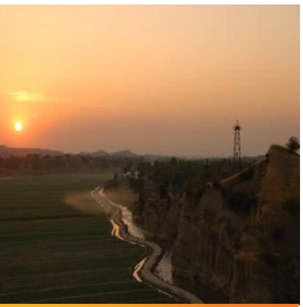

SGX & ASX ANNOUNCEMENT
SGX Code: Interra Res (5GI), ASX Code: ITR

31 August 2010

ACQUISITION OF ENTIRE ISSUED SHARE CAPITAL OF IBN OIL HOLDICO LTD, WHICH OWNS 100% PARTICIPATING INTEREST IN LINDA SELE TECHNICAL ASSISTANCE CONTRACT DATED 16 NOVEMBER 1998 (THE "ACQUISITION")

The Board of Directors of Interra Resources Limited (the "**Company**") wishes to announce that it has on 31 August 2010 entered into a sale and purchase agreement (the "**SPA**") with Merona Capital Limited ("**MCL**") to acquire the entire issued share capital of IBN Oil Holdico Ltd ("**IOH**"). IOH owns 100% participating interest in the rights and obligations of exploitation, development and complementary exploration of hydrocarbons in the Linda Sele Technical Assistance Contract ("**Linda Sele TAC**") with Perusahaan Pertambangan Minyak dan Gas Bumi Negara ("**Pertamina**") dated 16 November 1998. The contract area under the Linda Sele TAC is located in the province of West Papua, Republic of Indonesia, with tenure of 20 years and expiring in October 2018.

Information on IOH

IOH is a company incorporated under the laws of British Virgin Islands with a paid-up capital of US$100,000. The 100% participating interest in Linda Sele TAC constitutes IOH's main area of business. Based on its unaudited management accounts, the net tangible liabilities of IOH as at 31 December 2009 were US$0.4 million.

Rationale for the Acquisition

The Directors are of the view that the Acquisition will be beneficial to the Company as it is envisaged that the Acquisition is likely to increase the Company's oil production and facilitate the Company's future expansion in this area of the business. The latest reserve certification by LEMIGAS (Lembaga Minyak dan Gas Bumi), a government research and technology institution in the Republic of Indonesia which operates in the area of upstream oil and gas business and which provides independent reserve certification services, shows that the concession has a reserve of about 9.6 million barrels of oil as at March 2007.

Purchase Consideration

The purchase consideration of US$6,250,000 in cash (the "**Purchase Consideration**"), was derived on a "willing buyer willing seller" basis. Part of the Purchase Consideration amounting to US$5,750,000 is payable on the closing date of the Acquisition (the "**Closing Date**"). The remaining US$500,000 of the Purchase Consideration will be payable in 2 equal tranches of US$250,000 each. The first tranche will be paid at the end of 6 months from the Closing Date and the second tranche will be paid at the end of 12 months from the Closing Date.

The Company shall be entitled to adjust the amount of the Purchase Consideration pursuant to the following factors:-

(a) if the Company finds that any of MCL's warranties (as provided for in the SPA) are untrue or inaccurate at any time before payment of the Purchase Consideration; and/or

(b) if the Company finds any Net Assets Difference, the Net Assets Difference amount shall be deducted from the Purchase Consideration; and/or

(c) if the Company has to make any payments by whatever name called to Pertamina under the Linda Sele TAC which is not reflected in the audited balance sheet and profit and loss statement of IOH as at the Closing Date and which are due from IOH before the Closing Date, the amount of such payment.

For the purpose of the SPA:

(i) "**Audited Net Assets**" means the difference between the current assets plus long term assets minus current liabilities minus long term liabilities of the audited balance sheet and profit and loss statement of IOH as at the Closing Date.

(ii) "**In-house Net Assets**" is the difference between the current assets plus long term assets minus current liabilities minus long term liabilities of the balance sheet and profit and loss statement of IOH as at 31 July 2010.

(iii) "**Net Assets Difference**" means the difference between Audited Net Assets and In-house Net Assets.

There are no other material conditions attached to the Acquisition.

Relative Figures under Rule 1006 of the Singapore Exchange Securities Trading Limited Listing Manual: Section B: Rules of Catalist (the "Catalist Rules")

The relative figures computed on the bases set out in Rule 1006 of the Catalist Rules and based on the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 December 2009 are as follows:-

Rule 1006	Basis	Relative Figure
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable
(b)	Net profits attributable to the Acquisition, compared with the Group's net profits.	14.8%
(c)	Aggregate value of the Purchase Consideration, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	21.9%[(1)]
(d)	Number of equity securities issued by the Company as consideration for the Acquisition, compared with the number of equity securities previously in issue.	Not applicable

Note:

(1) Based on the closing price of S$0.15 per share on 30 August 2010 (and USD/SGD exchange rate of 1.35303), being the last market day immediately preceding the date of the SPA on which the Company's shares were traded.

As the relative figures under Rule 1006(b) and (c) of the Catalist Rules exceeds 5%, the Acquisition is classified as a discloseable transaction within the meaning of Rule 1010 of the Catalist Rules.

Financial Effects and Other Information

The Acquisition will be funded from existing funds on hand and is not expected to have any material impact on the earnings per share or net tangible assets per share of the Company for the current financial year. No formal valuation on the assets in relation to the Acquisition was carried out.

Interests of Directors and/or Controlling Shareholders

None of the Directors or substantial shareholders has any interest, direct or indirect, in the Acquisition.

Document Available for Inspection

A copy of the SPA is available for inspection, during normal business hours at the registered office of the Company at 1 Grange Road, #05-04 Orchard Building, Singapore 239693 for 3 months from the date of this announcement.

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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