



**InterOil Corporation
Elk-4 Well
Drilling Report No. 8
June 10, 2008**

Elk Prospect

Type: Gas appraisal / oil exploration well

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

Current Status: Currently preparing to perform DST #3 which will test the open hole from 7,628 feet (2,325 meters) to 7,815 feet (2,382 meters).

Since the last drilling report, DST #2 was performed and the well was then deepened from 7,586 feet, (2,312 meters) to 7,815 feet (2,382 meters) in limestone formation. Open hole logging was performed over the entire open hole section from 7,205 feet (2,196 meters) to 7,815 feet (2,382 meters).

Back ground gas and connection gas (C1 to C5)* were observed while drilling this latest hole section down to 7,815 feet (2,382 meters).

Results of DST #2

DST #2 was performed over the open hole interval from 7,205 feet (2,196 meters) to 7,586 feet (2,312 meters). The preliminary test results are as follows:

Reservoir Pressure at 7,507 feet (gauge depth)	3,692 psia
Formation Flow Capacity	48,375 md ft
Gas Flowrate	14.1 MMcfd
Avg. Condensate Rate	175 Bbl/day
Calculated Stabilized Gas Flow Rate*	> 160MMcfd
Sandface Absolute Open Flow	229MMcfd

* Estimates with skin adjustment

The flow rates for this test were limited by the capacity of the Drill Stem Testing equipment at surface. The calculated stabilized flow is the rate expected at the sandface of the reservoir if all the skin effects were removed and there were no tubular constraints. No formation water was produced during this test.

These positive results increase the hydrocarbon column height by 184 feet, bringing the overall height from the highest known gas at Elk-1 to 1,948 feet.

*The pressure buildup used to determine this value was based on a buildup that was within the accuracy of the gauges utilized.

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). 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).

*(*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 and Mendi, and Antelope Reef limestone.

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

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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.

