



NEWS RELEASE

INTEROIL TO COMPLETE ELK-4 APPRAISAL WELL AS GAS AND CONDENSATE PRODUCER

JULY 28, 2008 - InterOil Corporation (IOL:TSX)(IOC:AMEX) (IOC:POMSoX), a Canadian company with operations in Papua New Guinea, announced that it has concluded Drill Stem Testing at the Elk-4 well in the Antelope structure. The results establish a 2,028 feet (618 meters) gas/condensate column in the Elk/Antelope reservoirs. Based on these positive results the company will be completing Elk-4 as a producing well.

Key Highlights:

- DST No.4 was performed between 7,546 feet (2,300 meters) and 7,628 feet (2,325 meters), which tested matrix porosity, identified on the wireline logs and determined condensate volumes.
- The zone in DST No.4 produced 18 barrels per million cubic feet with no water - an increase of 13 bbls/mmcft compared with the results obtained from the top of the reservoir in the Elk-1 well.
- Total gas column in Elk-4 well is 541 feet (165 meters).
- Total gas column from top of known gas at the Elk-1 well to the identified lowest known gas in the Elk-4 well - increased to 2,028 feet (618 meters) with the lowest known gas at 7,668 feet (2,337 meters).
- Max stabilized gas flowrate at current skin was 10.4 million scf/d, with calculated stabilized gas flow rate at zero skin of 130+ million scf/d and a Calculated Absolute Open Flow (CAOF) of over 340 million scf/d.

“The test results continue to validate evidence of richer hydrocarbons over the tested interval, increasing the value of the Elk/Antelope structure,” stated Mr. Phil Mulacek, CEO of InterOil. “We are encouraged by the larger gas column in the Elk/Antelope structure to 2,028 feet (618 meters). These results confirm the Elk-4 well as a production well for the supply of gas for the first train LNG project.”

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.

We currently have no 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.

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