



**InterOil Corporation
Elk-4 Well
Drilling Report No. 5
April 24, 2008**

Elk Prospect

Type: Gas appraisal / oil exploration well

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

Current Status: Currently drilling out the 5 1/2-inch liner shoe at 7,205 feet (2,196 meters) and into the limestone formation.

After setting a cement plug below the shoe of the 7-inch liner from 6,526 feet (2,000 meters) to 6,654 feet (2,028 meters) to stabilize the existing hole, the well was successfully drilled with a 7-inch bit to 7,221 feet (2,201 meters). A 5 1/2 inch liner was then run down to 7,205 feet (2,196 meters) with the top of liner set at 6,211 feet (1,893 meters).

This hole section reconfirmed the top of limestone at 7,120 feet (2,170 meters). The forward plan is to drill ahead through the limestone interval with a 4 3/4-inch bit and evaluate the reservoir. Connection gas (C1 to C5)* was observed while drilling from the shoe at 6,562 feet (2,000 meters) to the lowest connection at 7,221 feet (2,201 meters).

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).

*(*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.) There is no assurance that any such reserves will be established.)*

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

Operator: InterOil subsidiary, SPI (208) Limited.

Prospect Description: This well is targeting the Puri, 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 contains “forward-looking statements” as defined in U.S. federal and Canadian securities laws. Such statements are generally identifiable by the terminology used, such as “may,” “plans,” “believes,” “expects,” “anticipates,” “intends,” “estimates,” “forecasts,” “budgets,” “targets” or other similar wording suggesting future outcomes or statements regarding an outlook. All statements, other than statements of historical fact, included in or incorporated by reference in this press release are forward-looking statements. Forward-looking statements in this press release include, without limitation, statements regarding our plans for drilling of the well, the planned depth of such drilling, the prospect description and the likelihood of establishing reserves. Many risks and uncertainties may impact the matters addressed in these forward-looking statements, including but not limited to: the inherent uncertainty of oil and gas exploration activities; uncertainty in our ability to attract capital; and the availability and cost of drilling rigs, oilfield equipment, and other oilfield exploration services. Forward-looking statements and information are based on our current beliefs as well as assumptions made by, and information currently available to, us concerning anticipated financial performance, business prospects, strategies, our ability to obtain capital to finance our operations, our ability to obtain equipment in a timely manner to carry out development activities, and the ability to develop production and reserves through development and exploration activities. Although we consider these assumptions to be reasonable based on information currently available to us, they may prove to be incorrect. We therefore cannot assure you that the forward-looking statements included in this press release will prove to be accurate. In light of the significant uncertainties inherent in our forward-looking statements, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved. Some of these and other risks and uncertainties that could cause actual results to differ materially from such forward-looking statements are more fully described under the heading “Risk Factors” in the Annual Information Form of InterOil for the year ended December 31, 2007. Furthermore, the forward-looking information contained in this press release is made as of the date hereof and, except as required by applicable law, we have no obligation to update publicly or to revise any of this forward-looking information. The forward-looking information contained in this report is expressly qualified by this cautionary statement.

We currently have no reserves or resources as defined in Canadian National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.