



**InterOil Corporation
Elk-4 Well
Drilling Report No. 3
March 14, 2008**

Elk Prospect

Type: Gas appraisal / oil exploration well

Location: PPL 238, Eastern Papua Basin
294,206m E, 9213,459m N

Current Status: Preparing to drill out, following testing of casing. Installed 7 1/16-inch BOP, rotating head and under balanced drilling equipment and preparing to run in the hole with a 7 inch Bi-center bit to drill to target formation.

Drilled an 8 1/2-inch hole from 3,681 feet (1,122 meters) to 6,578 feet (2,005 meters). Set 7-inch liner to 6,562 feet (2,000 meters) and cemented in place. Top of liner is at 3,366 feet (1,026 meters).

Levels of background gas are similar to other Elk wells, and ranged between 0.010% to 3.09%, with C1 (Methane) to C5 (Pentane) encountered while drilling. Connection and trip gas levels ranged between 1.07% and 21.04%.

*(*note: previous wells drilled in the area have experienced background gas, however background gas in no way confirms commercial accumulations of hydrocarbons reached to date on this well, until the well is drilled out and testing and logging is completed. The structure may need further geological, geophysical and appraisal work before a commercial confirmation of gas reserves.)*

Past Data: Set 18 5/8-inch surface casing at 517 feet, (156 meters). Drilled a 17 1/2-inch hole to 1,792 feet (541 meters), followed by setting 13 3/8-inch casing at 1,789 feet (540 meters). Drilled a 12 1/4-inch hole from 1,789 feet (540 meters) to 3,733 feet (1,127 meters). Set 9 5/8-inch casing to 3,717 feet (1,122 meters) and cemented in place. Installed a downhole deployment valve (DDV) within the 9 5/8-inch casing.

Planned Total Depth: Approximately 8,000 feet (2,450 meters)

Operator: InterOil subsidiary, SPI (208) Limited.

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

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

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Cautionary Statements

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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.