

From Malum Nalu's blog, http://malumnalu.blogspot.com/2009/11/interoils-lng-project-early-benefits_03.html

Tuesday, November 03, 2009

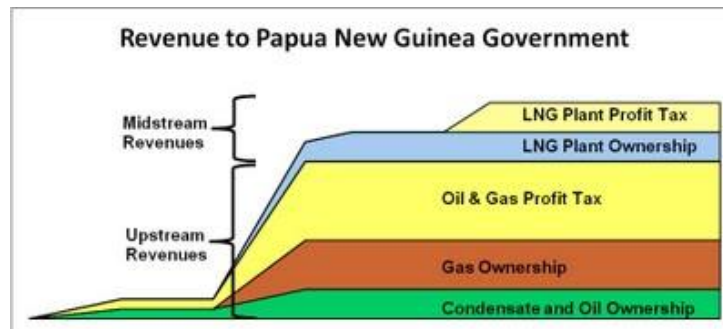
[InterOil's LNG project - early benefits and revenue transparency](#)

PORT MORESBY, Tuesday November 3, 2009: INTEROIL Corporation believes that its proposed LNG project would provide attractive revenue streams to Papua New Guinea before 2014.

InterOil discussed the nature of these revenue streams in the company's presentation at the PNG Chamber of Mines and Petroleum conference held at the Crown Plaza Hotel in Port Moresby, Papua New Guinea between October 27 and 30.

In the presentation, InterOil described its upstream oil and gas production business segment and its separate proposed midstream LNG tolling plant business segment which form a non-integrated project structure.

The Company believes that such a structure, with its clear lines of demarcation between upstream and midstream segments, provides revenues to the country on a transparent basis while also potentially providing those revenues earlier to PNG's various levels of government and to landowners.



"InterOil is aiming to bring on stream a liquids stripping plant, to be located in Gulf Province, on stream in late 2011/2012 while the LNG plant is still being built," the company presentation by CEO Phil Mulacek said.

"The plant will extract the liquid condensate from the gas, reinject the gas back into the reservoir, and transport the liquids to its refinery or for sale in the open market.

"The advantage for landowners, provincial governments and the PNG state is taxes and royalties would start flowing earlier into their respective coffers," Mulacek said.

"All upstream stakeholders benefit from the early condensate/oil production through direct 20.5% government ownership and 2% landowner royalty payments.

"Additional revenue is generated by the PNG government through the 30% company tax rate.

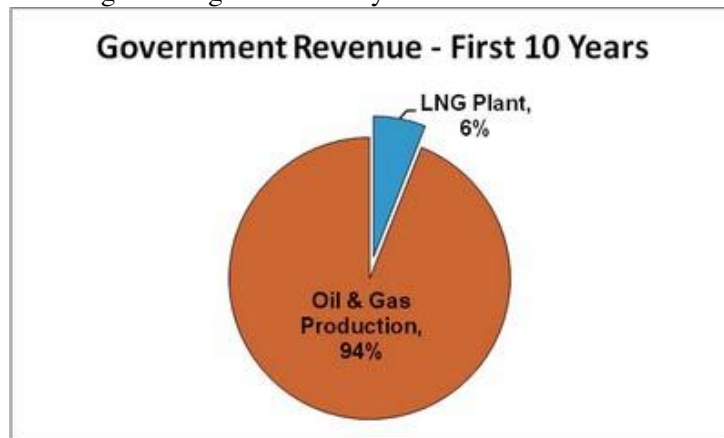
Before LNG Plant 2011/2012	After LNG Plant 2014/2015
Early Condensate Ownership	Increased Condensate Ownership
Early Condensate Profit Tax	Increased Condensate Profit Tax
	Natural Gas Ownership
	Natural Gas Profit Tax
	LNG Plant Ownership
	LNG Plant Profit Tax

“When the LNG plant begins its operations in late 2014/2015, all upstream stakeholders will benefit from increased condensate production, natural gas production and associated profits taxes as it occurs due to InterOil’s non-integrated project structure.

“Additionally, LNG plant stakeholders would benefit from a separate stream of revenue and profit tax from the midstream LNG plant.

“The separate revenue streams provide increased transparency when compared with an integrated project structure.

“Based on current forecasts of production and commodity prices, 94% of the total revenues from InterOil’s project to the PNG government will be derived from the production of oil and gas during the first ten years.



“Production from the Elk/Antelope field provides revenue security to PNG and early cash flows for the State, provincial governments and landowners potentially beginning in 2011/2012 from early liquids production.

“The InterOil LNG project would provide direct and indirect benefits to PNG.

“The InterOil LNG project is not in direct competition with the PNG LNG project but rather adds additional revenue security to PNG.

“Delay of the LNG Project Agreement will risk the revenue diversity to PNG citizens and the momentum for a stronger LNG industry in Papua New Guinea,” Mulacek said.

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MEDIA RELEASE

Wednesday, 30 July 2008

Elk-4 results - a “real bonanza” for LNG Project

PORT MORESBY: The Liquid Niugini Gas Project received a major boost following the release of the latest evaluation data from InterOil’s Elk-4 exploration drill site.

InterOil, a foundation partner in the LNG Project, says the results indicate Elk-4 to be a significant discovery of gas and condensate.

Tests performed to date have confirmed the Company’s initial expectations.

InterOil President Bill Jasper has described the results as “extremely positive”.

“On this basis we can confirm that Elk-4 is expected to be a production well able to feed the planned Liquid Niugini Gas Project”.

Among the key results of the most recent testing are

- Evidence that the subterranean gas column is 618 metres thick
- A condensate ratio two and a half times greater than the results obtained from the top of the Elk-1 discovery well.
- A strong stabilized gas flow rate. The well flowed at a rate of 10-point-4 million cubic feet per day and the calculated stabilized rate (without resistance or zero skin) is in excess of 130 million cubic feet per day. The calculated Absolute Open Flow rate is more than a massive 340 million cubic feet per day.

“It’s a real bonanza and justifies our belief that the Elk-Antelope exploration fields would yield exceptional results”.

InterOil originally struck gas at the Elk-4 site in early May.

A series of test results over recent months continued to return positive results.

It was InterOil’s second promising gas strike in that part of Papua New Guinea in less than two years.

The company has been very encouraged by the testing at Elk-4 and has begun preparations for appraisal drilling at the nearby Antelope-1 site

The exploration site and camp have been prepared and drilling will commence in the weeks ahead.

“This latest drilling report is great news for all our partners in the LNG Project”, Mr. Jasper said.

The multi billion Kina construction project would be one of the largest investments ever made in Papua New Guinea.

The project involves the construction of a new gas processing plant on land adjacent InterOil’s Port Moresby refinery and a pipeline to transport the gas from the Gulf Province.

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MEDIA RELEASE
Tuesday, 11 November 2008
InterOil's September Report Card

PORT MORESBY: InterOil has announced a “modest but highly encouraging” financial outcome for the third quarter of 2008.

The company recorded a pre-tax profit of \$US9.3-million for the period.

This compares to a net loss of \$US17.9-million for the third quarter of last year – an improvement of \$US27.2 million.

The latest figures represent an annual return of less than one percent on InterOil's major investment in Papua New Guinea.

However, Company President Bill Jasper said he was pleased with the result.

“Despite the volatile nature of the international marketplace and the current financial crisis, we have kept our head above water”.

“It's a tribute to our dedicated and skilled workforce and our overall business strategy that we are weathering this initial stage of the storm.”

“The September quarter results follow a series of business strategies pursued during the past two years”.

“Among them are efficiencies implemented at our refinery that are now paying dividends”, Mr. Jasper said.

“We have also adopted a number of hedging strategies to help mitigate the risks associated with the international crude oil market”.

Other key aspects of the company's September report card are:

- A 39% increase in sales and operating revenues (when compared to the third quarter 2007) to \$US262-million.
- An improved refinery run rate of about 19,000 barrels per day
- Securing a \$US57.5-million (K150-million) working capital facility through Westpac PNG and Bank of South Pacific Limited.

InterOil also says that its total assets have increased by 31% while total liabilities have decreased by 1% when compared to September 2007.

The latest financial figures follow the recent announcement that drilling has commenced at its Antelope-1 exploration site in the Gulf Province.

Mr. Jasper said the company is continuing its investment position in PNG.

“These latest figures have given us a strong base from which to launch our future activities”.

“We look forward to continued growth and a strong and vibrant future serving the people and nation of Papua New Guinea”.

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