



NEWS RELEASE

INTEROIL ANNOUNCES SENIOR MANAGEMENT CHANGES

August 30, 2006 - InterOil Corporation (IOL: TSX) (IOC: AMEX) (IOC: POMSoX), a Canadian company with operations in Papua New Guinea today announced the appointment of Mr. William J. Jasper III as President and Chief Operating Officer of InterOil. Mr Jasper joins InterOil, following a 33-year career with Chevron Pipe Line Company USA. Director and former Chief Operating Officer, Mr Christian Vinson, will focus on corporate development and government relations in Papua New Guinea. As of today, Dr. Hamilton will be stepping down as President of InterOil Corporation and has been nominated by InterOil to serve as CEO of the recently formed PNG LNG, Inc., which is the vehicle used to develop the proposed LNG facility adjacent to the InterOil refinery in Papua New Guinea. Dr. Hamilton will be acting in a consulting capacity until his appointment as CEO has been ratified with final agreements by InterOil's LNG partners, Merrill Lynch and Pacific LNG, an affiliate of Clarion Finanz AG.

“On behalf of the Board of Directors we welcome Mr. William J. Jasper III as President and Chief Operating Officer and congratulate Dr. Hamilton on his new appointment. These recent changes are as a result of the accelerated program towards further optimization at the refinery and the development of our LNG facility in Papua New Guinea,” said Mr. Phil Mulacek, CEO of InterOil. “We believe the additional management concentration on core areas will provide benefits to the company's shareholders as the company focuses its growth.”

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 is widely

recognized as being the largest value added processing facility in PNG and has existing infrastructure that can complement the onshore processing facilities for natural gas.

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

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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.