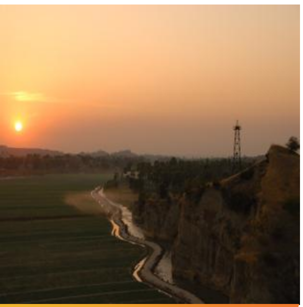
INTERRA RESOURCES LIMITED
Singapore Company Registration No. 197300166Z
Australian Business No. 37 129 575 275



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

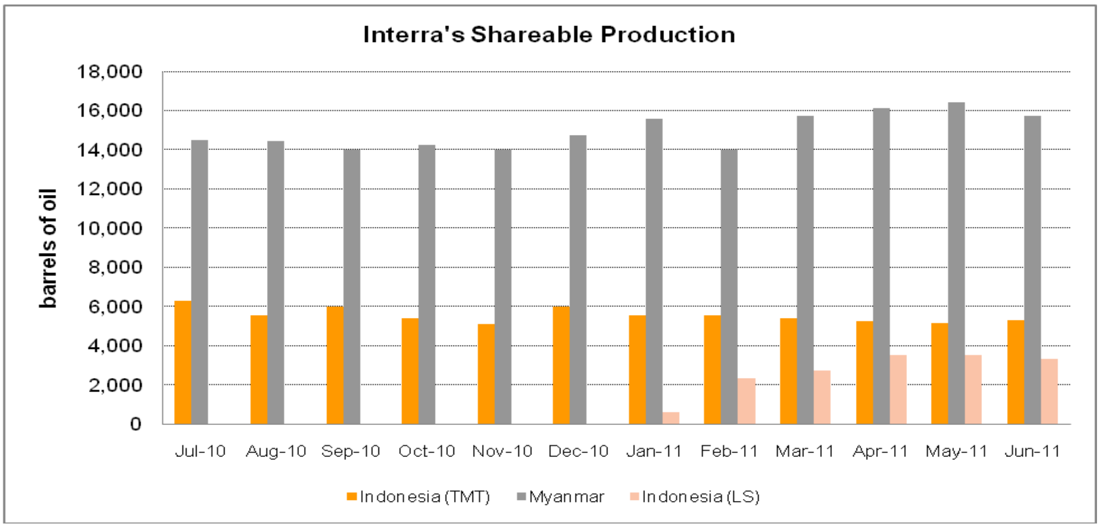
27 July 2011

PRODUCTION, DEVELOPMENT & EXPLORATION ACTIVITIES FOR THE QUARTER ENDED 30 JUNE 2011

Highlights in Q2 2011
• Total shareable production increased by 8% as compared to previous quarter, due to higher contribution from Myanmar fields of 7%, and higher number of production days in Linda and Sele ("LS") fields • LS fields contributed 12,581 barrels of oil or 5% of total gross production

Production Profile	Myanmar		Indonesia (TMT)		Indonesia (LS)	
	Q1 2011 (barrels)	Q2 2011 (barrels)	Q1 2011 (barrels)	Q2 2011 (barrels)	*Q1 2011 (barrels)	Q2 2011 (barrels)
Gross production	195,182	200,285	25,440	23,619	7,298	12,581
Non-shareable production	(119,719)	(119,788)	(1,917)	(1,128)	(1,652)	(2,196)
Shareable production	75,463	80,497	23,523	22,491	5,646	10,385
Interra's share of shareable production	45,278	48,299	16,466	15,742	5,646	10,385

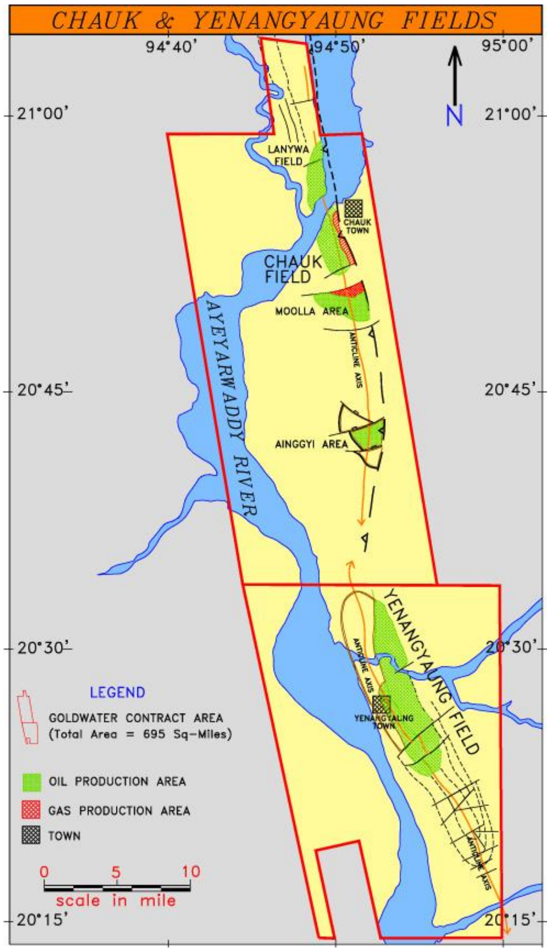
** Production contribution from LS in Indonesia commenced from 24 January 2011 onwards.*



Gross production refers to the total volume of oil produced in a specific field. "Non-shareable production" is the quantity of oil or gas which is deducted from gross production and allocated directly to the contract counterparty or host government. The amount of oil or gas remaining is "shareable production" which is then split between the contract counterparty or host government in accordance with the relevant contractual terms. The chart above represent Interra's share of shareable production prior to application of the contractual terms.

Development and Production Activities

Myanmar: Chauk and Yenangyaung IPRCs (Interra 60%)



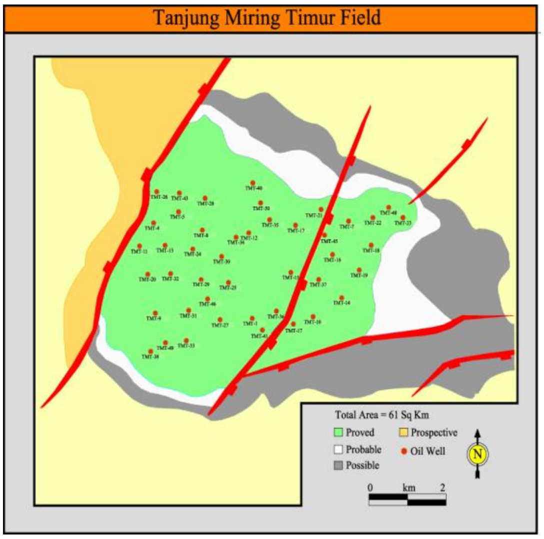
In Q2 2011, the combined gross production for both fields was 200,285 barrels of oil, an increase of 3% over the preceding quarter of 195,192 barrels of oil. Shareable production increased by 7%. Production and development costs for the period were US$1,447,009 and US$395,315 respectively.

During the quarter, infill development well YNG 3237 at the Yenangyaung field was production tested and has since been completed as an oil producer. A second well in the 2011 Yenangyaung drilling program, YNG 3239, was drilled to total depth and continues to undergo completion work after encountering several zones that appear to be oil bearing. At the Chauk field, drilling at infill development well CHK 1162 commenced with a projected total depth of 2,750 feet. CHK 1162 as well as the two Yenangyaung wells are a continuation of the emphasis on drilling shallow to intermediate depth wells using an in-house rig to develop producing reservoirs that are not currently drained by existing wells. The interpretation of the approximately 278 kilometres of 2D seismic data acquired in 2010 over Chauk field was completed and was incorporated into the existing subsurface interpretation with the aim of delineating a potential "deep" drill site, and further field development opportunities.

In both fields, the operator continued with the optimised reactivation of old wells that have been identified from geologic and reservoir engineering studies. Ongoing production enhancements and scheduled maintenance also continued with the objective of maintaining (or increasing) current production levels.

Indonesia: Tanjung Miring Timur TAC (Interra 70%)

During Q2 2011, a decision was made on the seismic processing centre that will be contracted to process the approximate 40 square kilometres of 3D seismic acquired in Q1 2011 over the field. Processing will begin soon and after which the data will be interpreted with the objective of yielding a better understanding of the subsurface structural geometry and reservoir characteristics. As previously reported, new drillings have been postponed until after the completion of the 3D seismic data interpretation.



In Q2 2011, gross production was 23,619 barrels of oil, a decrease of 7% as compared to the previous quarter. Production costs and development costs (including 3D seismic costs) for the period were US$845,033 and US$748,412 respectively.

Indonesia: Linda Sele TAC (Interra 100%)

Improvement to the field infrastructure has commenced with the replacement or repair of surface and down-hole equipment at the LS fields. The near-term goal of these activities is to increase oil production from existing wells. Reservoir engineering and geological studies are also ongoing, as well as a study to determine the feasibility of acquiring a 3D seismic survey over the two fields.

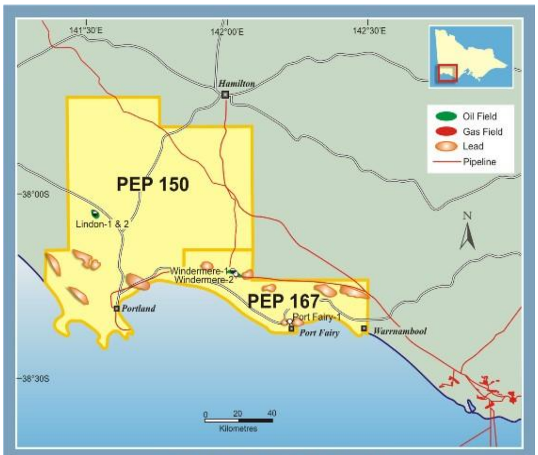
In Q2 2011, gross production was 12,581 barrels of oil. Due to the ongoing repair at the refinery centre in Sorong, the uplifting of oil was done via an oil tanker. As a result, uplifting has been irregular. During the period, there was only one uplifting of approximately 7,000 barrels of oil which corresponded to US$417,621 of billing. This situation is being closely monitored.

Production costs for the period amounted to US$529,278.

<u>Exploration Activities</u>

Australia: PEP 167 (Interra 50%)

As announced previously, the drilling of exploration well Windermere-3, originally scheduled to be drilled in Q2 2011, has been postponed to Q4 2011. Hence, majority of the technical work associated with the drilling of the well has been "suspended" until mid to late Q3 2011. The greater part of well designing and planning with respect to materials and services are either completed or at an advanced stage.

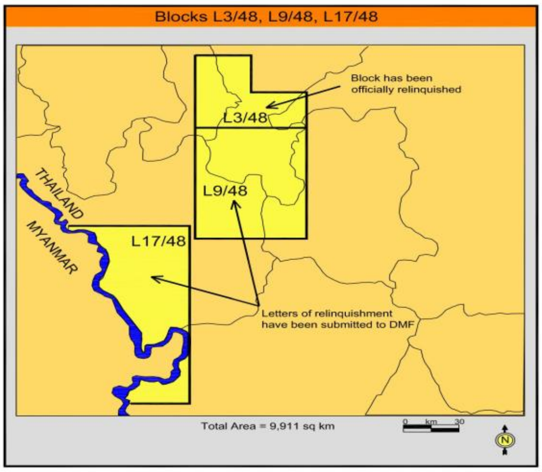


PEP 150 and PEP 167 Leads

The Company reversed an amount of US$59,914 due to direct costs overcharged by the operator to the joint venture for the period from 23 November 2009 to 30 April 2011, resulting in negative exploration costs of US$32,829 for the period.

Thailand: Blocks L9/48 and L17/48 PCAs

Notices have been given to the relevant Thai government agency of the relinquishment of the concession rights in both exploration blocks for reasons previously announced.



<u>Other Matters</u>

Interra continues to evaluate acreage opportunities throughout the Southeast Asia region and Australia.

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 operations 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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