



InterOil Corporation
Elk – 1
Drilling Report No. 1
7 March 2006

Elk Prospect

Type: Oil / Gas exploration well

Location: PPL 238, Eastern Papua Basin
145° 08' 27.6" E; 007° 06' 0.5" S

Current Status: Set 20 inch conductor at 15 feet (5 meters). Drilled 17 1/2 inch hole to 1,007 feet (307 meters) and ran 13 3/8 inch surface casing. Currently drilling ahead in 12 1/4 inch hole at 2,811 feet (857 meters).

Planned Total Depth: Approximately 9,843 feet (3,000 meters)

Operator: InterOil subsidiary, SPI (208) Limited

Prospect Description: This well is targeting the Puri/Mendi fractured limestone.

FOR FURTHER INFORMATION: Please see the InterOil web site at www.interoil.com

InterOil currently has no *reserves* as defined in Canadian National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). Any information contained herein regarding resources are references to *undiscovered resources* under NI 51-101, whether stated or not.

Australasia

Anesti Dermedgoglou
Vice President, Investor Relations
InterOil Corporation
anesti@interoil.com
Cairns Qld Australia
Phone: +61 7 4046 4600