



**InterOil Corporation
Elk-2 Appraisal Well
Drilling Report No. 6
October 2, 2007**

Elk Prospect

Type: Gas appraisal / oil exploration well

Location: PPL 238, Eastern Papua Basin
145° 08' 02.7587" E; 7° 03' 28.8562" S

Current Status: Elk-2 was TD'ed at 10,919 feet (3329 meters). Subsequently a full suite of logs was acquired including FMI and VSP followed by extensive sidewall coring in zones of logged porosity. Following logging and coring, drill stem testing (denoted as DST #2) began and 8 zones were tested through 2 October.

Current Data: Total limestone drilled was 3,254.6 feet (992 meters) from top Puri at 7,667 feet (2,337 meters) MD to TD at 10,922 feet (3,329 meters) MD. The top Mendi limestone is estimated at 9,596 feet (2,925 meters) MD and based on Strontium isotope dating and biostratigraphic markers the well penetrated a repeat Puri section at approximately 10,660 feet (3,250 meters) MD. The true stratigraphic thickness of the Puri penetrated at Elk-2 is 1,749 feet (533 meters) and the Mendi is 958 feet (292 meters) both thicker than pre-drill estimates.

Logged net reservoir is 662.7 feet (202 meters) measured thickness with average log porosity of 4.5%. Log porosity ranged from the cutoff of 3% to 12.5%. As expected from offset wells, the Mendi exhibited higher average porosity of 6.3%. From the FMI over 3,400 fractures were identified with log indications that the bulk of the conductive (open) fractures are in the lower part of the hole below 9,187 feet (2800 meters). Although the lower part of the hole was known to be below the water contact, DST's were conducted to determine the flow capacity of the fractured and porous section. The fracture conductivity was supported by the DST's which resulted in flow capacities (kh) as high as 472,000 millidarcy-feet and water flow rates of up to 2,565 barrels per day in lower part of the well. The produced water had high gas saturation which separated and was flared at the surface during flow periods.

Pressure data from the DST's indicate the GWC could be at 7,596 feet (2315 meters) however highest known water was recovered during testing much deeper at 8,777 feet (2,675 meters). The formation above 8,777 feet (2675 meters) was tight and small amounts of gas and no liquids were recovered.

Past Data: Ran 7" Liner at 7,414 ft (2,259m) with top of liner at 5,755 feet (1,754 meters) and drilled 6 1/8 inch hole to 8,717ft (2,657m) with full returns. Performed DST #1 and cored from 8,717 ft to 8,754 ft (2,657 - 2,668m), recovering 13.6 ft (4.14m) of core which has been sent for analysis, with oil/condensate shows in the base of the core. The top of the Puri limestone was encountered at 7,667 feet (2,337 m) and the revised top of the Mendi limestone at 9594 feet (2,925 meters). Set 9 5/8 inch casing to 5,939 feet (1,810 meters) and cemented in place. Installed a downhole deployment valve (DDV) within the 9 5/8 inch casing at 3,419 feet (1,042 meters). Set 18 5/8 inch surface casing at 177 feet. Drilled a 17 1/2 inch hole to 1,919 feet (585 meters), followed by setting 13 3/8 inch intermediate casing at 1, 913 feet (583 meters).

Planned Total Depth: Approximately 10,000 feet (3,050 meters)

Operator: InterOil subsidiary, SPI (208) Limited.

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

The Elk-2 Well Review and Forward Program Update, October 2, 2007 has been posted on our website.

FOR FURTHER INFORMATION: www.interoil.com

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This press release may include "forward-looking statements" as defined by United States 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 Company expects, believes or anticipates will or may occur in the future are forward-looking statements. These statements are based on certain assumptions made by the company based on its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances. 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. These include risks relating to financial performance and results, the ability of the Company to execute its business plan and other important factors in our filings with the Securities and Exchange Commission, including but not limited to those in our Annual Report for the year ended December 31, 2006 on Form 40-F, that could cause actual results to differ materially from those projected as described in the Company's reports filed with the Securities and Exchange Commission.

Any forward-looking statement speaks only as of the date on which such statement is made and the company undertakes no obligation to correct or update any forward-looking statement, whether as a result

of new information, future events or otherwise.

We currently have no 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.

The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. InterOil does not currently have any proved reserves.