



NEWS RELEASE

INTEROIL TO PARTNER WITH ENERGY WORLD TO CONSTRUCT A TWO MTPA LAND-BASED LNG PLANT

Cairns, Australia and Houston, TX -- September 28, 2010 -- InterOil Corporation (NYSE: IOC) (POMSoX: IOC) today announced that InterOil and Liquid Niugini Gas Ltd., its Joint-Venture liquefied natural gas project company with Pacific LNG Operations Ltd., have signed a binding Heads Of Agreement (HOA) with Energy World Corporation Ltd. (AX: EWC) to construct a two million tonne per annum (mtpa) land-based LNG plant in the Gulf Province of Papua New Guinea (PNG). The Train 1 LNG plant would process an estimated 1.5 trillion cubic feet (Tcf) of natural gas over 15 years with early stage capital expenditure estimates amounting to US\$455 per metric tonne of LNG production. In return for its commitment to fully fund the plant, the HOA provides that EWC is to be entitled to a fee of 14.5% of the proceeds from the sale of LNG from the plant, less agreed deductions, and subject to adjustments based on timing and execution. The HOA sets out the major terms and conditions which the parties intend to include in the Train 1 Funding and Shareholder's Agreements, as well as a potential expansion of the plant's capacity from 2 mtpa to 3 mtpa.

The HOA with EWC for the development of a mid-sized LNG plant is an opportunity to enhance the proposed condensate stripping plant (CSP) being pursued in joint venture with Mitsui and accelerate the intended monetization of the Elk and Antelope resource.

Infrastructure required for the LNG project includes a jetty and breakwater for the LNG loading facility with expansion potential, and approximately 50 mile (80 Km) pipeline from the Elk and Antelope fields to the coast. The wells and processed natural gas pipeline from the CSP to the coast in the Gulf Province will be the responsibility of the owners of the Elk and Antelope fields, including InterOil and its upstream partners.

Definitive agreements are under negotiation with a view to being finalised by the end of December 2010, assuming completion of engineering and design work, financing and shareholder agreements with EWC,

and further regulatory approvals. The current schedule aims for these LNG facilities to be operational by late-2013, hoped to coincide with the start-up of the proposed CSP joint venture with Mitsui.

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.

About Energy World Corporation Ltd.

Energy World Corporation Ltd (EWC) is an integrated energy company based in Hong Kong and listed in Australia and New Zealand. EWC has primary gas and power operations located at Sengkang, South Sulawesi in Indonesia; and also produces gas, power and was the first producer of domestic LNG in Australia. The LNG construction partners with EWC for the LNG Train 1 are: Siemens A.G., Chart Industries, Gas Technique of France, and ARUP on Civil Engineering. Energy World Corporation Ltd.'s ordinary shares trade on the Australian Exchange under the symbol EWC.

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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, plans, projects or anticipates will or may occur in the future are forward-looking statements. In particular, this press release includes forward-looking statements concerning the development of an LNG plant and associated infrastructure; the negotiation, execution, and timing of definitive agreements with Energy World Corporation; the costs, timing and commercial viability of the LNG plant; the amount of gas to be processed at the plant; the development of infrastructure required for the plant; development and completion of the CSP; the costs and timing of such CSP; the capacity of the CSP; the ownership interests in the Elk and Antelope fields; and anticipated benefits from the LNG plant. These statements are based

on certain assumptions made by the Company based on the terms of the Heads of Agreement, in addition to 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, including, in particular the development of the proposed CSP or LNG plant. 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. In particular, there is no established market for natural gas in Papua New Guinea, and no guarantee that gas or gas condensate from the Elk/Antelope field will ultimately be able to be extracted and sold commercially.

Investors are urged to consider closely the disclosure in the Company's Form 40-F, available from us at www.interoil.com or from the SEC at www.sec.gov and its Annual Information Form available on SEDAR at 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. All information contained herein regarding resources are references to undiscovered resources under Canadian National Instrument 51-101, whether stated or not.