



InterOil Corporation
Elk -1 ST -1 well
Drilling Report No. 4
9 May 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. Drilled 12 1/4" sidetrack hole around problem area to 3,478 feet (1,060 meters). Set 9 5/8" casing at 3,478 feet (1,060 meters).

Current activity: Preparing to run 7" liner (casing) to 5,358 feet (1,633 meters). Will drill 6 1/4" hole into the Puri Limestone.

Since last report: Drilled 8 1/2" hole from 3,478 feet (1,060 meters) to 5,358 feet (1,633 meters). Currently at casing point in the Marl formation, directly above first target objective (Puri Limestone).

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