

1 March 2018

**MYANMAR SECONDARY OIL RECOVERY:
IMPLEMENTATION OF WATER FLOOD PROJECT**



Interra Resources Limited (the “**Company**” or “**Interra**”) wishes to inform shareholders with respect to the current status of the Secondary Oil Recovery Project (the “**Project**”). The Project will be implemented through Water Flood (“**WF**”) of producing oil reservoirs in the Chauk oil field by its joint venture entity, Goldpetrol Joint Operating Company Inc. (“**Goldpetrol**”).

Interra has a 60% interest in the Improved Petroleum Recovery Contracts of the Chauk and Yenangyaung oil fields and also owns 60% of Goldpetrol which is the operator of both fields. Interra’s share of the cost of this ongoing Project will be funded from existing funds on hand.

Oil extraction over the history of operatorship in the Chauk and Yenangyaung oil fields by Goldpetrol (and its predecessor) since 1997 has principally been by Primary Recovery, i.e. either by hydrocarbons flowing to the surface due to natural reservoir pressure or lifting by pumping methods. It has been recognised that both fields could benefit from WF, a process which is generally accepted as having the potential to significantly increase oil recovery. This would be effective in both maintaining reservoir pressure and sweeping oil locked in the reservoirs to producing areas.

Preliminary tests were initiated in the Yenangyaung field approximately 10 years ago using simple gravity injection of water into shut-in wells on the fringes of producing areas. Although the process was not nearly as controlled as a true WF, it did succeed in increasing oil production in the certain wells.

Having confirmed that the reservoirs were receptive to water injection, a small-scale pilot project was initiated in the Chauk field in 2016 using injection pumps and existing wells for both injection and targets. Since the beginning of the pilot WF, there has been an average oil production gain of the combined targeted wells of approximately 75%.

Concurrent with the pilot project, planning began on a more extensive WF project for the entire Singu North producing fault block in northern Chauk field with numerous wells and multiple reservoirs to be injected. This highly technical planning has involved expertise from both Goldpetrol and an external petroleum research centre. The implementation of the project has begun and will ultimately have six pump supported injector wells targeting over twenty producing oil wells.

Planning has also commenced for WF projects in other producing fault blocks in both the Yenangyaung and Chauk fields. Interra will provide updates as warranted with respect to the ongoing WF project results.



The Company wishes to advise that investors should exercise due care and caution when trading Interra's shares. It is not certain that the Project 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, a Singapore-incorporated company listed on SGX Mainboard, is engaged in the business of petroleum exploration and production (E&P). Our E&P activities include petroleum production, field development and exploration. We are positioning ourselves to become a leading regional independent producer of petroleum.