

For Immediate Release

Title: FDI challenges three month, 132% increase in InterOil Corp's (NYSE:IOC) stock price by demonstrating sleight of hand in recent press releases

Subtitle: InterOil Corp's (NYSE:IOC) investors duped into believing company has discovered and certified resources in Papua New Guinea

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In the last three months, the stock price of InterOil (NYSE:IOC) has gone from \$30.40 to \$70.55 per share. What is responsible for this incredible 132% increase in price? Certainly not the company's financial performance. As of the end of the third quarter of 2009, revenue is down 31% from the prior year. EBITDA is down 15% and net income is down 11%.

If the financial performance of the company isn't responsible for the massive increase in InterOil's stock price, what can explain it? According to Barry Minkow, Co-Founder of the Fraud Discovery Institute, it is "***the hyping of the company in press releases.***" But is it really hype, or is it the truth? An analysis of the company's recent press releases shows that a clever play on words has the company flying high on the stock market.

A December 1, 2009 press release touted: "The Antelope field confirms Papua New Guinea as a world class gas resource base in close proximity to the largest and most developed LNG market in the world." InterOil's December 10, 2009 press release boasted about government approval to construct a liquefied natural gas plant in Papua New Guinea: "This approval is another major milestone in advancing the monetization and commercialization of our resources we have established at the world class Elk/Antelope fields."

The real truth, however, according to Mr. Minkow "is that InterOil has 'undiscovered resources' and calling a field 'world class' isn't the same thing as actually knowing how much of a natural resource exists there. InterOil is capitalizing on the confusion between undiscovered resources (which are unknown quantities) and discovered resources. And the victims are the investors who falsely believe that InterOil has known quantities of natural gas, when in fact they do not."

Susuve Laumaea, Senior Manager for Media Relations at InterOil adds to the confusion with a flat-out lie: "We have certified resources that can not be called proven reserves until we reach FID (final investment decision). Industry insiders and analysts understand this, it is the same for all companies."

This statement, according to the Fraud Discovery Institute is false because InterOil cannot book reserves until a resource audit verifies known quantities of hydrocarbon, regardless of an FID.

And they've even managed to trick and confuse the oil and gas analyst at Morgan Stanley, who said in a research report dated September 18, 2009, "IOC's has been classified as a P50 resource claim (of 3.5Tcfe and then 6.7Tcfe) by two respectable geological firms." The report

also said, "Lack of proved resources (under SEC definitions) isn't dispositive of resource potential as most LNG-related gas reserves cannot, by definition, be booked as reserves until a company FID's construction of an LNG facility (i.e., can monetize the resource)."

According to Mr. Minkow, both of these statements are incorrect. "IOC has NOT been classified as a P50 resource claim by anyone. If they had, they would be able to classify resources as discovered and contingent. They have not. InterOil will need more than an FID decision for an LNG facility. They will also need a resource audit confirming their resources as a 'known quantity.'"

Yet while InterOil continues to fool investors and seemingly sophisticated analysts, the stock price has skyrocketed--even in the face of poor financial performance. It is clear that all it takes for management to hoodwink investors into buying up their stock is pretending they have officially discovered and certified resources.

According to FDI: Has InterOil any discovered resources? Not even close.

Has InterOil seen earnings increase that justifies their 3 month, 132% stock price increase in the midst of a world-wide recession? Not even close.

Have analysts been objective in their 'hype' of InterOil? Not even close.

Is Wall Street still willing to believe the hype of this oil and gas exploration company? Close enough.

Has InterOil used the technique of diversion and slight of hand to fool Wall Street? Close enough.

Does InterOil have any confirmed resources? Not close enough.

Does InterOil refine any of their own gas or oil? Not even in the ballpark.

Is this company nothing more than hype? Dead on.