


2 July 2010



**MYANMAR DRILLING UPDATE:
YENANGYAUNG DEVELOPMENT WELL YNG 3238
COMPLETED AS AN OIL PRODUCER**


Interra Resources Limited (the “Company” or “Interra”) wishes to inform shareholders that its jointly controlled entity, Goldpetrol Joint Operating Company Inc. (“Goldpetrol”), has completed infill development well YNG 3238 in the Yenangyaung field in central Myanmar as an oil producer.

Interra has a 60% interest in the Improved Petroleum Recovery Contract of the Yenangyaung field and also owns 60% of Goldpetrol which is the operator of the field.

Well YNG 3238 was drilled in the northern area of the field using Goldpetrol’s Cooper LTO 350 and as such, drilling costs have been minimised. Interra’s share of the cost of drilling was funded from existing funds on hand. The well has stabilised at 20 barrels of oil per day on production testing by pump.

Well YNG 3238 was drilled as a direct offset to the YNG 3208 re-opened well, which has been producing for approximately 1.5 years and has a current stable production of 110 barrels of oil per day. The primary objective of the new well was to accelerate production from Well YNG 3208 drainage area and the addition of new fetch area for oil production from the current productive zones. The well reached total depth at 1,325 feet and was perforated over four intervals in two oil bearing sands. Several other zones also exhibit good wireline log character and possible completion in these will be addressed in the future.

Well YNG 3238 is a continuation of Goldpetrol's focus on drilling shallow to intermediate depth development wells and optimised reactivations of old wells that have been identified from geologic and reservoir engineering studies.



The Company wishes to advise that investors should exercise due care and caution when trading Interra's shares. It is not certain that the development drilling mentioned above will ultimately yield commercially recoverable hydrocarbons or profitable production.

By Order of the Board of Directors of
INTERRA RESOURCES LIMITED

Marcel Tjia
Chief Executive Officer

About Interra

Interra Resources Limited, listed on the SGX Catalist and the ASX, is a Singapore-incorporated company engaged in the business of upstream petroleum exploration and production ("E&P"). Our E&P activities include petroleum production, field development and exploration through strategic alliances and partnerships. We are positioning ourselves to becoming a leading regional independent producer of oil and gas.

For corporate enquiries, please contact:
Marcel Tjia
Chief Executive Officer
mtjia@interraresources.com

For technical enquiries, please contact:
Frank Hollinger
Chief Technical Officer
frank@interraresources.com

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Collins Stewart Pte. Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("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 announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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.