

23 August 2010



**MYANMAR DRILLING UPDATE:
DRILLING COMMENCEMENT OF
YENANGYAUNG DEVELOPMENT WELL YNG 3235**

Interra Resources Limited (the “Company” or “Interra”) wishes to inform shareholders that its jointly controlled entity, Goldpetrol Joint Operating Company Inc. (“Goldpetrol”), has commenced drilling infill development well YNG 3235 in the Yenangyaung oil field in Myanmar.

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 3235 will be drilled using Goldpetrol’s Cooper LTO 350 rig in the northern area of the field. Interra’s share of the cost of drilling will be funded from existing funds on hand.

The proposed well is intended to be drilled to a targeted depth of approximately 2950 feet as a direct offset to producing wells YNG 2589 and YNG 3234 (recently completed). The primary objective of this well is to produce oil from the 2400/2500/3000FT and 3200FT sands which are currently on production at YNG 3234.

Interra estimates that the results of the drilling should be available in approximately five weeks and the Company will announce the results of the operation as soon as they may be ascertained. Any additional updates reflecting critical or unexpected events during drilling will also be announced.

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.

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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”). Collins Stewart has not independently verified the contents of this announcement. This announcement has not been examined or reviewed 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, Managing Director, Corporate Finance, Collins Stewart Pte. Limited, at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.