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| InterOil Corporation | |
| Insider Trading Policy | |

Overview – InterOil Corporation Insider Trading Policy

Under U.S. and Canadian securities laws and the rules and regulations of the U.S. Securities and Exchange Commission, and the Ontario Securities Commission (OSC), it is illegal for any person, either personally or on behalf of others, to trade in securities on the basis of **material, non-public information**. It is also illegal to communicate or “tip” material, non-public information to others so that they may trade in securities on the basis of that information. These illegal activities are commonly referred to as “insider trading.”

The Board of Directors of InterOil Corporation, (the “*Company*”) has adopted this Insider Trading Policy (the “*Policy*”) to provide guidelines to members of its Board of Directors and its officers, employees, consultants contractors and any other party retained by the Company in any capacity (collectively referred to in this Policy as “*employees*”) with respect to transactions in the Company’s securities. The objective of the Policy is to help prevent any actual or apparent impropriety, either of which could lead to allegations of insider trading and the potential for significant liability on the part of any implicated parties. This Policy does not replace your responsibility to understand and comply with applicable insider trading laws. Because insider trading laws are technical, and changes and new interpretations are frequent, this Policy should not be relied upon in any particular instance.

Compliance with this Policy is of the utmost importance to you and the Company. If you have any questions about any of the matters discussed in this Policy, a particular transaction or insider trading laws generally, please contact a member of the Compliance Committee (described below). Advice from a member of the Compliance Committee should not be regarded as investment advice or as a guarantee that your transaction will not violate insider trading laws. **You are ultimately responsible for compliance with the Policy and all applicable laws.**

The Company takes its obligations under the securities laws very seriously, and any violation or suspected violation of this or any other Company policy could subject you to disciplinary action, up to and including termination of your employment for cause.

Scope of this Policy

Material Information Defined.

Information is deemed “material” if it could affect the market price of a security (i.e., stock, option, bond, etc.) or if a reasonable investor would attach importance to the information in deciding whether to buy, sell or hold a security. Material information can include information that something is likely to happen – or just that it might happen. Examples of some types of Company information that can be material are:

- Financial and operating performance, especially quarterly and year-end earnings and significant changes in financial performance, outlook or liquidity.
- A significant change in the Company’s debt ratings.
- Estimates or projections by the Company’s officers of future earnings or losses, especially Company projections that significantly differ from external expectations.
- Events or business operations which are likely to affect future revenues or earnings (for example, mergers and acquisitions, the acquisition or divestiture of significant assets, subsidiaries or business

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units, exploration drilling progress, discoveries of oil and gas, and the execution, or loss, of important contracts with partners or other parties).

- Plans for substantial capital investments.
- Stock splits or other recapitalizations, capital restructuring, public or private securities offerings, or changes in Company dividend policies or amounts.
- Redemptions or repurchases by the Company of its securities.
- Actual or threatened major litigation, developments in major litigation or the resolution of such litigation.
- Significant changes in senior management.
- Any other information which is likely to have a significant impact on the Company's financial results or share price.

Non-public Information Defined

“Nonpublic information” is information about the Company that is not known to the general public. Information is considered to be non-public until it has been effectively disclosed to the public and there has been adequate time for the market as a whole to digest that information (generally, the third trading day after disclosure). Examples of effective disclosure include the Company's Edgar filings with the U.S. Securities and Exchange Commission (the “SEC”), filings on SEDAR required by Canadian securities regulatory agencies, and press releases. Generally, no transactions should take place until 24 hours after the release of easily understood earnings information or the third trading day after the disclosure of other material information.

Prohibited Transactions

Transactions in Company Securities.

When an employee knows material, non-public information about the Company, he or she may not:

- Trade in Company securities. Buying or selling securities of the Company, whether in the form of common shares, options or any other type of security, is prohibited. Indirectly trading in Company securities through a corporation or other entity that you control, family or any other trust, private superannuation fund, 401(K) plan, IRA trust or otherwise, is also prohibited.
- Advise others to buy, hold or sell Company securities. Even if no material, nonpublic information is actually disclosed, employees may not suggest buying or selling any Company securities while in possession of material, nonpublic information.
- Have others trade for him or her in Company securities. Employees may not authorize any member of his or her immediately family or anyone acting on his or her behalf to trade in Company securities.
- Disclose the information to anyone else who might then trade (“tipping”). Passing material, nonpublic information on to a friend, relative or anyone else that buys or sells a security on the basis of that information is prohibited.
- Assist anyone in any of these activities.

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Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency) are not an exception to the prohibition on insider trading.

Transactions in the Securities of Other Companies.

Employees also become aware of material, non-public information about other companies from time to time as a result of their jobs. The Company’s prohibitions against insider trading in the Company’s securities apply equally to transactions in those companies’ securities while the employee is in possession of their material, nonpublic information.

Short Sales; Trading in Options or Speculative Trading.

It is Company policy that any investing in the Company’s securities, or the securities of any company that has a significant relationship with the Company, be on a “buy and hold” basis. Active trading, or short term speculation, is improper. Short-term speculation can harm the Company by sending inappropriate or potentially misleading signals to the market. As a matter of Company policy, employees, regardless of whether or not they are aware of material, non-public information about the Company, may not at any time (1) sell Company securities short, (2) engage in any transaction in publicly traded options on Company shares, including put or call options, or (3) engage in short-term, speculative trading in Company securities. Short selling is the act of borrowing securities to sell with the expectation of the price dropping and the intent of buying the securities back at a lower price to replace the borrowed securities. The prohibition against engaging in transactions in options on Company shares does not include employee share options granted by the Company.

Trading Window

Transactions in Company Securities.

In an attempt to assist employees’ compliance with the Company’s Policy and applicable laws, and avoid inadvertent violations, the Company has implemented the following compliance program which all employees will be required to observe. All sales, purchases and other transactions of any kind (other than those in which the Company is the buyer or seller for its own account or transactions made pursuant to an approved, Rule 10b5-1 Trading Plan as described below) in the Company’s common shares or other Company securities can only be made by an employee if all of the following conditions are met:

- The director or employee must instruct his or her broker to purchase or sell shares during the period beginning two trading day after the Company issues a press release disclosing its most recent annual or quarterly earnings and ending on the earlier of (1) 45 days after the issuance of such earnings release, or (2) 5 trading days prior to the end of the annual or quarterly period following the period for which such earnings were released (“*window period*”);
- The employee is not then in possession of “material, nonpublic information;”
- The employee, other than Covered Persons (as described below), receives prior authorization (pre-clearance) to conduct the transaction from the Compliance Committee (as described below); and
- In the case of Covered Persons, the Covered Person receives prior authorization (pre-clearance) to conduct the transaction from the Compensation Committee of the Company’s Board of Directors (“*Compensation Committee*”).

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Covered Transactions.

The transactions covered by the foregoing trading restrictions include not only purchases and sales of, and other transactions in, Company common shares or other Company securities made by employees privately or through a broker, but also: (1) so called “cashless exercises” of share options where an employee arranges with a broker to sell the shares acquired upon the exercise of the employee’s share options to pay the purchase price, (2) an employee’s election to purchase or sell Company securities or units representing Company securities in a pension or superannuation fund or 401(k) Plan set-up or adopted by the Company, (3) transactions in common shares acquired for the employee’s account under a share purchase plan (if any) of the Company, and (4) transactions in common shares which were awarded an employee pursuant to an equity incentive plan of the Company.

Excluded Transactions.

Transactions by employees that are not covered by the foregoing trading restrictions are: (1) stock option exercises where the employee holds onto the shares acquired in the exercise, (2) purchases or sales of Company securities in a pension or superannuation fund, 401(k) Plan or similar plan of the Company effected pursuant to an election made by the employee during the window period, and (3) elections to participate in or withdraw from a share purchase plan (if any) of the Company.

Special Situations

Rule 10b5-1 Trading Plans.

The Company Policy permits employees to trade in Company securities regardless of their awareness of inside information if the transaction is made pursuant to a pre-arranged trading plan that was entered into when the employee was not in possession of material, nonpublic information (a “***Rule 10b5-1 Trading Plan***”). The Company Policy requires Rule 10b5-1 Trading Plans to (1) be written, (2) specify the amount of, date(s) on, and price(s) at which the securities are to be traded, or establish a formula for determining such items, and (3) receive prior approval from the Compliance Committee, or, in the case of Covered Persons, the Compensation Committee.

Rule 10b5-1 Trading Plans may not be adopted when the employee is in possession of material, nonpublic information about the Company. Furthermore, an employee may amend or replace his or her Rule 10b5-1 Trading Plan only during periods when trading is permitted in accordance with this Policy.

Additional Rules for Directors, Executive Officers, Vice Presidents and Managers

The Company believes that, in order to align the interests of Company management with shareholders, directors, executive officers, vice presidents and managers (“***Covered Persons***”) should maintain a significant equity interest in the Company. In light of this position, and because trading in the Company’s securities by Covered Persons may send inappropriate or potentially misleading signals to the market, it is the Company’s policy that any increase or decrease in a Covered Person’s position in the Company’s securities, other than increases that occur as a result of a grant of Company securities pursuant to Company stock incentive plans, must receive prior approval by the Compensation Committee.

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Hardship and Special Circumstance Cases.

The Compliance Committee or, in the case of a Covered Person, the Compensation Committee, may, on a case-by-case basis, authorize trading in Company securities by employees outside of the applicable window period due to financial hardship or other hardships or because of other special circumstances, but only if: (1) the employee who wishes to trade has, at least ten days prior to the anticipated trade date, notified a member of the Compliance Committee in writing of the circumstances of the hardship or other special circumstances and the amount and nature of the proposed trade(s) and (2) the person trading is not in possession of material, nonpublic information concerning the Company and has certified that fact in writing to the Compliance Committee or, in the case of a Covered Person, the Compensation Committee.

Compliance Committee.

The Board of Directors has established a Compliance Committee to assist employees in complying with this Policy. Current members of the Compliance Committee are Mr. Collin Visaggio, Mr. Mark Laurie and Mr. Anesti Dermedoglou.

If you plan to request an exception to this Policy under the circumstances described under “Hardship Cases” above, you should contact a member of the Compliance Committee. Approval of each member of the Compliance Committee is required to approve a waiver of this Policy. In addition, Covered Persons who desire to notify the Compensation Committee of the Board of Directors of a proposed purchase or sale of securities of the Company should contact a member of the Compliance Committee. The Compliance Committee will collect relevant information about the purchase and sale, assess the circumstances and make recommendations to the Compensation Committee.

Additional Black-Out Periods.

The U.S. Sarbanes-Oxley Act of 2002 also requires the Company to prohibit absolutely all purchases, sales or transfers of Company securities by directors and executive officers during a pension fund blackout period. A pension fund blackout period exists whenever 50% or more of the plan participants are unable to conduct transactions in their accounts for more than three consecutive days. These blackout periods typically occur when there is a change in the retirement plan’s trustee, record keeper or investment manager. Affected officers and directors will be contacted when these or other restricted trading periods are instituted from time to time.

Applicability of this Policy to Employees’ Family Members and Other Related Parties

This Policy applies not only to Company employees but also to Company employees’ spouses, minor children, other relatives who live in their households and trusts and similar entities with respect to which employees are trustees or otherwise are beneficial owners (each, a “***Related Party***”). For example, (1) a Related Party of a Company employee may not purchase Company securities while the employee is in possession of material, nonpublic information, even if the employee does not actually “tip” the Related Party regarding such information, and (2) a Related Party is subject to the trading window restrictions set forth in this Policy. Employees are expected to be responsible for the compliance with this Policy of their Related Parties.

Applicability of this Policy to Former Employees

This Policy’s prohibitions against insider trading in Company securities while in possession of material, nonpublic information will continue to apply to transactions in Company securities by former employees and their Related Parties.

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Reporting Violations

Any employee who becomes aware of a violation of this Policy should (1) report such violation to a member of the Compliance Committee, or (2) submit an anonymous report to the Company's General Counsel or a Director.

Legal Review

Whenever an employee has any questions about a transaction or compliance with this Policy or seeks an exception from this Policy, he or she should consult with a member of the Compliance Committee before the transaction takes place. Although their advice should not be considered investment advice or a guarantee that no liability will arise, all decisions by members of the Compliance Committee or the Compensation Committee with respect to this Policy will be final.

Penalties for Insider Trading

An employee's failure to comply with this Policy may subject the employee to Company-imposed sanctions, including dismissal, *regardless of whether or not the employee's failure to comply with this Policy results in a violation of law*. In addition, Company employees who engage in insider trading (1) could be subject to imprisonment for up to 20 years (25 years if their actions constitute fraud), civil fines of up to three times the profit gained or loss avoided through the trade, and criminal fines of up to \$5 million and (2) may subject the Company and its managers to a civil fine of up to the greater of \$1 million or three times the profit gained or loss avoided as a result of the employee's insider trading violations and a criminal penalty of up to \$25,000,000.

The dealing of securities on any one or more of the exchanges on which InterOil securities trade are deemed to fall under the InterOil Insider Trading Policy.