



## NEWS RELEASE

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### **ANTELOPE-2 HORIZONTAL DRILL STEM TEST #7 CONFIRMS STABILIZED CONDENSATE TO GAS RATIO AT 24-27 BBLs/MMCF**

**Cairns, Australia and Houston, TX -- September 28, 2010** -- InterOil Corporation (NYSE: IOC) (POMSoX: IOC) today announced that during stabilized flow from drill stem test (DST) #7 at the Antelope-2 Horizontal 2A well in Papua New Guinea, the well flowed gas at rates between 2.5 to 4.5 million cubic feet of natural gas per day (MMcfd) through various choke sizes with limited formation water produced. A stabilized condensate-to-gas ratio (CGR) of approximately 24-27.7 barrels of condensate per million cubic feet of natural gas (Bbls/MMcf) was measured on both a 32/64 and 22/64 inch choke. This is approximately a 60% increase in CGR from DST #1 which was performed at the top of the reservoir and reported on October 14, 2009 at 16.5 Bbls/MMcf. DST #7 was conducted over a 355 foot horizontal interval from 9,357 feet (2,852 meters) to 9,712 feet (2,960 meters) total measured depth, at a true vertical depth (TVD) of 7,743 feet (2,360 meters).

Formation evaluation logs from the entire Antelope-2 Horizontal-2A well were obtained over the total measured depth (TMD) interval of 1,719 feet from 7,937 feet (2,419 meters) to 9,656 feet (2,943 meters) and indicate 99% limestone and dolomite with an average porosity of 10% through the pay intervals. The extensive data gathering process has been successfully completed at the Antelope-2 well and subsequent horizontal laterals. The forward plan is to continue subsurface analysis of the reservoir while preparing the well for long-term production.

#### **About InterOil**

*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 3.9 million acres, an oil refinery, and retail and commercial distribution facilities, all located in Papua New Guinea. In addition, InterOil is a shareholder in a joint venture established to construct an LNG plant on a site adjacent to InterOil's refinery in Port Moresby, Papua New Guinea.*

*InterOil's common shares trade on the NYSE in US dollars.*

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***Forward-Looking 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 InterOil expects, believes or anticipates will or may occur in the future are forward-looking statements. In particular, this press release includes forward-looking statements concerning the forward plan to prepare the well as a long term producer and have the well ready for condensate stripping and LNG, the project economics of InterOil's condensate stripping joint venture and the potential for the development of a condensate stripping plant. These statements are based on certain assumptions made by the Company based on its experience and perception of current conditions, expected future developments and other factors it believes are appropriate in the circumstances. No assurances can be given however, that these events will occur. In particular, there is no established market for natural gas in Papua New Guinea, and no guarantee that gas, gas condensate or oil from the Elk/Antelope field will ultimately be able to be extracted and sold commercially. Actual results will differ, and the difference may be material and adverse to the Company and its shareholders. 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. Some of these factors include the risk factors described in the company’s filings with the Securities and Exchange Commission and SEDAR, including but not limited to those in the Company’s Annual Report for the year ended December 31, 2009 on Form 40-F and its Annual Information Form for the year ended December 31, 2009.

Investors are urged to consider closely the disclosure in the Company’s Form 40-F, available from us at [www.interoil.com](http://www.interoil.com) or from the SEC at [www.sec.gov](http://www.sec.gov) and its Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com), including in particular the risk factors discussed in the Company’s filings.

We currently have no production or reserves as defined in Canadian National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.