



**InterOil Corporation  
Antelope-1 Well  
Drilling Report No. 4  
December 31, 2008**

Prospect: Antelope

Type: Appraisal well

Location: PPL 238, Eastern Papuan Basin  
294,277m E; 9,210,679m N - AGD 66, Zone 55

Current Status: Drilling ahead at 5,892 feet (1,796 meters) in the Antelope reservoir with an underbalanced mud system. Gas was encountered at the top of the carbonate reservoir while drilling out the shoe. The well flowed at 2-3 MMcfd while drilling underbalanced with full returns and approximately 3,400 psi of back pressure on the formation. Rates up to 15 MMcfd have been achieved while circulating out gas kicks. This confirms a gas discovery in the Antelope field.

Mudloggers report a fine grained limestone facies interbedded with and grading to a coarser grained more porous dolomitized facies. The dolomitized facies displays good to very good visible matrix and vugular porosity. The porosity is a mixture of primary and a well developed secondary porosity with evidence of chalkification and dolomitisation. The lower interval associated with a significant gas kick, had a sharp increase in dolomite (avg. 80%).

Past activity: Ran 9 5/8 inch liner to 5,738 feet (1,749 meters) after reaching the top limestone at 5,735 feet (1,748 meters). Performed VSP and Sonic logging operations and ran 9 5/8 inch tie back casing with dual DDV valves. Underbalanced drilling equipment was then installed at surface and flow lines were increased from 4 inch to 6 inch to handle the capacity required for the drilling operations.

Coal and shallow marine fossils fragments were observed in the lower claystone section indicating a shallow marine depositional environment. Limestone and dolomite were present at the top of the carbonate reservoir interval at 5,699 feet (1,734 meters), and continues to be seen through the reservoir section along with some vugular porosity in the drilling samples. Back ground gas (C1-methane to C5-pentane)\* was observed while drilling the lower claystone interval above the reservoir prior to the well flowing approximately 2-3 MMcfd once drilling resumed in the carbonate/reef section.

*(\*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 8,200 feet (2500 meters)

Operator: InterOil subsidiary, SPI (208) Limited.

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

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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 InterOil expects, believes or anticipates will or may occur in the future are forward-looking statements. In particular, this press release contains forward looking statements concerning drilling activities in the Elk/Antelope field. These statements are based on certain assumptions made by the Company based on its experience and perception of current conditions, expected future developments and other factors it believes are appropriate in the circumstances. No assurances can be given however, that these events will occur. Actual results will differ, and the difference may be material and adverse to the Company and its shareholders. 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. Some of these factors include the risk factors discussed in the Company’s filings with the Securities and Exchange Commission and SEDAR, including but not limited to those in the Company’s Annual Report for the year ended December 31, 2007 on Form 40-F and its Annual Information Form for the year ended December 31, 2007. In particular, there is no established market for natural gas in Papua New Guinea and no guarantee that gas from the Elk/Antelope field will ultimately be able to be extracted and sold commercially.

Investors are urged to consider closely the disclosure in the Company’s Form 40-F, available from us at [www.interoil.com](http://www.interoil.com) or from the SEC at [www.sec.gov](http://www.sec.gov) and its and its Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com).

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.