



NEWS RELEASE

INTEROIL ANNOUNCES FILING OF YEAR-END 2005 FINANCIAL RESULT

March 31, 2006 – TORONTO, CANADA – InterOil Corporation (IOL:TSX) (IOC:AMEX) (IOC: POMS0X), a Canadian company with operations in Papua New Guinea, announced that its audited annual financial statements and accompanying notes for the year ended December 31, 2005, related management's discussion and analysis ("MD&A") and Annual Information Form were filed with the relevant Canadian securities regulatory authorities

InterOil has also filed its, audited annual financial statements, Annual Information Form and MD&A under a Form 40-F for the year ended December 31, 2005 with the United States Securities and Exchange Commission.

InterOil's Annual Information Form includes the Statement of Reserves Data and Other Oil and Gas Information and the Report of Management and Directors on Oil and Gas Disclosure required pursuant to Canadian National Instrument 51-101. Copies of InterOil's filed documents may be obtained through SEDAR at www.sedar.com or on InterOil's website at www.interoil.com.

2005/2006 HIGHLIGHTS

- In January of 2006, we entered into an agreement with Shell Overseas Holdings Limited to purchase all of Shell's retail and distribution assets in Papua New Guinea. The closing of this transaction is subject to some remaining governmental approvals in Papua New Guinea with targeted hand over of operations near the end of the second quarter of 2006.
- During start-up operations, we commenced a refinery optimization program in the second quarter of 2005 which is expected to be completed in July 2006. We believe that this program, which also involves the revamp of certain refinery components, will result in a significant improvement in our refining margins and operating revenue.

- We completed a regional stage of extensive seismic acquisition in Petroleum Prospecting License 238 in Papua New Guinea. This is providing valuable information for our drilling program going forward.
- In October 2005, we acquired a purpose built heli-portable drilling rig that we plan to use for all of our future wells. The rig cost \$7.6 million and is capable of drilling to depths of up to 13,500 feet.
- In August 2005, we entered into a \$150 million secured revolving crude import facility with BNP Paribas, Singapore Branch. As of December 31, 2005, the credit limit under this facility, which is subject to change at the discretion of BNP Paribas, was \$150 million. All borrowings under this facility are secured by our crude and refined product inventories, receivables and specified cash deposits.
- In February 2005, we entered into an agreement with institutional accredited investors who have provided us with \$125 million that is being used to fund an eight well drilling program in our exploration acreage.
- In January 2005, we announced the practical completion of our refinery in Papua New Guinea. Our refinery is rated to process up to 32,500 barrels of oil per day. The project agreement that we executed with the government of Papua New Guinea in May 1997 will provide us with tax benefits until December 31, 2010 and with other market privileges for a period of 30 years from the date of practical completion.

InterOil will be holding a conference call on Monday, April 3, 2006 at 08:15 a.m. Eastern to review its financial and operational results for the year ended December 31, 2005. The conference call phone number is (888) 428-4478 for U.S. callers and (612) 234-9960 for international callers. You may listen to the conference by using the following link <http://mail.interoil.com/conference/index1.htm> followed by clicking on one of the links as indicated. Alternatively, you may visit our website where a direct link to the conference call has been provided.

The duration of the conference call will be approximately 45 minutes. We are inviting participants in the conference to direct any questions you may have regarding our operations and financials for the year ended December 31, 2005 by e-mail, to Anesti@interoil.com at least one hour prior to the commencement of the conference call. We will endeavour to answer all questions, time permitting. Following the conference call a Q&A sheet will be posted on the website which should

be useful in providing an understanding of our business segments going forward. **A replay of the conference call will be available on our website until May 5, 2006.**

InterOil is developing a vertically integrated energy company whose primary focus is Papua New Guinea and the surrounding region. Its assets comprise an oil refinery, upstream petroleum exploration licenses, and retail and commercial distribution assets. The majority of the refined products from InterOil's refinery are secured by off-take contracts with Shell and InterOil's wholly-owned subsidiary, InterOil Products Limited. BP Singapore is InterOil's agent for crude oil supplied to the refinery. InterOil is also undertaking an extensive petroleum exploration program within its eight million acre license area located in Papua New Guinea.

InterOil's common shares trade on the Toronto Stock Exchange under the symbol IOL in Canadian dollar and on the American Stock Exchange under the symbol IOC in US dollars. For more information please see the InterOil website at: www.interoil.com

FOR FURTHER INFORMATION:

Anesti Dermedgoglou
V.P., Investor Relations
InterOil Corporation
anesti@interoil.com
Cairns, Qld Australia
Phone: +617 4046 4600

Cautionary Statements

This press release contains forward-looking statements as defined in U.S. federal and Canadian securities laws. All statements, other than statements of historical facts, included in this release are forward-looking statements. Forward-looking statements include, without limitation, statements regarding our drilling plans, plans for expanding our business segments, business strategy, plans and objectives for future operations, future capital and other expenditures, and those statements preceded by, followed by or that otherwise include the words "may," "plans," "believe," "expects," "anticipates," "intends," "estimates" or similar expressions or variations on such expressions. Each forward-looking statement reflects our current view of future events and is subject to risks, uncertainties and other factors that could cause our actual results to differ materially from any results expressed or implied by our forward-looking statements. These risks and uncertainties include, but are not limited to, the ability of our refinery to operate at full capacity and to operate profitably; uncertainty involving the geology of oil and gas deposits and reserve estimates; delays and changes in plans with respect to exploration or development projects or capital expenditures; political, legal and economic risks related to Papua New Guinea; the impact of competition; the volatility of prices for crude oil and the volatility of the difference between our purchase price of crude oil feedstocks and the sales price of our refined products; the uncertainty of our ability to attract capital; and the risks described under the heading "Risk Factors" in our 2005 Annual Information Form dated March 31, 2006.

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of the assumptions could be inaccurate, and, therefore, we cannot assure you that the forward-looking statements

included in this MD&A 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. Except as may be required by applicable law, we undertake no obligation to publicly update or advise of any change in any forward-looking statement, whether as a result of new information, future events or otherwise. Our forward-looking statements are expressly qualified in their entirety by this cautionary statement.

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.