



---

## NEWS RELEASE

---

### INTEROIL CONFIRMS SELECTION OF FEED AND EPC CONTRACTOR

**TORONTO – March 03, 2008 -- InterOil Corporation (TSX:IOL) (AMEX:IOC) (POMSoX:IOC)** confirmed today that **Bechtel** has been selected by Liquid Niugini Gas to undertake the front-end engineering and design (FEED) and engineering procurement and contracting (EPC) work for its planned LNG facility in Papua New Guinea. Liquid Niugini Gas has also chosen ConocoPhillips *Optimized Cascade<sup>SM</sup>* Process Technology for the plant design. InterOil Corporation is one of the three founding shareholders of Liquid Niugini Gas Ltd (PNG).

InterOil expects the LNG project to contribute significantly to shareholder value through five major drivers:

- Natural gas sales
- Liquids sales (C3, C4)
- Condensate sales
- Cash flow from LNG project ownership
- Increased domestic fuel consumption during construction, driving demand for refined products and benefiting InterOil's downstream business segment

InterOil CEO Phil Mulacek commented, "The Liquid Niugini Gas team, led by Dr. Jack Hamilton, has done an excellent job of managing the EPC selection process. We look forward to supporting the project with gas feedstock from our Elk/Antelope fields."

For Further Information: [www.interoil.com](http://www.interoil.com) or [www.liquidniuginigas.com](http://www.liquidniuginigas.com)

#### COMPANY DESCRIPTION

InterOil Corporation is developing a vertically integrated energy business whose primary focus is Papua New Guinea and the surrounding region. InterOil's assets consist of petroleum licenses covering about 9 million acres, an oil refinery, and retail and commercial distribution facilities, all located in Papua New Guinea. During 2006, the company announced a gas and condensate discovery, completed an optimization program at the refinery, and doubled the downstream business by acquiring Shell's distribution assets in Papua New Guinea. In addition, InterOil is a shareholder in PNG LNG Inc., a Joint Venture with

Merrill Lynch Commodities and Pacific LNG established to construct Papua New Guinea's first LNG plant on a site adjacent to InterOil's refinery in Port Moresby.

*InterOil's common shares trade on the Toronto Stock Exchange under the symbol IOL in Canadian dollar and on the American Stock Exchange under the symbol IOC in US dollars. For more information please see the InterOil website at: [www.interoil.com](http://www.interoil.com).*

FOR FURTHER INFORMATION

**Australasia**

Anesti Dermedoglou

V.P. Investor & Public Relations

[anesti@interoil.com](mailto:anesti@interoil.com)

+617 4046 4600

**Cautionary Statements**

This press release may include "forward-looking statements" as defined in United States federal and Canadian securities laws. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future are forward-looking statements. These statements are based on certain assumptions made by the Company based on its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company, which may cause our actual results to differ materially from those implied or expressed by the forward-looking statements.

InterOil currently has no reserves as defined in Canadian National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). Any information contained herein regarding resources are references to *undiscovered resources* under NI 51-101, whether stated or not.