



InterOil Corporation
Elk – 1 ST – 1 well
Drilling Report No. 3
20 April 2006

Elk Prospect

Type: Oil / Gas exploration well

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

Past activity: Drilled 12 1/4" hole to 4,075 feet (1,242 meters). The hole began swelling and sloughing at around 3,150 feet (960 meters) while making a wiper trip. Set a cement plug from ~ 2,766 to 2,560 feet (840 to 780 meters) to establish the kickoff point. The well has been sidetracked to go around the problem area.

Current activity: Drilling ahead at 3,488 feet (1,063 meters) after successfully running 9 5/8" casing to 3,478 feet (1,060 meters).

Since last report: Drilled from 2,588 feet (788 meters) to 3,478 feet (1,060 meters) while successfully directional drilling past problem area at 3,150 feet (960 meters). Geologic formation, claystone (90% average) and siltstone (10% average) resulted in slow drilling throughout this interval.

Planned Total Depth: Approximately 9,843 feet (3,000 meters). Top zone of interest 4,000 to 4,750 feet.

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

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