



NEWS RELEASE

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INTEROIL RETAINS FINANCIAL ADVISORS FOR SALE OF LNG INTERESTS TO STRATEGIC PARTNERS

March 17, 2009 -- InterOil Corporation (IOC:NYSE Alternext US) (IOC:POMSoX) today announced that it has retained BNP Paribas Capital (Singapore) Ltd. (BNP) and ABN AMRO Corporate Finance Australia Ltd. (ABN AMRO) as joint financial advisors for the sale of interests in the Elk/Antelope field, the Liquid Niugini Gas Ltd LNG Project and associated liquid natural gas off-take agreements with potential strategic partners.

After preliminary discussions with major oil companies, national oil companies and international natural gas utilities, InterOil and its advisors will determine the most suitable industry farm-in partner to acquire up to a 25% interest in its LNG assets.

No assurances can be provided that this process will result in any sale of interests in the Elk/Antelope field or the associated proposed LNG project.

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 4.6 million acres, an oil refinery, and retail and commercial distribution facilities, all located in Papua New Guinea. In addition, InterOil is a shareholder in a joint venture established to construct an LNG plant on a site adjacent to InterOil's refinery in Port Moresby, Papua New Guinea.

This press release shall not constitute an offer to sell or a solicitation of an offer to purchase any securities in the United States, and shall not constitute an offer, solicitation or sale in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful. The securities may not be offered or sold in the United States absent registration under the Securities Act of 1933 or an applicable exemption from registration requirements. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the company and management, as well as financial statements. This press release is being issued pursuant to and in accordance with Rule 135e under the Securities Act.

InterOil's common shares trade on the NYSE AMEX (formerly the American Stock Exchange) in US dollars.

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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, including in particular the proposed sale of some of the interests in the Elk/Antelope field LNG project and the associated off-take agreements. 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 or from the SEC at www.sec.gov and its and its Annual Information Form available on SEDAR at 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.