

SOLICITATION BY AND ON BEHALF OF

Phil E. Mulacek and Petroleum Independent & Exploration, LLC

FOR THE SUPPORT OF THE HOLDERS OF COMMON SHARES OF

INTEROIL CORPORATION

This proxy circular, including any supplements hereto or amendments and restatements hereof (together, the “Circular”), prepared by Phil E. Mulacek and Petroleum Independent & Exploration, LLC (collectively, the “Concerned InterOil Shareholders”, “we” or “our”), solicits your **SUPPORT** for resolutions to be voted on at a special meeting of shareholders of InterOil Corporation (“InterOil” or the “Company”).

Certain of the beneficial shareholders of InterOil, including the Concerned InterOil Shareholders, have sent a requisition pursuant to the *Business Corporations Act* (Yukon) (the “Requisition”) for the directors of InterOil to call a special meeting of InterOil’s shareholders (the “Special Meeting”). The Concerned InterOil Shareholders and the other shareholders who have sent the Requisition have proposed that the Special Meeting be held in conjunction with the 2016 annual and special meeting of InterOil’s shareholders (the “Annual Meeting”), which is scheduled to be held on June 14, 2016.

InterOil has not yet responded to the Requisition. The Concerned InterOil Shareholders are unaware whether the special business at the Annual Meeting will include votes by the Shareholders on the matters covered in the Requisition.

InterOil has until April 12, 2016 to call the Special Meeting. If InterOil does not call the Special Meeting by that time, the Concerned InterOil Shareholders and other InterOil shareholders who sent the Requisition are themselves entitled to call the Special Meeting under the *Business Corporations Act* (Yukon).

The Concerned InterOil Shareholders are not asking shareholders to send a form of proxy at this time. The Concerned InterOil Shareholders have prepared and filed this Circular in order that they may at this time have discussions with shareholders regarding the Special Meeting in compliance with the solicitation requirements under applicable corporate and securities laws. The Concerned InterOil Shareholders are soliciting your support FOR the resolutions they have proposed for the Special Meeting. Further details concerning the resolutions and the Special Meeting are contained in this Circular.

We expect to issue a supplement to or amendment and restatement of this Circular (the “Revised Circular”) containing further disclosure regarding the Special Meeting, together (if necessary) with details concerning the completion and return of proxies to be provided by the Concerned InterOil Shareholders for use at the Special Meeting. WE URGE SHAREHOLDERS TO MONITOR AND REVIEW OUR PUBLIC DISCLOSURE FOR FURTHER INFORMATION, INCLUDING THE REVISED CIRCULAR, AS IT BECOMES AVAILABLE.

March 31, 2016

NOTICE TO UNITED STATES SHAREHOLDERS

InterOil is a “foreign private issuer” as defined in Rule 3b-4 under the United States Securities Exchange Act of 1934, as amended (the “U.S. Exchange Act”) and InterOil’s equity securities are therefore exempt from the proxy rules set forth in Sections 14(a), 14(b) and 14(f) of the U.S. Exchange Act. Accordingly, this solicitation is made in the United States with respect to securities of InterOil in accordance with Canadian corporate and securities laws and this Circular has been prepared in accordance with disclosure requirements applicable in Canada. InterOil shareholders in the United States should be aware that these Canadian requirements are different from the requirements applicable to proxy statements under the U.S. Exchange Act.

FORWARD-LOOKING STATEMENTS AND INFORMATION

Information included, attached to or incorporated by reference, if any, into the Circular, may contain forward-looking statements or forward-looking information. All statements and information, other than statements of historical fact, included or incorporated by reference in this Circular are forward-looking statements and forward-looking information, including, without limitation, statements regarding activities, events or developments that the Concerned InterOil Shareholders expect or anticipate may occur in the future. These forward-looking statements and information can be identified by the use of forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue" or similar words and expressions or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements and information are based will occur or, even if they do occur, will result in the plans, results or performance expected. We caution readers of the Circular not to place undue reliance on forward-looking statements and information contained in the Circular, which are not a guarantee of performance, events or results and are subject to a number of risks, uncertainties and other factors that could cause actual results, performance or events to differ materially from those expressed or implied by such forward-looking statements or information. These factors include general economic and market conditions, changes in law, changes in management, changes in board composition, actions of InterOil and its subsidiaries or competitors, the ability to implement business strategies and plans and pursue business opportunities and conditions in the oil and gas industries. Inter Oil's shareholders are cautioned that all forward-looking statements and information involve risks and uncertainties, including those risks and uncertainties detailed in the continuous disclosure and other filings of InterOil with applicable Canadian securities commissions, copies of which are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. We urge you to carefully consider those factors.

The forward-looking statements and information contained in the Circular are expressly qualified in their entirety by this cautionary statement. The forward-looking statements and information included in the Circular are made as of the date of the Circular and the Concerned InterOil Shareholders undertake no obligation to publicly update such forward-looking statements or information to reflect new information, subsequent events or otherwise, except as required by applicable laws.

CURRENCY

Unless otherwise indicated, all currency amounts in this Circular are stated in U.S. dollars.

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PROXY CIRCULAR OF THE CONCERNED INTEROIL SHAREHOLDERS

This information circular, including any supplements hereto or amendments and restatements hereof (together, the “Circular”) and any form(s) of proxy and/or voting instruction form(s) subsequently furnished (if necessary) in connection with this Circular, are being provided in connection with the solicitation by and on behalf of Phil E. Mulacek and Petroleum Independent & Exploration, LLC (collectively, the “Concerned InterOil Shareholders”, “we” or “our”) of your support for the approval of the resolutions attached as Schedules A, B, C, D, E and F of this Circular (collectively, the “Resolutions”) to be voted upon at a special meeting (the “Special Meeting”) of holders of common shares (the “Shares”) of InterOil Corporation (“InterOil” or the “Company”), and at any and all adjournment(s) or postponement(s) of the Special Meeting. Phil E. Mulacek is the sole member and president of Petroleum Independent and Exploration, LLC. The information contained in this Circular is given as of the date of this Circular, except where otherwise noted.

This solicitation is not made by or on behalf of management of the Company.

The Concerned InterOil Shareholders are soliciting your support for the approval of the Resolutions. The Resolutions were contained in a requisition (the “Requisition”) delivered to the Company on March 21, 2016 for the directors of the Company (the “Board”) to call the Special Meeting pursuant to Section 144 of the *Business Corporations Act* (Yukon) (the “YBCA”) in order for the holders of Shares (“Shareholders”) to vote to approve the Resolutions.

The Company has called an annual and special meeting to be held on June 14, 2016 (the “Annual Meeting”). The Concerned InterOil Shareholders are unaware whether the special business at the Annual Meeting will include votes by the Shareholders on the Resolutions. The Concerned InterOil Shareholders and other requisitioners for the Special Meeting, being Five Sterling LP, Sterling Mulacek Trust (both of whom may be deemed associates of Mr. Mulacek) and Gerard Rene Jacquin, have informed the Company that they would not oppose the combination of the business of the Special Meeting, being the vote to approve the Resolutions, with the business of the Annual Meeting, so long as the business of the Special Meeting is voted on by Shareholders before the business of the Annual Meeting, which would give full effect to the resolution included at Schedule A to this Circular (the “Director Election Resolution”).

InterOil has until April 12, 2016 to call the Special Meeting. If the Board does not call the Special Meeting by that time, the Concerned InterOil Shareholders and other Shareholders who sent the Requisition are entitled to call the Special Meeting under the YBCA.

We do not know at this time whether the Company will issue a notice of the Special Meeting and send its management information circular to solicit proxies for the Special Meeting. In any event, the Concerned InterOil Shareholders expect to issue a supplement to or amendment and restatement of this Circular (the “Revised Circular”) containing additional information concerning our proposal for the Shareholders to approve the Resolutions. If necessary, the Concerned InterOil Shareholders may also provide a form of proxy and/or voting instruction form to be completed, signed and returned to the Concerned InterOil Shareholders or their appointed agent, for use at the Special Meeting.

The Concerned InterOil Shareholders currently expect that they would send the Revised Circular to Shareholders by mail, together (if necessary) with a form of proxy that Shareholders will be asked to return. If necessary, the Revised Circular will provide instructions for the completion and return of the form of proxy to be provided by the Concerned InterOil Shareholders for use at the Special Meeting. Shareholders are urged to monitor subsequent press releases and other filings of the Concerned InterOil

Shareholders to ensure they have all information and are able to take the necessary action within the prescribed time periods in order to show their support and vote **FOR** the Resolutions.

Your support and, ultimately, your vote at the Special Meeting, are very important to the future of your investment in the Company. Shareholders willing to express their support for the Concerned InterOil Shareholders may contact them at +1(832) 510-7028 or by email at: info@concernedinteroilshareholders.com. **The Concerned InterOil Shareholders urge Shareholders not to execute or return any management proxy they may receive in connection with the Special Meeting, unless otherwise advised by the Concerned InterOil Shareholders. If a Shareholder does return a management proxy, the Shareholder has the legal right to change their vote. To do so, sign, date and return the form of proxy to be provided by the Concerned InterOil Shareholders with the Revised Circular.**

BACKGROUND AND REASONS FOR THIS SOLICITATION

InterOil's Recent History

Since the end of 2013, the price of the Shares has significantly underperformed the market and comparables to the Company. Although recent world oil price declines are a factor, the poor performance of the Company is largely due to a variety of inadequate business practices, particularly an inability to productively perform exploration in remote Papua New Guinea, develop the Company's assets and execute significant transactions that are truly accretive to Shareholder value.

Even before oil prices began their recent decline, the Company lost over *US\$2.5 billion* of Shareholder value in the sale of a gross 40% interest in the Company's largest and most important asset, the Elk and Antelope gas fields, to TOTAL S.A., when the price of the Shares fell by approximately 50% over the 45 days after the sale was announced in December, 2013. Incredibly, the Shareholders had no opportunity to consent to this sale as By-law No. 2 of the Company (the "By-law") permits. The Shareholders also had no say in the sale of the Company's Napa Napa refinery and all of its downstream assets in Papua New Guinea in June 2014, which were the Company's sole source of cash apart from the payments from TOTAL S.A. in connection with the Elk and Antelope transaction.

Since Mr. Mulacek stepped down as Chief Executive Officer of the Company in April 2013, the Company has spent approximately US\$1 billion on exploration and related activities, but has failed to announce any new discoveries that have been commercially viable as verified by independent experts, similar to the certification of GLJ or Gaffney Cline with respect to the Elk and Antelope fields. The Concerned InterOil Shareholders believe that this lack of commercial success was caused by the Board's inability to direct management to enhance Shareholder value, and has had a very negative impact on the market's view of the prospects for the Company.

The Concerned InterOil Shareholders hold a significant number of Shares, and have suffered with other Shareholders significant losses as the value of our Shares has been reduced not because of declines in the broader oil market, but because of the inadequate manner in which the Company has been operated by the Board and management over the past few years. To illustrate our concern, Figure 1 below is a chart showing the Company's share price movement against the Brent crude oil index from January 1, 2013 to August 31, 2014.

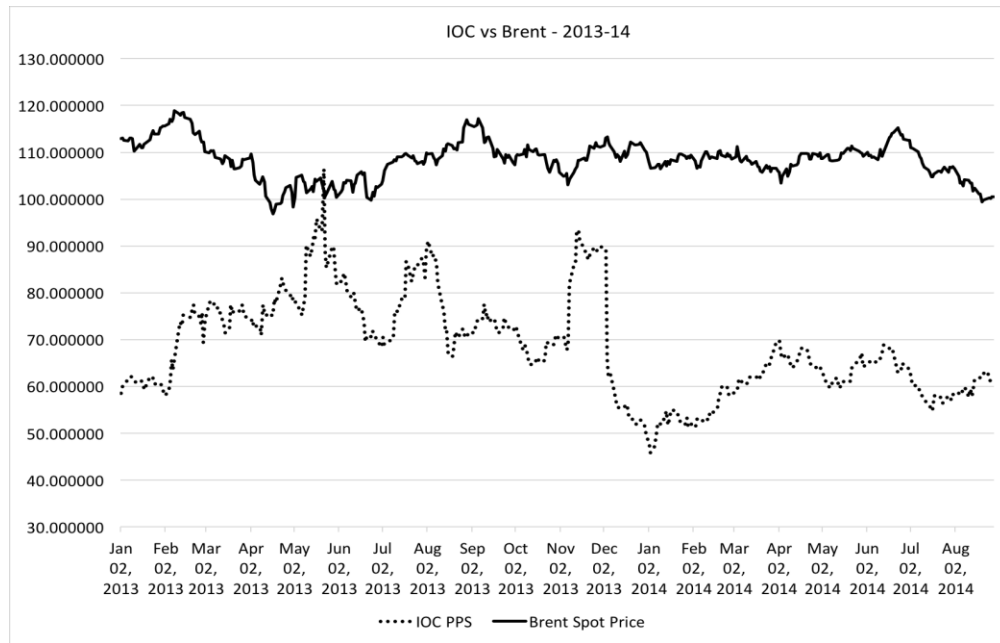


Figure 1

In order for all Shareholders to realize the true value of our Shares, the Company's current non-aligned business practices must immediately cease. This will only occur if Shareholders begin to take control of the situation and publicly approve and recommend to the Company important changes in its governance practices.

The Requisition

In light of and in response to this situation, certain of the beneficial Shareholders, including the Concerned InterOil Shareholders, sent the Requisition to the Company on March 21, 2016. The Requisition calls for the Board to call the Special Meeting for the Shareholders: (i) to vote to approve the resolution included as Schedule A to this Circular (the "Director Election Resolution"); (ii) to vote to approve the resolution included as Schedule B to this Circular (the "Compensation Committee Charter Resolution"); (iii) to vote to approve the resolution included as Schedule C to this Circular (the "Nomination and Governance Committee Charter Resolution"); (iv) to vote to approve the resolution included as Schedule D to this Circular (the "Reserves Governance Committee Charter Resolution"); (v) to vote to approve the resolution included as Schedule E to this Circular (the "Material Transactions Resolution"); and (vi) to vote to approve the resolution included as Schedule F to this Circular (the "Disclosure Policy Resolution"). In this Circular, the Director Election Resolution, Compensation Committee Charter Resolution, Nomination and Governance Committee Charter Resolution, Reserves Governance Committee Charter Resolution, Material Transactions Resolution and Disclosure Policy Resolution are collectively referred to as the "Resolutions".

The Concerned InterOil Shareholders and other requisitioners for the Special Meeting have informed the Company that they would not oppose the combination of the business of the Special Meeting, being the vote to approve the Resolutions, with the business of the Annual Meeting, so long as the business of the Special Meeting is voted on by Shareholders before the business of the Annual Meeting, which would give full effect to the Director Election Resolution.

InterOil has not yet responded to the Requisition. The Company has until April 12, 2016 to call the Special Meeting. If the Board does not call the Special Meeting by that time, the Concerned InterOil Shareholders and other beneficial Shareholders who sent the Requisition are entitled to call the Special Meeting under the YBCA.

The Resolutions are aimed at making important changes to the Company's governance practices. The Concerned InterOil Shareholders encourage Shareholders to vote **FOR** the Resolutions to demonstrate to the Board and management their concern for the Company and prescriptions to begin making changes to improve its situation. If the Board understands the concerns of Shareholders and adopts the measures promoted by the Resolutions, the Company can be protected going forward and management will be aligned with the interests of the Corporation and the Shareholders.

The Resolutions

(i) The Director Election Resolution

The Company's articles provide that the number of directors of the Company shall be not less than three or more than fifteen. With respect to the Director Election Resolution, pursuant to Section 4 of By-law No. 2 of the Company (the "By-law") the Shareholders or the Board have the right to set the number of directors for the Company. Section 4 of the By-law states as follows:

"Number. Subject to the provisions of the Act, the number of directors shall be the number fixed by the articles, or where the articles specify a variable number, the number shall be not less than the minimum and not more than the maximum number so specified and shall be determined from time to time within such limits by the shareholders or the board."

As directors are elected by the Shareholders under the YBCA, the Concerned InterOil Shareholders believe that it is appropriate that the Shareholders should set the number of directors, especially in light of InterOil's recent history. The Concerned InterOil Shareholders believe the current Board is too large and expensive for a company with no operations and a smaller Board would be more efficient.

The text of the Director Election Resolution is included at Schedule A to this Circular.

(ii) The Compensation Committee Charter Resolution

The Concerned InterOil Shareholders believe that it is necessary to align Board and senior executive compensation with Shareholder interests and incentivise the Board and management to seek transactions that are accretive to Shareholder value. As such, the Concerned InterOil Shareholders are proposing that the Board adopt amendments to the Compensation Committee Charter of the Board to promote these principles.

The text of the Compensation Committee Charter Resolution is included at Schedule B to this Circular. The revised Compensation Committee Charter, as it would read if the Compensation Committee Charter Resolution is approved by the Shareholders and the Board gives effect to the approval by amending the charter, is included at Schedule G to this Circular.

(iii) The Nomination and Governance Committee Charter Resolution

The Concerned InterOil Shareholders believe that it is appropriate to ensure that the Board has the technical competence necessary to operate the Company by requiring at least one-third of the directors to have direct experience in development of onshore assets similar to the Company's onshore oil and gas

assets in Papua New Guinea, thereby ensuring that the Board has the proven Papua New Guinea expertise to understand how to conduct the Company's core business and supervise and direct management's choice and execution of exploration and development projects in Papua New Guinea.

As such, the Concerned InterOil Shareholders are proposing that the Board adopt amendments to the Nomination and Governance Committee Charter of the Board that would promote these principles.

The text of the Nomination and Governance Committee Charter Resolution is included at Schedule C to this Circular. The revised Nomination and Governance Committee Charter, as it would read if the Nomination and Governance Committee Charter Resolution is approved by the Shareholders and the Board gives effect to the approval by amending the charter, is included at Schedule H to this Circular.

(iv) *The Reserves Governance Committee Charter Resolution*

The Concerned InterOil Shareholders believe that it is appropriate to strengthen third-party review of the Company's discovery announcements and development plans. This enhanced third-party review will increase the transparency of the Company's disclosure about its resources/reserves and discoveries by allowing annual assessments from the same commercial baseline; improve the quality of information; promote consistency and objectivity in the Company's decision-making process when it determines whether and how to explore and develop its assets; increase accountability of management to the Shareholders; and reduce the likelihood that the Company's capital and other resources will be spent on exploration and development projects that are unlikely to be commercially viable. As such, the Concerned InterOil Shareholders are proposing that the Board adopt amendments to the Reserves Committee Charter of the Board that would promote these principles.

The text of the Reserves Governance Committee Charter Resolution is included at Schedule D to this Circular. The revised Reserves Governance Committee Charter, as it would read if the Reserves Governance Committee Charter Resolution is approved by the Shareholders and the Board gives effect to the approval by amending the charter, is included at Schedule I to this Circular.

(v) *The Material Transactions Resolution*

The Concerned InterOil Shareholders believe that certain recent material transactions the Company has undertaken without Shareholder approval, including the transaction with TOTAL S.A., have been non-accretive for Shareholder value. To help ensure that future material transactions are aligned with the interests of Shareholders, the Concerned InterOil Shareholders believe that the Board and management should be required to obtain prior Shareholder approval of material transactions in order to avoid transactions that, among other things, may impair the Company's capital or its ability to undertake its core operational business of exploration and development of upstream oil and gas in Papua New Guinea, or that may trigger payments of transaction break-up fees through failure to secure Shareholder approval of the transaction.

The By-law contemplates that Shareholders may have a role in approving material transactions. Section 27 of the By-Law states as follows:

“The directors in their discretion may submit any contract, act or transaction for approval, ratification or confirmation at any annual meeting of the shareholders or at any special meeting of the shareholders called for the purpose of considering the same and any contract, act or transaction that shall be approved, ratified or confirmed by resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or other applicable law or by the Corporation's articles or by-law shall be as valid and as binding upon the

Corporation and upon all shareholders as though it had been approved, ratified and/or confirmed by every shareholder of the Corporation.”

The Concerned InterOil Shareholders believe that it is appropriate for the Company to seek the approval of the Shareholders for transactions that may fundamentally affect Shareholder value. As such, the Concerned InterOil Shareholders are proposing an amendment to the Charter of the Board that would promote this principle.

The text of the Material Transactions Resolution is included at Schedule E to this Circular. The revised Board Charter, as it would read if the Material Transactions Resolution is approved by the Shareholders and the Board gives effect to the approval by amending the Charter, is included at Schedule J to this Circular.

(vi) *The Disclosure Policy Resolution*

The Concerned InterOil Shareholders believe that it is appropriate that the Board adopt and rigorously comply with best in industry disclosure practices, so that the public market is provided sufficient information to understand the development status of the Company’s assets. A strong disclosure policy, vigorously enforced by the Board, will improve the transparency of the Company’s operations and improve accountability of the Company’s management and the Board to Shareholders. As such, the Concerned InterOil Shareholders are proposing that the Board amend the Charter of the Board to promote these principles.

The text of the Disclosure Policy Resolution is included at Schedule F to this Circular. The revised Board Charter, as it would read if the Disclosure Policy Resolution is approved by the Shareholders and the Board gives effect to the approval by amending the charter, is included at Schedule J to this Circular.

MATTERS TO BE ACTED UPON – APPROVAL OF RESOLUTIONS

The Requisition calls for the Resolutions to be voted upon by the Shareholders at the Special Meeting. We expect to issue the Revised Circular containing further disclosure concerning our proposal, together with additional details concerning the completion and return of proxies for use at the Special Meeting.

THE ANNUAL MEETING

The Company has called the Annual Meeting to be held on June 14, 2016, with a record date of April 25, 2016. The Concerned InterOil Shareholders are unaware whether the special business at the Annual Meeting will include votes by the Shareholders on the Resolutions.

The Concerned InterOil Shareholders and other requisitioners for the Special Meeting have informed the Company that they would not oppose the combination of the business of the Special Meeting, being the votes to approve the Resolutions, with the business of the Annual Meeting, so long as the business of the Special Meeting is voted on by Shareholders before the business of the Annual Meeting, in order to permit the Director Election Resolution to be given full effect if adopted by the Shareholders.

In the event that the Company combines the business of the Special Meeting with the business of the Annual Meeting, the Concerned InterOil Shareholders may amend this Circular (which may be the Revised Circular) in order to be able to solicit proxies for the business of both the Special Meeting and the Annual Meeting.

HOW THE CONCERNED INTEROIL SHAREHOLDERS WILL VOTE

At the Special Meeting, the representatives of the Concerned InterOil Shareholders currently intend, unless instructed otherwise, to cast the votes represented by each proxy deposited by Shareholders in favour of the Concerned InterOil Shareholders as proxyholders **FOR** the approval of each of the Resolutions.

GENERAL PROXY INFORMATION

Appointment of Proxies

The Concerned InterOil Shareholders do not know at this time whether it will be necessary to send their own form of proxy for the Special Meeting. In the event they do send a form of proxy, the persons to be named as proxyholders in the form of proxy provided by the Concerned InterOil Shareholders are anticipated to be Mr. Phil E. Mulacek or failing him, Mr. David Vance. Mr. Mulacek is the sole member and president of Petroleum Independent and Exploration, LLC and is also one of the Concerned InterOil Shareholders. Mr. Vance is an employee of a company controlled by Mr. Mulacek.

A Shareholder has the right to appoint a person or company (who need not be a Shareholder) other than the persons designated in any form of proxy provided to the Shareholder, to represent the Shareholder at the Special Meeting. You will be able to exercise this right by striking out those names appearing on the form of proxy and inserting the name of the person you wish to appoint as your representative in the blank space provided in the form of proxy to be provided or by submitting another appropriate form of proxy. If you beneficially own your Shares but are not the registered holder, see "– Non-Registered (Beneficial) Holders of Shares" (below) for important information about how to appoint a representative of the Concerned InterOil Shareholders as proxyholder for your Shares.

A properly completed form of proxy will automatically revoke an earlier form of proxy deposited by you in respect of the Special Meeting. If you are a registered holder of Shares you may also revoke any proxy you have already given to management or any other form of proxy previously given by you by attending the Special Meeting and indicating your wish to vote in person.

Corporate Shareholders

Any Shareholder that is a corporation may by resolution of its directors or other governing body authorize such person as it thinks fit to exercise in respect of and at the Meeting the same powers on behalf of the corporation as that corporation could exercise if it were an individual shareholder personally present, including the right (unless restricted by such resolution) to appoint a proxyholder to represent such corporation. Evidence in writing of the appointment of any such representative should accompany a corporate shareholder's completed proxy.

Revocation of Proxies

A registered holder of Shares that gives a proxy, may revoke it:

1. by completing and signing a valid proxy bearing a later date and returning it in accordance with the instructions contained in the form of proxy; or
2. by depositing an instrument in writing executed by you or by your attorney authorized in writing, as the case may be: (i) at the registered office of the Company at any time up to and including the last business day preceding the

day the Meeting or any adjournment or postponement of the Special Meeting is to be held, or (ii) with the Chairman of the Special Meeting prior to its commencement on the day of the Special Meeting or any adjournment or postponement of the Special Meeting; or

3. in any other manner permitted by law.

If you are the beneficial owner, but not the registered holder, of your Shares, see "– Non- Registered (Beneficial) Holders of Shares" (below) for instructions on how to revoke any proxies you give in connection with the Special Meeting.

Voting of Shares Represented by Proxy

In the event the Concerned InterOil Shareholders provide their own form of proxy, the Concerned InterOil Shareholders representatives designated in the proxy will vote your Shares represented by that proxy in accordance with your instructions on any ballot that may be called at the Special Meeting.

If you specify a choice with respect to voting in the proxy which may be provided by the Concerned InterOil Shareholders, your Shares will be voted accordingly. **If you do not specify a choice in such proxy or in an otherwise valid proxy, your Shares to which the proxy pertains will be voted FOR the approval of the Resolutions, and/or otherwise as will be described in the Revised Circular.**

In the event the Concerned Shareholders provide their own form of proxy, the proxy will confer discretionary authority upon the persons named therein to vote in the judgment of those persons in respect of amendments or variations, if any, to matters identified in the formal notice of the Special Meeting and other matters, if any, which may properly come before the Special Meeting. As of the date of this Circular, the Concerned InterOil Shareholders know of no other matters to come before the Special Meeting other than as set forth herein. Should any other matters properly come before the Special Meeting, Shares represented by the relevant proxies will be voted on those matters in accordance with the judgment of the Concerned InterOil Shareholders representatives designated in the form of proxy.

Non-Registered (Beneficial) Holders of Shares

Only registered holders of Shares, or the persons they appoint as their proxyholders, will be entitled to vote at the Special Meeting. However, in many cases, Shares beneficially owned by a holder (a "Non-Registered Holder"), are registered in the name of either:

1. an intermediary (each an "Intermediary") that the Non-Registered Holder deals with in respect of Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
2. a depository (such as The Canadian` Depository for Securities Limited in Canada or Cede & Co. in the United States).

The Concerned InterOil Shareholders expect that they will make copies of the Revised Circular and, if necessary, a form of proxy and/or voting instruction form available to the Intermediaries or their designates for onward distribution to Non-Registered Holders in connection with the Special Meeting once a formal notice of the Special Meeting has been issued. Intermediaries will be required to forward copies of the Revised Circular and any form of proxy or voting instruction form provided to them to

Non-Registered Holders. If you are a Non-Registered Holder and receive the Revised Circular or receive a form of proxy or voting instruction form on behalf of the Concerned InterOil Shareholders, please sign and return the form of proxy or voting instruction form in accordance with the directions provided by your Intermediary and set out in such form.

Without specific instructions, Intermediaries will be prohibited from voting shares for their clients. Therefore, Non-Registered Holders should ensure that instructions respecting the voting of their Shares are communicated to the appropriate person by the appropriate time. A Non-Registered Holder cannot use a voting instruction form to vote Shares directly at the Special Meeting. Voting instructions must be returned sufficiently in advance of the Special Meeting to have those Shares voted. Further details will be set out in the applicable form of proxy or voting instruction form provided to Shareholders at the appropriate time. Each Intermediary has its own procedures which should be carefully followed by Non-Registered Holders to ensure that your Shares are voted by the Intermediary on your behalf at the Special Meeting. These procedures may allow for voting by telephone, via the Internet, by mail and/or by facsimile. The applicable instructions for each such method of voting will be set out in the form of proxy or voting instruction form provided to you directly by the Intermediary.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of Shares they beneficially own. **If you are a Non-Registered Holder, you have the right to attend and vote your Shares directly at the Special Meeting.** If you are a Non-Registered Holder and you wish to attend and vote your Shares at the Special Meeting (or have a person other than those named in the form of proxy attend and vote on your behalf), you should insert your name (or the name of the person whom you wish to designate to attend and vote on your behalf) in the blank space provided in such form of proxy or, where a voting instruction form is provided, follow the corresponding instructions on the form. **In either case, you should carefully and promptly follow the instructions of your Intermediary and/or its service company.**

The majority of brokers and nominees now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Solutions, Canada and its counterpart in the United States ("Broadridge"). Broadridge typically mails voting instruction forms to the Non-Registered Holders and asks Non-Registered Holders to return the forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Special Meeting. A Non-Registered Holder receiving a voting instruction form from Broadridge cannot use that form to vote Shares directly at the Special Meeting. The form must be returned to Broadridge well in advance of the Special Meeting in order to have the Shares voted. Each Non-Registered Holder should contact his or her Intermediary and carefully follow the voting instructions provided by such Intermediary. If you are a Non-Registered Holder and wish to vote your Shares in person at the Special Meeting, you should contact your Intermediary and follow their instructions for completion and return of the form of proxy or voting instruction form provided to you directly by them, once received.

A Non-Registered Holder will be entitled to revoke a form of proxy or voting instruction form given to an Intermediary at any time by written notice to the Intermediary in accordance with the instructions given to the Non-Registered Holder by its Intermediary. It should be noted that revocation of proxies or voting instructions by a Non-Registered Holder can take several days or even longer to complete and, accordingly, any such revocation should be completed well in advance of the deadline prescribed in the form of proxy or voting instruction form to ensure it is given effect in respect of the Special Meeting.

The securityholder materials may be sent to both registered Shareholders and Non-Registered Holders. If you are a Non-Registered Holder, and the Concerned InterOil Shareholders or their agent sends the

Revised Circular and other Special Meeting materials directly to you, your name and address and information about your holdings of securities will have been obtained in accordance with applicable securities regulatory requirements from the Company or from the Intermediary holding the Shares on your behalf.

Solicitation

This solicitation is made by the Concerned InterOil Shareholders and is **not** made by or on behalf of management of the Company. Solicitation may be by mail, telephone, telecopier, email or other electronic means, as well as by newspaper or other media advertising and in person by managers, directors, officers and employees of the Concerned InterOil Shareholders who will not be specifically remunerated therefor. In addition, the Concerned InterOil Shareholders may solicit proxies in reliance upon the public broadcast exemption to the solicitation requirements under applicable Canadian corporate and securities laws, conveyed by way of public broadcast, including press release, speech or publication and any other manner permitted under applicable Canadian laws. The costs incurred in the preparation and mailing of this Circular and the Revised Circular and the solicitation will be borne directly and indirectly by the Concerned InterOil Shareholders. The Concerned InterOil Shareholders intend to seek reimbursement of these costs in accordance with the YBCA.

The Concerned InterOil Shareholders have not as of the date hereof entered into an agreement with an agent to act as the Concerned InterOil Shareholders' proxy agent for a formal solicitation of forms of proxies. The Concerned InterOil Shareholders have entered into an agreement with Bayfield Strategy, Inc. ("Bayfield") pursuant to which Bayfield has agreed to assist the Concerned InterOil Shareholders with communication matters related to the Requisition and the Special Meeting.

The Concerned InterOil Shareholders may make solicitations by mail, telephone, telecopier, the Internet and personal solicitation or by way of public broadcast, as well as by newspaper or other media advertising. For example, it is expected that Mr. Phil E. Mulacek may attend in-person meetings with institutional shareholders and other significant shareholders. Any employees of the Concerned InterOil Shareholders and their affiliates or other persons who make solicitations on behalf of the Concerned InterOil Shareholders will do so for no additional compensation.

Banks, brokerage houses and other custodians, nominees and fiduciaries will be requested to forward the Concerned InterOil Shareholders' solicitation materials to customers for whom such persons hold Shares, and the Concerned InterOil Shareholders will reimburse them for their reasonable out-of-pocket expenses for doing so.

The entire expense of preparing, assembling, printing and mailing the Circular and related materials and soliciting proxies will be borne by the Concerned InterOil Shareholders. The Concerned InterOil Shareholders intend to seek reimbursement for their expenses in accordance with the YBCA.

No person is authorized to give information or to make any representations other than those contained in the Circular and, if given or made, such information or representations must not be relied upon as having been authorized to be given or made.

OUTSTANDING SHARES, PRINCIPAL HOLDERS AND OTHER

Shareholders Entitled to Vote

The Company has announced that it will hold its Annual Meeting on June 14, 2016 in New York, NY. The record date for notice of the Annual Meeting and for voting in respect of the Annual Meeting is

April 25, 2016. In the event that the Special Meeting is held in conjunction with the Annual Meeting, the record date for notice of the Special Meeting and for voting in respect of the Special Meeting will also be April 25, 2016. Each Shareholder of record as of the record date will be entitled to one vote for each Share held on each matter to come before the Special Meeting and the Annual Meeting.

According to the Company's consolidated financial statements for the years ended December 31, 2015, 2014 and 2013 (the "Annual Statements"), an aggregate of 49,572,811 Shares were issued and outstanding as of December 31, 2015.

Although currently unknown to the Concerned InterOil Shareholders, we expect that the number of outstanding Shares and the number of Shares entitled to be voted on each matter to be acted on at the Special Meeting will be set out in the shareholder lists to be provided by the Company in connection with the Special Meeting.

Principal Holders

Except as set forth below, information regarding the beneficial ownership, control or direction over Shares held other than by the Concerned InterOil Shareholders and other Shareholders who signed the Requisition is not within the knowledge of the Concerned InterOil Shareholders. For this information, please refer to the management information circular to be provided by the Company in connection with the Annual Meeting, once made available to Shareholders.

As of the date of this Circular, the beneficial Shareholders that signed the Requisition beneficially own an aggregate of 3,770,563 Shares, representing approximately 7.59% of the total Shares issued and outstanding as disclosed by the Company in the Annual Statements. The Concerned InterOil Shareholders intend to vote all of their Shares, together with any additional Shares acquired by the Concerned InterOil Shareholders prior to the record date fixed for the Special Meeting by the Company, **FOR** the approval of the Resolutions, and/or otherwise as will be described in the Revised Circular.

Indirect Participation Interests of the Concerned InterOil Shareholders

In addition to the Shares that the Concerned InterOil Shareholders beneficially own, the Concerned InterOil Shareholders are the beneficial holders of certain minority indirect participation interests in certain of InterOil's petroleum prospecting licenses and petroleum retention licenses in Papua New Guinea under indirect participation agreements with InterOil. The Concerned InterOil Shareholders believe that these indirect participation interests are not material to InterOil but are nevertheless fully aligned and not in conflict with the interests of the Shareholders.

EXECUTIVE COMPENSATION, INDEBTEDNESS, MANAGEMENT CONTRACTS AND EQUITY COMPENSATION PLANS

Information regarding the compensation of executives and directors of the Company (including the information prescribed by Form 51-102F6 – *Statement of Executive Compensation*), the indebtedness of the Company's directors and officers or their respective associates, about management contracts that may be in place at the Company and securities authorized for issuance under the Company's equity compensation plans is not within the knowledge of the Concerned InterOil Shareholders. For this information, please refer to the Company's management information circular dated April 22, 2015 filed in respect of the Company's prior shareholders meeting held on June 9, 2015 and to the Company's management information circular anticipated in respect of the Annual Meeting, once made available to Shareholders by the Company, and other continuous disclosure filed by the Company on SEDAR at www.sedar.com.

INTEREST IN MATERIAL TRANSACTIONS AND MATTERS TO BE ACTED UPON AT THE SPECIAL MEETING

Except as otherwise disclosed in this Circular, to the knowledge of the Concerned InterOil Shareholders, neither the Concerned InterOil Shareholders nor any, directors or officers, or any associates or affiliates of the foregoing, has: (i) any material interest, direct or indirect, in any transaction since the beginning of the Company's most recently completed financial year or in any proposed transaction (other than the proposed changes and transactions contemplated in this Circular) that has materially affected or will materially affect the Company or any of its subsidiaries; or (ii) any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter currently known to be acted on at the Special Meeting, other than the approval of the Resolutions.

Except as disclosed above, information concerning any material interests, direct or indirect, of any director or executive officer of the Company, any other "informed person" (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), any person (other than the Concerned InterOil Shareholders) who, to the knowledge of the directors or officers of the Company, beneficially owns or exercises control or direction over securities carrying more than 10% of the voting rights attached to any class of outstanding voting securities of the Company or any associate or affiliate of any of the foregoing, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries, or in any matter to be acted upon at the Special Meeting, is not within the knowledge of the Concerned InterOil Shareholders. For this information, please refer to the management information circular to be provided by the Company in connection with the Annual Meeting, once made available to Shareholders.

INFORMATION CONTAINED IN THIS CIRCULAR

Certain information concerning the Company contained in this Circular has been taken from or is based upon publicly available documents or records on file with Canadian securities regulatory authorities and other public sources. Although the Concerned InterOil Shareholders have no knowledge that would indicate that any statements contained in this Circular that are taken from or based upon those documents and records or other public sources are untrue or incomplete, the Concerned InterOil Shareholders do not assume and expressly disclaim any responsibility for the accuracy or completeness of the information taken from or based upon those documents, records and other public sources, or for any failure by the Company to disclose publicly events or facts that may have occurred or that may affect the significance or accuracy of any such information, but that are unknown to the Concerned InterOil Shareholders.

This Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or proxy solicitation. The delivery of this Circular will not, under any circumstances, create an implication that there has been no change in the information set forth herein since the date as of which such information is given in this Circular.

INFORMATION REGARDING INTEROIL

Additional information relating to the Company, including its annual information form and the Company's prior management information circular dated April 22, 2015, is filed with Canadian Securities Administrators. This information can be accessed through SEDAR at www.sedar.com. Financial information is provided in the Company's comparative financial statements and management's discussion and analysis for the three and nine month interim periods ended September 30, 2015 and its most recently completed financial year. Copies of the Company's financial statements and management's discussion and analysis may be obtained by any person without charge by contacting the Company, at 163 Penang Road, Winsland House II, #06-02, Singapore, 238463, Attention: General Counsel and Corporate Secretary. The Company's auditor is PricewaterhouseCoopers, Chartered Accountants.

CERTIFICATE

The contents and the sending of this Circular have been approved by the Concerned InterOil Shareholders.

March 31, 2016

“Phil E. Mulacek”

Petroleum Independent & Exploration, LLC

By: *“Phil E Mulacek”*

SCHEDULE A

THE DIRECTOR ELECTION RESOLUTION

BE IT RESOLVED, as an ordinary resolution, that in accordance with Section 4 of By-Law No. 2 of the Corporation, the number of directors to be elected at the 2016 annual meeting of the Corporation's shareholders be fixed at six (6).

SCHEDULE B

THE COMPENSATION COMMITTEE CHARTER RESOLUTION

BE IT RESOLVED, as an ordinary resolution, that the board of directors of the Corporation consider and, if thought appropriate, amend the charter of the Compensation Committee of the board of directors of the Corporation (the “*CC Charter*”) as follows:

(a) by deleting Section 5.1 of the CC Charter and adding the following: :

“**Director Compensation.** The Committee shall periodically review and make recommendations to the Board with respect to compensation payable for serving as a director. In making these recommendations to the Board, the Committee shall be guided by the following guidelines (unless these guidelines are clearly non-aligned with compensation best practices at the time as certified by Advisors and disclosed in the Company’s compensation disclosure): (i) not less than 50% of the total compensation payable for serving as a director shall be in the form of equity-based compensation; (ii) for as long as the individual serves as a director and for a period of one year from the date the individual ceases serving as a director, that individual may not sell, transfer or assign to any third party more than 50% of the total number of shares of the Company received by way of compensation for serving as a director; and (iii) the total cash compensation payable to all directors of the Company for service as directors shall not exceed an aggregate amount of US\$600,000 annually.”

(b) by adding the following as the last sentence of Section 5.3 of the CC Charter:

“In approving these compensation arrangements for Executive Officers, the Committee shall be guided by the following principles: (i) no Executive Officer shall receive a payment in connection with a change-in-control transaction (a ‘*Change of Control Payment*’) unless the price per share payable to shareholders as a result of the transaction exceeds both (x) US\$60.00 per share (based on the number of shares outstanding as of the day this charter was amended to include this provision, and as adjusted appropriately as a result of consolidation, etc.) over a 30 day trailing VWAP (the ‘*Threshold Price*’), and (y) the 30 day trailing VWAP as of the date of the commencement of the Executive Officer’s employment with the Company; and (ii) the Change of Control Payment may be pro-rated by the Board in its discretion above the Threshold Price up to any maximum amount determined by the Board, based on the price per share payable to shareholders as a result of the transaction. In any event, any of these awards, opportunities, agreements, arrangements, provisions, compensation or benefits must clearly align with compensation best practices as certified by Advisors and disclosed in the Company’s compensation disclosure.”

SCHEDULE C

THE NOMINATION AND GOVERNANCE COMMITTEE CHARTER RESOLUTION

BE IT RESOLVED, as an ordinary resolution, that the board of directors of the Corporation consider and, if thought appropriate, amend the charter of the Nomination and Governance Committee of the board of directors of the Corporation (the “*NGC Charter*”) as follows:

- (a) by deleting the first sentence of Section 5.1 of the NGC Charter and replacing it with the following sentence:

“The Committee shall formulate the criteria for directors, and shall consider personal characteristics and core competencies required of Board members when evaluating persons to be nominated for election to the Board (including, for greater certainty, at least one third of the directors must have direct skills, competency and experience in matters relevant to the exploration and development of the Company’s onshore licenses and development assets in the Papua New Guinea jungle), taking into account the composition of the Board as a whole.”

- (b) by deleting the second sentence of Section 5.3 of the NGC Charter and replacing it with the following sentence:

“The Committee shall also annually review each incumbent director’s past performance and skills (including, for greater certainty, at least one third of the directors must have direct skills, competency and experience in matters relevant to the exploration and development of the Company’s onshore licenses and development assets in the Papua New Guinea jungle) and recommend to the Board whether such director should be nominated for re-election.”

SCHEDULE D

THE RESERVES GOVERNANCE COMMITTEE CHARTER RESOLUTION

BE IT RESOLVED, as an ordinary resolution, that the board of directors of the Corporation consider and, if thought appropriate, amend the charter of the Reserves Governance Committee of the board of directors of the Corporation (the “*RGC Charter*”) as follows:

(a) by deleting Section 4(c) of the RGC Charter and replacing it with the following:

“to review any proposed public disclosure or regulatory filings by the Corporation with respect to any reserves and/or resources evaluation and oil and gas activities and the material compliance thereof with applicable regulatory requirements and, if appropriate, make recommendations to the Board to approve or disapprove of the release or filing thereof; provided that, subject to and in further compliance with applicable securities laws, whenever the Corporation files a report disclosing a certain well location as a commercial discovery or otherwise provides disclosure in that regard, the Committee shall request the Corporation to disclose in reasonable detail: (i) the Corporation’s view as to why the location is a commercial discovery, including its views and assumptions on costs of development (including the overall cost breakdown for wells and operations); (ii) likely markets for production from the discovery; and (iii) any update such discovery implies to the most recent annual resource report.”

(b) by deleting Section 4(d) of the RGC Charter and replacing it with the following:

“to review and make recommendations to the Board respecting the appointment of a qualified reserves evaluator or auditor pursuant to the requirements of NI 51-101; provided that, subject to and in further compliance with applicable securities laws, the Committee shall, to the extent practicable: (i) ensure that any qualified reserves evaluator or auditor it recommends to the Board has sufficient relevant experience in evaluating reserves and/or resources similar to the Corporation’s onshore licenses and development assets in the Papua New Guinea jungle; and (ii) provided the evaluator remains qualified in the Committee’s view, maintain the same evaluator from year to year to provide a more consistent assessment of the Corporation’s reserves over time.”

(c) by deleting Section 4(k) of the RGC Charter and replacing it with the following:

“to review the scope of the annual review of the Corporation’s reserves and/or resources; provided that in addition to complying with the disclosure requirements of NI 51-101, such annual review shall include an evaluation by the qualified reserves evaluator or auditor of any new claimed discoveries by the Corporation referred to in Section 4(c) of this Charter and the Corporation’s related assumptions and development plans.”

SCHEDULE E

THE MATERIAL TRANSACTIONS RESOLUTION

BE IT RESOLVED, as an ordinary resolution, that the board of directors of the Corporation consider and, if thought appropriate, amend the charter of the board of directors of the Corporation (the “*Board Charter*”) as follows:

- (a) by adding the following section after “Mandate and Stewardship of the Corporation” and before “Board Renewal” in the Board Charter:

“Approval of Material Transactions

In the event that the Corporation is a party to any transaction (a ‘*Transaction*’) involving the disposition or acquisition of assets with a fair market value equal to or greater than 10% of the total book value of the Corporation’s assets at that time (the ‘*Transaction Threshold*’), the Board shall submit the Transaction for approval of the shareholders by majority resolution at a meeting of the shareholders held in compliance with the *Business Corporations Act* (Yukon) and applicable securities laws. The Board will review and establish the appropriate Transaction Threshold on an annual basis.”

SCHEDULE F

THE DISCLOSURE POLICY RESOLUTION

BE IT RESOLVED, as an ordinary resolution, that the board of directors of the Corporation consider and, if thought appropriate, amend the charter of the board of directors of the Corporation (the “**Board Charter**”) as follows:

- (a) by deleting the text of the section of the Board Charter entitled “Communication to Shareholders” and replacing it with the following:

“The Board of Directors have a responsibility to have appropriate procedures in place so that accurate, appropriate and timely disclosure is being made to the Corporation’s shareholders and to the public. Therefore, the Board must prepare, maintain in effect at all times and rigorously comply in all respects with a policy regarding effective communication with its shareholders and the public that is consistent with best corporate governance practices, provides opportunity for significant input by independent directors into Board decisions on public disclosures, and ensures that shareholders and the public are provided sufficient detailed information by the Corporation to understand fully the exploration and development status of the Corporation’s onshore licenses and development assets in the Papua New Guinea jungle (the ‘**Disclosure Policy**’). On an annual basis, the Board must review (and to the extent required to comply with the preceding sentence, update) the Disclosure Policy, and report in reasonable detail to the Corporation’s shareholders on the Corporation’s practices and procedures in place to ensure compliance with the Disclosure Policy. The Disclosure Policy shall be made available on the Corporation’s website in addition to all other required disclosures.”

SCHEDULE G

PROPOSED CHANGES TO INTEROIL'S COMPENSATION COMMITTEE CHARTER

(See Sections 5.1 and 5.3 for proposed changes to the charter, being indicated as ~~deletions~~ and *additions*).

“InterOil Corporation

Charter of the Compensation Committee of the Board of Directors

This Compensation Committee Charter (the “**Charter**”) sets forth the purpose and membership requirements of the Compensation Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of InterOil Corporation (the “**Company**”) and establishes the authority and responsibilities delegated to it by the Board.

1. **Purpose.** The purpose of the Committee is to (i) discharge the Board’s responsibilities relating to fair and competitive compensation of the Company’s chief executive officer (“**CEO**”), Executive Officers (as defined under Section 16 of the U.S. Securities Exchange Act of 1934, as amended) and directors; (ii) review and approve an annual report on executive compensation for inclusion in the Company’s management information circular or proxy statement, if applicable, for the annual meeting of shareholders; (iii) administer, approve and evaluate the compensation plans, policies and programs of the Company; (iv) administer the Company’s stock incentive plans; (v) discharge the responsibilities allocated to the Committee under the Company’s Insider Trading Policy; and (vi) serve in such other capacities as are from time to time delegated by the Board.

2. **Committee Membership.**

2.1. **Composition and Appointment.** The Committee shall consist of two or more members of the Board. The Board shall designate members of the Committee upon recommendation of the Board’s Nominating and Governance Committee. Membership on the Committee shall rotate at the Board’s discretion. The Board shall fill vacancies on the Committee and may remove a Committee member from the membership of the Committee at any time without cause. Members shall serve until their successors are appointed by the Board and as otherwise required by applicable law or the rules of the New York Stock Exchange (“**NYSE**”).

2.2. **Independence.** Each member of the Committee must meet the independence requirements, or an applicable exemption, of the NYSE, applicable Canadian National Instruments and U.S. federal securities laws, including the rules and regulations of the U.S. Securities and Exchange Commission (“**SEC**”).

2.3. **Subcommittees.** The Committee shall have the authority to delegate authority and responsibilities to subcommittees; provided that no subcommittee shall consist of less than two members.

3. **Advisors.** The Committee shall have the authority to (i) retain and oversee, at the Company’s expense, an independent compensation consultant and other expert advisors (“**Advisors**”) as it deems necessary to fulfill its responsibilities, (ii) determine, on behalf of the Company, the compensation of such Advisors, and (iii) determine the independence of such Advisors in accordance with the rules and regulations promulgated by the SEC and NYSE, as applicable. The Committee shall have sole authority to terminate any such Advisor.

4. **Meetings.**

4.1. **Frequency of Meetings.** The Committee shall meet at least once per year. The schedule for regular meetings of the Committee shall be established by the Committee. The Chairperson of the Committee may call a special meeting at any time as he or she deems advisable. Meetings may be by written consent. When necessary, the Committee will meet in executive session outside the presence of any Executive Officer of the Company.

4.2. **Minutes.** Minutes of each meeting of the Committee shall be kept to document the discharge by the Committee of its responsibilities.

4.3. **Quorum.** A quorum shall consist of at least one-half of the Committee's members, but no fewer than two persons. The act of a majority of the Committee members present at a meeting at which a quorum is present shall be the act of the Committee.

4.4. **Agenda.** The Chairperson of the Committee shall prepare an agenda for each meeting of the Committee, in consultation with Committee members and any appropriate member of the Company's management or staff, as necessary. As requested by the Chairperson, members of the Company's management and staff shall assist the Chairperson with the preparation of any background materials necessary for any Committee meeting.

4.5. **Presiding Officer.** The Chairperson of the Committee shall preside at all Committee meetings. If the Chairperson is absent at a meeting, a majority of the Committee members present at a meeting shall appoint a different presiding officer for that meeting.

5. **Committee Authority and Responsibilities.**

5.1. ~~**Director Compensation.** The Committee shall periodically review and make recommendations to the Board with respect to the compensation of all non-employee directors.~~

***Director Compensation.** The Committee shall periodically review and make recommendations to the Board with respect to compensation payable for serving as a director. In making these recommendations to the Board, the Committee shall be guided by the following guidelines (unless these guidelines are clearly non-aligned with compensation best practices at the time as certified by Advisors and disclosed in the Company's compensation disclosure): (i) not less than 50% of the total compensation payable for serving as a director shall be in the form of equity-based compensation; (ii) for as long as the individual serves as a director and for a period of one year from the date the individual ceases serving as a director, that individual may not sell, transfer or assign to any third party more than 50% of the total number of shares of the Company received by way of compensation for serving as a director; and (iii) the total cash compensation payable to all directors of the Company for service as directors shall not exceed an aggregate amount of US\$600,000 annually.*

5.2. **CEO Compensation.** The Committee shall (i) review and approve corporate goals and objectives relevant to compensation of the CEO, (ii) evaluate the CEO's performance in light of those goals and objectives and (iii) determine and approve the CEO's compensation level based on such evaluation. The Committee shall meet in executive session, outside of the presence of the CEO, to determine the compensation of the CEO. In determining the incentive components of CEO compensation, the Committee may consider a number of factors, including, but not limited to, the

Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies and the awards given to the CEO in past years.

5.3. Executive Officer Compensation. The Committee shall review and approve the base salaries and incentive opportunities of the Executive Officers. The Committee shall review and approve the following as they affect the Executive Officers: (i) all other incentive awards and opportunities, including both cash-based and equity-based awards and opportunities; (ii) any employment agreements and severance arrangements; (iii) any change-in-control agreements and change-in-control provisions affecting any elements of compensation and benefits; and (iv) any special or supplemental compensation and benefits for the Executive Officers and individuals who formerly served as Executive Officers, including supplemental retirement benefits and the perquisites provided to them during and after employment. *In approving these compensation arrangements for Executive Officers, the Committee shall be guided by the following principles: (i) no Executive Officer shall receive a payment in connection with a change-in-control transaction (a 'Change of Control Payment') unless the price per share payable to shareholders as a result of the transaction exceeds both (x) US\$60.00 per share (based on the number of shares outstanding as of the day this charter was amended to include this provision, and as adjusted appropriately as a result of consolidation, etc.) over a 30 day trailing VWAP (the "Threshold Price"), and (y) the 30 day trailing VWAP as of the date of the commencement of the Executive Officer's employment with the Company; and (ii) the Change of Control Payment may be prorated by the Board in its discretion above the Threshold Price up to any maximum amount determined by the Board, based on the price per share payable to shareholders as a result of the transaction. In any event, any of these awards, opportunities, agreements, arrangements, provisions, compensation or benefits must clearly align with compensation best practices as certified by Advisors and disclosed in the Company's compensation disclosure.*

5.4. Non-Executive Officer Employees. The Committee may review and make recommendations to the Board with respect to the general compensation levels of non-Executive Officer employees, including merit increases and incentive opportunities.

5.5. Administration of Plans. The Committee shall administer the Company's incentive compensation and stock option and other equity based plans (including specific provisions) in which the CEO and other Executive Officers and employees may be participants and recommend to the Board amendments to such plans or adoption of new plans. In connection with administering such plans, the Committee shall have the authority to (i) approve option guidelines and the general size of overall grants, (ii) make grants, (iii) interpret the plans, (iv) determine the rules and regulations relating to the plans, (v) modify or cancel existing grants and substitute new grants (with the consent of grantees), (vi) designate employees eligible to participate in the plans, and (vii) impose such limitations, restrictions and conditions upon any award as the Committee deems appropriate and as permitted under the applicable plan. As requested by management, the Committee shall review, consult, and make recommendations and/or determinations regarding executive and employee compensation and benefit plans and programs generally.

5.6. Insider Trading Policy. The Committee shall administer the Company's Insider Trading Policy to the extent such policy applies to Covered Persons (as defined in the Insider Trading Policy). In connection with administering such Insider Trading Policy, the Committee is responsible for providing prior authorization for all trades by Covered Persons.

5.7. Shareholder Proposals. The Committee shall review and make recommendations with respect to shareholder proposals related to compensation matters.

6. **Reports and Assessments.**

6.1. **Board Reports.** The Chairperson of the Committee shall, periodically, at his or her discretion, report to the Board on Committee actions and on the fulfillment of the Committee's responsibilities under this Charter.

6.2. **Charter Assessment.** The Committee shall periodically, at its discretion, assess the adequacy of this Charter and advise the Board of its assessment and of its recommendation for any changes to the Charter. The Committee shall, if requested by management, assist management with the preparation of any certification to be presented to the NYSE and/or relevant Canadian securities commissions affirming that the Committee reviewed and reassessed the adequacy of this Charter.

6.3. **Committee Self-Assessment.** The Committee shall annually make a self- assessment of its performance and shall report the results of such self- assessment to the Board.

6.4. **Management Information Circular Report.** The Committee shall review and approve an annual report on executive compensation as required by the rules and regulations of the Canadian Securities Administrators and the SEC and submit it to the Board for inclusion in the Company's management information circular prepared in connection with its annual meeting of shareholders."

SCHEDULE H

PROPOSED CHANGES TO INTEROIL'S NOMINATING AND GOVERNANCE COMMITTEE CHARTER

(See Sections 5.1 and 5.3 for proposed changes to the charter, being indicated as ~~deletions~~ and *additions*.)

“InterOil Corporation

Charter of the Nominating and Governance Committee of the Board of Directors

This Nominating and Corporate Governance Committee Charter (the “**Charter**”) sets forth the purpose and membership requirements of the Nominating and Corporate Governance Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of InterOil Corporation (the “**Company**”) and establishes the authority and responsibilities delegated to it by the Board.

1. **Purpose.** The purpose of the Committee is to (i) identify and recommend to the individuals qualified to be nominated as members of the Board and Board Committees, (ii) recommend to the Board the members and Chairperson for each Board committee, (iii) periodically review and assess the Company's Code of Ethics and Business Conduct and make recommendations for changes thereto to the Board, (iv) review and report to the Board on a periodic basis with regards to matters of corporate governance, and (v) oversee the process to assess the independence, performance and effectiveness of the Board, the Committee and individual directors and the annual evaluation of the Company's management.

In addition, the Committee is responsible for providing advice, on a confidential basis, to Company employees, officers and directors pursuant to the Company's Code of Ethics and Business Conduct.

2. **Committee Membership.**

2.1 **Composition and Appointment.** The Committee shall consist of two or more members of the Board. The Board shall designate members of the Committee. Membership on the Committee shall rotate at the Board's discretion. The Board shall fill vacancies on the Committee and may remove a Committee member from the membership of the Committee at any time without cause. Members shall serve until their successors are appointed by the Board and as otherwise required by applicable law or the rules of the New York Stock Exchange (“**NYSE**”).

2.2 **Independence.** Each member of the Committee must qualify as an independent director pursuant to National Instrument 58-101 – Disclosure of Corporate Governance Practices (as implemented by the Canadian Securities Administration), as amended from time to time, and meet the independence requirements, or an applicable exception, of the NYSE and applicable U.S. federal securities laws, including the rules and regulations of the Securities and Exchange Commission (“**SEC**”).

2.3 **Subcommittees.** The Committee shall have the authority to delegate authority and responsibilities to subcommittees; provided that no subcommittee shall consist of less than two members.

3. **Advisors.** The Committee shall have the authority to (i) retain, at the Company's expense, a search firm, external counsel and other expert advisors (“**Advisors**”) as it deems necessary to fulfil its responsibilities and (ii) determine, on behalf of the Company, the compensation of such Advisors. The

Committee shall have sole authority to terminate any such Advisor, including sole authority to approve the fees and other retention terms.

4. **Meetings.**

4.1 **Frequency of Meetings.** The Committee shall meet at least once annually and as otherwise appropriate. The schedule for regular meetings of the Committee shall be established by the Committee. The Chairperson of the Committee may call a special meeting at any time he or she deems advisable. Meetings may be by written consent. When necessary, the Committee will meet in executive session outside the presence of any senior executive officer of the Company.

4.2 **Minutes.** Minutes of each meeting of the Committee shall be kept to document the discharge by the Committee of its responsibilities.

4.3 **Quorum.** A quorum shall consist of at least one-half of the Committee's members, but no fewer than two persons. The act of a majority of the Committee members present at a meeting at which a quorum is present shall be the act of the Committee. However, nominations for directors that are submitted to the Board must be approved by the two-thirds vote of the standing members of the Committee.

4.4 **Agenda.** The Chairperson of the Committee shall prepare an agenda for each meeting of the Committee, in consultation with Committee members, the Chairperson of the Board and any appropriate member of the Company's management or staff, as necessary. As requested by the Chairperson, members of the Company's management and staff shall assist the Chairperson with the preparation of any background materials necessary for any Committee meeting.

4.5 **Presiding Officer.** The Chairperson of the Committee shall preside at all Committee meetings. If the Chairperson is absent at a meeting, a majority of the Committee members present at a meeting shall appoint a different presiding officer for that meeting.

5. **Board and Committee Members.**

5.1 **Nominee Criteria and Qualifications.** ~~The Committee shall formulate the criteria for directors, and shall consider personal characteristics and core competencies required of Board members when evaluating persons to be nominated for election to the Board, taking into account the composition of the Board as a whole.~~ *The Committee shall formulate the criteria for directors, and shall consider personal characteristics and core competencies required of Board members when evaluating persons to be nominated for election to the Board (including, for greater certainty, at least one third of the directors must have direct skills, competency and experience in matters relevant to the exploration and development of the Company's onshore licenses and development assets in the Papua New Guinea jungle), taking into account the composition of the Board as a whole.* In addition, the Committee shall consider a candidate's qualification as "independent" as well as a candidate's depth of experience and availability, the balance of the business interest and experience of the incumbent directors or new nominees, and the need for any required expertise on the Board or one of its committees. With respect to incumbent members of the Board, the Committee shall also consider the performance of the incumbent director.

5.2 **Consideration of Shareholder Recommendations.** The Committee shall be responsible for establishing a policy regarding consideration of director candidates recommended by the Company's shareholders and the procedures to be followed by shareholders that desire to submit such a recommendation.

5.3 Identification of Board Candidates. The Committee shall identify, screen and recruit candidates to serve on the Board. The Committee shall also annually review each incumbent director's past performance and recommend to the Board whether such director should be nominated for re-election. ~~The Committee shall consider recommendations by the Chairperson of the Board and the CEO who shall be included in the process on a non-voting basis.~~ *The Committee shall also annually review each incumbent director's past performance and skills (including, for greater certainty, at least one third of the directors must have direct skills, competency and experience in matters relevant to the exploration and development of the Company's onshore licenses and development assets in the Papua New Guinea jungle) and recommend to the Board whether such director should be nominated for re-election.*

5.4 Recommendation of Board Nominees. The Committee shall recommend to the Board nominees for election to the Board at the next annual meeting of shareholders and to fill any vacancies in the intervening period.

5.5 Recommendation of Committee Members. The Committee shall annually and as otherwise appropriate recommend to the Board the membership of each Board committee (including this Committee) and a Chairperson for each committee. As part of such review, the Committee shall review the qualifications of the members of each committee to ensure that each committee has a membership that meets any criteria of applicable law and the rules and regulations of the SEC and NYSE. There is no policy limiting the length of service on any committee.

5.6 Diversity. The Committee shall take into account any applicable policies from time to time adopted by the Board in relation to diversity of representation on the Board and of senior management of the Company. For this purpose the Nominating and Governance Committee is authorized to consider as part of its policies and procedures measures designed to ensure that the nominee recruitment and identification processes are appropriate in terms of depth and scope to foster identification and progression of diverse candidates.

6. Board Matters.

6.1 Director Orientation and Continuing Education. The Committee shall oversee a director orientation program and may recommend continuing education for any and all directors, to the extent deemed necessary by the Committee.

6.2 Board Composition, Structure and Renewal. The Committee shall annually review, assess and make recommendations to the Board regarding Board size, composition and operation of the Board to ensure effective decision-making. The Committee shall annually review and assess the size, composition and chairpersons of all Board committees and the Board and make recommendations to the Board for consideration. The Committee shall regularly review successors for the chairperson of the Board and chairpersons of the Board committee and make recommendations to the Board for consideration. The Committee shall annually review and, in the Committee's discretion, recommend to the Board for consideration those individual directors to be designated as independent and as financially literate under applicable law.

The Committee shall annually assess and make recommendations to the Board regarding the need for renewal of the Board, to ensure that a balance between Director experience and new perspectives is maintained. The Committee shall annually assess Director tenure in accordance with the Company's Board Tenure guidelines and make recommendations to the Board.

The Committee shall be responsible for establishing a process for Board renewal, including the specification of the mix of skills and diversity that the Board is looking to achieve in order to achieve effective strategic oversight.

6.3 **Board Attendance at Annual Meeting.** The Committee shall be responsible for determining whether or not the Company should have a policy regarding Board members' attendance at the Company's annual meetings of shareholders.

7. **Management Succession and Appointment of Officers.**

7.1. **Management Plan.** In consultation with the CEO, the Committee shall develop a succession plan for senior management of the Company.

7.2. **CEO Succession.** The Committee shall recommend to the Board a successor to the CEO when a vacancy occurs.

7.3. **Appointment of Officers.** In consultation with the CEO, the Committee shall recommend to the Board the persons to be appointed officers by the Board and review any proposed personnel changes involving such officers.

7.4 **Diversity.** In acquitting their respective responsibilities under this Part 7, the Committee and the CEO shall take into account any applicable policies from time to time adopted by the Board in relation to diversity of senior management of the Company.

8. **Communications with Security Holders.** The Committee shall be responsible for establishing a process for security holders to send security holder communications to Board members, including whether security holder communications will be screened to determine the communications that will be relayed to Board members. The Committee shall be responsible for determining whether or not to seek the approval of such policy by the independent Board members.

9. **Reports and Assessments.**

9.1. **Board Reports.** The Chairperson of the Committee shall report to the Board on Committee actions and on the fulfilment of the Committee's responsibilities under this Charter.

9.2. **Evaluation of Committee Charters.** The Committee shall annually review and assess the adequacy of this Charter and advise the Board of its assessment and of its recommendation for any changes to the Charter. The Committee shall, as deemed necessary from time to time, assist the relevant committees and the Board with the review of the Board or other Board committee charters. In connection therewith, the Committee shall review the recommendations of each Board committee regarding the charter of its committee. The Committee shall if, requested by management, assist management with the preparation of any certification to be presented to the NYSE or to Canadian Securities Administrators affirming that the adequacy of this Charter and any other Board or Board committee charters have been reviewed and assessed.

9.3. **Committee Self-Assessment.** The Committee shall annually make a self- assessment of its performance, and shall report the results of such assessment to the Board.

9.4. **Assessment of Board.** The Committee shall annually oversee an assessment of the full Board. The Committee shall be responsible for establishing the evaluation criteria and implementing the process for such evaluation.

9.5. **Corporate Governance.** The Committee shall bring to the attention of the Board such corporate governance issues as necessary for the proper governance of the Company and shall develop the approach of the Company in matters of corporate governance including the written statement of corporate governance principles applicable to the Company as set forth in the Company's annual management information circular, and make recommendations to the Board with respect to all such matters.

9.6. **Code of Ethics and Business Conduct.** The Committee shall conduct an annual review and assessment of the Company's Code of Ethics and Business Conduct and recommend to the Board any changes to such code that it deems necessary. The Committee shall monitor compliance with the Code of Ethics and Business Conduct and shall inquire of management as to their knowledge of (i) any violation of the Code of Ethics and Business Conduct, (ii) any waiver of compliance with such code and (iii) any investigations undertaken with regard to compliance with such code. The Committee may make recommendations to the Board regarding the waiver of any provision of the Ethics and Business Conduct.”

SCHEDULE I

PROPOSED CHANGES TO INTEROIL'S RESERVES GOVERNANCE COMMITTEE CHARTER

(See Sections 4(c), 4(d) and 4(k) for proposed changes to the charter, being indicated as ~~deletions~~ and *additions*).

“INTEROIL CORPORATION

RESERVES GOVERNANCE COMMITTEE CHARTER

1. Establishment

The Board of Directors (the "Board") of InterOil Corporation (the "Corporation"), hereby adopts this charter for the Reserves Governance Committee (the "Committee") of the Board.

2. Composition

The Committee shall be comprised of not less than three directors of the Board. The majority of the members of the Committee:

- (a) shall be individuals who are not, and have not been within the preceding 12 months, (i) an officer or employee of the Corporation or an affiliate of the Corporation, (ii) a person who beneficially owns 10% or more of the outstanding voting securities of the Corporation, or (iii) a relative of a person referred to in (i) or (ii) of this paragraph residing in the same home as that person; and
- (b) shall be free from any relationship that could, in the view of the Board, reasonably be seen to interfere with the exercise of a member's independent judgment.

Each Committee member shall satisfy the qualification requirements of any applicable laws, rules, or regulations, including requirements of any stock exchange on which the securities of InterOil are listed and posted for trading.

All members of the Committee shall have a working familiarity with the estimation of petroleum and natural gas reserves and/or resources. Members of the Committee shall be appointed by resolution of the Board. The Committee Chair shall be appointed by Committee members. A member of the Committee shall cease to be a member of the Committee upon ceasing to be a director of the Corporation.

3. Mandate

The mandate of the Committee is to assist the Board in fulfilling its responsibilities in general and, in particular, with respect to the oil and natural gas reserves and resource evaluation process and public disclosure of reserves data and other information as required under National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101").

4. Specific Duties and Responsibilities

Subject to the powers of the Board and in addition to any other duties assigned to the

Committee by the Board, the Committee will have the following duties and responsibilities:

- (a) to review and make recommendations to the Board with respect to:
 - (i) the Corporation's annual Statement of Reserves Data and Other Information, on Form 51-101F1 (the "Reserves Statement");
 - (ii) the annual signed Report of Independent Qualified Reserves Evaluator or Auditor, on Form 51-101F2 (the "Evaluator's Report"), respecting the applicable Reserves Statement; and
 - (iii) the annual Report of Management and Directors, on Form 51-101F3 (the "Management Report"), respecting the applicable Reserves Statement;
- (b) to review and consider any news release of the Corporation announcing the filing of the Reserves Statement, Evaluator's Report and Management Report;
- (c) ~~to review any proposed public disclosure or regulatory filings by the Corporation with respect to any reserves and/or resources evaluation and oil and gas activities and the material compliance thereof with applicable regulatory requirements and, if appropriate, make recommendations to the Board to approve or disapprove of the release or filing thereof;~~ *to review any proposed public disclosure or regulatory filings by the Corporation with respect to any reserves and/or resources evaluation and oil and gas activities and the material compliance thereof with applicable regulatory requirements and, if appropriate, make recommendations to the Board to approve or disapprove of the release or filing thereof; provided that, subject to and in further compliance with applicable securities laws, whenever the Corporation files a report disclosing a certain well location as a commercial discovery or otherwise provides disclosure in that regard, the Committee shall request the Corporation to disclose in reasonable detail: (i) the Corporation's view as to why the location is a commercial discovery, including its views and assumptions on costs of development (including the overall cost breakdown for wells and operations); (ii) likely markets for production from the discovery; and (iii) any update such discovery implies to the most recent annual resource report;*
- (d) ~~to review and make recommendations to the Board respecting the appointment of a qualified reserves evaluator or auditor pursuant to the requirements of NI 51-101;~~ *to review and make recommendations to the Board respecting the appointment of a qualified reserves evaluator or auditor pursuant to the requirements of NI 51-101; provided that, subject to and in further compliance with applicable securities laws, the Committee shall, to the extent practicable: (i) ensure that any qualified reserves evaluator or auditor it recommends to the Board has sufficient relevant experience in evaluating reserves and/or resources similar to the Corporation's onshore licenses and development assets in the Papua New Guinea jungle; and (ii) provided the evaluator remains qualified in the Committee's view, maintain the same evaluator from year to year to provide a more consistent assessment of the Corporation's reserves over time;*
- (e) to review any appointment of, or change in, the reserves evaluator or auditor engaged by the Corporation and, in the case of a proposed change, determine whether there have been any disputes between the qualified reserves evaluator or auditor and management of the Corporation;
- (f) to consider and report to the Board respecting the independence of the qualified

reserves evaluator or auditor engaged by the Corporation;

- (g) to consider whether the reserves evaluator or auditor engaged by the Corporation has been provided with all of the information reasonably required to provide a Reserves Statement that satisfies the requirements of NI 51-101;
- (h) to consider whether any restrictions affecting the ability of the qualified reserves evaluator or auditor engaged by the Corporation to report on the Corporation's reserves data were imposed in connection with any review of the Corporation's reserves data by the qualified reserves evaluator or auditor;
- (i) to review, with reasonable frequency, the Corporation's procedures relating to the disclosure of information concerning the oil and gas activities, resources and reserves of the Corporation, including the Corporation's procedures for complying with the disclosure requirements of NI 51-101;
- (j) to review, with reasonable frequency, the Corporation's procedures for providing information to the qualified reserves evaluator or auditor engaged by the Corporation;
- (k) ~~to review the scope of the annual review of the Corporation's reserves and/or resources;~~
to review the scope of the annual review of the Corporation's reserves and/or resources; provided that in addition to complying with the disclosure requirements of NI 51-101, such annual review shall include an evaluation by the qualified reserves evaluator or auditor of any new claimed discoveries by the Corporation referred to in Section 4(c) of this Charter and the Corporation's related assumptions and development plans;
- (l) to meet independently of management with the qualified reserves evaluator or auditor engaged to report on the Corporation's reserves data for purposes of NI 51-101;
- (m) before recommending the filing of the Reserves Statement pursuant to NI 51-101, to meet with management of the Corporation and the qualified reserves evaluator or auditor engaged by the Corporation to:
 - (i) assess whether any restrictions affect the ability of the qualified reserves evaluator or auditor to report on the Corporation's reserves data without reservation; and
 - (ii) review the reserves data and the report of the qualified reserves evaluator or auditor thereon;
- (n) to consider reserves and/or resources findings and disagreements between management and the qualified reserves evaluator or auditor engaged by the Corporation to report on the Corporation's reserves and/or resources data for purposes of NI 51-101 and use reasonable efforts to resolve disputes;
- (o) to annually assess the work of the qualified reserves evaluator or auditor engaged by the Corporation;
- (p) to assess and report to the Board concerning the qualifications of the members of the Reserves Committee pursuant to section 3.5 of NI 51-101;

- (q) to consider such matters and questions relating to the reserves and/or resources as the Board may from time to time refer to the Committee; and
- (r) to coordinate meetings with the Audit Committee of the Board, senior reserve and/or resources personnel, engineers and independent reserve evaluators, as required, to address areas of mutual interest or concern in respect of the Company's evaluation of its oil and natural gas reserves and/or resources.

5. Administrative Matters

The following general provisions will govern the activities of the Committee.

- (a) The quorum for purposes of meetings of the Committee shall be at least two members present in person or by telephone or other acceptable communications device. No business may be transacted by the Committee except at a meeting of its members at which a quorum is present or by a resolution in writing signed by all the members of the Committee.
- (b) Any member of the Committee may be removed or replaced at any time by the Board. If a vacancy exists on the Committee, the remaining members may exercise all of the powers of the Committee so long as a quorum is present at the applicable meeting or the applicable written resolution is signed by all current members.
- (c) The Committee may invite such officers, directors and employees of the Corporation and other persons (including one or more representatives of the external auditor of the Corporation), as the Chairman of the Committee may consider appropriate, to attend at meetings of the Committee and assist members of the Committee in their deliberations.
- (d) The Committee shall determine the time and place at which the meetings of the Committee shall be held and the procedures for calling and conducting business at such meetings, having regard to the by-laws of the Corporation.
- (e) The Chairman of the Committee shall preside at all meetings of the Committee and shall not have a second or deciding vote in the event of a tie. In the absence of the Chairman, the members of the Committee present at a meeting shall appoint one of those members to act as chairman for that particular meeting (or the portion thereof at which the Chairman is not present).
- (f) The members of the Committee shall, for the purpose of performing their duties, have the right to inspect all the books and records of the Corporation, and to discuss such books and records as are in any way related to the reserves of the Corporation with the officers and employees of the Corporation.
- (g) Minutes of Committee meetings shall be prepared and maintained and signed by the Chair and the secretary of the meeting. The Chairman of the Committee shall report to the Board on the activities of the Committee at the next meeting of the Board or such earlier time as the Chairman of the Committee may consider appropriate.
- (h) The Committee shall have the authority to:

- (i) to engage independent counsel and other advisors that it determines to be necessary to permit it to carry out its duties; and
 - (ii) to set and pay the compensation for any advisors engaged by the Committee.
- (i) A Committee Secretary will be appointed to assist with the administration of the Committee and to keep minutes of the Committee's meetings.

6. Reports and Assessments

- (a) **Board Reports** – The Chairperson of the Committee shall, periodically, at his or her discretion, report to the Board on the fulfillment of the Committee's responsibilities under this Charter.
- (b) **Charter Assessment** - The Committee shall periodically, at its discretion, assess the adequacy of this Charter and advise the Board of its assessment and of its recommendation for any changes to the Charter. The Committee shall, if requested by management, assist management with the preparation of any certification affirming that the Committee reviewed and reassessed the adequacy of this Charter.
- (c) **Committee Self-Assessment** – The Committee shall regularly make a self- assessment of its performance and shall report the results of such self-assessment to the Board.”

SCHEDULE J

PROPOSED CHANGES TO INTEROIL'S BOARD CHARTER

(See proposed changes indicated as ~~deletions~~ and *additions*.)

“CHARTER OF THE BOARD OF DIRECTORS General Powers of the Board of Directors

The Board of Directors (the "**Board**") of InterOil Corporation (the "**Corporation**") has a duty to manage the business and affairs of the Corporation in accordance with the Business Corporations Act (Yukon) and the regulations thereunder, and the articles and by-laws of the Corporation. The powers of the Board may be exercised by resolution passed at a meeting at which a quorum is present or by resolution in writing signed by all directors entitled to vote on the resolution.

The principal responsibility of the Board is to promote the best interests of the Corporation and its shareholders. This responsibility includes: (i) approving fundamental operating, financial and other corporate plans, strategies and objectives; (ii) evaluating the performance of the Corporation and its senior management; (iii) selecting, regularly evaluating and fixing the compensation of executive officers; (iv) adopting policies of corporate governance and conduct, including compliance with stock exchange policies, applicable laws and regulations, financial and other controls; (v) reviewing the process of providing appropriate financial and operational information to the shareholders and the public generally; and (vi) evaluating the overall effectiveness of the Board.

The Board is responsible for ensuring that the Corporation carries out the strategic vision for the Corporation developed by the Chairperson of the Board and the CEO, and approved by the Board. Historically, the Corporation's vision has focused on superior growth and accepted a correspondingly increased level of risk. In carrying out its responsibilities, the Board is required to base its decisions on the Corporation's growth oriented approach to increasing shareholder value, or such other revised strategies as may be adopted by the Chairperson of the Board and the CEO, and approved by the Board.

General Fiduciary Duties

The Board must act in the best interests of the Corporation and its shareholders generally. Every director of the Corporation in exercising his powers and discharging his duties must:

- (a) act honestly and in good faith with a view to the best interests of the Corporation; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Fiduciary duties include, by way of example, the obligation to refrain from voting on contracts where personal financial or other interests conflict with those of the Corporation, using insider information in securities transactions and appropriating a corporate opportunity for personal benefit. Directors must act with such care as would reasonably be expected of a person having the knowledge and experience of the particular director in question.

Directors should have sufficient information to enable them to make knowledgeable decisions on all matters coming before the Board. It is the responsibility of each director to ask such questions as may be necessary to satisfy him that he has been supplied with all the necessary information on which to base his decisions. Directors should have a basic understanding of the principal operational and financial objectives, strategies and plans of the Corporation, and the results of operations and financial condition of the Corporation.

Directors are entitled to rely in good faith on: (i) financial statements of the Corporation which are represented by an officer of the Corporation or in a written report of the auditors of the Corporation as fairly reflecting the financial condition of the Corporation; or (ii) an opinion or report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by him.

In order to fulfill his fiduciary duties to the Corporation and its shareholders, each director should: (i) prepare for and attend all meetings of the Board; (ii) be sufficiently informed about the current and proposed activities of the Corporation; (iii) review the minutes of meetings, including any meeting not attended as well as any resolutions passed or actions taken; (iv) obtain advice from outside or independent advisors and consultants when necessary; (v) consider whether the minutes of the previous meeting of the Board accurately represent the discussions that took place and the resolutions that were passed; and (vi) be attentive to matters arising in respect of the Corporation's activities.

Conflicts of Interest

In addition to applicable provisions set forth in the Corporation's Code of Ethics and Business Conduct, a director who is a party to a material contract or proposed material contract with the Corporation, or who is a director or officer of or has a material interest in any corporation or entity which is a party to a material contract or proposed material contract with the Corporation, must disclose in writing to the Corporation, or request to have entered in the minutes of meetings of directors, the nature and extent of his interest.

The disclosure required to be made by a director where there is a conflict of interest must be made at the meeting at which a proposed contract is first considered by the Board or, if the director had no interest in a proposed contract at the time of such meeting, at the first meeting of the Board after he acquires an interest. If the director acquires an interest after a contract is made, he must disclose his interest at the first meeting of the Board after acquiring the interest. If a person who has an interest in a contract later becomes a director of the Corporation, he must disclose his interest at the first meeting of the Board after he becomes a director.

Where a proposed contract is dealt with by a written resolution signed by all directors in lieu of a meeting of the Board, the disclosure must be made immediately upon receipt of the resolution or, if the director had no interest at the time of receipt of the resolution, at the first meeting of the Board after he acquires the interest.

A director who discloses a conflict of interest must refrain from taking part in any discussions or voting on any resolution to approve the contract, unless the contract is:

- (a) an arrangement by way of security for money loaned to or obligations undertaken by him, or by a corporation in which he has an interest, for the benefit of the Corporation or an affiliate;
- (b) a contract relating primarily to his remuneration as a director, officer, employee or agent of the Corporation or an affiliate;
- (c) a contract for indemnity or insurance with respect to a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a corporation of which the Corporation is or was a shareholder or creditor; or
- (d) a contract with an affiliate of the Corporation. Directors who serve on boards of affiliated corporations are not required to refrain from voting on contracts between the two corporations.

Any profits or gains realized by a director as a result of his privileged position on the Board must be reimbursed to the Corporation, except in the case of gains resulting from contracts with respect to which he has complied with the obligation to disclose his interest and has refrained from voting.

Mandate and Stewardship of the Corporation

The Board is responsible for the stewardship of the Corporation and, as part of the overall stewardship responsibility, should assume responsibility (directly or through its committees) for overseeing the following matters:

- (a) the adoption of a strategic planning process;
- (b) the identification of the principal risks of the Corporation's business and endeavouring to ensure the implementation of appropriate systems to manage those risks;
- (c) succession planning;
- (d) the implementation of a communications policy for the Corporation;
- (e) monitoring the integrity of the Corporation's internal control and management information systems; and
- (f) overseeing the Corporation's commitment to social and community responsibility and fostering ethical and responsible decision making by management.

The Board has identified the following core functions:

- (a) choosing the Corporation's Chief Executive Officer and overseeing his efforts to direct the senior management team in managing the enterprise;
- (b) setting the broad parameters within which the management team operates, including adopting a strategic planning process and approving a strategic direction;
- (c) defining a framework to monitor the management of business opportunities and risks;
- (d) providing direction and advice to the Chief Executive Officer and the management team;
- (e) monitoring and assessing the performance of the Chief Executive Officer; and
- (f) providing information to security holders and stakeholders about the integrity of the Corporation's financial performance.

Approval of Material Transactions

*In the event that the Corporation is a party to any transaction (a "**Transaction**") involving the disposition or acquisition of assets with a fair market value equal to or greater than 10% of the total book value of the Corporation's assets at that time (the "**Transaction Threshold**"), the Board shall submit the Transaction for approval of the shareholders by majority resolution at a meeting of the shareholders held in compliance with the Business Corporations Act (Yukon) and applicable securities laws. The Board will review and establish the appropriate Transaction Threshold on an annual basis.*

Board Renewal

The Board should initiate regular renewal of its membership to ensure that it maintains independence, possesses the appropriate mix of skills and diversity required for effective governance, and preserves a balance between director experience/history and new, fresh perspectives. The Board has adopted Board Tenure guidelines supporting and facilitating Board renewal.

These Board Tenure guidelines provide:

- (a) a maximum tenure of Directors (other than the Chairman) of nine years from date of first election by shareholders;
- (b) a maximum tenure of the Chairman of 12 years (inclusive of any term as a Director prior to being elected as Chairman) from date of first election by shareholders; and
- (c) that the Board may, on its initiative and on an exceptional basis, exercise its discretion to extend the maximum terms specified in clauses (a) and (b) above where it considers that such an extension would benefit the Corporation.

Corporate Opportunity

A director is precluded from obtaining for himself or diverting to another person or corporation with whom or with which he is associated, either secretly or without the approval of the Corporation, any property or business advantage belonging to the Corporation or with respect to which the Corporation has been in the course of negotiations.

A director is also precluded from acting in the manner described even after his resignation where the resignation may fairly be considered to have been prompted or influenced by a wish to acquire for himself the opportunity sought by the Corporation, or where it was his position with the Corporation that led to the opportunity.

In certain circumstances, a director may not use his position as a director to make a profit, even if it was not open to the Corporation to participate in the transaction.

Duty of Independence

A director must act in the best interests of the Corporation and its shareholders generally and not in the interest of any one shareholder or group of shareholders. In determining whether a particular transaction or course of action is in the best interests of the Corporation, a director, if he is elected or appointed by holders of a class or series of shares, may give special, but not exclusive, consideration to the interests of those who elected or appointed him.

Duty of Confidentiality

Directors of the Corporation have an obligation to maintain the confidentiality of matters discussed at meetings of the Board unless:

- (a) it was clearly understood at the Board meeting that the information was not required to be kept in confidence;
- (b) the director was required or authorized by law to disclose the information; or

(c) the director was authorized expressly or implicitly by the Board to make disclosure of the information.

Duty Not to Misuse Information or Position

A director must not misuse his position or make improper use of information acquired by virtue of his position to gain, directly or indirectly, an advantage for himself or any other person or to cause detriment to the Corporation. Directors are insiders of the Corporation and, as such, must not use information about the Corporation to trade in securities or to assist others to trade in securities of the Corporation before the information is available to the public.

Insider Reporting

Directors are required to report any changes in their direct or indirect beneficial ownership of or control or direction over securities of the Corporation within ten days of the change, or such shorter period as is required by applicable law.

Communication to Shareholders

~~The Board must comply with the Corporation's Disclosure Policy regarding effective communication with its shareholders and the public generally. Directors have a responsibility to have appropriate procedures in place so that accurate, appropriate and timely disclosure is being made to the Corporation's shareholders and to the public. The Board of Directors have a responsibility to have appropriate procedures in place so that accurate, appropriate and timely disclosure is being made to the Corporation's shareholders and to the public. Therefore, the Board must prepare, maintain in effect at all times and rigorously comply in all respects with a policy regarding effective communication with its shareholders and the public that is consistent with best corporate governance practices, provides opportunity for significant input by independent directors into Board decisions on public disclosures, and ensures that shareholders and the public are provided sufficient detailed information by the Corporation to understand fully the exploration and development status of the Corporation's onshore licenses and development assets in the Papua New Guinea jungle (the "Disclosure Policy"). On an annual basis, the Board must review (and to the extent required to comply with the preceding sentence, update) the Disclosure Policy, and report in reasonable detail to the Corporation's shareholders on the Corporation's practices and procedures in place to ensure compliance with the Disclosure Policy. The Disclosure Policy shall be made available on the Corporation's website in addition to all other required disclosures.~~

Delegation of Authority to Officers and Committees

The Board may delegate authority and functions to officers and to committees of directors. The Board has the right to appoint officers to perform such duties as are assigned to them by the Board. The persons holding such offices shall also have the powers assigned to them from time to time by the Chief Executive Officer of the Corporation.

The Board has established an Audit Committee, a Compensation Committee, a Nominating and Governance Committee and a Reserves Committee. The Board has established a charter for each such committee, which includes the committee's responsibilities, the composition of the committee, various administrative matters, and a position description for the chair of each committee. The Board may establish such other committees as it determines are necessary or beneficial for its management of the business and affairs of the Corporation and the fulfillment of its other responsibilities described in this Charter.

The following matters are within the sole purview of the Board and may not be delegated by the Board to a committee of directors or to an officer of the Corporation:

- (a) the submission to the shareholders of any question or matter requiring the approval of the shareholders;
- (b) the filling of a vacancy among the directors;
- (c) the issuance of securities, except in the manner and on the terms authorized by the Board;
- (d) the declaration of dividends;
- (e) the purchase, redemption or other acquisition of shares of the Corporation, except in the manner and on the terms authorized by the Board;
- (f) the payment of a commission to any person in consideration of: (i) his purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person; or (ii) his procuring or agreeing to procure purchasers for shares of the Corporation;
- (g) the approval of a management proxy circular;
- (h) the approval of any financial statements to be placed before the shareholders at an annual meeting; or
- (i) the adoption, amendment or repealing of any by-laws of the Corporation.

Financial Statements

The Board has a duty to approve the annual financial statements of the Corporation and to submit the financial statements of the Corporation, and the auditors' report thereon, for the preceding year to the shareholders at the annual meeting of the shareholders of the Corporation.

A director is required to forthwith notify both the Audit Committee and the Corporation's auditors of any error or misstatement of which he becomes aware in the audited financial statements of the Corporation. The Board has a duty to prepare and issue corrected financial statements on being informed of an error or misstatement by an auditor or former auditor and the duty to file these statements with or inform the appropriate securities regulatory authorities.

Auditors

On demand from the Corporation's auditors, each present and former director of the Corporation has a duty to furnish to the auditors any information and explanations and allow access to any books, records, documents, accounts or vouchers of the Corporation or its subsidiaries that he is reasonably able to furnish and which the auditors consider necessary to enable them to report on the annual financial statements.

Shareholder Meetings

The Board is required to call the annual meeting of the shareholders and may, at any time, call a special meeting of shareholders. The Board has a duty to call a special meeting of the shareholders to approve any matter which requires the approval of shareholders by special resolution.

Matters Requiring Board Approval

The following matters require specific approval of the Board:

- (a) all matters identified in this Charter as falling within the sole purview of the Board;
- (b) the annual budgets (including operating and capital budgets) for the Corporation and any amendments thereto;
- (c) expenditures or transactions falling outside the guidelines or operating authorities approved by the Board provided; however, that expenditures described in an approved budget and other expenditures required in an emergency situation (i.e. environmental, health and safety) may be authorized by the CEO;
- (d) the appointment of executive officers of the Corporation;
- (e) the appointment of members to committees of the Board;
- (f) any transaction involving senior management that is outside corporate policy or which, because of the nature of the transaction or the potential for conflict because the parties are not acting at arm's length should be approved by the Board; and
- (g) major and significant corporate decisions, including any contract, arrangement or transaction, which would reasonably be considered to be material or of such significance as to reasonably warrant consideration by the Board.”