



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

Oslo, 2 September 2010

Early redemption– Summons to Bondholders' Meeting

Norsk Tillitsmann ASA (“NTM”/ “Norsk Tillitsmann”) acts as trustee (the “**Loan Trustee**”) for the holders of bonds in the above-mentioned USD 20 million loan with ISIN NO 001 032535.0 (the “**Loan**” / “**Bond Issue**”) for InterOil Exploration & Production ASA (the “**Company**”) as borrower.

Unless explicitly defined herein, all capitalized terms used shall have the meaning assigned to them in the loan agreement dated 10 July 2006, as amended, (the “**Loan Agreement**”).

1 BACKGROUND

The Company is currently working to refinance all its outstanding bond loans, including the Loan. The Company intends to replace the Loan with a new bond issue of 310 million (the “**New Loan**”).

The Company is seeking to redeem the existing Loan as soon as practically possible.

2 PROPOSAL

In accordance with Clause 19.1 of the Loan Agreement, the Company has approached the Loan Trustee to convene a Bondholders meeting in order to amend the Loan Agreement, pursuant to the authority given to the Bondholders' meeting under the Loan Agreement, and facilitate for the abovementioned refinancing.

The Company seeks the Bondholders approval of an early redemption of the Loan as set out in this section (the “**Proposal**”):

- A. it is proposed that the Loan is redeemed at 100 % of par value plus accrued and unpaid interest (the “**Early Redemption**”) on a Banking Day falling between 14 September 2010 and 8 October 2010 (the record date will be set by VPS and the Bond Trustee at a later stage) (the “**Early Redemption Period**”). The Early Redemption will be effected by way of amending the definition of the Maturity Date in the Loan Agreement; and

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- B. it is proposed that the Bondholders authorize the Bond Trustee to execute the Early Redemption subject to the conditions set out in section 3 in this summons having been fulfilled.

3 CONDITIONS:

The completion of the Proposal is conditional upon the following conditions precedent being fulfilled within 4 October 2010 (i) the Bondholders of the Loan having approved the Proposal with the required majority vote in the Bondholders' Meeting, (ii) the New Loan of minimum NOK 275 million, is successfully issued and paid in within the Early Redemption Period, (iii) the bank facilities of approximately USD 90 million to Interoil Peru S.A. and Interoil Colombia Exploration & Production Inc., are raised, (iv) the Company's senior secured bond loan, ISIN NO 001 036356.7 is redeemed in full, including all related amounts such as the cost of the enforcement process, (v) the other unsecured bond issue with ISIN NO 001 036280.9 is redeemed in full, prior to or simultaneously with the Loan, and (vi) satisfactory documentation evidencing that the Issuer has raised new equity of USD 50 million (gross amount) and the share capital increase is registered in the Norwegian Registry of Business enterprises.

It should be noted that unless all the above conditions are fulfilled, the Maturity of the Loan will remain unchanged.

4 EVALUATION OF THE PROPOSED CHANGES

4.1 The Company's evaluation

The Company considers the Proposal to be attractive for investors, considering the current secondary pricing of the Loan. An early redemption price of 100 % of par value plus accrued interest should therefore be a fair price.

The Company has engaged SEB Merchant Banking and Pareto Securities AS as the Company's financial advisors (the "Advisors") with respect to the Proposal. Accordingly, Bondholders may contact Pareto Securities AS Fixed Income sales at +47 22 87 87 70 or SEB Merchant Bank at +47 22 82 72 87.

The Advisors are acting solely for the Company and no-one else in connection with the Proposal. No due diligence investigations have been carried out by the Advisors with respect to the Company and the Advisors expressly disclaim any and all liability whatsoever in connection with the Proposal (including but not limited to the information contained herein).

4.2 NTM's evaluation

Based on the current situation of the Company, the Loan Trustee shares the opinion that the Proposal should be attractive for the Bondholders. Nevertheless, each Bondholder must independently evaluate whether the proposed changes are acceptable.



5 BONDHOLDERS' MEETING:

Bondholders are hereby summoned to a Bondholders' meeting:

Time: 10 September at 13.00 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. Request for change of the Bond Agreement:

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

The Bondholders' meeting approve the Proposal as set out in clause 2, subject to the fulfilment of the condition described in clause 3, in the summons to this Bondholders' meeting.

Norsk Tillitsmann ASA is given the power of attorney to enter into the necessary agreements in connection with decisions made by the Bondholders' meeting as well as carry out necessary completion work, including make other necessary amendments of the Loan Agreement.

* * *

To approve the above resolution, a majority of 2/3 of the Bonds represented at the meeting must vote (in person or by proxy) in favour of the resolution. Bondholders representing at least 2/10 of the Bonds must be represented at the meeting in order to have a quorum. If the proposal is not adopted, the Bond Agreement will remain unchanged.

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