



**InterOil Corporation
Elk-4 Well
Drilling Report No. 4
March 31, 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 cement plug at 6,569 feet (2,002 meters)

Drilled a 7-inch hole from 6,578 feet (2,005 meters) to 7,261 feet (2,213 meters). After reaching this depth the section above the limestone became unstable, slowing drilling operations. We proceeded to set a cement plug below the 7-inch liner to stabilize the upper hole section above the limestone.

The findings in this hole section are as follows:

- Limestone was encountered at 7,116 feet (2,169 meters)
- The geological interval above the limestone is analogous to those wells that encountered reef at the Uramu/Iviri Platform due to:
 - Absence of Orbulina Marl which was present above the limestone in the Elk-1 and Elk-2 wells and instead an abrupt change from Orubadi shales to limestone
 - Presence of coal interbeds that were encountered between 6,742 feet (2,055 meters) and 6,830 feet (2,082 meters)
- Connection gas (C1 to C5) up to 53% was observed while drilling from the shoe at 6,562 feet (2,000 meters) to the lowest connection at 7,234 feet (2,205 meters)

Forward plan:

- Drill out the cement plug and drill a new hole with increased mud weight to stabilize the formation
- Run a 5 ½-inch liner down to the limestone
- Drill out below the 5 ½-inch liner through the limestone reservoir to TD then evaluate

*(*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. 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).

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

This press release may include “forward-looking statements” as defined in United States federal 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.

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.