


24 May 2011




**MYANMAR DRILLING UPDATE:
DRILLING COMMENCEMENT OF
YENANGYAUNG DEVELOPMENT WELL YNG 3239**

Interra Resources Limited (the “**Company**” or “**Interra**”) wishes to inform shareholders that its jointly controlled entity, Goldpetrol Joint Operating Company Inc. (“**Goldpetrol**”), has commenced drilling infill development well YNG 3239 at the Yenangyaung oil field in Myanmar.

Interra has a 60% interest in the Improved Petroleum Recovery Contract of the Yenangyaung oil field and also owns 60% of Goldpetrol which is the operator of the field. YNG 3239 is drilled using Goldpetrol's Cooper LTO 350 rig in the central area of the field. Interra's share of the cost of drilling is funded from existing funds on hand.

YNG 3239 is programmed to be drilled to a targeted depth of approximately 3,150 feet and is intended to produce oil from reservoirs that have not been drained by surrounding wells. YNG 3239 is located in a different fault block approximately 200 metres north of the recently drilled development well, YNG 3237, which is currently undergoing production testing following which a stabilised initial production will be announced. It has the same target objectives as YNG 3237, namely three primary reservoir groups containing eleven sandstones, several of which are currently producing from surrounding wells. Additionally, two deeper reservoirs will be penetrated, which had produced oil pre-World War II in nearby wells drilled in 1939 and 1940 but were shut-in at the beginning of World War II. It is expected that offset locations in this fault block will be established if producible oil is verified for these deeper zones.

Interra estimates that the results of the drilling should be available in approximately four weeks' time. The Company will announce the results of the drilling operation 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 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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