



NEWS RELEASE

INTEROIL FILES PRELIMINARY BASE SHELF PROSPECTUS

July 22, 2008 - InterOil Corporation (IOL:TSX)(IOC:AMEX) (IOC:POMSoX), a Canadian company with operations in Papua New Guinea (the “Company”), today announced that it has filed a preliminary short form base shelf prospectus with the Ontario Securities Commission and a corresponding registration statement on Form F-10 with the United States Securities and Exchange Commission (the “SEC”) pursuant to the multi-jurisdictional disclosure system. These filings will enable the Company to add financial flexibility in the future and issue, from time to time, up to \$200 million of its debt securities, common shares, preferred shares and/or warrants (“Securities”) in one or more offerings. The preliminary base shelf prospectus and the registration statement are subject to completion. There will not be any sales or acceptances of an offer to buy any securities until a receipt for the final short form base shelf prospectus has been issued and the registration statement has been declared effective.

The Company is not required to offer or sell all or any portion of the Securities in the future and will do so only if market conditions warrant. The terms of any offering under the base shelf prospectus and registration statement will be established at the time of such offering and described in a prospectus supplement.

The proceeds from any offering of securities may be used for any or all of the following purposes:

- Development of the Elk/Antelope Gas and Condensate facilities;
- Development of a Liquid Natural Gas facility; and
- Strategic acquisitions.

The specific use of proceeds from the sale of the Securities will be described in a prospectus supplement filed at the time of an offering.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state. Similarly, no securities may be sold and no offers to buy may be accepted prior to the time that a receipt is issued for the (final) short form base shelf prospectus, and this news release shall not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the securities in any province in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such province. Any offering may be made only by means of the prospectus and a related prospectus supplement.

InterOil's common shares trade on the Toronto Stock Exchange under the symbol IOL in Canadian dollars and on the American Stock Exchange under the symbol IOC in US dollars.

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, including the use of proceeds from any offering of securities. 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.

We currently have no resources or reserves as defined in Canadian National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. All information contained herein regarding resources are references to undiscovered resources under Canadian National Instrument 51-101, whether stated or not.

FOR FURTHER INFORMATION:

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