



NEWS RELEASE

INTEROIL ANNOUNCES FINANCIAL RESULTS FOR THE FOURTH QUARTER AND YEAR ENDING DECEMBER 31, 2007

MARCH 31, 2008 – InterOil Corporation (IOL:TSX)(IOC:AMEX) (IOC:POMSoX), a Canadian company with operations in Papua New Guinea on Friday filed financial results for the three and twelve months ended December 31, 2007.

Full Year Results

For the twelve months ended December 31, 2007, the company reported record sales and operating revenues of US\$625.5 million, a US\$114.4 million increase (+22.4%) compared to the year ended 2006. The company recorded a net loss for the year of \$28.9 million (\$0.96 per share), which represents a \$16.9 million improvement over the prior year.

Gross margin for the Company's Midstream Refinery segment improved by \$28.5 million in 2007, primarily due to the positive impact of revamp and optimization efforts, improved margins on export products, and to a lesser extent, to an adjustment to the Import Parity Pricing Formula (IPP) for refined products during December 2007. Gross margin for the Company's Downstream segment improved by \$9.7 million over the comparable period in 2006, mainly due to an increase in sales volumes and incremental margins as a result of the Shell downstream distribution acquisition and increased domestic demand.

During the year, the Upstream business segment had a net loss of \$18.1 million as compared with a net loss of \$9.7 million in 2006. Gross expenditure on drilling and testing during the year was \$44.5 million (compared with \$37.9 million in 2006), while \$19.5 million was expended on the acquisition of 2D seismic (compared with \$6.8 million in 2006.)

Fourth Quarter Results

InterOil reported a fourth quarter 2007 net loss of \$2.7 million (\$0.09 per basic and diluted share), an improvement of \$0.7 million (\$0.02 per basic and diluted share) over the same quarter in 2006. Consolidated EBITDA of \$6.9 million represented a slight increase over the fourth quarter of 2006 and an increase of \$17.2 million over the prior quarter.

Both the Midstream Refinery and Downstream segments had record quarters. Midstream Refinery EBITDA was \$9.6 million, an increase of US\$10.9 million compared to the prior quarter, and net income of \$3.0 million during the period. The Downstream business segment had EBITDA of \$3.6 million, a 10% improvement compared with the prior quarter, and a 117% increase over the corresponding period in 2006.

Gross margin from Midstream Refinery operations improved by \$5.3 million in the fourth quarter of 2007 compared to the fourth quarter of 2006 which was primarily due to reduced fuel and operating costs and improved margins on export products.

During the fourth quarter, the Upstream business segment had a net loss of \$3.3 million, compared with a loss of \$1.0 million in the same quarter of 2006. \$1.2 million of additional exploration costs were expensed in the fourth quarter of 2007 due to our portion of Elk geophysics and geology costs, which are expensed as incurred.

Liquidity

The Company entered into a loan agreement for \$130.0 million on May 3, 2006 with Merrill Lynch and Clarion Finanz and as at December 31, 2007 had fully drawn down the facility. The facility was for a fixed term of two years and is due for repayment on May 3, 2008.

The Company plans to refinance this debt before the due date and is currently reviewing a proposal from Merrill Lynch and Clarion Finanz to renew the \$130.0 million secured bridging facility. As at March 28, 2007, Management is working towards the finalization of the term sheet and refinancing of the facility before the due date of the facility.

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. 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.

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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.