



## NEWS RELEASE

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### **INTEROIL CONFIRMS ENCOURAGING ELK -2 WELL TEST RESULTS AND SETS DATE FOR CONFERENCE CALL**

TORONTO -- October 2, 2007 -- InterOil Corporation (TSX:IOL) (AMEX:IOC) (POMSoX:IOC) filed today the Elk-2 well technical review and final drilling report of its Elk-2 appraisal well in Papua New Guinea. “The drilling and subsequent testing of the Elk-2 appraisal well has confirmed conductive fractures, porosity and deliverability and a larger rock volume and better than anticipated reservoir quality, which indicate increased potential gas resource in the Elk structure. The results from the Elk-2 well continue to support a significant hydrocarbon column and potential gas resource required to underpin a proposed LNG project in Papua New Guinea by our joint-venture,” said Mr. Phil Mulacek, Chief Executive Officer of InterOil. Results from drilling and subsequent logging, coring and testing of the Elk-2 appraisal well, indicate the following:

- ✓ Primary targeted Puri Limestone stratigraphic thickness is 1,749 feet (533 meters) and the Mendi Limestone is 958 feet (292 meters) both thicker than pre-drill estimates.
- ✓ Logged net reservoir is 663 feet (202 meters) measured thickness with average log porosity of 4.5%.
- ✓ Mendi Limestone average porosity of 6.3%.
- ✓ The fracture conductivity measured with the FMI log was supported by the DST’s which resulted in flow capacities (kh) as high as 472,000 millidarcy-feet and water flow rates of up to 2,565 barrels per day in lower part of the well.
- ✓ Comprehensive understanding of the reservoir from technical data obtained from the full suite of logs including FMI, VSP and extensive sidewall coring.
- ✓ Most pre-drill expectations have been achieved and future drilling on the Elk structure will be undertaken to confirm oil/gas reserves.

Our plan is to suspend the Elk-2 for possible re-entry at a later date and move the rig to the Elk-4 location which lies approximately 1 mile (1.6 km) south of the Elk-1 discovery well in preparation for drilling.

A conference call will be held on Thursday, October 4, 2007, at 7:30 a.m. Central (8:30 a.m. Eastern) to discuss the Elk-2 technical results, as well as the company's forward exploration program. The conference call can be heard through a live audio web cast on the company's website at [www.interoil.com](http://www.interoil.com) or accessed by dialing (612) 332-0530. A replay of the broadcast will be available afterwards on the website.

## COMPANY DESCRIPTION

InterOil Corporation is developing a vertically integrated energy business with its primary focus in Papua New Guinea and the immediately surrounding region. InterOil's assets consist of petroleum licences covering about nine million acres, an oil refinery, and retail and commercial distribution assets, all located in Papua New Guinea. During 2006, InterOil announced a gas and condensate discovery, completed an optimization program at the refinery, and doubled its downstream business. In addition, InterOil is participating in a joint venture established to construct Papua New Guinea's first LNG plant on a site adjacent to its refinery.

A comprehensive Elk-2 Well Review and Forward Program Update, October 2, 2007 has been posted on our website. The contents of this presentation will be covered on the Investor Conference Call.

## FOR MORE INFORMATION:

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## CAUTIONARY STATEMENTS

This press release may include "forward-looking statements" as defined by United States 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. These include risks relating to financial performance and results, the ability of the Company to execute its business plan and other important factors 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, that could cause actual results to differ materially from those projected as described in the Company's reports filed with the Securities and Exchange Commission.

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.

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.

The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. InterOil does not currently have any proved reserves.