160	-	-	242,160
Foreign currency realignment	-	1,046	-	-	1,046
Closing balance	**-**	**1,214,531**	**540,640**	**67,872**	**1,823,043**
Net book value					
31 December 2009	**1,488,902**	**4,497,266**	**59,360**	**78,680**	**6,124,208**
2008					
Cost					
Opening balance	**1,488,902**	**4,585,436**	**600,000**	**39,116**	**6,713,454**
Additions	-	-	-	81,186	81,186
Adjustment	-	(18,165)	-	-	(18,165)
Closing balance	**1,488,902**	**4,567,271**	**600,000**	**120,302**	**6,776,475**
Accumulated amortisation and impairment loss					
Opening balance	**-**	**632,925**	**524,266**	**16,479**	**1,173,670**
Charge	-	169,200	8,187	10,600	187,987
Closing balance	**-**	**802,125**	**532,453**	**27,079**	**1,361,657**
Net book value					
31 December 2008	**1,488,902**	**3,765,146**	**67,547**	**93,223**	**5,414,818**

Note: Amortisation charge is included in the statement of comprehensive income under Cost of Production (see Note 26) and Administrative expenses are US$38,139 and US$180,041 (2008: US$9,984 and US$178,003) respectively.

An impairment loss in participating rights of US$242,160 is included in the statement of comprehensive income under Administrative expenses (see Note 26). The impairment charge arose from the Thailand operations following a decision from the management to relinquish Block L3/48 in Thailand in April 2010.

Company

Intangible assets include computer software with net book value of US$4,060 (2008: US$6,713).

6. INTANGIBLE ASSETS (CONT'D)

Goodwill on Reverse Acquisition

Goodwill on reverse acquisition represents the goodwill arising from the business combination in which Goldwater acquired the Company through a reverse acquisition on 10 July 2003. Goodwill on reverse acquisition is the difference between Goldwater's deemed cost of acquisition over the fair value of the assets acquired and liabilities of the Company on the reverse acquisition date (see Note 2(b)(i)).

The deemed cost of acquisition is derived from the total percentage of shareholdings held by the shareholders of the former Van der Horst Limited (now known as "Interra Resources Limited") as at the reverse acquisition date and Shantex Holdings Pte Ltd multiplied by the net assets of Goldwater as at the reverse acquisition date. As a result of applying the above, goodwill on reverse acquisition amounting to US$1,488,902 is recognised in the consolidated financial statements. The Group has previously amortised this cost over the remaining period of the IPRCs of approximately 14 years from 10 July 2003 to 31 March 2017.

FRS 103, FRS 36 and FRS 38 which deal with the treatment of goodwill arising from business combinations were adopted prospectively from 1 April 2004 and hence no amortisation charges were made from the financial year ended 31 December 2005.

The management is of the view that no impairment is required as at 31 December 2009 and 31 December 2008 as the Company's net assets have increased since the reverse acquisition took place on 10 July 2003. As at 31 December 2009, the Company's net assets amounted to US$31,980,419 (2008: US$30,480,662) whereas as at 10 July 2003 (reverse acquisition date), the Company did not possess any assets of substance.

Participating Rights for TAC TMT

Participating rights recognised in the Group's balance sheet arose from the acquisition of the 70% interest in TAC TMT. The amount recognised as participating rights is the excess of the net fair value of the identifiable assets acquired and liabilities assumed over the cost of acquisition. The participating rights cost is amortised on a straight line basis over the remaining life of TAC TMT of 12.75 years from 1 April 2004 to 31 December 2016.

Participating Rights for Petroleum Concession Agreements ("PCAs") and Petroleum Exploration Permit ("PEP")

Participating rights recognised in the Group's balance sheet arose from the acquisition of the 50% interests in the PCAs in Thailand and PEP in Australia. The amount recognised as participating rights is the excess of the net fair value of the identifiable assets acquired and liabilities assumed over the cost of acquisition. The participating rights cost will be amortised on a straight line basis over the remaining life of PCAs and PEP upon commencement of production.

Concession Rights

Concession rights refer to the amount paid to acquire the interest in IPRCs which is amortised over the remaining period of the IPRCs of approximately 14 years on a straight line basis from 1 March 2003 to 31 March 2017.

Computer Software

Computer software is amortised on a straight line basis so as to write off the cost of these assets over their useful life of 3 to 4 years.

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009	2008
	US$	US$
Unquoted equity shares at cost		
Goldwater Company Limited	**19,062,000**	19,062,000
Goldwater TMT Pte. Ltd.	**1**	1
Goldwater Eagle Limited	**1**	1
Goldwater Indonesia Inc.	**1**	1
Goldwater Energy Limited	**1**	1
Interra Resources (Thailand) Limited	**76,325**	76,325
Interra Resources (Australia) Pte. Ltd.	**100**	-
	19,138,429	19,138,329
Advances made to / (from) subsidiaries		
Goldwater Company Limited	**3,872,287**	7,051,397
Goldwater TMT Pte. Ltd.	**6,106,024**	5,570,013
Goldwater Eagle Limited	**(245,169)**	324,274
Interra Resources (Thailand) Limited	**5,994,225**	4,146,099
Interra Resources (Australia) Pte. Ltd.	**479,453**	-
	16,206,820	17,091,783
Net investment in subsidiaries	**35,345,249**	36,230,112
Less:		
Allowance for impairment		
Goldwater Company Limited	**(15,105,093)**	(17,615,160)
Investments in subsidiaries	**20,240,156**	18,614,952

Advances made to / (from) subsidiaries

The advances made to / (from) subsidiaries form part of the Company's net investment in the subsidiaries. Advances made to / (from) subsidiaries are interest free advances for the purpose of operating and development activities in their respective fields. These advances are not expected to be repaid within the next twelve months.

The Company will assess annually whether there is evidence showing that the character of the advance is changed. When evidence of change exists, the Company would consider the effects of the change in determining the fair value of the advance.

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The principal activities, country of incorporation and place of business of the subsidiaries and joint ventures as at 31 December 2009 are as follows:

Name of Company / Entity	Principal Activities	Country of Incorporation/ Operation	Group's Effective Interest 2009 %	2008 %
Subsidiaries				
Goldwater Company Limited [(a)]	Exploration and operation of oil fields for crude petroleum production	British Virgin Islands / Myanmar	100	100
Goldwater TMT Pte. Ltd. [(b)]	Exploration and operation of oil fields for crude petroleum production	Singapore / Indonesia	100	100
Goldwater Eagle Limited [(c)]	Investment holding	British Virgin Islands	100	100
Goldwater Indonesia Inc [(c)]	Dormant	British Virgin Islands	100	100
Goldwater Energy Limited [(c)]	Dormant	British Virgin Islands	100	100
Interra Resources (Thailand) Limited [(d)]	Exploration and operation of oil fields for crude petroleum production	Thailand / Thailand	100	100
Interra Resources (Australia) Pte. Ltd. [(f)]	Exploration and operation of oil fields for crude petroleum production	Singapore / Australia	100	-
Joint Venture of Goldwater Company Limited				
Goldpetrol Joint Operating Company Inc. [(a)]	Exploration and operation of oil fields for crude petroleum production	Republic of Panama / Myanmar	60	60
Joint Venture of Goldwater TMT Pte. Ltd.				
TAC Tanjung Miring Timur [(e)]	Exploration and operation of oil fields for crude petroleum production	Indonesia / Indonesia	70	70

(a) Audited by Nexia TS Public Accounting Corporation, for consolidation purposes
(b) Audited by Nexia TS Public Accounting Corporation
(c) Not required to be audited under the laws of the country of incorporation
(d) Audited by V.A.T Accounting, a member firm of Nexia International
(e) Audited by Johan Malonda Astika & Rekan
(f) No audit is required as the Company is incorporated on 30 October 2009

8. FINANCIAL ASSETS, AVAILABLE-FOR-SALE

	Group	
	2009	**2008**
	US$	**US$**
Opening balance	**-**	1,029,132
Proceeds from disposal	**-**	(1,210,012)
Net gain recognised in the statement of comprehensive income upon disposal	**-**	180,880
Closing balance	**-**	-
Financial assets, available-for-sale are analysed as follows:		
Listed securities		
- Equity securities – Salamander Energy PLC, listed on London Stock Exchange	**-**	-

9. CLUB MEMBERSHIP

	Company		Group	
	2009	**2008**	**2009**	**2008**
	US$	**US$**	**US$**	**US$**
<u>Club membership at cost</u>				
Opening balance	**4,570**	4,570	**4,570**	4,570
Disposal	**(4,570)**	-	**(4,570)**	-
Closing balance	**-**	4,570	**-**	4,570

During the year, the Company disposed of the British Club membership for cash consideration of US$5,085, resulting in a gain on disposal of US$95 (see Note 25).

10. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2009	**2008**
	US$	**US$**
Opening balance	**436,014**	-
Additions	**-**	537,778
Fair value gain / (loss) recognised in the statement of comprehensive income (see Note 25)	**596,613**	(101,764)
Proceeds from disposal	**(571,733)**	-
Net gain recognised in the statement of comprehensive income upon disposal (see Note 25)	**90,284**	-
Closing balance	**551,178**	436,014
<u>At fair value on initial recognition</u>		
Listed securities:		
- Equity securities – PT Adaro Energy TBK, listed on Jakarta Stock Exchange	**551,178**	436,014

During the year, the Group disposed of 7,000,000 PT Adaro Energy TBK shares for cash consideration of US$571,733, resulting in a gain on disposal of US$90,284. As at 31 December 2009, the Group has balance of 3,000,000 of the shares.

11. INVENTORIES

Inventories comprise consumables including tubing, casing, well heads, chemicals, tools and spare parts required for drilling, oil wells and field maintenance.

12. TRADE AND OTHER RECEIVABLES

Trade receivables are receivables from the Myanma Oil and Gas Enterprise ("MOGE") and PT Pertamina in respect of sales of the Group's share of petroleum entitlement. Allowances for impairment of trade receivables are in respect of the Group's crude oil sales to MOGE in its Myanmar operations. The Group wrote back the impairment of trade receivables as at 31 December 2009 of US$919,000 (2008: Nil) (see Note 3(c)).

	Company		Group	
	2009	**2008**	**2009**	**2008**
	US$	**US$**	**US$**	**US$**
Trade receivables				
– non-related parties	**-**	-	**6,454,440**	8,616,867
Less: Allowances for impairment of trade receivables	**-**	-	**(1,997,754)**	(2,916,754)
Trade receivables - net	**-**	-	**4,456,686**	5,700,113
Other receivables	**19,152**	20,000	**196,824**	315,365
	19,152	20,000	**4,653,510**	6,015,478

13. DEPOSITS AND PREPAYMENTS

	Company		Group	
	2009	**2008**	**2009**	**2008**
	US$	**US$**	**US$**	**US$**
Deposits	**26,953**	61,691	**89,577**	158,015
Prepayments	**30,468**	52,190	**73,328**	121,673
Advance payment to suppliers	**-**	139	**89,532**	432,695
	57,421	114,020	**252,437**	712,383

14. CASH AND CASH EQUIVALENTS

	Company		Group	
	2009	**2008**	**2009**	**2008**
	US$	**US$**	**US$**	**US$**
Cash at bank and on hand	**1,018,744**	253,366	**3,613,145**	3,078,980
Short term fixed deposits	**11,123,919**	11,959,498	**13,727,993**	14,177,849
Cash and bank balances	**12,142,663**	12,212,864	**17,341,138**	17,256,829
Cash collateral			**(2,810,000)**	(2,960,000)
Cash and cash equivalents (as per consolidated cash flow statement)			**14,531,138**	14,296,829

Cash Collateral

Cash collateral represents bank deposits of the Company pledged as security for issuance of the bank guarantees in favour of the Ministry of Energy, Thailand for a period of up to 3 years with effect from 19 April 2007.

On 16 March 2009, the banker's guarantees were reduced by US$820,000 as approved by Ministry of Energy, Thailand. On 1 August 2009, a further fixed deposit of US$670,000 was held as collateral for banker's guarantees in favour of Department of Custom, Thailand to facilitate the importation of goods into Thailand. As at 31 December 2009, the outstanding banker's guarantees were US$2,810,000.

On 19 March 2010, the Group obtained the confirmation from the bank that the banker's guarantee of US$2,060,000 was discharged thereafter the outstanding banker's guarantees were reduced to US$750,000.

15. TRADE AND OTHER PAYABLES

	Company		Group	
	2009	2008	2009	2008
	US$	US$	US$	US$
Trade payables - third parties	**-**	-	**1,392,830**	2,473,094
Accrued expenses	**474,024**	482,988	**1,534,557**	1,491,420
Other payables	**59,500**	45,534	**921,880**	790,695
Amounts due to joint venture partners	**-**	-	**701,024**	374,431
	533,524	528,522	**4,550,291**	5,129,640

Amounts due to joint venture partners comprises mainly the deemed purchase consideration due to Bass Strait Oil Company Ltd ("BAS") in relation to the acquisition of 50% participating interests in PEP167 in Australia. Subsequent to financial year end, the Group has settled US$361,036 to joint venture partner.

16. CURRENT INCOME TAX LIABILITIES

	Company		Group	
	2009	2008	2009	2008
	US$	US$	US$	US$
Opening balance	**40,564**	145,761	**4,258,452**	3,850,135
Current income tax	**-**	32,447	**777,727**	1,662,564
Income tax paid	**(52,150)**	(137,641)	**(332,087)**	(1,255,245)
Currency translation differences	**158**	(3)	**(1,113)**	998
Closing balance	**(11,428)**	40,564	**4,702,979**	4,258,452

The Company is liable to income tax in Singapore on its chargeable income arising from interest income earned and the management and petroleum services fees that the Company charges its subsidiaries. The fees charged are based on a cost plus 5% mark up basis.

The subsidiaries are liable to pay income taxes in the countries where the petroleum contracts are domiciled. The subsidiaries and joint ventures of the Company have made the necessary tax provisions under their respective petroleum contracts. In FY 2009, the Group has not paid income tax in respect of Indonesian operations as there was still unrecovered cost pool. As for Myanmar operations, the Group paid the tax assessment for 2002 to 2004 and the prior year overprovision of US$209,627 was reversed through the statement of comprehensive income.

17. INCOME TAX EXPENSE

Tax expense attributable to profit is made up of:

	Group	
	2009	2008
	US$	US$
Current year income tax		
- Singapore	**-**	32,447
- Foreign	**944,578**	1,676,990
	944,578	1,709,437
Under / (Over) provision in prior financial years		
- Singapore	**42,776**	13,500
- Foreign	**(209,627)**	(60,373)
	(166,851)	(46,873)
	777,727	1,662,564

17. INCOME TAX EXPENSE (CONT'D)

The tax expense on profit differs from the amount that would arise using the Singapore standard rates of income tax as explained below:

	Group	
	2009	2008
	US$	US$
Profit before income tax	**2,255,681**	3,358,512
Notional income tax expense using Singapore tax rate at 17% (2008: 18%)	**383,465**	604,532
Effect of different tax rates in other countries	**467,575**	806,617
Tax effect of income not subject to tax	**182,582**	(465,623)
Tax effect of expenses not deductible for tax purposes	**(89,044)**	763,911
	944,578	1,709,437

18. PROVISION FOR ENVIRONMENTAL AND RESTORATION COSTS

The Group continued to make provision for environmental and restoration costs for its TAC TMT operations. Provisions are made based on a unit of production basis. The Group has not made any provision for environmental and restoration costs for its Myanmar operations as the Group believes that there are no significant costs involved in meeting the legal and regulatory requirements laid down at the current time (see Note 31(a)).

	Group	
	2009	2008
	US$	US$
Opening balance	**517,989**	294,329
Allowance for the year	**166,117**	223,660
Closing balance	**684,106**	517,989

19. RETIREMENT BENEFIT OBLIGATIONS

The Group's joint venture, TAC TMT, has a funded defined benefit plan relating to its employees. This plan is a final salary retirement and severance benefit. The assets of the plan are held independently of the Group's assets in an insurance fund managed by Paninlife Financial Services in Indonesia.

The amounts recognised in the balance sheet are as follows:

	Group	
	2009	2008
	US$	US$
Net present value of funded obligations	**49,836**	85,051
Fair value of plan assets	**(418,990)**	(282,351)
Assets not recognised on balance sheet	**369,154**	197,300
Net liabilities recognised on balance sheet	**-**	-

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The amounts recognised in the statement of comprehensive income are as follows:

	Group	
	2009	**2008**
	US$	**US$**
Interest cost	**3,083**	2,426
Current service costs	**44,905**	95,598
Past service costs	**32,656**	57,233
Total included in employee compensation (see Note 27)	**80,644**	155,257

Retirement benefit costs included in Administrative expenses was US$80,644 (2008: US$155,257). The actual return on plan assets was US$19,206 (2008: US$23,142).

The movements in the defined benefit obligation are as follows:

	Group	
	2009	**2008**
	US$	**US$**
Opening balance	**85,051**	99,954
Interest cost	**3,083**	2,426
Current service costs	**44,905**	95,598
Past service costs	**32,656**	57,233
Benefits paid	**(22,959)**	(58,144)
Actuarial (losses)	**(104,333)**	(85,513)
Exchange difference	**11,433**	(26,503)
Closing balance	**49,836**	85,051

The movements in the fair value of plan assets are as follows:

	Group	
	2009	**2008**
	US$	**US$**
Opening balance	**282,351**	220,405
Employer contributions	**81,660**	144,468
Net return on plan assets	**19,206**	23,142
Withdrawn for settlement	**(23,896)**	(58,144)
Exchange difference	**59,669**	(47,520)
Closing balance	**418,990**	282,351

The principal actuarial assumptions used are as follows:

	Group	
	2009	**2008**
	%	**%**
Discount rate	**7.0**	7.0
Expected return on plan assets	**7.0**	7.0
Future salary increases	**10.0**	10.0

20. SHARE CAPITAL

	2009	2008	2009	2008
	Number of ordinary shares		US$	US$
Company and Group				
Opening and closing balance	**256,920,238**	256,920,238	**40,108,575**	40,108,575

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

On 19 May 2008, the Company successfully quoted all the Company's current issued ordinary shares on the Australian Securities Exchange ("ASX"). Upon admission to the official list of the ASX, the Company is now dual listed on both the Catalist in the SGX-ST being the primary exchange and the ASX being the secondary exchange on which the Company's shares will be traded.

21. SHARE OPTIONS

Please refer to the Director's Report under "Share Options" on pages 33 and 34 of this report for detailed disclosure and movement in the number of unissued ordinary shares under option.

22. RESERVES

(a) Special Reserves

As a result of applying the reverse acquisition accounting as set out in Note 2b(i), the Group's consolidated financial statements reflect the continuation of the financial statements of its legal subsidiary, Goldwater. As such, the cost of investment to acquire Goldwater and the reserves of the Company immediately prior to the reverse acquisition were transferred to special reserves when consolidating the financial statements. These reserves include share premium immediately before the debt restructuring on 10 July 2003 and accumulated losses immediately before the reverse acquisition on 10 July 2003.

	Group	
	2009	2008
	US$	US$
Cost of investment	**(18,319,492)**	(18,319,492)
Share capital of Goldwater	**200,000**	200,000
Goodwill on reverse acquisition	**1,575,352**	1,575,352
	(16,544,140)	(16,544,140)

(b) Fair Value Reserves

	Group	
	2009	2008
	US$	US$
Opening balance	**-**	29,132
Transfer to the statement of comprehensive income on disposal	**-**	(29,132)
Closing balance	**-**	-

(c) Share Option Reserves

	Company		Group	
	2009	2008	2009	2008
	US$	US$	US$	US$
Opening balance	**14,707**	-	**14,707**	-
Employee share option plan				
- value of employee services (see Note 27)	**11,642**	14,707	**11,642**	14,707
- reverse from equity to the statement of comprehensive income (see Note 27)	**(12,847)**	-	**(12,847)**	-
Closing balance	**13,502**	14,707	**13,502**	14,707

22. RESERVES (CONT'D)

(d) Retained Earnings / (Accumulated Losses)

	Company		Group	
	2009	**2008**	**2009**	**2008**
	US$	**US$**	**US$**	**US$**
Opening balance	**(9,642,620)**	(7,613,977)	**11,559,687**	10,807,605
Net profit / (loss) for the financial year	**1,500,962**	(1,084,777)	**1,477,954**	1,695,948
Dividend paid (see Note 23)	**-**	(943,866)	**-**	(943,866)
Closing balance	**(8,141,658)**	(9,642,620)	**13,037,641**	11,559,687

23. DIVIDENDS

	Group	
	2009	**2008**
	US$	**US$**
Ordinary dividends paid		
Final exempt dividend paid in 2008 respect of the previous financial year of SGD 0.50 cents per ordinary share (see Note 22(d))	-	943,866

24. REVENUE

	Group	
	2009	**2008**
	US$	**US$**
Sales of crude oil	**12,617,083**	17,479,459

25. OTHER GAIN, NET

	Group	
	2009	**2008**
	US$	**US$**
Bank interest income	**95,794**	513,068
Petroleum services fees	**145,968**	191,265
Other income	**2,766**	50
Write-back of impairment of trade receivables (see Note 12)	**919,000**	-
Write-back of impairment of exploration, evaluation and development costs (see Note 5)	**2,081,000**	-
Foreign exchange gain / (loss)	**330,617**	(236,035)
Financial assets, at fair value through profit or loss – fair value gain / (loss) (see Note 10)	**596,613**	(101,764)
Financial assets, available-for-sale – transfer from equity on disposal (see Note 22(b))	**-**	29,132
Net gain on disposal of financial assets, at fair value through profit or loss (see Note 10)	**90,284**	-
Net gain on disposal of property, plant and equipment	**874**	-
Net gain on disposal of club membership (See Note 9)	**95**	-
Net gain on disposal of financial assets, available-for-sale	**-**	180,880
	4,263,011	576,596

26. EXPENSES BY NATURE

	Group	
	2009	**2008**
	US$	**US$**
Royalty	**941,474**	1,112,381
Production expenses	**6,160,262**	7,673,667
Depreciation of property, plant and equipment (see Note 4)	**874,175**	543,849
Amortisation of exploration, evaluation and development costs (see Note 5)	**1,031,318**	1,130,745
Amortisation of computer software (see Note 6)	**40,793**	10,600
Amortisation of concession rights (see Note 6)	**8,187**	8,187
Amortisation of participation rights (see Note 6)	**169,200**	169,200
Impairment of exploration, evaluation and development costs (see Note 5)	**1,798,744**	-
Impairment of concession rights (see Note 6)	**242,160**	-
Total amortisation, depreciation and impairment	**4,164,577**	1,862,581
Employee compensation (see Note 27)	**2,002,119**	2,209,849
Rental expense on operating lease	**493,935**	630,662
Administrative expenses	**862,046**	1,119,555
Total cost of production and administrative expenses	**14,624,413**	14,608,695

27. EMPLOYEE COMPENSATION

	Group	
	2009	**2008**
	US$	**US$**
Wages and salaries	**1,752,658**	1,787,767
Defined contribution plan	**57,746**	48,124
Defined benefit plan (see Note 19)	**80,644**	155,257
Other benefits	**112,276**	203,994
Share option expense, net (see Note 22 (c))	**(1,205)**	14,707
Total employee compensation (see Note 26)	**2,002,119**	2,209,849

28. FINANCE COSTS

	Group	
	2009	**2008**
	US$	**US$**
Amortisation of deemed interest expense	**-**	88,848

This amount relates to the interest free loans from a director, a substantial shareholder and a third party for which repayment was deferred to 30 April 2008 in April 2005. In accordance with FRS 39, the difference between the present value of the loans and the carrying amount is amortised as interest expense over the life of these loans. The present value of the loans is discounted at the interest rates which were originally due to be charged on the loans of approximately 6.21% per annum. The loans were repaid in full on 30 April 2008.

29. EARNINGS PER SHARE

Earnings per share is calculated by dividing the Group's results for the financial year by the weighted average number of ordinary shares on issue during the financial year as follows:

	Group	
	2009	**2008**
Net profit (US$)	**1,477,954**	1,695,948
Weighted average number of ordinary shares outstanding	**256,920,238**	256,920,238
Basic earnings per share (US cents)	**0.575**	0.660
Fully diluted earnings per share (US cents)	**0.575**	0.660

30. COMMITMENTS

(a) Operating Lease Commitments

The Group has operating lease commitments in respect of rental of office premises, vehicles and equipment in Singapore, Myanmar, Indonesia and Thailand.

	Company		Group	
	2009 US$	**2008 US$**	**2009 US$**	**2008 US$**
Not later than one year	**58,372**	203,306	**1,480,742**	1,422,695
Between one and five years	**-**	84,475	**1,240,937**	438,621
	58,372	287,781	**2,721,679**	1,861,316

(b) Capital Commitments

The Group has capital commitments in respect of the investment in the petroleum concessions in Thailand. As per the terms of the PCAs, the Group is required to expend a minimum expenditure of US$3,015,000 for Block L17/48 within the Second Obligation Period ("SOP") from 8 December 2009 to 7 December 2012. For Block L9/48 and L3/48, the Group is required to expend a minimum expenditure of US$900,000 from 20 April 2007 to 19 April 2010. The Group has applied to proceed to the Second Obligation Period ("SOP") for Block L9/48. As for Block L3/48, the Group has requested to Ministry of Energy, Thailand to relinquish the block.

As at 31 December 2009, the Group has essentially met the minimum work commitments for Blocks L17/48, L9/48 and L3/48.

	Group	
	2009 US$	**2008 US$**
Not later than one year	**1,005,000**	655,085
Between one and five years	**2,010,000**	3,809
	3,015,000	658,894

31. CONTINGENT LIABILITIES

(a) The operations and earnings of the Group have been, and in the future may be, affected from time to time in varying degrees by political developments in Myanmar, and laws and regulations both in Myanmar and in countries in response to developments in Myanmar. These may include sanctions by other countries on trade with Myanmar, forced divestment of assets, expropriation of property, cancellation of contracts, restrictions on production, changes in tax rules and environmental regulations. The likelihood of such occurrences and their overall effect upon the Group are not predictable.

The Myanmar Investment Commission (''MIC") resolved at its meeting in August 1994 that all projects established with the permission of the Commission shall be responsible for the preservation of the environment at and around the area of the project sites. The enterprises are entirely responsible for controlling pollution of air, water and land, and other environmental aspects and keeping the project site environmentally friendly. To meet the requirements of the MIC, the Group may be exposed to the cost of restoring the project sites. The potential costs are not estimated as the Group does not foresee any circumstances to arise which may require it to make such provisions to comply with the MIC.

(b) In late 2005, the Ministry of Finance and Revenue of Myanmar issued a notification stating that all capital gains arising from any transaction in foreign currencies relating to the sale, exchange or transfer of company shares, capital assets, ownership of, or any interest in a company doing business in the oil and gas sector in Myanmar are subject to tax. This change is to be applied retrospectively from 15 June 2000. In late 2002, the Group's subsidiary, Goldwater, farmed out a 40% interest in the IPRCs to Geopetrol. At that time, Goldwater informed MOGE that Goldwater's net cumulative investment was higher than the cash proceeds received from Geopetrol and as such, Goldwater did not derive any capital gain. At this point in time, the Group is of the view that no tax provision is required to be included in the accounts. Furthermore, it is not possible to estimate the quantum of any amount which may eventually become payable in respect of this matter.

32. FINANCIAL RISK MANAGEMENT

The Group is exposed to market risk (including foreign currency risk, interest rate risk and crude oil price risk), credit risk and liquidity risk arising in the normal course of business. The Group recognises the existence of the various risks and the management of the Group constantly assesses the potential impacts to the Group where necessary. The Group implements measures and strategies to minimise any exposure. The Group does not hold or issue any derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in oil prices, interest and foreign exchange rates.

(a) Market Risk

(i) Price Risk

The Group is exposed to equity securities price risk and exchange rate risk because of the investments held by the Group which are classified in the consolidated balance sheet as financial assets, at fair value through profit or loss. These securities are listed in Indonesia and quoted in Indonesia Rupiah. However, any significant movement in the price of the equity securities is likely to be immaterial to the Group, in view of the Group's reserves. In addition, the Group is also exposed to crude oil price risk. The price of oil, which is a global commodity is not set by the Group and is subject to fluctuation. The Group does not hedge the price of oil. The Group will monitor the situation, and manage the risk accordingly.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Interest Rate Risk

The Group's interest rate risk is primarily from interest income from fixed deposits. As fixed deposits are placed on the short term money market with tenures mostly within the range of seven days to twelve months, the Group's interest income is subject to the fluctuation in interest rates. These fixed deposits are placed on short-term deposit, in view of the future requirement of funds, and as such the Group does not hedge against long term interest rate fluctuations.

Short term fixed deposits earned interest at effective interest rates ranging from 0.01% to 4.73% per annum (2008: 0.38% to 6.40% per annum). Short term fixed deposits are made for varying periods between seven days to twelve months depending on the cash requirements of the Group, and earn interest at the relevant short term deposit rates.

The Group does not have any significant financial liabilities which are subject to variable interest rates as at 31 December 2009.

(iii) Country Risk

The Group constantly assesses the prevailing circumstances in the countries in which it operates and manages its investments in view of the political, economic and social backdrop of the particular country. The Group will also assess the relevant country risk in all its future investments.

(iv) Foreign Currency Risk

The Group has operations in Myanmar, Indonesia, Thailand, Australia and Singapore. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as Singapore Dollar ("SGD"), Australia Dollar ("AUD"), Indonesia Rupiah ("IDR") and Thailand Baht ("THB').

Foreign currency risk arises when transactions are denominated in foreign currencies. The Group currently does not seek to hedge these exposures as such transactions constitute a small portion of the Group's operations.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. The Group's foreign currency risks are predominantly in Singapore Dollar, Australia Dollar, Indonesia Rupiah and Thailand Baht. The Group currently does not seek to hedge these exposures. As at the balance sheet date, the Group does not have any forward foreign currency contracts.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

The Group's currency exposure is as follows:

Group	USD US$	SGD US$	IDR US$	AUD US$	THB US$	Other US$	Total US$
2009							
Financial assets							
Cash and cash equivalents and financial assets, at fair value through profit or loss and available-for-sale	16,401,125	369,914	569,609	61,257	490,120	291	17,892,316
Trade and other receivables	4,586,121	14,199	-	2,124	51,066	-	4,653,510
Inter-company balances	16,206,820	-	-	-	-	-	16,206,820
Other financial assets	57,252	28,407	-	-	3,918	-	89,577
	37,251,318	412,520	569,609	63,381	545,104	291	38,842,223
Financial liabilities							
Inter-company balances	(9,733,142)	-	-	(479,453)	(5,994,225)	-	(16,206,820)
Other financial (liabilities) / assets	(2,635,300)	(500,260)	(240,186)	(754,747)	(379,488)	(40,310)	(4,550,291)
	(12,368,442)	(500,260)	(240,186)	(1,234,200)	(6,373,713)	(40,310)	(20,757,111)
Net financial assets / (liabilities)	24,882,876	(87,740)	329,423	(1,170,819)	(5,828,609)	(40,019)	18,085,112
Add: Net non-financial assets	12,310,943	85,019	-	1,030,031	3,800,307	858	17,227,158
Currency exposure including non-financial assets / (liabilities)	37,193,819	(2,721)	329,423	(140,788)	(2,028,302)	(39,161)	35,312,270
Currency exposure of financial assets / (liabilities) net of those denominated in the respective entities' functional currencies	(440,012)	(87,740)	329,423	(457,666)	(5,994,225)	(40,019)	(6,690,239)

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Group	USD US$	SGD US$	IDR US$	AUD US$	THB US$	Other US$	Total US$
2008							
Financial assets							
Cash and cash equivalents and financial assets, at fair value through profit or loss and available-for-sale	16,159,802	512,064	463,070	432,264	120,302	5,341	17,692,843
Trade and other receivables	5,782,976	7,576	-	2,157	222,770	-	6,015,479
Inter-company balances	17,091,783	-	-	-	-	-	17,091,783
Other financial assets	79,503	61,691	-	-	16,821	-	158,015
	39,114,064	581,331	463,070	434,421	359,893	5,341	40,958,120
Financial liabilities							
Inter-company balances	(12,945,684)	-	-	-	(4,146,099)	-	(17,091,783)
Other financial (liabilities) / assets	(4,365,724)	(464,666)	(414,751)	(4,299)	158,795	(38,997)	(5,129,642)
	(17,311,408)	(464,666)	(414,751)	(4,299)	(3,987,304)	(38,997)	(22,221,425)
Net financial assets / (liabilities)	21,802,656	116,665	48,319	430,122	(3,627,411)	(33,656)	18,736,695
Add: Net non-financial assets	11,171,293	99,677	-	-	4,000,496	2,323	15,273,789
Currency exposure including non-financial assets / (liabilities)	32,973,949	216,342	48,319	430,122	373,085	(31,333)	34,010,484
Currency exposure of financial assets / (liabilities) net of those denominated in the respective entities' functional currencies	(758,760)	116,665	48,319	430,122	(4,146,099)	(33,656)	(4,343,409)

32. FINANCIAL RISK MANAGEMENT (CONT'D)

The Company's currency exposure is as follows:

Company	USD US$	SGD US$	IDR US$	AUD US$	Total US$
2009					
Financial assets					
Cash and cash equivalents and financial assets, at fair value through profit or loss and available-for-sale	**11,753,746**	**362,781**	**1,538**	**24,598**	**12,142,663**
Trade and other receivables	**4,953**	**14,199**	**-**	**-**	**19,152**
Other financial assets	**-**	**26,953**	**-**	**-**	**26,953**
	11,758,699	**403,933**	**1,538**	**24,598**	**12,188,768**
Financial liabilities					
Other financial liabilities	**(57,980)**	**(472,733)**	**-**	**(2,811)**	**(533,524)**
Net financial assets / (liabilities)	**11,700,719**	**(68,800)**	**1,538**	**21,787**	**11,655,244**
Add: Net non-financial assets	**20,240,156**	**85,019**	**-**	**-**	**20,325,175**
Currency exposure including non-financial assets and liabilities	**31,940,875**	**(16,219)**	**1,538**	**21,787**	**31,980,419**
Currency exposure of financial assets / (liabilities) net of those denominated in the functional currencies	**-**	**(68,800)**	**1,538**	**21,787**	**(45,475)**
2008					
Financial assets					
Cash and cash equivalents and financial assets, at fair value through profit or loss and available-for-sale	11,274,700	505,278	622	432,264	12,212,864
Trade and other receivables	10,267	7,576	-	2,157	20,000
Other financial assets	-	61,691	-	-	61,691
	11,284,967	574,545	622	434,421	12,294,555
Financial liabilities					
Other financial liabilities	(59,557)	(464,666)	-	(4,299)	(528,522)
Net financial assets / (liabilities)	11,225,410	109,879	622	430,122	11,766,033
Add: Net non-financial assets	18,614,952	99,677	-	-	18,714,629
Currency exposure including non-financial assets and liabilities	29,840,362	209,556	622	430,122	30,480,662
Currency exposure of financial assets / (liabilities) net of those denominated in the functional currencies	-	109,879	622	430,122	540,623

If foreign currencies strengthen/weaken by 5% (2008:5%) against the USD with all other variables including tax rate being held constant, the impact to the equity and net profit of the Group and the Company arising from currency translation gain/(loss) to the remaining USD denominated financial instruments will not be significant.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit Risk

The Group's main credit risk is from its trade receivables and the financial institutions where the Group invests its surplus funds.

As the Group currently sells all its crude oil produced to MOGE and PT Pertamina, the Group has a significant credit risk concentration. The Group does not foresee its exposure to PT Pertamina to be significant as payments have been regular. Due to consistent payments from MOGE, the Group has wrote back the allowances for impairment in respect of the trade receivables from MOGE. The maximum exposure to financial assets risk in the event of a full default by MOGE as at 31 December 2009 is US$3,566,428 (2008: US$3,940,412). The Group regularly meets with MOGE to assess the collectability of future payments, and manages future cash flow accordingly. The amount due from MOGE as at financial year end was US$5,564,182 (2008: US$6,857,166).

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowances for impairment are as follows:

	Group	
	2009	**2008**
	US$	**US$**
Past due 1 to 3 months	**1,778,302**	1,772,845
Past due 4 to 6 months	**2,510,756**	4,539,776
	4,289,058	6,312,621
Less: Allowances for impairment	**(1,997,754)**	(2,916,754)
	2,291,304	3,395,867
Allowances for impairment		
Opening balance	**2,916,754**	2,916,754
Write-back of allowances for impairment	**(919,000)**	-
Closing balance	**1,997,754**	2,916,754

Surplus funds are placed with reputable financial institutions, and interest income earned is subject to the fluctuation of the interest rates paid on deposits. These surplus funds are placed on short-term deposit (usually one month terms), in view of the future requirement for funds. The Group does not hedge against long term fluctuations in interest rates.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the balance sheet.

(c) Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. With its cash holding, no borrowings and no long-term debts, the Group is in a negative gearing position. Future decisions to raise capital and funds will be made with the objective to maintain an optimal capital structure.

The Group and the Company have no externally imposed capital requirements for the financial years ended 31 December 2009 and 2008.

(d) Liquidity Risk

The Group's financing activities are managed centrally by maintaining an adequate level of cash and cash equivalents to finance the Group's operations. The Group's surplus funds are also managed centrally by placing them with reputable financial institutions on varying maturities.

All the financial liabilities of the Group mature within one year.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair Value Measurements

Effective from 1 January 2009, the Group adopted the amendment to FRS 107 which requires disclosures of fair value measurements by level of the following fair value measurement hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and
(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the assets and liabilities measured at fair value at 31 December 2009.

Group	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Assets				
Financial assets at fair value through profit or loss - Trading securities	551,178	-	-	551,178

The fair value of financial instruments traded in active markets (such as trading and available-for–sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The carrying value less impairment of trade receivables and payables are assumed to approximate their fair values.

33. INVESTMENT IN JOINT VENTURES

The following amounts represent the Group's share of results and assets and liabilities of the joint ventures. These items are included in the consolidated balance sheets and statement of comprehensive income using the line-by-line method of proportionate consolidation and after making the necessary adjustments to comply with the Singapore Financial Reporting Standards.

	2009 US$	2008 US$
Balance sheet		
Non-current assets	**12,243,437**	10,596,742
Current assets	**11,158,103**	13,640,886
Current liabilities	**(5,821,801)**	(5,803,613)
Net assets	**17,579,739**	18,434,015
Statement of comprehensive income		
Revenue	**12,617,083**	17,479,459
Expenses	**(11,334,690)**	(11,220,479)
Profit before income tax	**1,282,393**	6,258,980
Income tax expense	**(944,578)**	(1,690,490)
Profit after income tax	**337,815**	4,568,490
Group's share of operating lease commitment of joint ventures	**2,649,463**	1,539,200

34. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors ("BOD") that are used to make strategic decisions.

The Group operates primarily in four geographical areas, namely Indonesia, Myanmar, Thailand and Australia. The Group operates in one business segment, namely exploration for and operation of oil fields for crude petroleum production, and derives its revenue solely from the sale of petroleum.

Other services within Singapore include investment holding and provision of management services; but these are not included within the reportable operating segments, as they are not included in the reports provided to the BOD. The results of these operations are included in the "all other segments" column.

34. SEGMENT INFORMATION (CONT'D)

The segment information provided to the BOD for the reportable segments for the financial years ended 31 December 2009 and 2008 are as follows:

Group	Indonesia 2009 US$	Myanmar 2009 US$	Thailand 2009 US$	Australia 2009 US$	All other Segments 2009 US$	Total Reporting Segment 2009 US$
Revenue						
Sales to external customers	**5,844,352**	**6,772,731**	**-**	**-**	**-**	**12,617,083**
Adjusted EBITDA	**1,240,998**	**2,865,077**	**(144,029)**	**(3,141)**	**(634,441)**	**3,324,464**
Depreciation and amortisation	**1,287,838**	**790,885**	**5,629**	**-**	**39,321**	**2,123,673**
Impairment and allowances	**-**	**-**	**2,040,904**	**-**	**-**	**2,040,904**
Write-back impairment and allowances	**-**	**(3,000,000)**	**-**	**-**	**-**	**(3,000,000)**
Total assets	**13,253,340**	**12,186,901**	**4,318,924**	**1,248,389**	**2,566,995**	**33,574,549**
Total assets includes:						
Capital expenditure (tangible and intangible assets)	**1,353,518**	**528,690**	**1,695,047**	**407,404**	**8,304**	**3,992,963**
Total liabilities	**(1,859,390)**	**(1,271,339)**	**(828,780)**	**(751,936)**	**(522,952)**	**(5,234,397)**

Group	Indonesia 2008 US$	Myanmar 2008 US$	Thailand 2008 US$	Australia 2008 US$	All other Segments 2008 US$	Total Reporting Segment 2008 US$
Revenue						
Sales to external customers	9,509,912	7,969,547	-	-	-	17,479,459
Adjusted EBITDA	2,894,422	3,997,131	(156,790)	-	(1,937,890)	4,796,873
Depreciation and amortisation	1,088,934	731,764	6,614	-	35,269	1,862,581
Total assets	13,428,465	11,707,600	4,468,592	-	1,911,826	31,516,483
Total assets includes:						
Capital expenditure (tangible and intangible assets)	1,425,416	3,415,264	754,659	-	42,527	5,637,866
Total liabilities	(2,260,211)	(2,279,109)	(599,964)	-	(508,345)	(5,647,629)

There is no inter-segment revenue.

34. SEGMENT INFORMATION (CONT'D)

The BOD assesses the performance of the operating segments based on a measure of Earnings before interest income, tax, depreciation and amortisation ("adjusted EBITDA"). This measurement basis excludes the effects of expenditure from the operating segments such as impairment and write-back of impairment that are not expected to recur regularly in every period. Interest income and finance expenses are not allocated to segments.

A reconciliation of adjusted EBITDA to profit before tax is provided as follows:

	2009 US$	2008 US$
Adjusted EBITDA for reportable segments	**3,958,905**	6,734,763
Other segments EBITDA	**(634,441)**	(1,937,890)
Depreciation and amortisation	**(2,123,673)**	(1,862,581)
Write-back of impairment of exploration, evaluation and developments costs and trade receivables	**3,000,000**	-
Impairment of exploration, evaluation and development costs and intangible assets	**(2,040,904)**	-
Finance expenses	**-**	(88,848)
Interest income	**95,794**	513,068
Profit before income tax	**2,255,681**	3,358,512

Reportable segments' assets are reconciled to total assets as follows:

The amounts provided to the BOD with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the BOD monitors the property, plant and equipment, exploration, evaluation and development costs, intangible assets, inventories, receivables, deposits and prepayment and operating cash attributable to each segment. All assets are allocated to reportable segments other than short-term bank deposits, financial assets at fair value through profit or loss and club membership.

	2009 US$	2008 US$
Segment assets for reportable segments	**31,007,554**	29,604,657
Other segment assets	**2,566,995**	1,911,826
Unallocated:		
Short-term bank deposits	**11,123,919**	11,959,498
Financial assets, at fair value through profit or loss	**551,178**	436,014
Club membership	**-**	4,570
	45,249,646	43,916,565

Reportable segments' liabilities are reconciled to total liabilities as follows:

The amounts provided to the BOD with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to reportable segments other than current income tax liabilities.

	2009 US$	2008 US$
Segment liabilities for reportable segments	**4,711,445**	5,139,284
Other segment liabilities	**522,952**	508,345
Unallocated:		
Current Income tax liabilities	**4,702,979**	4,258,452
	9,937,376	9,906,081

All revenues are derived from two external customers for the financial years ended 31 December 2009 and 2008.

35. RELATED PARTIES AND SIGNIFICANT RELATED PARTIES TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group had no other significant transactions with related parties during the year.

Related parties comprise mainly companies that are controlled or significantly influenced by the Group's key management personnel and their close family members.

Key Management's Remuneration

The key management's remuneration includes fees, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the costs incurred by the Group and the Company, and where the Group or the Company did not incur any costs, the value of the benefits. The key management's remuneration is as follows:

	Group	
	2009	**2008**
	US$	**US$**
Director's fees	**225,203**	233,582
Short term employee benefits	**754,156**	804,131
Post employment benefits including Central Provident Fund	**8,585**	7,674
Share option expense, net (see Note 22 (c))	**(1,205)**	14,707
Total costs incurred by the Group	**986,739**	1,060,094
Cost incurred for the following categories of key management are:		
- Directors of the Company	**621,111**	630,580
- Other key management personnel	**365,628**	429,514
Total costs incurred by the Group	**986,739**	1,060,094

36. SUBSEQUENT EVENTS

On 19 March 2010, the Group obtained the confirmation from the bank that the banker's guarantee of US$2,060,000 was discharged thereafter the outstanding banker's guarantees were reduced to US$750,000.

37. NEW OR REVISED FRS AND INTERPRETATIONS

Certain new FRS, amendments and new interpretations to existing FRS have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

FRS 27 (revised) Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)

FRS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the income statement. The Group will apply FRS 27 (revised) prospectively to transactions with minority interests from 1 January 2010.

FRS 103 (revised) Business Combinations (effective for annual periods beginning on or after 1 July 2009)

FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply FRS 103 (revised) prospectively to all business combinations from 1 January 2010.

38. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the board of directors of the Company on 19 March 2010.

Shareholder Information

As at 23 March 2010

ISSUED SHARES*

Class of Shares	No. of Holders	% of Holders	No. of Holders	% of Issued Shares
Ordinary shares, fully paid	11,296	99.89	245,712,158	95.64
CDIs, fully paid	13	0.11	11,208,080	4.36
Total	11,309	100.00	256,920,238	100.00

The Company's ordinary shares are listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Australian Securities Exchange Limited ("ASX") (in the form of CHESS Depositary Interests ("CDIs"), with each CDI representing one ordinary share in the paid-up share capital of the Company).

At any general meeting of the Company, every shareholder, who is entitled to attend and vote, present in person or by proxy or represented by attorney shall have one vote on a show of hands, and in case of a poll, shall have one vote for every share held or represented.

DISTRIBUTION OF SHAREHOLDERS*

Range of Shareholdings	No.of Shareholders	% of Shareholders	No. of Shares	% of Issued Shares
1 - 999	5,661	50.11	1,834,536	0.71
1,000 - 5,000	2,617	23.17	6,302,557	2.45
5,001 - 10,000	1,099	9.73	8,989,702	3.50
10,001 - 100,000	1,746	15.46	55,351,738	21.55
100,001 – 1,000,000	161	1.42	35,217,338	13.71
1,000,001 and above	12	0.11	138,016,287	53.72
Total	11,296	100.00	245,712,158	95.64

DISTRIBUTION OF CDI HOLDERS*

Range of CDI Holdings	No. of CDI Holders	% of CDI Holders	No. of CDIs	% of Issued Shares
1 - 999	2	15.38	720	0.0003
1,000 - 5,000	3	23.08	4,920	0.0019
5,001 - 10,000	2	15.38	20,000	0.0078
10,001 - 100,000	2	15.38	44,440	0.0173
100,001 – 1,000,000	2	15.39	1,150,000	0.4476
1,000,001 and above	2	15.39	9,988,000	3.8876
Total	13	100.00	11,208,080	4.3625

There are 5 CDI holders holding less than a marketable parcel^ of CDIs.

^ *A marketable parcel is defined in the ASX Market Rule Procedures as a parcel of securities of not less than A$500 based on the closing price of the securities on the ASX.*

* *These tables are compiled on the basis that each CDI holding is a separate holding and accordingly, the holding of shares by Chess Depositary Nominees Pty Limited is ignored.*

Shareholder Information

As at 23 March 2010

TWENTY LARGEST REGISTERED SHAREHOLDERS

Name of Shareholder	No. of Shares	% of Issued Shares
DB Nominees (S) Pte Ltd	39,426,214	15.35
UOB Kay Hian Pte Ltd	37,162,163	14.46
Raffles Nominees Pte Ltd	34,964,704	13.61
Chess Depositary Nominees Pty Limited#	11,208,080	4.36
Citibank Nominees Singapore Pte Ltd	7,945,468	3.09
United Overseas Bank Nominees Pte Ltd	3,575,026	1.39
Kim Eng Securities Pte. Ltd.	3,333,440	1.30
Ong Meng Huat	2,948,000	1.15
DBS Nominees Pte Ltd	2,667,126	1.04
Andreas Tjahjadi	2,085,000	0.81
OCBC Securities Private Ltd	1,895,146	0.74
Wang Jung Hsin	1,010,000	0.39
Lim & Tan Securities Pte Ltd	1,004,000	0.39
OCBC Nominees Singapore Pte Ltd	913,692	0.36
Tan Chung King	880,000	0.34
Teo Chong Hock	644,000	0.25
Ho Chui Foong @ Ho Yee Foong	613,000	0.24
Lie Tjoei Tjoe	611,000	0.24
Lin Ting Yie @ Lam Tin Yie	600,000	0.23
Poh Seng Kui	600,000	0.23
Total	154,086,059	59.97

The shares held by Chess Depositary Nominees Pty Limited are held on behalf of CDI holders in its register.

REGISTERED CDI HOLDERS

Name of CDI Holder	No. of CDIs	% of Issued Shares
Citicorp Nominees Pty Limited	5,000,000	1.9461
HSBC Custody Nominees (Australia) Limited-GSCO ECA	4,988,000	1.9415
Lin Ting Yie & Lam Tin Yie	1,000,000	0.3892
Phillip Securities Pte Ltd <Client Account>	150,000	0.0584
Chong Chai Leeh & Chong Chai Leck	24,440	0.0095
Kung Chung Ming	20,000	0.0078
Ng Ling Cheow	10,000	0.0039
Dr David Easton	10,000	0.0039
Miss Lisa Patricia Le Strange	2,000	0.0008
Yap Swee Yow	1,920	0.0008
Tai Kay Seng	1,000	0.0004
Heng Kia Ngee Charmaine	360	0.0001
Teo Yu Ching	360	0.0001
Total	11,208,080	4.3625

Shareholder Information

As at 23 March 2010

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Edwin Soeryadjaya[(1)]	-	-	39,948,000	15.55
Sandiaga Salahuddin Uno[(2)]	-	-	39,948,000	15.55
ADRC Limited	38,426,214	14.96	-	-
Attica Finance Ltd.	-	-	38,388,000	14.94
Fleur Enterprises Limited	38,388,000	14.94	-	-
Subianto Arpan Sumodikoro[(3)]	-	-	30,000,000	11.68
Canyon Gate Investments Ltd	30,000,000	11.68	-	-

Notes:

(1) Edwin Soeryadjaya is deemed to be interested in the 38,388,000 shares held by Fleur Enterprises Limited and the 1,560,000 shares held by Saratoga Equity Partners I Limited (which is not a substantial shareholder) by virtue of Section 7 of the Companies Act, Chapter 50.

(2) Sandiaga Salahuddin Uno is deemed to have an interest in the 38,388,000 shares held by Fleur Enterprises Limited through Attica Finance Ltd. and the 1,560,000 shares held by Saratoga Equity Partners I Limited (which is not a substantial shareholder) by virtue of Section 7 of the Companies Act, Chapter 50.

(3) Subianto Arpan Sumodikoro is deemed to have an interest in the 30,000,000 shares held by Canyon Gate Investments Ltd by virtue of Section 7 of the Companies Act, Chapter 50.

PUBLIC SHAREHOLDINGS

Based on the information available to the Company as at 23 March 2010, approximately 56% of the issued shares of the Company are held in the hands of the public. This is in compliance with Rule 723 of the SGX-ST Listing Manual – Section B: Rules of Catalist.

SHARE PURCHASE MANDATE

At the annual general meeting of the Company held on 29 April 2009 (“AGM 2009”), shareholders approved the renewal of a general mandate (the “Share Purchase Mandate”) authorising the Company to purchase or otherwise acquire up to 10% of the issued ordinary share capital of the Company as at the date of AGM 2009. As at 23 March 2010, there is no current on-market buy-back of shares pursuant to the Share Purchase Mandate.

Notice of Annual General Meeting

INTERRA RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 197300166Z)
(Australian Registered Body No. 129 575 275)

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Interra Resources Limited (the "Company") will be held on 28 April 2010 at 1:00 p.m. at Function Room 5.1, Level 5, School of Information Systems, Singapore Management University, 80 Stamford Road, Singapore 178902, to transact the following business:

ORDINARY BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

1. To receive and adopt the audited accounts for the financial year ended 31 December 2009 together with the reports of the Directors and the Auditors thereon. **Resolution 1**

2. To approve the sum of S$328,000 as Directors' fees for the financial year ended 31 December 2009 (FY 2008: S$328,000). **Resolution 2**

3. To re-elect the following Directors who will retire by rotation under Article 89 of the Articles of Association of the Company and who, being eligible, offer themselves for re-election:

   (a) Mr Sandiaga Salahuddin Uno **Resolution 3(a)**

   (b) Mr Allan Charles Buckler **Resolution 3(b)**

4. To re-elect Mr Marcel Han Liong Tjia who will cease to hold office under Article 95 of the Articles of Association of the Company, who, being eligible, offers himself for re-election. **Resolution 4**

5. To re-appoint Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. That pursuant to Section 161 of the Companies Act, Chapter 50 (the "CA") and the rules, guidelines and measures issued by the Singapore Exchange Securities Trading Limited (the "SGX-ST"), authority be and is hereby given to the Directors to issue:
   (a) shares in the capital of the Company; or
   (b) convertible securities; or
   (c) additional convertible securities issued pursuant to adjustments; or
   (d) shares arising from the conversion of the securities in (b) and (c) above,

   (whether by way of rights, bonus or otherwise or in pursuance of any offer, agreement or option made or granted by the Directors during the continuance of this authority or thereafter) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit (notwithstanding the authority conferred by this Resolution may have ceased to be in force),

   provided that:

   (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company as calculated in accordance with sub-paragraph (2) below ("Issued Shares"), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of Issued Shares;

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:
   (i) new shares arising from the conversion or exercise of convertible securities;
   (ii) (where applicable) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the SGX-ST Listing Manual – Section B: Rules of Catalist (the "Rules of Catalist"); and
   (iii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier. **Resolution 6**

7. That subject to and pursuant to the share issue mandate in Resolution 6 above being obtained, authority be and is hereby given to the Directors to issue new shares in the capital of the Company other than on a pro rata basis to shareholders of the Company at an issue price per new share which shall be determined by the Directors in their absolute discretion in accordance to the requirements of the SGX-ST and during the period up to 31 December 2010 or such other date as may be determined by the SGX-ST, such price may represent up to a twenty per cent (20%) discount to the weighted average price per share determined in accordance with the requirements of the SGX-ST. **Resolution 7**

8. That pursuant to Section 161 of the CA, authority be and is hereby given to the Directors, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Interra Share Option Plan (the "Plan"), provided always that the aggregate number of shares to be issued pursuant to the Plan shall not exceed five per cent (5%) of the total number of issued shares including treasury shares at any time and from time to time. **Resolution 8**

9. That authority be and is hereby given to Directors to make purchases from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of ordinary shares up to ten per cent (10%) of the issued ordinary share capital of the Company as at the date of this Resolution or as at the date of the last AGM of the Company (whichever is the higher) at any price up to but not exceeding the Maximum Price (as defined in the Addendum dated 8 April 2010 to shareholders of the Company, being an addendum to the Annual Report of the Company for the year ended 31 December 2009), and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next AGM is held or is required by law to be held, whichever is the earlier (the "Share Purchase Mandate"). **Resolution 9**

10. To transact any other business that may be properly transacted at an AGM.

BY ORDER OF THE BOARD

Adrian Chan Pengee
Company Secretary

Singapore
8 April 2010

NOTE:
A member of the Company entitled to attend and vote at the AGM may appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company. The instrument of proxy must be lodged at the registered office of the Company at 61 Stamford Road, #04-06 Stamford Court, Singapore 178892 not less than forty-eight (48) hours before the time appointed for holding the AGM.

Notice of Annual General Meeting

EXPLANATORY NOTES ON BUSINESS TO BE TRANSACTED

Resolution 3(a)

Mr Sandiaga Salahuddin Uno, if re-elected, will remain as the Deputy Chairman of the Company and a member of the Audit Committee, Nominating Committee and Remuneration Committee.

Resolution 3(b)

Mr Allan Charles Buckler, if re-elected, will remain as an Independent Director of the Company, Chairman of the Audit Committee and Nominating Committee and a member of the Remuneration Committee.

Resolution 4

Mr Marcel Han Liong Tjia, if re-elected, will remain as an Executive Director and the Chief Executive Officer of the Company.

Resolution 6

The proposed Ordinary Resolution 6, if passed, will empower the Directors, from the date of the above AGM until the next AGM, to issue shares in the capital of the Company and to make or grant convertible securities, and to issue shares in pursuance of such convertible securities, without seeking any further approval from shareholders in general meeting, up to a number not exceeding one hundred per cent (100%) of the total number of Issued Shares, of which up to fifty per cent (50%) of the total number of Issued Shares may be issued other than on a pro rata basis to shareholders.

Resolution 7

Contingent on the passing of Resolution 6, the proposed Ordinary Resolution 7, if passed, will authorise the Directors, from time to time, to determine up to twenty per cent (20%) discount to the price per new share pursuant to the share issue mandate, and in accordance with the requirements of the SGX-ST.

Resolution 8

The proposed Ordinary Resolution 8, if passed, will authorise the Directors, from time to time, to allot and issue shares pursuant to the exercise of options under the Plan not exceeding five per cent (5%) of the total number of issued shares including treasury shares at any time.

Resolution 9

The proposed Ordinary Resolution 9, if passed, renews the Share Purchase Mandate and will authorise the Directors, from time to time, to purchase shares subject to and in accordance with the Articles of Association of the Company, the Rules of Catalist, and such other laws and regulations as may for the time being be applicable. The Company intends to use internal sources of funds or external borrowings or a combination of both to finance its purchase or acquisition of shares. An illustration on the financial impact of a purchase or acquisition of shares by the Company pursuant to the Share Purchase Mandate on the audited accounts of the Company for the financial year ended 31 December 2009 is set out in Section 5 of the Addendum.

This notice and its contents have been reviewed by the Company's Sponsor, Collins Stewart Pte. Limited, for compliance with the relevant rules of the SGX-ST. It has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr Alex Tan, CEO of Collins Stewart Pte. Limited, address 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.

PROXY FORM

Annual General Meeting

INTERRA RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 197300166Z)
(Australian Registered Body No. 129 575 275)

IMPORTANT:

1. *For investors who have used their CPF monies to buy shares of Interra Resources Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.*
2. *This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.*

I/We, ______________________ (Name) ______________________ (NRIC/Passport No.)

of ____ (Address)

being shareholder/shareholders of Interra Resources Limited (the "Company"), hereby appoint:

Name	**Address**	**NRIC / Passport No**	**Proportion of Shareholdings to be Represented by Proxy**
and/or (delete as appropriate)			

or failing him/them, the Chairman of the Annual General Meeting ("AGM") as my/our proxy/proxies to attend and to vote on my/our behalf and, if necessary, to demand a poll, at the AGM of the Company to be held on 28 April 2010 at 1:00 p.m. at Function Room 5.1, Level 5, School of Information Systems, Singapore Management University, 80 Stamford Road, Singapore 178902, and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, my/our proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM and at any adjournment thereof.

ORDINARY RESOLUTIONS		**For**	**Against**
	Ordinary Business		
1	Adoption of audited accounts		
2	Approval of Directors' fees		
3(a)	Re-election of Mr Sandiaga Salahuddin Uno		
3(b)	Re-election of Mr Allan Charles Buckler		
4	Re-election of Mr Marcel Han Liong Tjia		
5	Re-appointment of Nexia TS Public Accounting Corporation		
	Special Business		
6	Authority to issue shares pursuant to share issue mandate		
7	Authority to issue new shares pursuant to share issue mandate at discount of up to 20% (contingent on the passing of Resolution 6)		
8	Authority to allot and issue shares under the Interra Share Option Plan		
9	Renewal of Share Purchase Mandate		

(Please indicate the number of votes as appropriate in the space provided.)

Total Number Of Shares Held

Dated this ______ day of April 2010

____
Signature(s) or Common Seal of Shareholder(s)

IMPORTANT: Please read notes overleaf

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NOTES

1. A shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a shareholder appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

2. A shareholder should insert the total number of shares held by him. If he has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), he should insert that number of shares. If he has shares registered in his name in the Register of Members, he should insert that number of shares. If he has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, the instrument of proxy shall be deemed to relate to all the shares held by him.

3. The instrument of proxy must be under the hand of the shareholder or his attorney duly authorised in writing. Where the shareholder is a corporation, the instrument of proxy must be executed under its common seal or under the hand of its attorney duly authorised in writing.

4. The instrument of proxy (together with the power of attorney, if any, under which it is signed or a duly certified copy thereof) must be lodged at the registered office of the Company at 61 Stamford Road, #04-06 Stamford Court, Singapore 178872 not less than forty-eight (48) hours before the time appointed for holding the AGM.

5. A corporation which is a shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

6. The Company shall be entitled to reject the instrument of proxy if it is incomplete, improperly completed or illegible or where the true intentions of the shareholder are not ascertainable from the instructions specified in the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument of proxy lodged if the shareholder, being the appointor, is not shown to have shares entered against his name in the Depository Register forty-eight (48) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Please fold along this line

Please affix postage stamp

INTERRA RESOURCES LIMITED
61 Stamford Road
#04-06 Stamford Court
Singapore 178892

corporate information

BOARD OF DIRECTORS

Edwin Soeryadjaya
Chairman (Non-Executive)

Sandiaga Salahuddin Uno
Deputy Chairman (Non-Executive)

Marcel Han Liong Tjia
Executive Director & Chief Executive Officer

Subianto Arpan Sumodikoro
Director (Non-Executive)

Allan Charles Buckler
Independent Director (Non-Executive)

Ng Soon Kai
Independent Director (Non-Executive)

Crescento Hermawan
Alternate Director to Subianto Arpan Sumodikoro

AUDIT COMMITTEE

Allan Charles Buckler *(Chairman)*
Ng Soon Kai
Sandiaga Salahuddin Uno

NOMINATING COMMITTEE

Allan Charles Buckler *(Chairman)*
Ng Soon Kai
Sandiaga Salahuddin Uno

REMUNERATION COMMITTEE

Ng Soon Kai *(Chairman)*
Allan Charles Buckler
Sandiaga Salahuddin Uno

COMPANY SECRETARIES

Adrian Chan Pengee
Loo Hwee Fang

INDEPENDENT AUDITORS

Nexia TS Public Accounting Corporation
5 Shenton Way
#16-00 UIC Building
Singapore 068808
Partner-in-Charge: Kristin Kim Yoon Sook
(Appointed since financial year 2006)

REGISTERED OFFICES

Singapore – Principal Administrative Office
61 Stamford Road
#04-06 Stamford Court
Singapore 178892
CRN: 197300166Z
Tel: +65 6732 1711
Fax: +65 6738 1170
Email: interra@interraresources.com
Website: www.interraresources.com

Australia – Local Agent Office
307 Queen Street Level 3
Brisbane QLD 4000 Australia
ARBN: 129 575 275
Tel: +61 7 3221 0922
Fax: +61 7 3221 5529

STOCK EXCHANGE LISTINGS

Primary Listing
Singapore Exchange Securities Trading Limited – Catalist
SGX Code: Interra Res (5GI)

Secondary Listing
Australian Securities Exchange Limited – in the form of CHESS Depositary Interests
ASX Code: ITR

Continuing Sponsor for Catalist
Collins Stewart Pte. Limited
77 Robinson Road #21-02
Singapore 068896
Tel: +65 6854 6150
Fax: +65 6854 6151

SHARE REGISTRARS

Singapore – Share Registration Services
M & C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906
Tel: +65 6227 6660
Fax: +65 6225 1452
Website: www.mncsingapore.com

Australia – CHESS Depositary Interest Registry Services
Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067 Australia
Tel: 1300 787 272 (within Australia)
+61 3 9415 4000 (outside Australia)
Fax: +61 3 9473 2500
Website: www.computershare.com.au

interra resources

INTERRA RESOURCES LIMITED
Company Registration No. 197300166Z
Australian Registered Body No. 129 575 275

61 Stamford Road #04-06 Stamford Court
Singapore 178892
Tel (65) 6732 1711
Fax (65) 6738 1170
Email interra@interraresources.com
Website www.interraresources.com

PROXY FORM
Annual General Meeting

INTERRA RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 197300166Z)
(Australian Registered Body No. 129 575 275)

IMPORTANT:
Holders of CHESS Depositary Interests ("CDIs") relating to shares in Interra Resources Limited (the "Company") do not have an automatic right to attend, speak and vote at this Annual General Meeting ("AGM") of the Company. If a CDI holder wishes to personally attend, speak and vote at the AGM, the CDI holder MUST sign/execute Part VI, and return this Proxy Form in accordance with the instructions in the Notes to this Proxy Form. If the CDI holder wishes to nominate a proxy/proxies to attend, speak and vote at the AGM on his/its behalf, the CDI holder MUST complete Part III and Part IV (in each case where relevant), sign/execute Part VI, and return this Proxy Form in accordance with the instructions in the Notes to this Proxy Form. One CDI represents one ordinary share in the capital of the Company.

I Depositary Nominees Pty Ltd ("CDN") of 20 Bridge Street, Sydney NSW 2000, Australia, a holder of shares in Interra Resources Limited (the "Company"), hereby appoints:

II

Name	Address	Securityholder Reference Number (SRN)

CHESS Depositary Interests ("CDIs") relating to shares in the Company in respect of which the proxy is appointed	

OR failing him/her, the person whose details are given in Part III below provided that such details have been verified in Part VI below by the affixing of the seal or the signature of or on behalf of the person named in Part II and on the basis that such person is authorised to vote in respect of the proportion or number of the CDIs referred to in this Part II shown in Part III below or if no proportion or number is so shown, in respect of the whole of the said CDIs:

III

Name	Proportion of CDIs (%) OR the Number of CDIs for this Proxy Form		
	%	OR	

OR failing the person referred to in this Part III OR if no person is nominated in this Part III, the Chairman of the Annual General Meeting ("AGM") in respect of the relevant CDIs specified in this Part III (or if no proportion or number is so shown, in respect of the whole of the CDIs referred to in Part II above), as our proxy/proxies to attend, speak and vote for us on our behalf and, if necessary to demand poll, at the AGM of the Company to be held on 28 April 2010 at 1:00 p.m. at Function Room 5.1, Level 5, School of Information Systems, Singapore Management University, 80 Stamford Road, Singapore 178902, and at any adjournment thereof. If no specific direction as to voting is given, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM.

IF A CDI HOLDER IS NOMINATING A SECOND PROXY PLEASE MARK AN 'X' IN THIS BOX. ☐

The nomination of a second proxy ***must*** be effected in accordance with the instructions in Part III of the Notes attached. A CDI holder must only mark this box on the first Proxy Form and must leave this box blank on the second Proxy Form.

IV **IF A CDI HOLDER DOES NOT WISH TO DIRECT THE PROXY/PROXIES NOMINATED BY HIM/IT ON HOW TO VOTE, PLEASE MARK AN 'X' IN THIS BOX.**

The Chairman of the AGM intends to vote undirected proxies held by him in favour of all the resolutions.

VOTING DIRECTIONS TO PROXY – A CDI HOLDER SHOULD MARK AN 'X' IN THE APPROPRIATE BOX TO INDICATE HOW THE CDI HOLDER WISHES THE PROXY/PROXIES TO VOTE ON EACH RESOLUTION (SEE ALSO THE INSTRUCTIONS IN PART IV OF THE NOTES ATTACHED)

Ordinary Resolutions		**For**	**Against**	**Abstain***
	Ordinary Business			
1	Adoption of audited accounts			
2	Approval of Directors' fees			
3(a)	Re-election of Mr Sandiaga Salahuddin Uno			
3(b)	Re-election of Mr Allan Charles Buckler			
4	Re-election of Mr Marcel Han Liong Tjia			
5	Re-appointment of Nexia TS Public Accounting Corporation			
	Special Business			
6	Authority to issue shares pursuant to share issue mandate			
7	Authority to issue new shares pursuant to share issue mandate at discount of up to 20% (contingent on passing of Resolution 6)			
8	Authority to allot and issue shares under the Interra Share Option Plan			
9	Renewal of Share Purchase Mandate			

* If a CDI holder marks the 'Abstain' box for a particular resolution, the CDI holder is directing the proxy nominated by him/it not to vote on behalf of CDN on a show of hands or a poll.

V **CHESS DEPOSITARY NOMINEES PTY LTD**

Adrian Chan Pengee
Company Secretary
Interra Resources Limited
(Agent for CHESS Depositary Nominees Pty Ltd)

(Please also see Part V of the Notes section attached)

VI **TO BE COMPLETED BY A CDI HOLDER IF HE/IT WISHES TO PERSONALLY ATTEND, SPEAK AND VOTE AT THE AGM, OR WISHES TO NOMINATE A PROXY/PROXIES TO DO SO ON HIS/ITS BEHALF UNDER PART III ABOVE. THIS PART MUST BE SIGNED IN ACCORDANCE WITH THE INSTRUCTIONS IN PART VI OF THE NOTES ATTACHED.**

Individual 1	**Individual 2**	**Individual 3**
Signature of CDI Holder/ Sole Director & Sole Secretary	**Signature of Director**	**Signature of Director/ Secretary**

Dated this _____ day of April 2010

Daytime contact number

NOTES – How to Complete the Proxy Form

III 1. A CDI holder may nominate not more than two proxies (including the Chairman of the AGM) to attend, speak and vote at the AGM in his/its place as proxy for CDN in respect of his/its CDIs. A proxy need not be a member of the Company.

If a CDI holder leaves Part III of the Proxy Form blank or the proxy/proxies nominated by the CDI holder in Part III does/do not attend the AGM, the Chairman of the AGM will be the CDI holder's proxy by default and will vote as proxy for CDN in respect of the CDI holder's CDIs <u>if the CDI holder does not attend the AGM in person.</u>

2. If a CDI holder wishes to nominate a second proxy, an additional Proxy Form may be obtained by telephoning the Company's Australian registry, Computershare Investor Services Pty Limited, at 1300 787 272 or 61 3 9415 4000 outside Australia, or the CDI holder may copy this form.

To nominate a second proxy a CDI holder must:
(a) indicate that he/it wishes to nominate a second proxy by marking an 'X' in the box at the end of Part III on the first Proxy Form. A CDI holder must leave the box at the end of Part III blank on the second Proxy Form;
(b) on the first Proxy Form state the proportion or number of CDIs applicable to the first proxy;
(c) on the second Proxy Form state the proportion or number of CDIs applicable to the second proxy; and
(d) return both Proxy Forms together in the same envelope.

A CDI holder who wishes to nominate more than one proxy to attend the AGM must specify the proportion or number of CDIs to be represented by each proxy. If no proportion or number of CDIs is specified, the proxy named in the first Proxy Form shall be deemed to be entitled to vote in respect of 100 per cent (100%) of the CDIs of his nominator and the proxy named in the second Proxy Form shall be deemed to be appointed in the alternate.

IV A CDI holder who wishes to nominate a proxy/proxies to attend, speak and vote at the AGM should mark an 'X' in the appropriate box to indicate how he/it wishes the proxy/proxies to vote on each resolution. If the Proxy Form is returned without any indication as to how the proxy/proxies must vote, subject as otherwise provided in Part IV of the Proxy Form, the proxy/proxies may vote as he thinks/they think fit. If a CDI holder marks more than one box on a resolution, his/its vote on that resolution will be invalid.

V The Proxy Form, duly executed, must be lodged by the CDI holder not less than 48 hours before the time appointed for the AGM at the office of the Company's Australian registry, Computershare Investor Services Pty Limited, at Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067, Australia or GPO Box 242, Melbourne VIC 3001, Australia or facsimile number 61 3 9473 2500.

Any Proxy Form received after that time will not be valid for the scheduled AGM.

CDI HOLDERS DO NOT HAVE AN AUTOMATIC RIGHT TO ATTEND, SPEAK AND VOTE AT THE AGM. A CDI HOLDER WHO WISHES TO ATTEND, SPEAK AND VOTE AT THE AGM IN PERSON OR BY PROXY MUST COMPLETE (WHERE RELEVANT), SIGN/EXECUTE, AND RETURN THE PROXY FORM IN ACCORDANCE WITH THE INSTRUCTIONS IN THESE NOTES.

VI If a CDI holder wishes to attend, speak and vote at the AGM, or wishes to nominate a proxy/proxies, this Proxy Form must be signed by the CDI holder or his attorney duly authorised in writing or, if the CDI holder is a corporation, executed under its common seal or by a duly authorised officer of the corporation or under the hand of its attorney duly authorised in writing. In the case of joint CDI holders, all joint CDI holders must sign the Proxy Form.

If the Proxy Form is being signed on behalf of a CDI holder by an attorney duly authorised in writing, then the CDI holder must have already lodged the power of attorney or a duly certified copy of the power of attorney with the Company or, alternatively, must attach the power of attorney or a certified copy of the power of attorney to the Proxy Form to be lodged with the Company.

GENERAL

The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the CDI holder are not ascertainable from the CDI holder's instructions specified in the Proxy Form. In addition, the Company shall be entitled and bound to reject the Proxy Form if the person first named in the Proxy Form, being the CDI holder, is not shown, in the records of CDN as at a time not earlier than 48 hours prior to the time appointed for the AGM supplied by CDN to the Company, to have any CDIs credited to a CDN account.

Documents may be lodged by posting, delivery or facsimile to:
Interra Resources Limited Share Registry
Computershare Investor Services Pty Limited
Posting: GPO Box 242, Melbourne VIC 3001, Australia
Delivery: Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067, Australia
Facsimile: 61 3 9473 2500

COLLECTION AND DISCLOSURE STATEMENT

Your Personal Information and the Role of the Securities Registrar

Computershare Investor Services Pty Limited (ABN 48 078 279 277) ("CIS") understands that your privacy is important to you.

In its capacity as registrar for securities issuers ("our clients"), CIS collects personal information. Such information may include your name, address, securityholding balance, tax file number and bank account details. The primary purpose of collection of personal information is for the maintenance of our clients' registers of securityholders, facilitating distribution payments and other corporate actions and communications. If you do not provide complete and accurate information, we may not be able to effectively maintain your securityholding.

The Corporations Act 2001, Privacy Act 1988 and rules such as the ASTC Settlement Rules govern the collection, use and disclosure of your personal information.

Your personal information may be disclosed to the securities issuer, persons inspecting securities registers, bidders for your securities in the context of take-overs, regulatory bodies, including the Australian Tax Office, and authorised securities brokers. Your personal information may also be disclosed to contracted external service providers for the purpose of paying distributions and mailing corporation communication such as notice of meetings, proxy forms, annual reports and other information that our clients may wish to communicate to their securityholders. These disclosures are either required or permitted by the Corporations Act 2001, the ASTC Settlement Rules or other legislation.

Under the National Privacy Principles, you can access personal information that we hold about you although there are some exceptions to this. You also have the right to request that we correct information about you which is inaccurate, incomplete or out of date. If you wish to do so, please contact the relevant CIS office at the address set out on the documentation sent to you in relation to your securityholding. If your securityholding is broker sponsored, you need to contact that broker to update your registered name or address.

To ensure the integrity and safety of securityholders' personal information, CIS will only disclose to securityholders such information if our internal procedures are satisfied. In certain cases we may charge you a fee for access to information but we will inform you at that time.

In accordance with the Corporations Act 2001 and subject to compliance with the requirements of the Privacy Act 1988, you may be sent material (including marketing material) approved by the securities issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS at 1300 787 272 or 61 3 9415 4000 outside Australia.

INTERRA RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 197300166Z)
(Australian Registered Body No. 129 575 275)

ADDENDUM TO SHAREHOLDERS

Directors:

Edwin Soeryadjaya *(Non-Executive Chairman)*
Sandiaga Salahuddin Uno *(Non-Executive Deputy Chairman)*
Marcel Han Liong Tjia *(Executive Director and Chief Executive Officer)*
Subianto Arpan Sumodikoro *(Non-Executive Director)*
Crescento Hermawan *(Alternate Director to Subianto Arpan Sumodikoro)*
Allan Charles Buckler *(Independent Director)*
Ng Soon Kai *(Independent Director)*

Registered Office:

61 Stamford Road
#04-06 Stamford Court
Singapore 178892

8 April 2010

To: The Shareholders and CHESS Depository Interests ("CDI") Holders of Interra Resources Limited

Dear Sir/Madam

ADDENDUM RELATING TO THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

1. INTRODUCTION

1.1 Interra Resources Limited (the "**Company**" or "**Interra**") has on 8 April 2010 issued a Notice convening the Annual General Meeting ("**AGM**") of the shareholders of the Company (the "**Shareholders**") to be held on 28 April 2010. The proposed Ordinary Resolution No. 9 set out in the Notice of the AGM relates to the renewal of a general mandate (the "**Share Purchase Mandate**") to authorise the directors of the Company (the "**Directors**") to make purchases from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per cent (10%) of the issued ordinary share capital (the "**Shares**") of the Company as of the date of the last AGM of the Company or, at the date on which the resolution authorising the same is passed (whichever is the higher), at any price up to but not exceeding the Maximum Price (as defined in paragraph 3.1.4 below).

The purchase or acquisition of Shares by the Company will be made in accordance with the Articles of Association of the Company (the "**Articles**"), the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual – Section B: Rules of Catalist (the "**Rules of Catalist**"), the Companies Act, Chapter 50 (the "**Companies Act**") and other such laws and regulations as may be for the time being be applicable.

1.2 The Share Purchase Mandate was originally approved by Shareholders at an Extraordinary General Meeting ("**EGM**") held on 21 November 2008 and was renewed on the last AGM held on 29 April 2009. It is set to expire on the date of the forthcoming AGM to be held on 28 April 2010. If the proposed resolution for the renewal of the Share Purchase Mandate is approved at the forthcoming AGM, the mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next AGM of the Company is held or is required by law to be held, whichever is the earlier.

1.3 The purpose of this addendum (the "**Addendum**") is to explain the rationale for and provide information relating to the proposed renewal of the Share Purchase Mandate.

1.4 This Addendum is prepared by the Company and its contents have been reviewed by the Company's Sponsor, Collins Stewart Pte. Limited (the "**Sponsor**"), for compliance with the Rules of Catalist. The Sponsor has not independently verified the contents of this Addendum. This Addendum has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume no responsibility for the correctness of any statements made or opinions expressed in this Addendum. If a Shareholder is in doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. RATIONALE

The Share Purchase Mandate will give the Company the flexibility to undertake share purchases or acquisitions up to the ten per cent (10%) limit described in paragraph 3.1.1 below at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

Such flexibility will also allow the Directors to better manage the Company's capital structure. Further, in view of the Company's listing on the ASX Limited, trading as the Australian Securities Exchange (the "**ASX**"), where the circumstances permit, the Directors may also purchase Shares and convert them into CDIs to be sold on the ASX. Repurchased Shares which are held in treasury may also be transferred for the purposes of or pursuant to the employee share option plan approved and adopted by the Shareholders at an EGM held on 30 April 2007, as modified or altered from time to time (the "**Interra Share Option Plan**").

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the said ten per cent (10%) limit during the duration referred to in paragraph 3.1.2 below, purchases or acquisitions of Shares pursuant to the Share Purchase Mandate would be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or its subsidiaries (the "**Group**"), or result in the Company being delisted from the Catalist Board of the SGX-ST (the "**SGX Catalist**").

3. SHARE PURCHASE MANDATE

3.1 Authority and Limits

Any purchase or acquisition by the Company of its Shares has to be made in accordance with, and in the manner prescribed by, the Articles, the Rules of Catalist, the Companies Act and such other laws and regulations as may, for the time being, be applicable.

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate are summarised below.

3.1.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the

Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than ten per cent (10%) of the issued ordinary share capital of the Company (ascertained as at the date of the last AGM or at the date of the forthcoming AGM at which approval for, *inter alia*, the proposed Share Purchase Mandate is sought, whichever is the higher, unless the share capital of the Company has been reduced in accordance with applicable provisions in the Companies Act, in which event the issued ordinary share capital shall be taken to be the amount of the issued ordinary share capital of the Company as altered). Any Shares which are held as treasury shares will be disregarded for purposes of computing the ten per cent (10%) limit.

For illustrative purposes only, on the basis of 256,920,238 Shares in issue as at 29 March 2010, being the latest practicable date prior to the printing of this Addendum (the "**Latest Practicable Date**") and assuming no further Shares are issued on or prior to the AGM, not more than 25,692,023 Shares (representing ten per cent (10%) of the issued ordinary share capital of the Company as at the date of the AGM) may be purchased by the Company pursuant to the proposed Share Purchase Mandate during the duration referred to in paragraph 3.1.2 below.

As at the Latest Practicable Date, there are 500,000 outstanding options granted pursuant to the Interra Share Option Plan. The options are exercisable from 4 March 2010 and are set to expire on 2 March 2013, except upon the occurrence of certain prescribed events including a take-over offer for the Company.

3.1.2 Duration of Authority

Purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may be made, at any time and from time to time, on and from the date of the forthcoming AGM, at which the Share Purchase Mandate is to be renewed, up to:-

(a) the date on which the next AGM is held or required by law to be held; or

(b) the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting, whichever is the earliest.

The authority conferred on the Directors by the Share Purchase Mandate to purchase Shares shall, unless varied or revoked by the Company in general meeting, continue in force until the next AGM of the Company is held or is required by law to be held, whichever is earlier.

3.1.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:-

(a) an on-market purchase ("**Market Purchase**"), transacted on the SGX Catalist through the ready market, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or

(b) an off-market purchase effected pursuant to an equal access scheme as defined in Section 76C of the Companies Act ("**Off-Market Purchase**"). The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Articles, the Rules of Catalist and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any Off-Market Purchase scheme or schemes. Under the Companies Act, an Off-Market Purchase must satisfy all the following conditions:-

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable, differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to Rule 870 of the Rules of Catalist, if the Company wishes to make an Off-Market Purchase, it must issue an offer document to all Shareholders containing at least the following information:-

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed purchase or acquisition of Shares;

(d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Singapore Code on Take-overs and Mergers (the "**Take-over Code**") or other applicable take-over rules;

(e) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the SGX Catalist; and

(f) details of any purchases or acquisitions of Shares made by the Company in the previous twelve (12) months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for the purchases or acquisitions.

3.1.4 Purchase Price

The purchase price (excluding ancillary expenses such as related brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors, provided that such price must not exceed the maximum price ("**Maximum Price**") set out below:-

(a) in the case of a Market Purchase, 105 per cent (105%) of the Average Closing Price (as defined below); and

(b) in the case of an Off-Market Purchase, 105 per cent (105%) of the Average Closing Price (as defined below).

For the purposes of determining the Maximum Price:-

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days.

3.2 Status of Purchased Shares

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition unless such Share is held by the Company as a treasury share. The Directors propose that all Shares purchased or acquired by the Company be held as treasury shares. While such Shares are held as treasury shares by the Company, all rights and privileges attached to the Shares will be suspended. The Company will not have any right to attend and vote at meetings. Further, no dividends shall be paid and no distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members in the event of a winding up) shall be made to the Company in respect of such Shares held as treasury shares.

3.3 Treasury Shares

Under the Companies Act, the Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:-

3.3.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10 per cent (10%) of the total number of issued Shares.

3.3.2 Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

3.3.3 Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-Over Code:-

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

3.4 Reporting Requirements

The Company shall notify its share registrar (the "**Registrar**") within thirty (30) days of a purchase or acquisition of Shares on the SGX Catalist or otherwise. Such notification shall include details of the purchases and the total number of Shares purchased by the Company, the Company's issued ordinary share capital as at the date of the Shareholders' resolution approving the Share Purchase Mandate and after the purchase or acquisition of Shares, and the amount of consideration paid by the Company for the purchase or acquisition, and whether the Shares were purchased out of the profits or the capital of the Company.

Rule 871(1) of the Rules of Catalist states that a listed company shall announce via the SGXNET all purchases or acquisitions of its Shares not later than 9:00 a.m.:-

(a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and

(b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer for the Off-Market Purchase.

The announcement via the SGXNET of such purchases or acquisitions of Shares shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company, in a timely fashion, the necessary information which will enable the Company to make the announcement via the SGXNET.

4. SOURCE OF FUNDS

The Company may only apply funds legally available for the purchase or acquisition of the Shares as provided in the Articles and in accordance with the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Companies Act permits the Company to purchase or acquire its own Shares out of capital and its profits, so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act).

The Company intends to use internal sources of funds or borrowings or a combination of both to finance the Company's purchase or acquisition of the Shares pursuant to the Share Purchase Mandate. The Directors will only make purchases or acquisitions pursuant to the Share Purchase Mandate in circumstances which they believe will not result in any material adverse effect on the financial position and/or the working capital of the Company or the Group.

5. FINANCIAL EFFECTS

5.1 It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the net tangible assets ("**NTA**") and earnings per Share ("**EPS**") of the Company as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are held as treasury shares.

5.2 Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital and/or profits so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act). Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding ancillary expenses such as related brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

5.3 The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the financial position and/or the working capital requirements of the Group. The purchase or acquisition of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions.

For illustrative purposes only, the financial effects of the Share Purchase Mandate on the Company and the Group, based on the audited financial accounts of the Group for the financial year ended 31 December 2009, are based on the assumptions set out below.

(a) Based on 256,920,238 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are held by the Company as treasury shares on or prior to the AGM, not more than 25,692,023 Shares (representing ten per cent (10%) of the issued ordinary share capital of the Company as at the date of the AGM) may be purchased by the Company pursuant to the proposed Share Purchase Mandate.

(b) In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 25,692,023 Shares (being the maximum number of Shares the Company is able to purchase or acquire) at the Maximum Price of S$0.1607 for one (1) Share (being the price equivalent to five per cent (5%) above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 25,692,023 Shares (excluding ancillary expenses such as related brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S$4,127,423.49 (equivalent to US$2,936,622.91 based on the exchange rate of US$/S$ of 1.4055 as at 31 December 2009).

(c) In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 25,692,023 Shares (being the maximum number of Shares the Company is able to purchase or acquire) at the Maximum Price of S$0.1607 for one (1) Share (being the price equivalent to five per cent (5%) above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 25,692,023 Shares (excluding ancillary expenses such as related brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S$4,127,423.49 (equivalent to US$2,936,622.91 based on the exchange rate of US$/S$ of 1.4055 as at 31 December 2009).

For illustrative purposes only, and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that (i) such purchase or acquisition of Shares is financed solely by internal funding; and (ii) 25,692,023 Shares (representing ten per cent (10%) of its issued ordinary share capital at the Latest Practicable Date) are purchased or acquired by the Company pursuant to the Share Purchase Mandate, the financial effects of the purchase or acquisition of the abovementioned number of Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made out of capital and profits and held as treasury shares on the audited financial statements of the Company and the Group for the financial year ended 31 December 2009 are set out below.

Purchases made out of capital and/or profits and held as treasury shares

(A) Market Purchases

	Group		Company	
	Before Share Purchase (US$'000)	After Share Purchase (US$'000)	Before Share Purchase (US$'000)	After Share Purchase (US$'000)
As at 31 December 2009				
Profit after Tax	1,478	1,478	1,501	1,501
Share Capital	40,109	40,109	40,109	40,109
Reserves	(17,834)	(17,834)	14	14
Accumulated Profits	11,560	11,560	(9,643)	(9,643)
Treasury Shares	—	(2,937)	—	(2,937)
Shareholders' Funds	35,313	32,376	31,981	29,044
NAV	35,313	32,376	31,981	29,044
Current Assets	24,774	21,837	12,220	9,283
Current Liabilities	9,253	9,253	522	522
Number of Shares ('000)	256,920	231,228	256,920	231,228
Treasury Shares ('000)	—	25,692	—	25,692
Financial Ratios				
NAV per Share (US cents)	13.74	14.00	12.45	12.56
Gearing (times)	N.A.	N.A.	N.A.	N.A.
Current Ratio (times)	2.6774	2.3600	23.4100	17.7842
EPS (US cents)	0.5753	0.6392	0.5842	0.6491

(B) Off-Market Purchases

	Group		Company	
	Before Share Purchase (US$'000)	After Share Purchase (US$'000)	Before Share Purchase (US$'000)	After Share Purchase (US$'000)
As at 31 December 2009				
Profit after Tax	1,478	1,478	1,501	1,501
Share Capital	40,109	40,109	40,109	40,109
Reserves	(17,834)	(17,834)	14	14
Accumulated Profits	11,560	11,560	(9,643)	(9,643)
Treasury Shares	—	(2,937)	—	(2,937)
Shareholders' Funds	35,313	32,376	31,981	29,044
NAV	35,313	32,376	31,981	29,044
Current Assets	24,774	21,837	12,220	9,293
Current Liabilities	9,253	9,253	522	522
Number of Shares ('000)	256,920	231,228	256,920	231,228
Treasury Shares ('000)	—	25,692	—	25,692
Financial Ratios				
NAV per Share (US cents)	13.74	14.00	12.45	12.56
Gearing (times)	N.A.	N.A.	N.A.	N.A.
Current Ratio (times)	2.6774	2.3600	23.4100	17.7842
EPS (US cents)	0.5753	0.6392	0.5842	0.6491

Shareholders and CDI Holders should note that the financial effects set out above are purely for illustrative purposes only. Although the proposed Share Purchase Mandate would authorise the Company to purchase or acquire up to ten per cent (10%) of its issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire ten per cent (10%) of its issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a share purchase or acquisition before execution.

6. THE TAKE-OVER CODE IMPLICATIONS ARISING FROM PURCHASE OF SHARES

6.1 Takeover Implications

Appendix 2 of the Take-over Code ("**Appendix 2**") contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

6.1.1 Obligations to Make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of the Shares, the percentage of voting rights in the Company held by a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**"). If such increase results in a change of control, or, as a result of such increase, a Shareholder or a group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory offer under Rule 14.

6.1.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company.

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely:-

(a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and any company whose associated companies include any of the above companies;

(b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;

(e) a financial or other professional adviser, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10 per cent (10%) or more of the client's equity share capital;

(f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

(g) partners; and

(h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to the instructions and companies controlled by any of the above, companies controlled by any of the above persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

For this purpose, ownership or control of at least 20 per cent (20%) but not more than 50 per cent (50%) of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors), CDI Holders and persons acting in concert with them respectively, will incur an obligation to make a mandatory take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

6.1.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a mandatory take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30 per cent (30%) or more, or in the event that such Directors and their concert parties hold between 30 per cent (30%) and 50 per cent (50%) of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than one per cent (1%) in any period of six (6) months.

Under Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30 per cent (30%) or more, or if such Shareholder holds between 30 per cent (30%) and 50 per cent (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

As at the Latest Practicable Date, based on the Directors' interests in Shares set out in paragraph 8.1 and the interests of Shareholders holding not less than five per cent (5%) interest in the Shares (the "**Substantial Shareholders**") set out in paragraph 8.2, assuming (i) the Company purchases the maximum ten per cent (10%) of the issued Shares of the Company as at the Latest Practicable Date, and (ii) there is no change in the number of Shares held or deemed to be held by the Directors, then, as at the Latest Practicable Date, the voting rights of Messrs Edwin Soeryadjaya, Sandiaga Salahuddin Uno and Subianto Arpan Sumodikoro who are also Substantial Shareholders (and who are considered parties acting in concert) may increase to exceed thirty per cent (30%) in the event that the Company purchases 25,692,023 Shares, being the maximum number of ten per cent (10%) of the issued Shares of the Company under the Share Purchase Mandate. In the event that their voting rights exceed thirty per cent (30%), Messrs Edwin Soeryadjaya, Sandiaga Salahuddin Uno and Subianto Arpan Sumodikoro will, unless exempted, become obligated to make a mandatory take-over offer under Rule 14. None of the other Directors (together with persons acting in concert with them) will become obligated to make a mandatory take-over offer pursuant to the exercise of the powers to purchase Shares under the Share Purchase Mandate.

Shareholders and CDI Holders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

7. LISTING STATUS ON SGX CATALIST

7.1 Rules of Catalist

While the Rules of Catalist do not expressly prohibit purchases of shares by a listed company during any particular time or times, because the listed company would be considered an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not purchase any Shares pursuant to the Share Purchase Mandate after a price-sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price-sensitive information has been publicly announced. In particular, in line with the best practices on dealing with securities under Rule 1204(18)(c) of the Rules of Catalist, the Company will not purchase or acquire any Shares through Market Purchases during the period of (i) one (1) month immediately preceding the announcement of the Company's annual or half-yearly results; and (ii) two (2) weeks immediately preceding the announcement of the Company's first three (3) quarterly results.

The Company is required under Rule 723 of the Rules of Catalist to ensure that at least 10 per cent (10%) of its Shares are in the hands of the public. The "public", as defined under the Rules of Catalist, are persons other than the Directors, chief executive officer, Substantial Shareholders or controlling Shareholders of the Company and its subsidiaries, as well as their associates, as defined in the Rules of Catalist.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 144,600,424 Shares, representing 56.28% of the issued Shares, are in the hands of the public.

Assuming that the Company purchases its Shares through Market Purchases up to the full 10 per cent (10%) limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 118,908,401 Shares, representing 51.42% of the reduced issued share capital of the Company.

Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 10 per cent (10%) limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on SGX Catalist, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX Catalist, cause market illiquidity or adversely affect the orderly trading of the Shares.

7.2 ASX

The Company has consulted with ASX under ASX Listing Rule 7.36 concerning share buy-backs carried out by the Company.

The ASX has confirmed in its email to the Company dated 24 February 2010 that it has no objection to the proposed Share Purchase Mandate. The Company will comply with the relevant ASX Listing Rules, in particular Rule 3.8A of the ASX Listing Rules, in relation to the lodgement of notices for the purchase or acquisition of Shares under the Share Purchase Mandate.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

8.1 The Directors' interest in the Shares as recorded in the Register of Directors' Shareholdings kept pursuant to Section 164 of the Companies Act, as at the Latest Practicable Date, are set out below.

	Direct Interest		Deemed Interest	
Name of Director	**No. of Shares**	**%**	**No. of Shares**	**%**
Edwin Soeryadjaya	—	—	39,948,000	15.55
Sandiaga Salahuddin Uno	—	—	39,948,000	15.55
Subianto Arpan Sumodikoro	—	—	30,000,000	11.68
Allan Charles Buckler	3,945,600	1.54	—	—

8.2 The interests of Substantial Shareholders of the Company in the Shares as recorded in the Register of Substantial Shareholders kept pursuant to Section 88 of the Companies Act, as at the Latest Practicable Date, are set out below.

	Direct Interest		Deemed Interest	
Name of Substantial Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
Edwin Soeryadjaya	—	—	39,948,000	15.55
Sandiaga Salahuddin Uno	—	—	39,948,000	15.55
ADRC Limited	38,426,214	14.96	—	—
Attica Finance Ltd.	—	—	38,388,000	14.94
Fleur Enterprises Limited	38,388,000	14.94	—	—
Subianto Arpan Sumodikoro	—	—	30,000,000	11.68
Canyon Gate Investment Ltd	30,000,000	11.68	—	—

9. NO SHARES PURCHASED OR ACQUIRED IN THE PREVIOUS TWELVE MONTHS

The Company has not made any purchase or acquisition of its Shares in the twelve (12) months preceding the Latest Practicable Date.

10. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the renewal of the Share Purchase Mandate is in the interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the renewal of the Share Purchase Mandate to be proposed at the AGM on 28 April 2010 as set out in the Notice of Annual General Meeting dated 8 April 2010.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this letter and confirm that, having made all reasonable enquiries and to the best of their knowledge and belief, the facts stated and opinions expressed in this letter are fair and accurate in all material respects, and that there are no material facts the omission of which would make any statement herein misleading in any material respect.

12. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 61 Stamford Road, #04-06 Stamford Court, Singapore 178892 during normal business hours from the date hereof up to and including the date of the AGM:-

(a) the Memorandum and Articles of Association of the Company; and

(b) the Annual Report of the Company for the financial year ended 31 December 2009.

Yours faithfully

For and on behalf of
the Board of Directors
INTERRA RESOURCES LIMITED

Edwin Soeryadjaya
Chairman

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