


20 April 2010

DEFAULT NOTICE SERVED ON JOINT VENTURE PARTNER IN THAILAND




The Board of Directors of Interra Resources Limited (the “**Company**”) refers to the Company’s announcements on 20 April 2007 and 7 November 2007 whereby it was announced that the Company’s wholly-owned subsidiary, Interra Resources (Thailand) Limited (“**IRT**”) acquired an effective 50% participating interests in petroleum concession agreements for Blocks L17/48, L3/48 and L9/48 (collectively, the “**Petroleum Blocks**”) from JSX Energy (Thailand) Limited (“**JSXT**”). Both IRT and JSXT had also executed Joint Operating Agreements in respect of the Petroleum Blocks (“**JOAs**”).

Pursuant to the JOAs, both IRT and JSXT are required to advance their respective share of estimated cash requirements for succeeding month’s operations within the prescribed due dates. A cash call notice dated 8 January 2010 was issued by IRT, in its capacity as the operator, to JSXT in respect of Block L17/48. The due date for JSXT to pay its share was 18 January 2010 but JSXT defaulted in its payment obligation. In accordance with terms of the JOA for Block L17/48, IRT served a default notice to JSXT on 19 January 2010 requesting for payment, failing which the provisions of the JOA dealing with payment default will apply to JSXT from the date of the default notice.

JSXT failed to remedy its default by the 90th day following the date of the default notice and as such, on 20 April 2010, IRT exercised the option provided in the JOA for Block L17/48 to require JSXT to completely withdraw from the JOA for Block L17/48 and the Petroleum Concession Agreement entered into with the Ministry of Energy in Thailand relating to Block L17/48 (the “**PCA**”). Under the relevant provision of the JOA for Block L17/48, JSXT is deemed to have transferred with effect from 20 April 2010 all of its rights, titles and beneficial interests in and under JOA for Block L17/48 and the PCA to IRT.

IRT will be taking steps to enforce its rights and remedies under the JOA for Block L17/48 as a result of the default in payment obligation by JSXT. The Company will provide an update on the matter as and when it is appropriate.



If IRT successfully acquires JSXT's rights, titles and beneficial interests in and under the JOA for Block L17/48 and the PCA (the "Transfer"), it will be considered as a fair value acquisition, and the difference between the fair value of the participating interest and the consideration will be recognised as a negative goodwill. The Company will disclose the actual amount to be recognized in the financial statements upon completion of the Transfer.

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"). 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.

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