



NORSK TILLITSMANN ASA

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To the bondholders in:

ISIN: NO 001 032535.0 – 9.00 per cent InterOil Exploration and Production ASA Bond Issue 2006/2011 with Warrants

ISIN: NO 001 036280.9 – 12.5 per cent InterOil Exploration and Production ASA Senior Unsecured Callable Bond Issue 2007/2010

Oslo, 19 January 2010

PROPOSED DECLARATION OF DEFAULT – SUMMONS TO BONDHOLDERS' MEETING

1. BACKGROUND

Norsk Tillitsmann ASA (the “**Loan Trustee**”) is appointed as Loan Trustee for the bond issues with ISIN NO001032535.0 (the “**Unsecured USD Bond**”), NO001036280.9 (the “**Unsecured NOK Bond**”) and NO001036356.7 (the “**Secured USD Bond**”) issued by InterOil Exploration and Production ASA (the “**Borrower**”). The Unsecured USD Bond and the Unsecured NOK Bond are collectively referred to as the “**Unsecured Bonds**”.

All capitalized terms shall have the meaning assigned to them in the Loan Agreements or the summons to this Bondholders meeting, unless otherwise stated.

The Unsecured USD Bond with ISIN NO001032535.0 is a senior unsecured bond issue with an outstanding amount of USD 20 000 000. The maturity date is 11 July 2011.

The Unsecured NOK Bond with ISIN NO001036280.9 is a senior unsecured bond issue with an outstanding amount of NOK 100 000 000. The maturity date is 29 March 2010.

The Secured USD Bond with ISIN NO001036356.7 is a senior secured bond issue with an outstanding amount of USD 115 000 000. The Bonds are secured by guarantees from InterOil Exploration and Production Latin America AS, InterOil Exploration and Production Africa AS and InterOil Exploration and Production Ghana AS. In addition the Secured USD Bond is secured by a share pledge over all the shares issued by the same mentioned guarantors.

Under the Loan Agreement of the Secured USD Bond, the Borrower had an obligation to pay an installment of USD 10 000 000 which was due on 4 May 2009. The Borrower failed to meet this payment obligation. Subsequently the entire Secured USD Bond was declared in default, and due for immediate payment. However, the Borrower had for some time a standstill agreement with major Bondholders of the Secured USD Bond, allowing the Borrower some time to remedy the situation. Despite extensions in the original timeline of the standstill agreement, the Borrower has not managed to remedy the situation. The standstill agreement has now been cancelled.

The Bondholders of the Secured USD Bond have instructed the Loan Trustee to initiate filing of petitions for enforcement of the loan security.

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Based on the default situation in the Secured USD Bond, and based on the filing of enforcement petitions in the Secured USD Bond, the Unsecured Bonds may also, due to the default provisions of the bond agreements, consequently be declared in default and due for immediate payment, as a cross default has occurred.

The Loan Trustee therefore summons a Bondholders' Meeting for the Bondholders of the Unsecured Bonds to consider whether also these Bonds should be declared in default.

An informal information session will be held before the formal part of the bondholders' meeting starts. The Borrower has indicated that they will be represented at the information session. The information part of the meeting will be open for bondholders of both the Unsecured Bonds and the Secured USD Bonds. Further details regarding the information session may be announced at www.stamdata.no. It is anticipated that Bondholders may participate in the information session by telephone.

Further information regarding the situation and the process may also be published on www.stamdata.no, and the Bondholders are recommended to check the web site for updates.

2. THE PROPOSAL:

The Loan Trustee proposes the following resolution for each of the Unsecured Bonds:

The Loan Trustee shall declare the Bond in default and the entire Outstanding Loan due for immediate payment.

The Bondholders hereby gives the Loan Trustee a power of attorney to perform all actions the Loan Trustee deems necessary to recover the Loan and protect the Bondholders interests, hereunder declaring the Bond in default and due for immediate payment, negotiate and enter into agreements on behalf of the Bondholders.

The request is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee. The Bondholders must independently evaluate whether the proposal is acceptable.

Bondholders' meeting:

A joint Bondholders' meeting will be held for the Unsecured Bonds. Voting procedures will be carried out separately for each of the Unsecured Bonds Issue. Bondholders are hereby summoned to a Bondholders' meeting:

Time: 28 January 2010 at 14:00 hours (Oslo time),
Place: The premises of Norsk Tillitsmann ASA,
Haakon VII's gt 1, 0161 Oslo - 5th floor

Agenda:

1. Approval of the summons.
2. Approval of the agenda.
3. Election of two persons to co-sign the minutes together with the chairman.
4. Proposal to declare the Bonds in Default;

It is proposed that the Bondholders' meeting resolve the following:

The Bondholders hereby gives the Loan Trustee a power of attorney to perform all actions the Loan Trustee deems necessary to recover the Loan and protect the Bondholders interests, hereunder declaring the Bond in default and due for immediate



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payment, negotiate and enter into agreements on behalf of the Bondholders. The Loan trustee has the right to deduct all cost related to the default situation in any proceeds to the Bondholders.

The Unsecured USD Bond:

To approve the above resolution for the Unsecured USD Bond, Bondholders representing at least **2/3** of the Unsecured USD Bonds represented in person or by proxy at the meeting must vote in favour of the resolution. In order to have a quorum in the Unsecured USD Bond, at least **2/10** of the voting Bonds must be represented at the meeting.

The Unsecured NOK Bond:

To approve the above resolution for the Unsecured NOK Bond, Bondholders representing at least **2/3** of the Unsecured NOK Bonds represented in person or by proxy at the meeting must vote in favour of the resolution. In order to have a quorum in the Unsecured NOK Bond, at least **5/10** of the voting Bonds must be represented at the meeting.

Please find attached a Bondholder's Form from the Securities Depository (VPS), indicating your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the bondholders' meeting. (If the bonds are held in custody - i.e. the owner is not registered directly in the VPS - the custodian must confirm; (i) the owner of the bonds, (ii) the aggregate nominal amount of the bonds and (iii) the account number in VPS on which the bonds are registered.)

The individual bondholder may authorise the Norsk Tillitsmann to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising Norsk Tillitsmann to vote, must then be returned to Norsk Tillitsmann in due time before the meeting is scheduled (by scanned e-mail, telefax or post – please see the first page of this letter for further details).

In the event that Bonds have been transferred to a new owner after the Bondholder's Form was made, the new Bondholder must bring to the Bondholders' meeting or enclose with the proxy, as the case may be, evidence which the Bond Trustee accepts as sufficient proof of the ownership of the Bonds.

For practical purposes, we request those who intend to attend the bondholders' meeting, either in person or by proxy other than to Norsk Tillitsmann, to notify Norsk Tillitsmann by telephone or by e-mail (as set out at the first page of this letter) within 16:00 hours (4 pm) (Oslo time) the Banking Day before the meeting takes place.

Yours sincerely
Norsk Tillitsmann ASA



Jens Samuelsen

Enclosed: Bondholder's Form