



NEWS RELEASE

INTEROIL COMPLETES CONTINUANCE FROM NEW BRUNSWICK TO YUKON

TORONTO -- August 28, 2007 -- InterOil Corporation (TSX:IOL) (AMEX:IOC) (POMSoX:IOC) today announced that the Corporation is now domiciled in Yukon Territory, Canada having completed its continuance from New Brunswick, Canada. The rationale for undertaking the continuance is that the Business Corporations Act (Yukon Territory) is considered to be more modern and flexible, while at the same time does not impose any residency restrictions on the Corporation's directors. The lack of such restrictions is important given that InterOil's operations are principally located outside of Canada, in Papua New Guinea and InterOil may require the appointment of directors who are not ordinarily resident in Canada.

The newly adopted by-laws and article of continuance of InterOil are now more typical of public company articles, in that they do not include restrictions on the issuances of securities by InterOil or pre-emptive rights granted to PIE Group, LLC or Commodities Trading International Corporation. Such provisions were included in InterOil's previous articles.

The continuance was approved by special resolution at the annual and special meeting of InterOil's shareholders held on June 25, 2007.

COMPANY DESCRIPTION

InterOil Corporation is developing a vertically integrated energy business whose primary focus is Papua New Guinea and the surrounding region. InterOil's assets consist of petroleum licenses covering about 9 million acres, an oil refinery, and retail and commercial distribution facilities, all located in Papua New Guinea. During 2006, the company announced a gas and condensate discovery, completed an optimization program at the refinery, and doubled the downstream business by acquiring Shell's distribution assets in Papua New Guinea. In addition, InterOil is a shareholder in PNG LNG Inc., a Joint Venture with Merrill Lynch Commodities and

Pacific LNG established to construct Papua New Guinea's first LNG plant on a site adjacent to InterOil's refinery in Port Moresby.

InterOil's common shares trade on the Toronto Stock Exchange under the symbol IOL in Canadian dollars 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

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CAUTIONARY STATEMENTS

This news release contains projections and other forward-looking statements within the meaning of United States and Canadian securities laws. These projections and statements reflect the company's current views with respect to future events and financial performance. No assurances can be given, however, that these events will occur or that these projections will be achieved and actual results could differ materially from those projected as a result of certain factors. Some of the factors which could affect our future results and could cause results to differ materially from those expressed in our forward-looking statements include: the ability of our refinery to operate at full capacity and to operate profitably; the success of our exploration activities; political, legal and economic risks related to our operations in Papua New Guinea; our ability to market refinery output; our dependence on exclusive relationships with our suppliers and customers; our ability to obtain necessary licenses; our ability to renew our petroleum licenses with the Papua New Guinea government; adverse weather, explosions, fires, natural disasters and other operating hazards, some of which may not be insured; the impact of competition; the enforceability of legal rights; the volatility of prices for crude oil and the volatility of the difference between our purchase price of oil feedstock and the sales price of our refined products; the uncertainty of our ability to attract capital; uninsured operations; covenants in our financing and other agreements that may limit our ability to engage in business activities, raise additional financing or respond to changes in markets or competition; and the risk factors discussed in our filings with the Securities and Exchange Commission, including but not limited to those in our Annual Report for the year ended December 31, 2006 on Form 40-F.

Any forward-looking statement speaks only as of the date on which such statement is made and the company undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise.

InterOil currently has no reserves as defined in Canadian National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Any information contained herein regarding resources are references to undiscovered resources under NI 51-101, whether stated or not.