

7 December 2011



**AUSTRALIA UPDATE: PEP 167 PROJECT STATUS –
DRILLING COMMENCEMENT OF WINDERMERE-3**

Further to the announcement on 11 April 2011 which advised of the delay in the drilling of Windermere-3 until the fourth quarter due to wet surface conditions, Interra Resources Limited (the “**Company**” or “**Interra**”) wishes to inform shareholders that drilling has commenced.

Windermere-3 is being drilled by the PEP 167 joint venture using an external drilling contractor as a direct offset to the 1987 Windermere-1 oil discovery in the onshore Otway Basin in western Victoria. PEP 167 is jointly held by Interra’s wholly owned subsidiary, Interra Resources (Australia) Pte. Ltd. (50%) and Bass Strait Oil Company Ltd (50% and operator of the permit).

The Windermere-1 well produced oil on open-hole test from the Heathfield Sandstone Member of the Eumeralla Formation but production was not established following completion of the well. The well has been specifically designed to focus on the zone which tested the oil, with the latest available technology input into the design, and the drilling and completion of the well to ensure a proper evaluation. The proposed depth is 1,815 metres (or 50 metres below the primary Heathfield target).

Interra expects the results of drilling to be available in December 2011. The Company will announce these results as soon as they may be ascertained as well as updates reflecting critical or unexpected events during drilling.

The Company wishes to advise that investors should exercise due care and caution when trading Interra’s shares. It is not certain that the 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 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”). Collins Stewart Pte. Limited has not independently verified the contents of this announcement. This announcement 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, Managing Director, Corporate Finance, Collins Stewart Pte. Limited, at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.