


29 July 2011




**MYANMAR DRILLING UPDATE:
YENANGYAUNG DEVELOPMENT WELL YNG 3239
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 performed extensive completion work at infill development well YNG 3239 in the Yenangyaung field in central Myanmar. The well, of which the drilling commencement was announced on 24 May 2011, has now been completed 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. YNG 3239 was drilled in the central area of the field using Goldpetrol’s Cooper LTO 350 rig and as such, drilling costs were minimized. Interra’s share of the cost of drilling was funded from existing funds on hand.

Following casing perforation over the 2200/2500/3000FT sandstone zones in deeper reservoir objectives, the well was tested by pump and oil production was less than predicted. Hence, it was decided that the shallow primary objective L900/1000/1400FT sandstones reservoirs, which were interpreted to be oil-bearing on electric wireline logs, be perforated and completed without isolating the deeper perforated zones. The results of production testing in these reservoirs were also less than expected and the well production has stabilised at 7 barrels of oil per day. Analysis of available data will be performed to determine the technical reasons for the less than expected results and the findings will be factored into future drilling in this area.

YNG 3239 was 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 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 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.

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