

# ENERGY WORLD CORPORATION LTD.

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29 September 2010

The Listing Manager  
Company Announcement Platform  
ASX Limited

The Listing Manager  
Market Information Services Section  
New Zealand Stock Exchange

Total no. of page(s): 1 + attachment

## FURTHER UPDATE ON TWO MTPA LAND-BASED LNG PLANT IN GULF PROVINCE, PAPUA NEW GUINEA

Dear Sirs,

Further to our announcement this morning, we have pleasure to release to shareholders further information on the Gulf Province, Papua New Guinea project prepared by the project partners – EWC, InterOil, Pacific LNG and Liquid Niugini Gas and the press announcement released by InterOil.

Shareholders requiring any further information please contact the undersigned.

Yours faithfully,  
For and on behalf of  
ENERGY WORLD CORPORATION LTD.

Brian J. Allen  
Director

REGISTERED OFFICE ADDRESS

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InterOil

## NEWS RELEASE

### **INTEROIL TO PARTNER WITH ENERGY WORLD TO CONSTRUCT A TWO MTPA LAND-BASED LNG PLANT**

**Cairns, Australia and Houston, TX -- September 28, 2010 --** InterOil Corporation (NYSE: IOC) (POMSoX: IOC) today announced that InterOil and Liquid Niugini Gas Ltd., its Joint-Venture liquefied natural gas project company with Pacific LNG Operations Ltd., have signed a binding Heads Of Agreement (HOA) with Energy World Corporation Ltd. (AX: EWC) to construct a two million tonne per annum (mtpa) land-based LNG plant in the Gulf Province of Papua New Guinea (PNG). The Train 1 LNG plant would process an estimated 1.5 trillion cubic feet (Tcf) of natural gas over 15 years with early stage capital expenditure estimates amounting to US\$455 per metric tonne of LNG production. In return for its commitment to fully fund the plant, the HOA provides that EWC is to be entitled to a fee of 14.5% of the proceeds from the sale of LNG from the plant, less agreed deductions, and subject to adjustments based on timing and execution. The HOA sets out the major terms and conditions which the parties intend to include in the Train 1 Funding and Shareholder's Agreements, as well as a potential expansion of the plant's capacity from 2 mtpa to 3 mtpa.

The HOA with EWC for the development of a mid-sized LNG plant is an opportunity to enhance the proposed condensate stripping plant (CSP) being pursued in joint venture with Mitsui and accelerate the intended monetization of the Elk and Antelope resource.

Infrastructure required for the LNG project includes a jetty and breakwater for the LNG loading facility with expansion potential, and approximately 50 mile (80 Km) pipeline from the Elk and Antelope fields to the coast. The wells and processed natural gas pipeline from the CSP to the coast in the Gulf Province will be the responsibility of the owners of the Elk and Antelope fields, including InterOil and its upstream partners.

Definitive agreements are under negotiation with a view to being finalised by the end of December 2010, assuming completion of engineering and design work, financing and shareholder agreements with EWC,

and further regulatory approvals. The current schedule aims for these LNG facilities to be operational by late-2013, hoped to coincide with the start-up of the proposed CSP joint venture with Mitsui.

#### **About InterOil**

*InterOil Corporation is developing a vertically integrated energy business whose primary focus is Papua New Guinea and the surrounding region. InterOil's assets consist of petroleum licenses covering about 3.9 million acres, an oil refinery, and retail and commercial distribution facilities, all located in Papua New Guinea. In addition, InterOil is a shareholder in a joint venture established to construct an LNG plant on a site adjacent to InterOil's refinery in Port Moresby, Papua New Guinea.*

*InterOil's common shares trade on the NYSE in US dollars.*

#### **About Energy World Corporation Ltd.**

*Energy World Corporation Ltd (EWC) is an integrated energy company based in Hong Kong and listed in Australia and New Zealand. EWC has primary gas and power operations located at Sengkang, South Sulawesi in Indonesia; and also produces gas, power and was the first producer of domestic LNG in Australia. The LNG construction partners with EWC for the LNG Train 1 are: Siemens A.G., Chart Industries, Gas Technique of France, and ARUP on Civil Engineering. Energy World Corporation Ltd.'s ordinary shares trade on the Australian Exchange under the symbol EWC.*

#### **Investor Contacts for InterOil:**

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Wayne.Andrews@InterOil.com  
The Woodlands, TX USA  
Phone: +1-281-292-1800

#### **Forward-Looking Statements**

This press release may include "forward-looking statements" as defined in United States federal and Canadian securities laws. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the InterOil expects, believes, plans, projects or anticipates will or may occur in the future are forward-looking statements. In particular, this press release includes forward-looking statements concerning the development of an LNG plant and associated infrastructure; the negotiation, execution, and timing of definitive agreements with Energy World Corporation; the costs, timing and commercial viability of the LNG plant; the amount of gas to be processed at the plant; the development of infrastructure required for the plant; development and completion of the CSP; the costs and timing of such CSP; the capacity of the CSP; the ownership interests in the Elk and Antelope fields; and anticipated benefits from the LNG plant. These statements are based

on certain assumptions made by the Company based on the terms of the Heads of Agreement, in addition to its experience and perception of current conditions, expected future developments and other factors it believes are appropriate in the circumstances. No assurances can be given however, that these events will occur, including, in particular the development of the proposed CSP or LNG plant. Actual results will differ, and the difference may be material and adverse to the Company and its shareholders. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company, which may cause our actual results to differ materially from those implied or expressed by the forward-looking statements. Some of these factors include the risk factors described in the Company's filings with the Securities and Exchange Commission and SEDAR, including but not limited to those in the Company's Annual Report for the year ended December 31, 2009 on Form 40-F and its Annual Information Form for the year ended December 31, 2009. In particular, there is no established market for natural gas in Papua New Guinea, and no guarantee that gas or gas condensate from the Elk/Antelope field will ultimately be able to be extracted and sold commercially.

Investors are urged to consider closely the disclosure in the Company's Form 40-F, available from us at [www.interoil.com](http://www.interoil.com) or from the SEC at [www.sec.gov](http://www.sec.gov) and its and its Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com), including in particular the risk factors discussed in the Company's filings.

We currently have no production or reserves as defined in Canadian National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. All information contained herein regarding resources are references to undiscovered resources under Canadian National Instrument 51-101, whether stated or not.

# Papua New Guinea

## Clean Fuel Initiatives



**A New LNG Global Supply Of Clean Energy**



# PNG Government “Welcomes LNGL Project with InterOil, Pacific LNG and Energy World Corp.”

Liquid Niugini Gas Ltd. underpins PNG’s second major LNG project through a strong partnership with the State of PNG



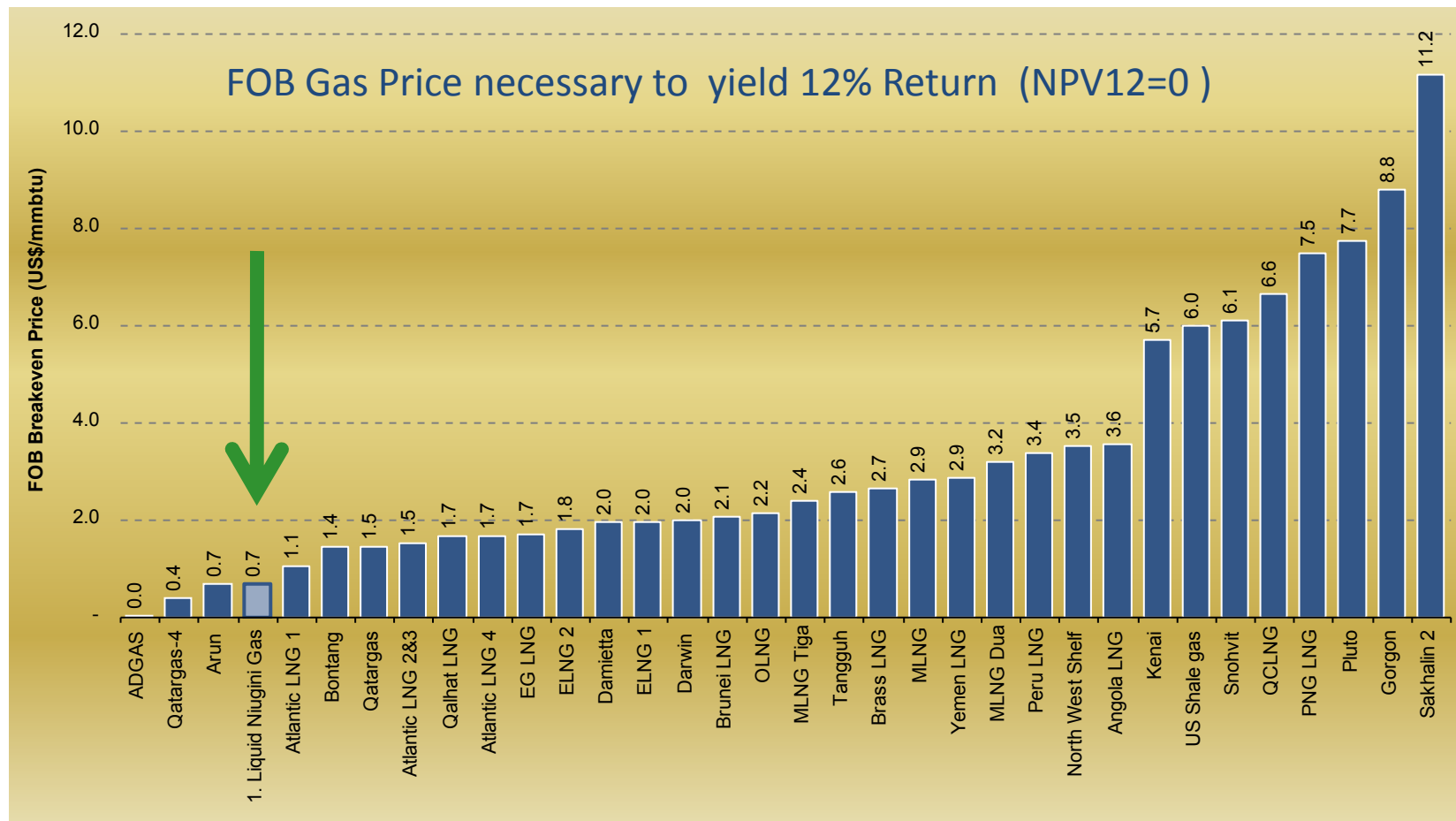
# PNG – “The New Clean Energy Supplier for Asia”

The InterOil /Liquid Niugini Gas Project have:

- Abundant gas supply creating the lowest marginal cost producer of LNG in Asia
  - High productivity, resulting in fewer wells
  - Safer and more cost effective on-shore development
- Early cash-flow with low sulfur condensate for a base PNG revenue
- High Quality, BTU rich gas
- Close to the Asian Premium users 8 - 10 sailing days



# Economically Advantaged Gas & LNG Supply



1.NPV (@ 12%) Breakeven – recovering capex and opex

Source: Wood Mackenzie, Pacific LNG data



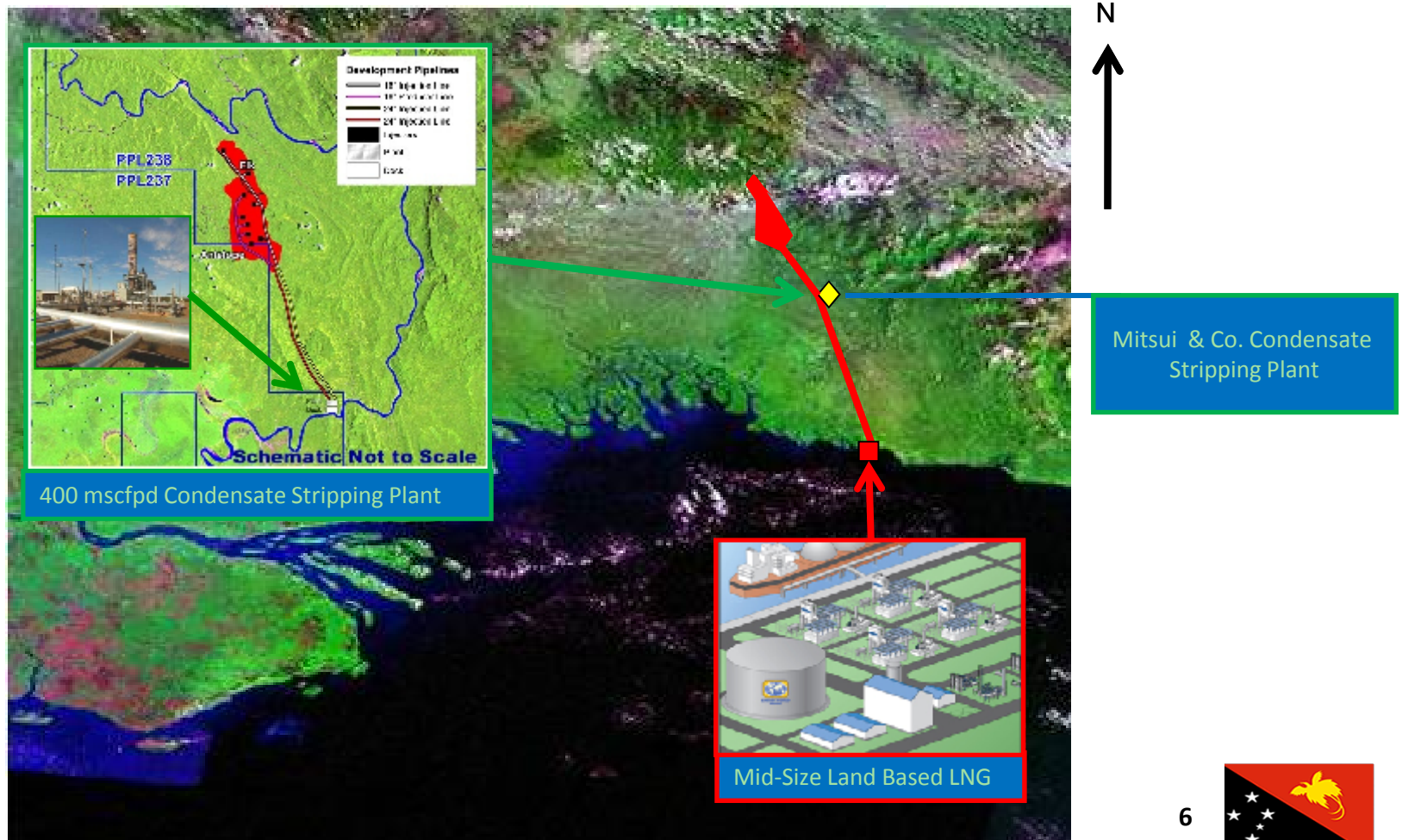
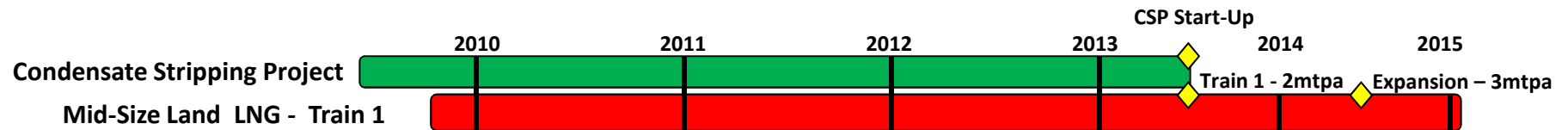


# Binding HOA for 2-3mtpa LNG Plant

- InterOil's Liquid Niugini Gas Ltd (LNGL) and Energy World Corp. (EWC) sign Binding Heads Of Agreement (HOA) to build an LNG Plant with an initial capacity of 2mtpa, with LNG production start-up targeted in late 2013
- HOA provides LNGL with option for First Expansion of LNG production capacity of Train 1 facilities from 2mtpa to 3mtpa, in 2014
- EWC major partners in LNG are: Siemens A.G, and Chart Industries, ARUP Civil Engineering and Gas Technique of France.



# Elk/Antelope – Early Development



## EWC Develops Train 1 LNG Facilities

- EWC shall be responsible for contributing all initial equity and debt financing for development, construction, and implementation, of the Train 1 LNG Facilities and any First Expansion of LNG
- EWC is co-operator and co-marketer of Train 1 LNG Facilities
- EWC is entitled to 14.5%, with performance adjustments, of the proceeds of the sale of LNG from the Train 1 LNG Facilities, for a period of 15 years, starting in 2013.
- Upstream Parties shall be responsible for the financing and construction of all Upstream Project facilities, (gas fields, pipelines, jetty)



# InterOil & Partners Supply Gas

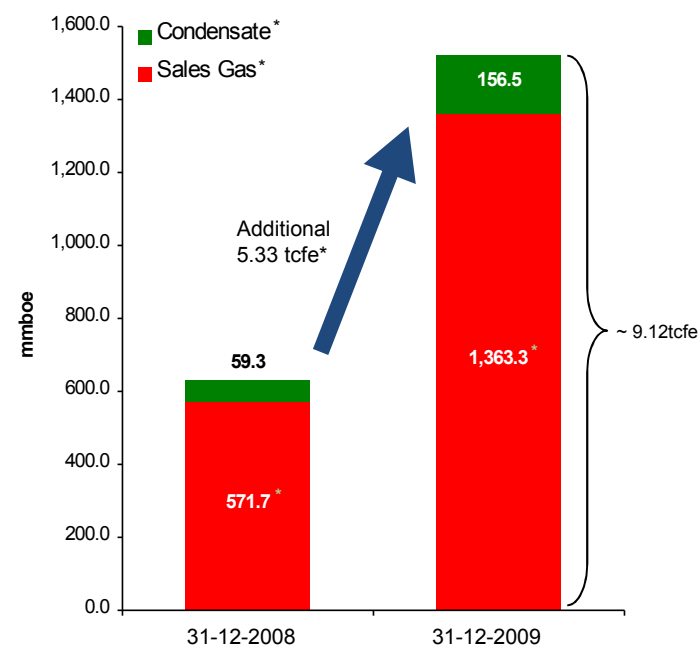
- The upstream gas producers will be required through InterOil and Partners to dedicate 750 Bcf (2C resource) for each one (1) million tonnes of LNG production capacity of the Train 1 LNG Facilities for a period of at least 15 years.
- Mitsui & Co. financing of condensate stripping plant and EWC financing of the Train 1 LNG facility fast-track InterOil's monetization of the Elk and Antelope fields.
- Vital new revenue and job creation in Papua New Guinea, is accelerated by InterOil's early condensate stripping and mid-sized LNG plants , protecting and expanding the PNG job and revenue base in the Gulf Province of PNG



# InterOil Resources

- An evaluation of the contingent resources of gas and condensate for the Elk/Antelope field has been conducted by GLJ Petroleum Consultants, an independent qualified reserves evaluator
- As of 31 December 2009 and on a best case (2C), GLJ estimate<sup>1</sup> there is 8.18tcf of recoverable sales gas and 156.5 mmbbls of recoverable condensate (a combined 9.12 tcf) in the Elk/Antelope structure
- InterOil has delivered certified organic growth of 889 mmbbls BOE (~5.33 tcf) on a 2C basis for under 2 cents per mmcf over the last year

	Case		
As at 31 December, 2009	Low	Best	High
Original Gas-In-Place (tcf)	9.65	11.03	12.54
Initial Recoverable Raw Gas (tcf)	6.87	9.08	11.04
Initial Recoverable Sales Gas (tcf)	6.19	8.18	9.94
Initial Recoverable Condensate (mmbbls)	117.1	156.5	194.7



\*Resources are presented on a 2C basis

\*\* 6 mmscf = 1 mboe

<sup>1</sup>GLJ certification prepared in accordance with the Canadian Oil & Gas Evaluation Handbook and Canadian Securities Administrators National Instrument 51-101.



# InterOil and Pacific LNG Vision for the Elk Antelope fields (Acceleration Case)

Elk and Antelope Fields  
Certified March 2010



1.5 Billion BOE  
Elk Antelope  
fields

CSP  
First Cargo 2013



Condensate

60,000 B/D  
Gross, target  
15,000 per CSP

Train I  
First Cargo 2013



LNG

38,000BOE  
2mmt gross

Train 1 a  
expansion  
Train2  
First Cargo 2014



LNG

57,00 BOE/D  
3mmt gross

Train 1 b  
expansion  
2015



LNG

57,000 BOE/D  
3mmt gross

Train 1 c  
expansion  
2016



LNG

57,000 BOE/D  
3mmt gross

Total

269 000 BOE/D  
gross

**Maximizing value through the value chain of 8.2 TCF**  
**Additional 3mtpa expansions as 3C moves to 2C reserves**



Pacific LNG

# Project Expansion Strategy

- Acceleration of Liquid Stripping - “Condensate”
  - Pre-investment in liquid stripping capacity for up to 10.6 mtpa of LNG and keep adding CSP capacity ahead of the additional LNG plants
- Acceleration of LNG production to 2013/2014
  - Plan and construct mid-sized land-based and floating LNG plants in Gulf Province to start in 2013 & 2014
  - Expand LNG plant capacity in Gulf Province as the 3C gas resources move to 2C resources
  - Further development of more LNG capacity with existing and additional Industry Partners



# Benefits the People of Papua New Guinea

- Targets major infrastructure development in the Gulf Province in PNG
- Major Employment opportunity
- Medical infrastructure development
- Schools and technical training facilities
- New deep water harbor and jetty development
- New storage capacity for local fuel and fishing industries
- Expand power and electrical generation in the Gulf Province
- A key new revenue base for the PNG Government begins in 2013
- Structure reduces dilution to PNG Government and reduces debt load
- Eliminates sell down of key PNG assets, to fund the LNG and condensate projects





# PNG Clean Fuel - Benefits World Climate Goals

- Papua New Guinea will provide clean energy (LNG) for a cleaner Asian industrial growth
- Replaces high sulfur fuel with clean burning LNG for power generation and transportation in the Asia-Pacific Area
- Reduction of greenhouse gases in Asia



# PNG Government Endorses PNG's Second LNG Project, in partnership with InterOil, Pacific LNG and Energy World



*Pacific LNG*



# Liquid NIUGINI Gas

New Strategic PNG LNG Supplier to Asia

**Henry Aldorf**

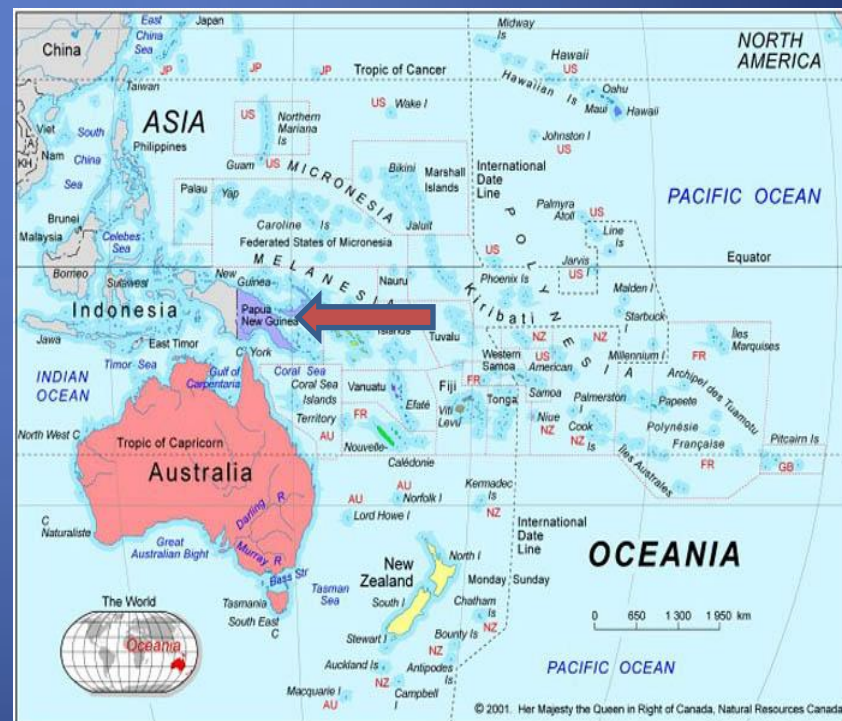
**President Pacific LNG Operations PTE.LTD**

New York September 28, 2010



# PAPUA NEW GUINEA

- Parliamentary Democracy, Member of Commonwealth
- Capital – Port Moresby; Approximately 1,400 Islands
- Official Languages: English and Pidgin
- Population ~ 6 million
- Main Religion – Christianity
- GDP US\$3 billion
- Important New Asian LNG source



# Pacific LNG is an Affiliate of Clarion Finanz AG. Switzerland

Pacific LNG owns :

- ~20% of Elk Antelope fields
- 47.5% of Liquid Niugini Gas
- Major Shareholder of InterOil



# Liquid NIUGINI LNG Gas Project

## PNG State and Private Aligned Partnership

### ➤ **InterOil**

- New York Stock Exchange~ \$3 billion Market Cap Company
- 1000, employees
- World Class Safety record: Eight million Man Hours without LTA

### ➤ **Pacific LNG**

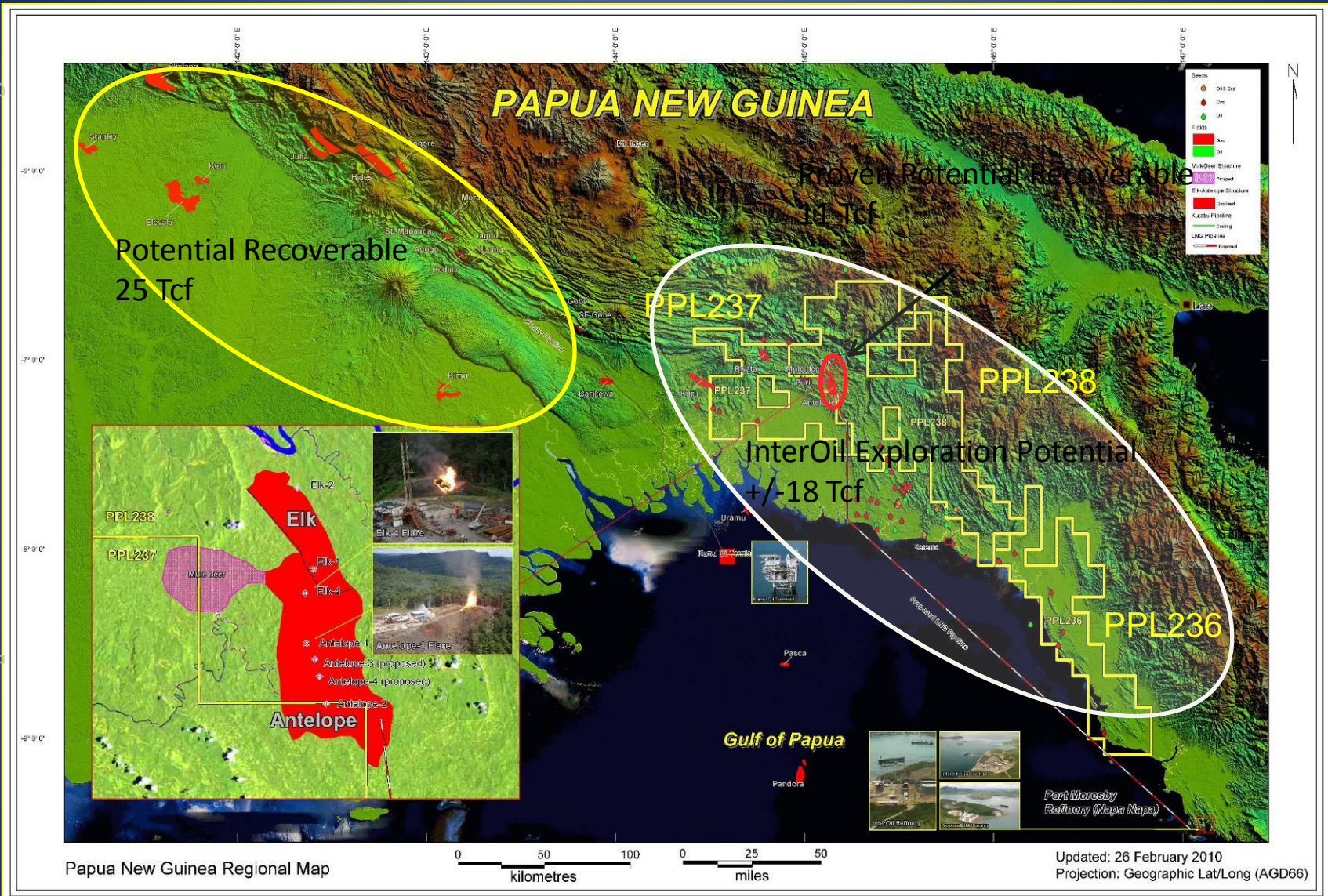
- An Affiliate of Clarion AG. Switzerland
- a Private Investment Company specialized in Energy and Mining Developments

### ➤ State Nominee :**Petromin PNG Holdings Limited – PNG** .

- PNG Government through Petromin to acquire 22.5% of LNG Project



# World Class Hydrocarbon Province



# Flow Rate Comparison of Elk/Antelope Wells

- The Antelope-2 and previous wells have confirmed over 1.2 Bcf/d of productive capacity
- The condensate ratio established at the top of the Antelope-2 reservoir further enhances the economic attractiveness of the proposed condensate stripping facility

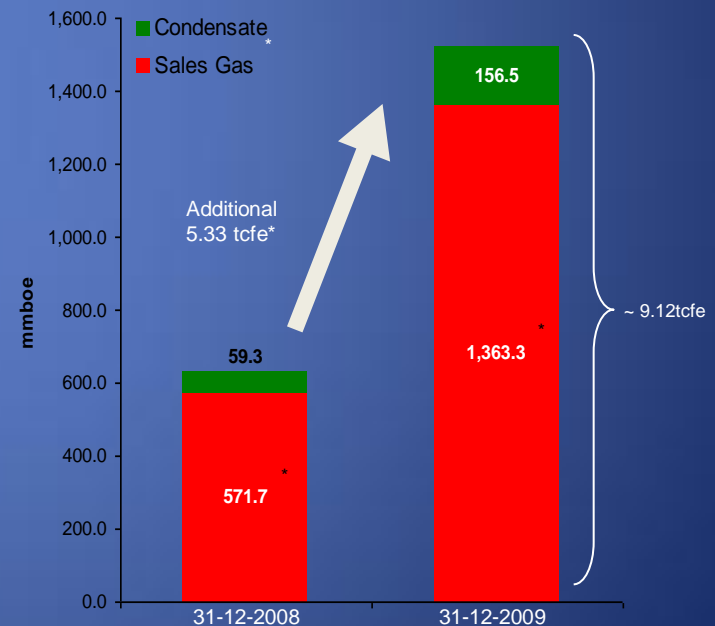
Well	Gross Reservoir	Net Reservoir	Percent Pay	Production Tubing OD	Flow Test Natural Gas Condensate
Elk-1	620 Ft.	88 Ft.	14%	5.5 inch	102 MMcfd 510 BCPD
Elk-4	600 Ft.	166 Ft.	28%	4.5 inch	105 MMcfd 1,890 BCPD
Antelope-1	2,600 Ft.	2,277 Ft.	88%	7.0 inch	382 MMcfd 5,000 BCPD
Antelope-2	1,224 Ft.	1,175 Ft.	96%	7.0 inch	705 MMcfd 11,200 BCPD



# Elk/ Antelope Resource Certification March 2010

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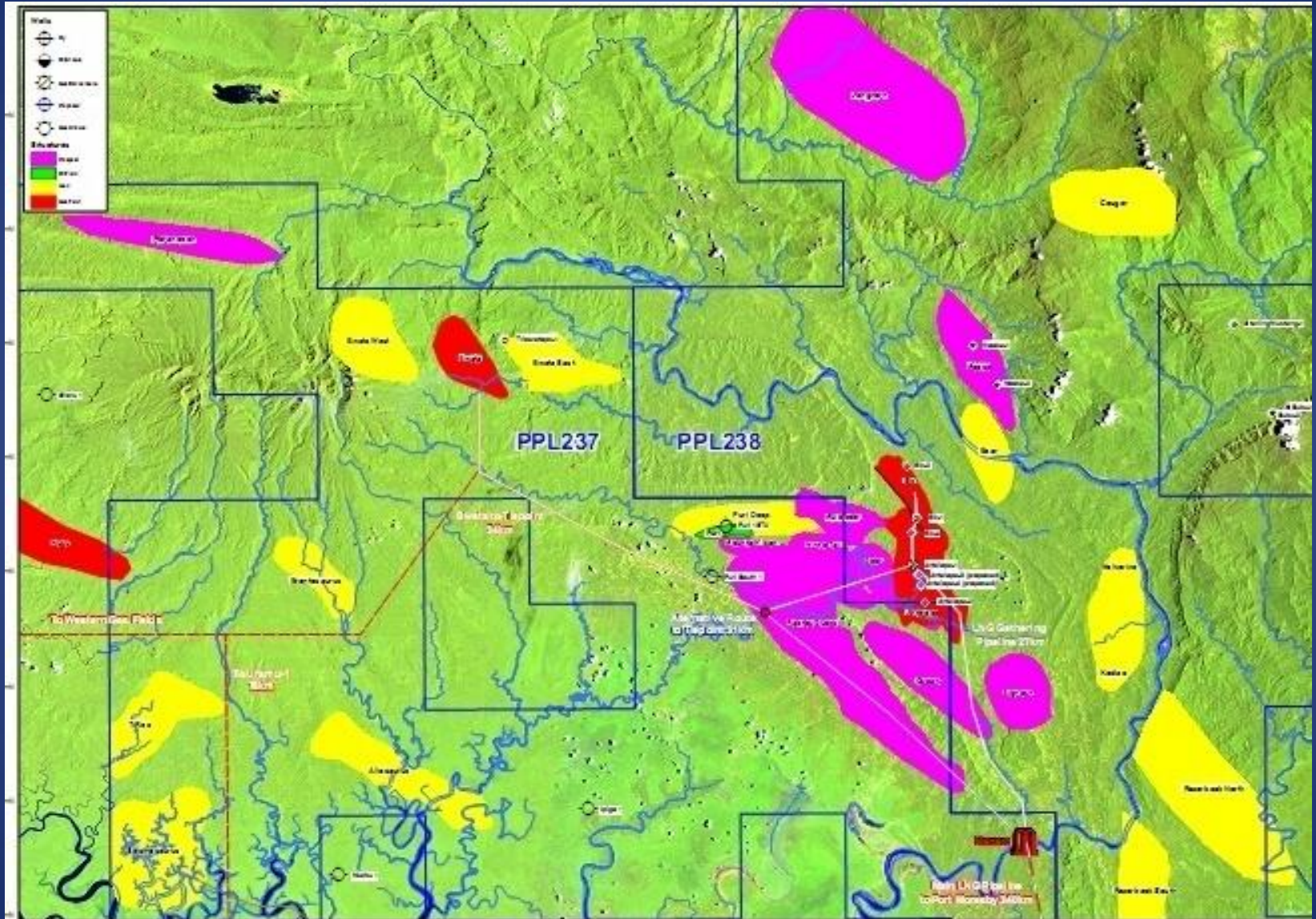
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\*Resources are presented on a 2C basis

\*\* 6 mmscf = 1 mboe

## Elk and Antelope Field and Surrounding area prospects



# Top 10 Papua New Guinea Oil & Gas Fields

	Oil Fields <sup>1</sup>		Gas & Condensate Fields <sup>1</sup>		MMBOE
	Oil	Solution Gas	Condensate	Natural Gas	
	MMSTBO	BCF	MMBC	BCF	
Elk & Antelope <sup>2</sup>			156.5	8,120	1,509.8
Hides			101.0	5,371	996.2
Kutubu	348.6	1,722			635.6
Angore			5.0	3,328	559.7
Juha <sup>3</sup>				2,100	350.0
Moran	110.0	206			144.3
Pandora				644	107.3
Barikewa				605	100.8
SE Gobe	43.5	176			72.9
Gobe main	28.2	132			50.2

<sup>1</sup> Estimate on 50% probability basis. Source PNG DPE 2007

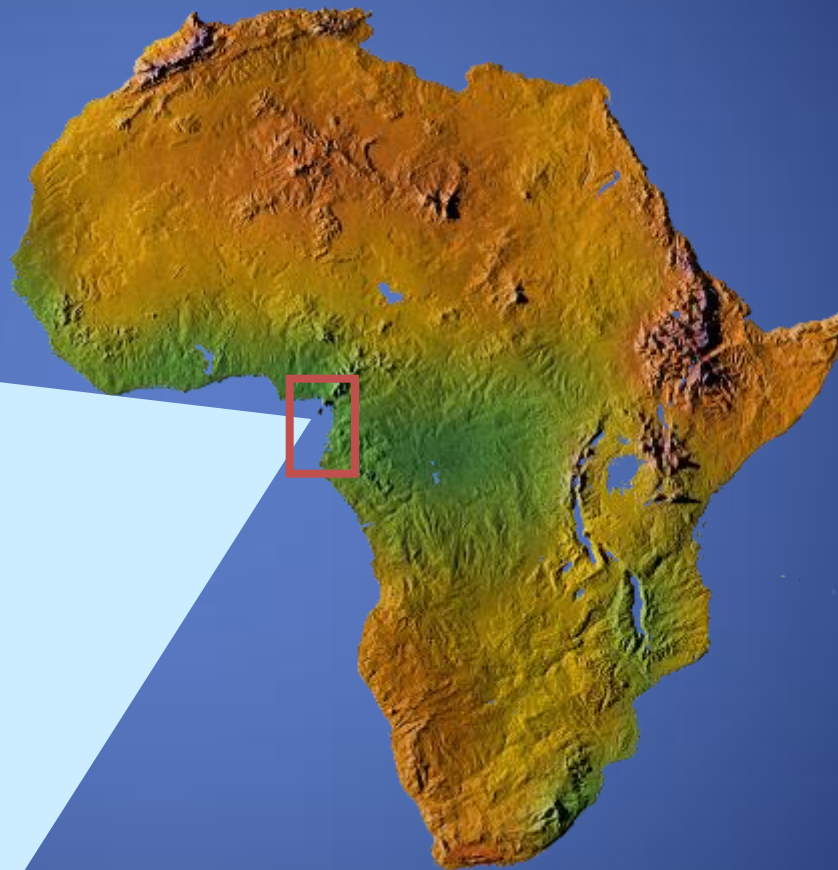
<sup>2</sup> GLJ Resource Estimate (See additional disclosure on slide 19)

<sup>3</sup> Estimated from public data



# LNG in Equatorial Guinea

*A Success Story*



# Equatorial Guinea Alba Blue Print for PNG Elk Antelope

Acquired 2002



Condensate

>60,000 B/D  
Gross



LPG

>20,000 B/D  
Gross



Methanol

>20,000 BOE/D  
Gross

First Cargo 2007



LNG

75,000 BOE/D  
Gross

Eliminated need For  
LNG Project Finance

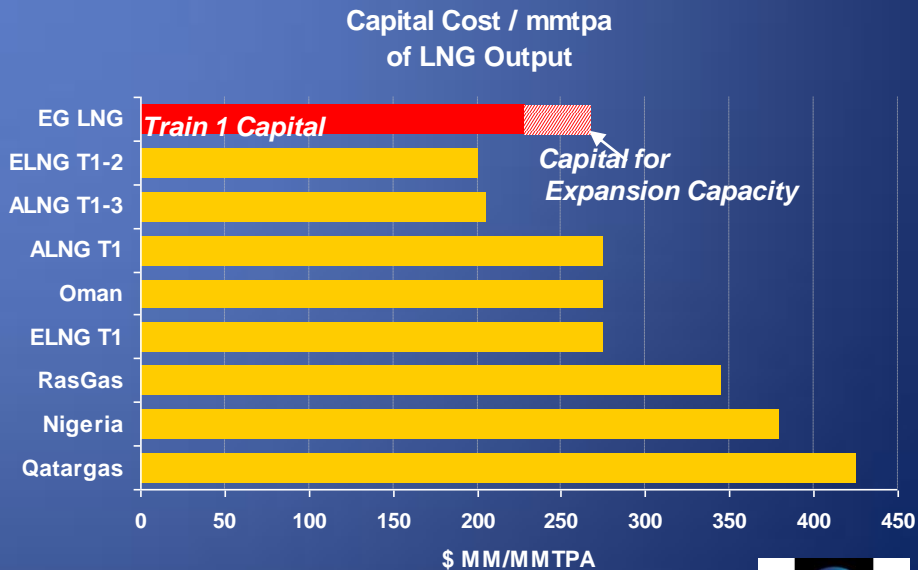
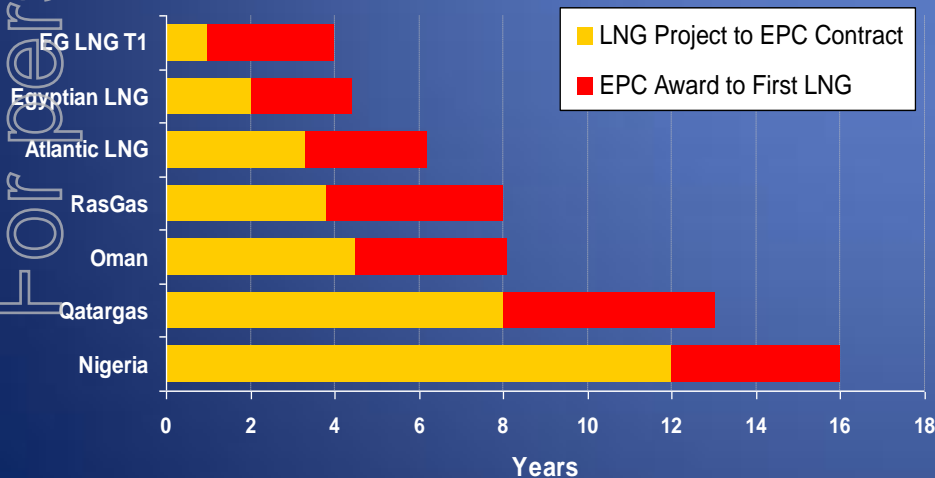
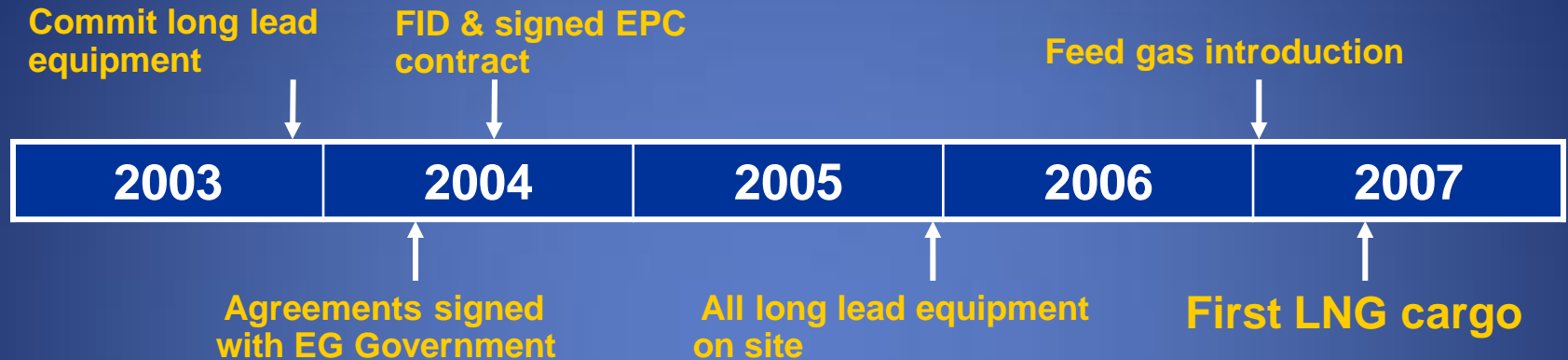
Total  
>175,000 BOE/D  
Gross

*Maximizing value through the value chain*

# EGLNG Train 1 : SIX Months Early and Under Budget

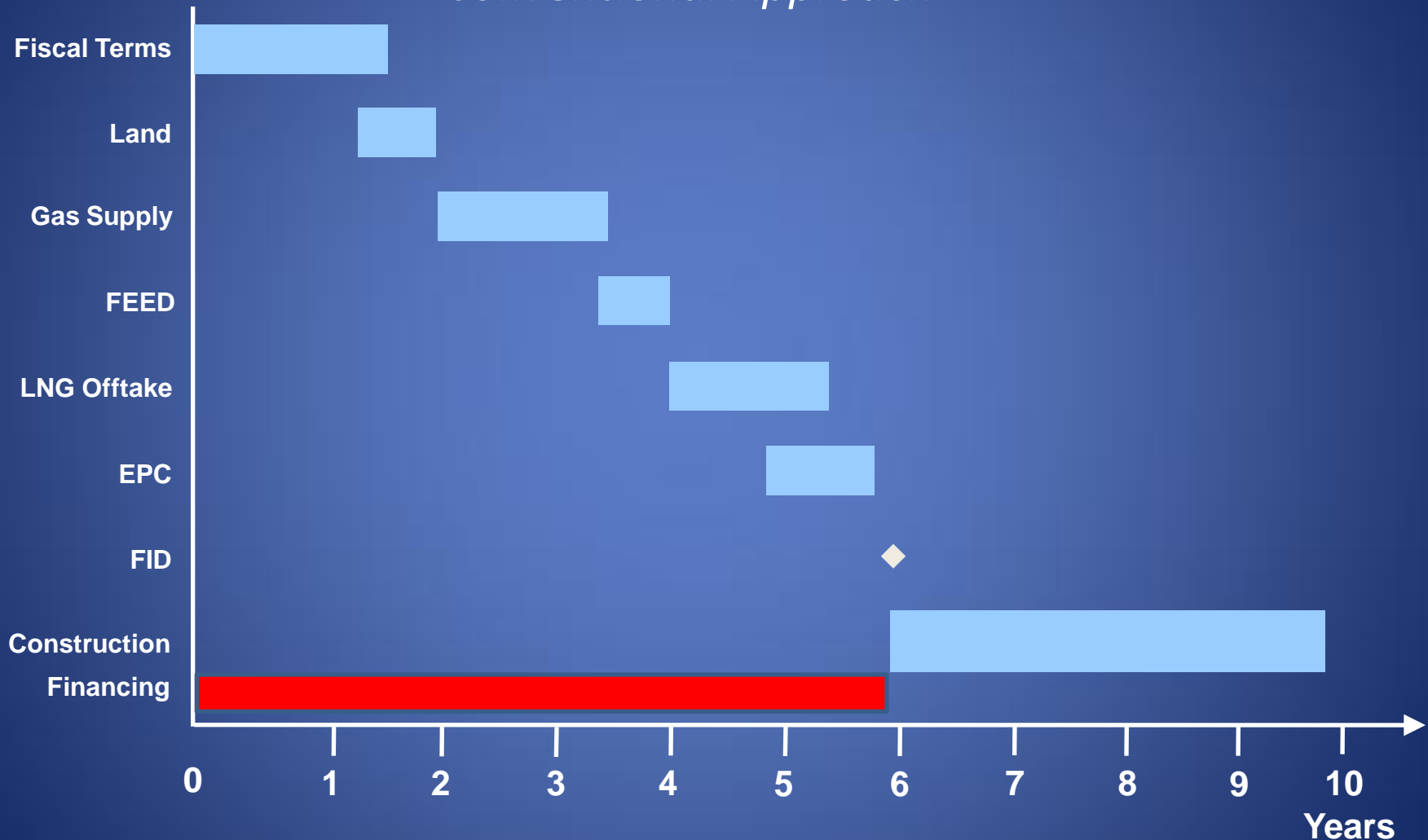
## *Delivery and Cost Performance*

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# Speed to Market

## *Conventional Approach*

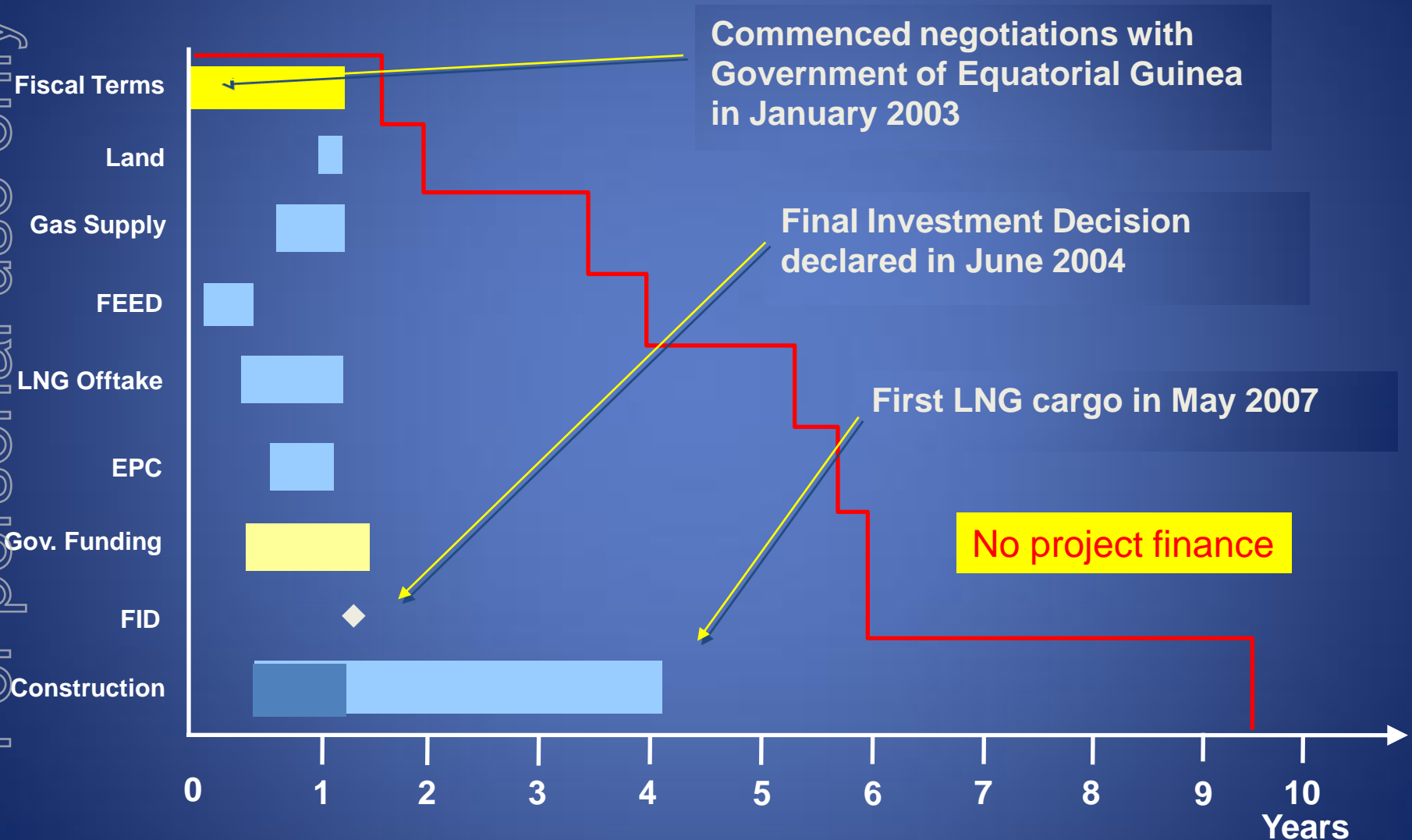


*Step-by-step = Low Risk = Low Speed*

# Speed to Market

## *Fast Track Approach - EGLNG*

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*Progress in Parallel = Higher Risk = High Speed*



# Project Agreement

- On 23 December 2009, the PNG National Government signed the Project Agreement with Liquid Niugini Gas for the construction of an LNG Plant(s) in PNG
- The agreement secures the fiscal terms for a 20 year period, which include a 30% company tax rate and certain exemptions applicable to large scale projects of this nature
- The agreement also provides for a up to 20.5% ownership stake to be held by the Government of Papua New Guinea's nominee, Petromin PNG Holdings Limited
- A further 2% ownership stake will be taken by landowners directly affected by the plant

## LNG Project Agreement

The Independent State of Papua New Guinea

Liquid Niugini Gas Limited

George A. Minjham  
State Solicitor  
State Solicitor's Office  
Department of Justice and Attorney General  
Sir Buri Kich Hama  
P O Box 591  
WAIGANI  
National Capital District

# EGLNG & Liquid Niugini Gas share more than just the name Guinea

- Liquids driving the LNG development - allows early cash flow and increases Financing Options
- Low marginal gas costs
- Strong Alignment with the Government
- Favourable tax treatment
- Strong Alignment among the Partners
- Brown Field LNG Project
- Off the Shelf Liquefaction Plants
- Close to the premium Markets
- High BTU Gas
- Similar Management Team

**Some Market Voices said “Right project wrong Company”  
They will be proven wrong again!**

# Liquid Niugini Advantages vs. EGLNG

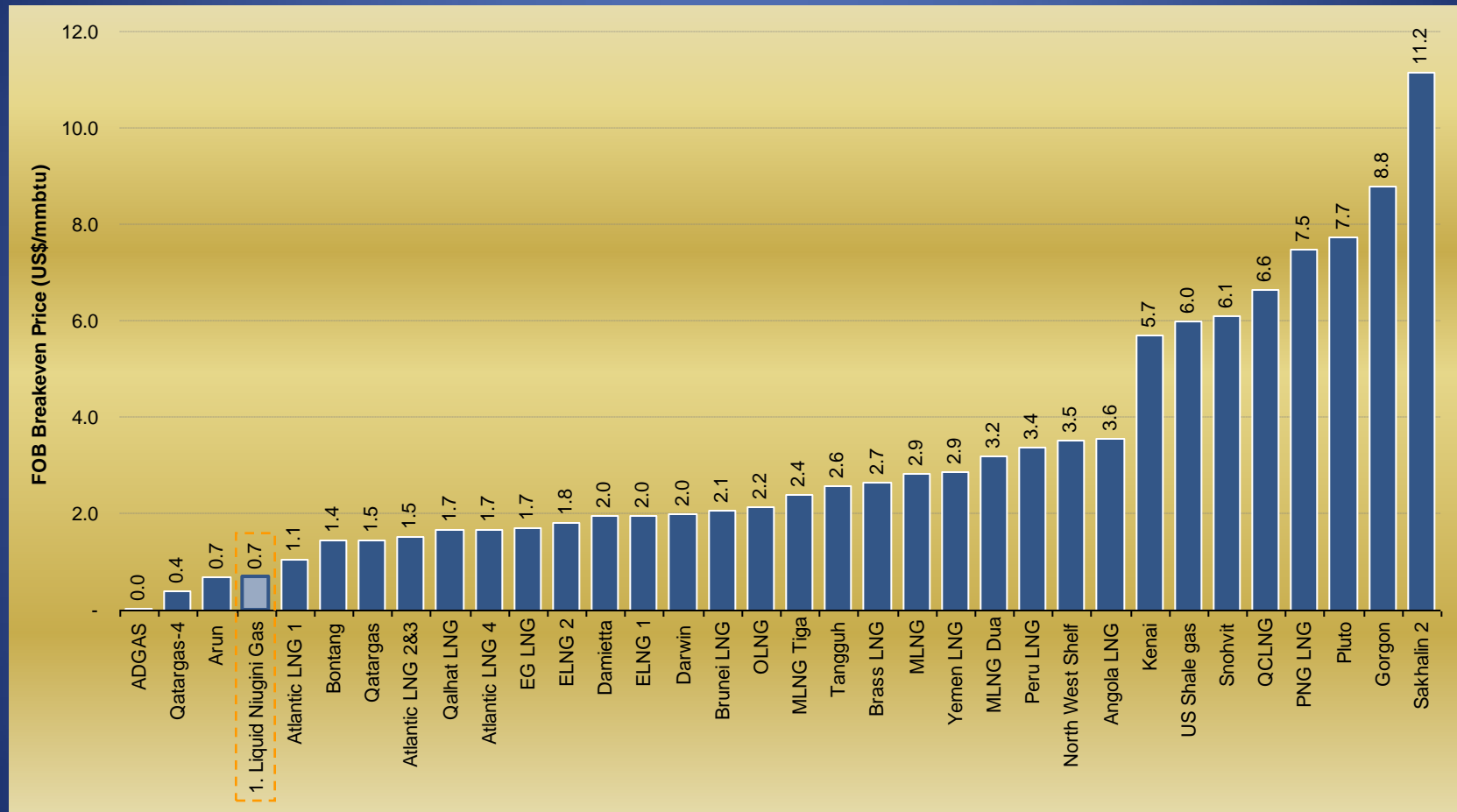
- The Elk/Antelope Gas Condensate resource is much larger : 8.2TCF vs. EGLNG 's. 5.5 TCF Gross gas resource with only 3TCF available for Train I
- Upstream Tax and Royalty system
- Onshore Development with highly productive Wells resulting in the lowest regional gas cost
- Highly prospective Exploration Acreage in a Proven Basin
- Multi Train Development with Economies of Scale, not dependant on foreign resource
- The Fiscal Stabilization Agreement with the PNG Government signed upfront – (LNG Project Agreement)
- PNG is on the LNG Map with Exxon Project
- PNG has a Credit Rating

# Disadvantages vs. EGLNG

- Higher EPC Pricing for Equipment and Pipelines but :
  - Liquefaction pricing have come down recently from >\$ 1000/ mt => \$650 to \$500/mt
  - Hydrocarbon prices especially liquids are much higher now

# FOB Gas Price necessary to yield 12% Return (NPV12=0)

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1. NPV (@ 12%) Breakeven – recovering capex and opex  
Source: Wood Mackenzie, InterOil data

# Strategy and Tactics

- Acceleration of Liquid stripping : **Early liquids cash flow**
  - Pre -invest in liquid stripping capacity and recycle gas through the reservoir and keep adding liquid stripping capacity ahead of additional LNG plants

**Enabling Milestones reached for The LNG Project**



- Condensate Stripping Project JV agreement with Mitsui & Co. Ltd.
  - Preliminary works agreement to fund FEED – April 2010
  - JV Operating Agreement and 5% option August 2010

**Total Condensate Stripping Plant Finance provided by Mitsui estimated at \$550 mm => FID March 2011**



# Elk/Antelope Early Development

Condensate Stripping  
Project

Q2 -2010

Q4 -2010

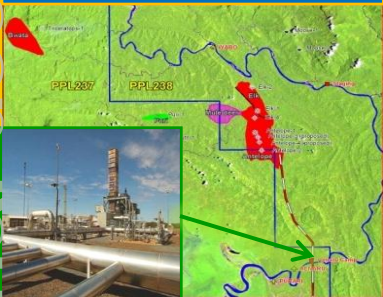
2013

Mitsui  
Funding  
Prelim works

FID  
Mitsui Financing  
\$450 million

Condensate  
Production

Elk/Antelope



Condensate Stripping  
Plant

IOC Refinery



Barge Condensate  
to Napa Napa

# LNG Production

LNG Accelerated Plan : No Gas Reinjection –No off shore Gas Pipeline => Early Liquids and LNG Cash Flow

- Plan and construct Mid size land and/or fixed floating 2 mm tons, if schedule and costs are acceptable at the coast

Milestone : HOA with EWC signed for construction and financing of a series of modular mid size LNG plants September 28 ,2010 with a 2mm tons/y first unit and production start-up 2013

- Plan and build 4 mm tons plants at the coast as 3C resources move to 2C every 9 month or
- Continue to build midsize land based plants , If cheaper, every six month at the coast as 3C resource moves to 2C





# Development of Modular LNG

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# InterOil and Pacific LNG Vision for the Elk Antelope fields (Acceleration Case)

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Certified March 2010



1.5 Billion BOE  
Elk Antelope  
fields

CSP  
First Cargo 2013



Condensate

60,000 B/D  
gross

Train I  
First Cargo 2013



LNG

38,000BOE

2mmt gross

No gas recycling

Train 1 a  
expansion  
Train2  
First Cargo 2014



LNG

57,00 BOE/D  
3mmt gross

Train 1 b  
expansion  
2015



LNG

57,000 BOE/D  
3mmt gross

Train 1 c  
expansion  
2016



LNG

57,000 BOE/D  
3mmt gross

Total

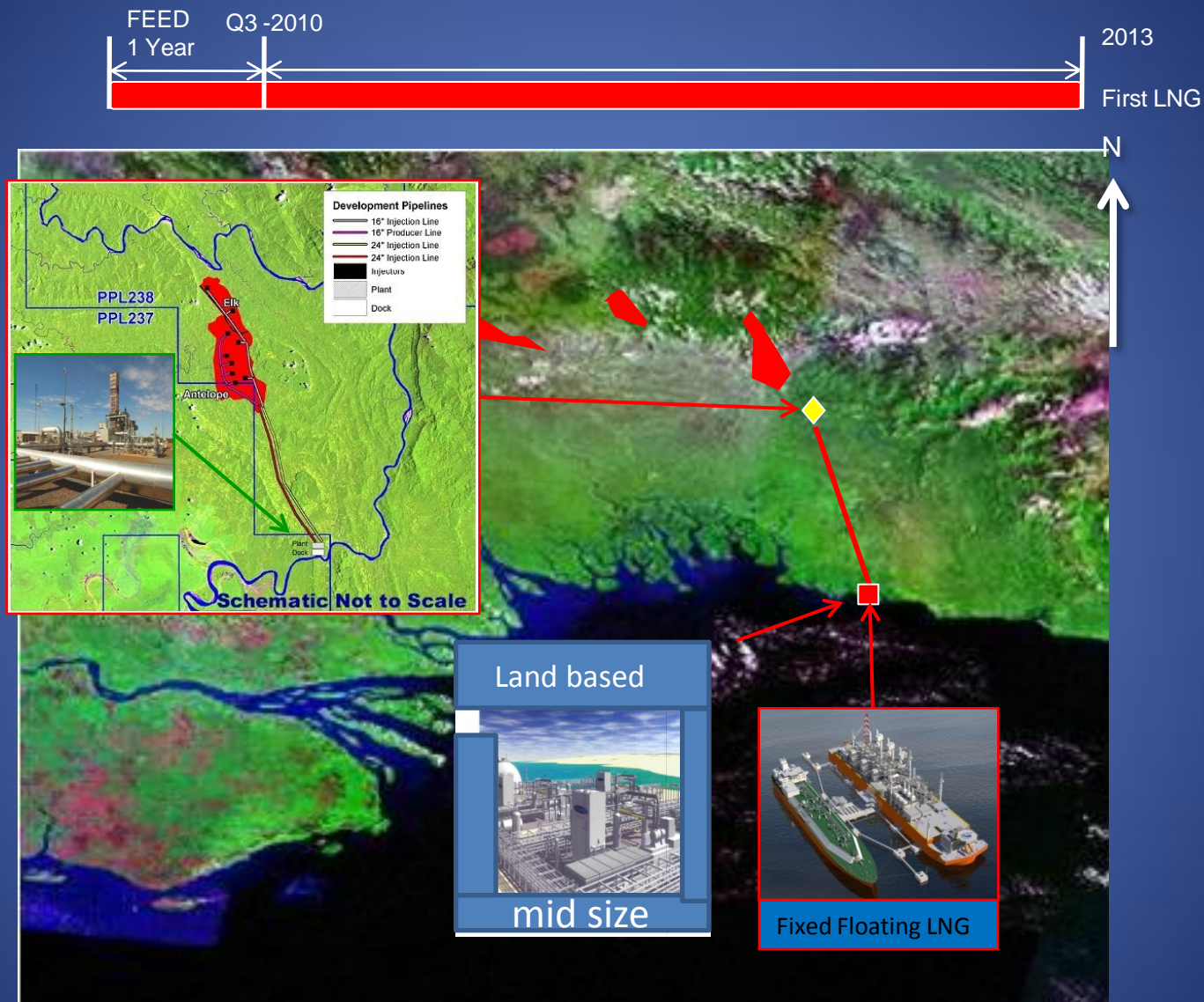
269 000 BOE/D  
gross

*Maximizing value through the value chain of 8.2TCF sales gas*

*Additional 3mmtons expansions as 3C moves to 2C reserves*



# Accelerated Mid SizeLNG and /or Fixed Floating



# New Strategic Major LNG Supplier in Asia

- **Geopolitical Advantages** free from :
  - Middle East Issues
  - West African conflicts
  - Australian labor, Tax and Environmental issues
  - Large Domestic Consumption Needs e.g. Indonesia
- **Cost Advantages**
  - Low marginal cost Producer with early Liquids
    - On shore development
    - Highly productive wells
    - High BTU Gas
  - Close to Asian Premium users 9-11 sailing days

**Obstacles are those frightful things you see when you take your eyes off your goal.”**     *~Henry Ford*