INTEROIL

Mana facilities
Piedras Tolima, Colombia

Report for the fourth quarter and full year of 2019

Interoil Exploration and Production ASA

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Key figures	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2018	FY 2019
Gross production oil/gas (boe)	103 241	96 297	117 822	127 203	123 427	495 285	464 749
Production oil/gas (average boepd)	1 122	1 077	1 280	1 382	1 342	1 346	1 270
Oil/gas sold (boe)	68 305	68 036	84 101	95 920	80 741	358 134	332 653
Oil price average (usd/bbl)	62.8	62.0	66.6	60.2	59.3	66.8	62.05
Revenues (USDm)*	3.9	3.8	4.7	4.2	4.0	21.3	17.1
EBITDA adjusted for exploration expenses* (USDm)	1.8	1.4	2.1	2.1	1.5	9.7	6.9
Operating profit (USDm)	-5.4	-0.5	-0.8	-0.7	0.7	-3.2	-1.4
Exploration expenses (USDm)	0.3	-	-0.4	-0.5	0.3	0.9	0.9
Net loss/profit (USDm)	-6.1	-1.7	-0.6	-1.4	-0.4	-7.2	-4.2
Cash and cash equivalents at end of period (USDm)	8.6	7.3	8.0	7.1	5.2	7.7	5.2

* Exploration expenses and nonrecurring items (Extraordinary legal fees) were excluded.

Highlights in the quarter and for the full year

- Gross production increased by 19.5 % in Q4 2019 compared with the same period of last year, partly as a result of increased gas production in the Puli C field thanks to the work over campaign and start of oil production in Argentina.
- Interoil's EBITDAx in Q4 2019 was USD 1.5 million, compared with a USD 2.1 in Q3 2019 and USD 1.8 in Q4 2018. For the full year 2019, EBITDAx was USD 6.9 million, compared with USD 9.7 in the previous year. Decline is related to a lower production, due to Mana and Vikingo natural decline and lower oil prices.
- During the past twelve months, Interoil has made several accretive and transformational transactions in Argentina and successfully restructured and strengthened its balance sheet through conversion of bonds, approved by the General Meeting in January 2020.
- In parallel workover operations and various debottlenecking initiatives have increased production and recovery rates from existing wells in fields in Colombia and Argentina.
- On 30 December 2019, the bondholder's approved the proposal for debt to equity conversion and maturity extension. As a result, and after the shareholders approved the terms on 16 January, maturity has been extended 6 years until January 2026, interest rate was fixed at 7.5 % and 35 % of the outstanding bonds were converted into equity

Subsequent events

- In January 2020, Interoil acquired an 8.34 % participating interest in five exploitation concessions in the Santa Cruz region in Argentina.

Business overview

Interoil is an independent oil and gas exploration and production company, currently operating in Colombia and Argentina and headquartered in Oslo. Interoil is involved in the acquisition, exploration, development and operation of onshore oil and natural gas assets. Interoil is an operator or an active license partner in several production and exploration assets in Colombia and Argentina.

At the end of 2019, Interoil's portfolio consists of two producing licenses and two exploration licenses in Colombia and one exploration concession and two production concessions in Argentina. The licenses in Colombia were acquired through company acquisitions and open bid-rounds for licenses organised by the authorities. The licences in Argentina were acquired through a share purchase agreement with the previous owner.

In January 2020, Interoil acquired an 8.34 % participating interest in another five exploitation concessions in the Santa Cruz region in Argentina.

Following these transactions, Interoil has hydrocarbon production in both Colombia and Argentina. Income from sale of petroleum is being used to fund further exploration activities and development of these assets and/or acquire new ones.

Colombia

In Colombia Interoil holds a 100 % working interest in the **Llanos LLA-47** exploration block covering an area of 447 km^2, acquired in 2010 from an ANH bidding round and a 90 % interest in **Altair**.

The National Hydrocarbons Agency (ANH) in Colombia has approved Interoil's request to combine phase 1 and phase 2 of the LLA-47 and phase 1 and phase 2 of the subsequent exploratory program of the Altair exploration license.

At present, Interoil is committed to drill nine more exploration wells in LLA-47 and one more in Altair by February 2021. Recent studies have identified promising and highly interesting prospects in the Altair license. The company is therefore currently preparing a revised combined development plan for these licenses, which could result in an extension of the LLA-47 license and a shift of some drilling commitments from LLA-47 to Altair.

In the meantime, the process to obtain environmental approvals required to convert the LLA-47 exploration license into a production concession is ongoing.

Production from the **Vikingo** well in LLA-47 resumed in February 2019, when Interoil had agreed with the oil company Perenco to transport Vikingo oil through a nearby pipeline instead of by truck. Since February, Vikingo production has continued without significant interruption under the temporary production approvals that have been granted by the authorities.

Also, in Colombia, the **Puli C** licence comprises three producing fields: Mana, Rio Opia and Ambrosia. During 2019, Interoil worked systematically and patiently to improve recovery from these relatively old fields, and in October 2019, after careful studying of the static model, the company were successful in identifying a new potential layer of hydrocarbons in the Rio Opia field. After workover operations in this field, tests in the target formation were positive, adding 20 bopd to the output from the well. This is a very encouraging result, creating new opportunities for the field.

Further analysis and dynamic modelling of the Puli C formations are ongoing and may result in additional investments aimed at enhancing recovery ratio from the fields.

From March 2020, Hocol will no longer need Interoil services for the operation and maintenance of the Toqui-Toqui field.

Argentina

With the successful acquisition of majority interests in three licenses in Argentina in the second quarter 2019, Interoil made a significant expansion of its activities, and an entrance into the important and dynamic Argentinian market.

The **Mata Magallanes Oeste** and **Cañadón Ramírez** licenses cover nearly 380 square kilometres in the western part of the highly productive Golfo San Jorge Basin in the southern part of Argentina. Interoil will become the operator once approved by local authorities and holds an 80 % working interest in these licenses.

The **La Brea** concession covers 112 square kilometres the Jujuy Province in the Northern Argentina. Interoil will also become the operator of this license, holding an 80 % working interest.

Interoil has started with its field optimization strategy in Mata Magallanes Oeste field in Argentina. Facilities were re-engineered aiming at optimizing gas flow and gas-lines optimal working pressure, and production resumed in September 2019. A further workover program is being planned and waiting on available drilling equipment in the area. A further debottlenecking of the processing equipment at the field is also underway.

The **Santa Cruz** assets acquired in January 2020 are located onshore in the heart of the Austral Basin in southern Argentina. This is a highly prolific area with well-developed oil and gas infrastructure.

Interoil acquired an 8.34 per cent participating interest in five exploitation concessions in the Santa Cruz area on 11 January 2020 for a total consideration of USD 1 million payable in new Interoil shares. The other license holders in the same concessions are; Echo Parties, which are subsidiaries of Echo, a company listed in the London Stock Exchange AIM, that recently, in a separate transaction, acquired a 70 per cent interest in the Santa Cruz Assets from Phoenix Global Resources, and IOG Resources S.A., a subsidiary of Integra Oil & Gas which acquired 21.66 per cent from Roch.

Geographically the basin lies within Santa Cruz province in the Southern mainland part of Argentina, bounded by the Andes mountains to the west, which also wrap around to the southwest and south to limit.

The main formations of interest are the early Cretaceous Tobifera and Springhill formations which comprises interbedded fluvial and marine sandstone with fair to excellent reservoir characteristics. Traps are structural, stratigraphic or combined.

Altogether the concession covers an area of more than half a million acres, of which over 50,000 acres are considered exploitation areas with contract periods running thought to April 2026.

The total operated production of these concessions amounts to around 3,800 boepd (25% is oil) and 2P reserves to exceed 6 million barrels of oil equivalents (Mmboe), with significant exploration potential upside. Interoil's participating interest is 8.34 per cent and the company will become operator once approved by local authorities.

A number of exploration prospects have previously been identified within the existing concession boundary limits. However, Interoil has only recently acquired these assets and is still in the process of reviewing their hydrocarbon potential.

The Campo Limite structure is one of the exploration projects from the previous operator. Roch S.A., spudded the Cli-x1001 exploration well prior to closing the transaction, Interoil continued with the drilling program. Three intervals with interesting potential were found, one in the Springhill and two in the Tobifera formation. The well has been cased and Interoil is defining the completion program to evaluate those intervals in due course.

P&L comments

Interoil's total working interest production of oil and gas in Colombia and Argentina combined, was stable from 92,835 boe in Q3 2019 to 92,219 boe in Q4 2019. The corresponding numbers for the full year was 345,963 boe compared with 382,585 boe in 2018.

Quarterly revenues decreased by 4.1 % from USD 4.1 million in Q3 to USD 4.0 million in Q4 2019. The main reasons were lower prices and a higher proportion of gas sales.

Q4 2019 operating result including exploration costs expensed was USD 0.7 million compared with USD -0.8 in the previous quarter, caused mainly by an adjustment in depreciation for the year 2019 and the recognition of expenses for the Argentina operation.

Net finance cost for the quarter of USD 1.2 million while in Q3 was USD 0.4 million, mostly related to interest expenses. Loss before income tax was USD 0.5 million compared with a USD 1.2 million loss in Q3.

Total comprehensive loss for Q4 2019 amounted to USD 0.4 million (Q3: USD 1.5 million loss).

Revenues for the full year of 2019 was USD 17.0 million compared with USD 21.3 million in 2018. Total comprehensive loss for the year was USD 4.2 million in 2019 and USD 7.2 million in 2018.

Balance Sheet and Equity

Non-current assets increased during 2019 in USD 9.3 million net, corresponding to the assets acquisition in Argentina for USD 13 million, reaching a net amount of USD 38.1 at the end of the 2019. Interoil held USD 5.2 million in cash at the end of the year, of which USD 4.0 million was restricted. The restricted cash relates primarily to cash collateral for guarantees and loans.

As of 31 December 2019, book equity for the consolidated Group was USD negative 5.0 million, this reflects an increase of USD 8.8 million than in the beginning of the year caused by acquisition of assets partly financed by the issuing of shares.

Of Interoil's non-current liabilities of USD 43.6 million, USD 3.4 million relates to provisions and retirement benefit obligations, USD 1.2 million relates to the non-cash impact of exchange rate changes on the tax base of non-monetary assets and long-term borrowings (including bond loan) of USD 39.0 million.

Current liabilities of USD 8.0 million are comprised by trade and other payables/provisions.

In December 2019, Interoil announced plans to strengthen its balance sheet through a debt to equity conversion. The plan was approved by bond holders on 30 December and by shareholders in an extraordinary general meeting on 16 January 2020. The approval rate was above 90% in both meetings.

As part of this plan, 35 % of the bond loan outstanding principal amount plus its respective accrued interest were converted to equity, the maturity date for the remaining bonds were extended by six years to 2026 and interest rate fixed at 7.5 %.

On 23 January 2020 the conversation of the bonds was settled by issuing 56,193,478 new shares. These shares were distributed pro rata to the bond holders. They will be listed on the Oslo Børs exchange upon approval and publication of a listing prospectus, which is expected to take place during March 2020.

After conversion, Interoil's consolidated group equity changed from approximately USD negative 5.0 million as per 31 December 2019 to approximately USD 8.1 million positive. Annual interest costs will be reduced by approximately USD 0.4 million per annum.

In addition to the interest-bearing debt outlined above, Interoil also has off-balance sheet commitments relating to required work programs on its exploration licenses (see Annual Report 2018), that are guaranteed with bank standby letters of credit and a surety insurance. Interoil complies with the ANH guarantee requirements.

Cash flow

During 2019 cash flow from operations was USD 5.2 million, financing cash outflow was USD 2.9 million and cash outflow from investing activities was USD 4.8 million.

Financial cash flow related to interest payments of USD 2.1 million and repayment of loans of USD 1.1 million.

The Group had a net cash outflow of USD 2.5 million during 2019.

Outlook

During the past twelve months, Interoil has made several accretive and transformational transactions in Argentina, and successfully restructured and strengthened its balance sheet through conversion of bonds.

The company is therefore in a position whereby it can carefully and diligently revisit its strategy with the aim of developing a robust plan for long-term value creation. This strategic review is currently underway. It will cover further exploration activities in Colombia and Argentina, as well as initiatives to improve recovery ratio and production in its current fields.

Oslo, 27 February 2020

Consolidated interim statement of comprehensive income

Amounts in USD 1 000	Note	For the 3 months period ended 31 December 2019	For the 3 months period ended 31 December 2018	For the 3 months period ended 30 September 2019	For the 12 months period ended 31 December 2019	For the 12 months period ended 31 December 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales	5	3.972	3.871	4.146	17.067	21.318
Cost of goods sold ex depreciation	6	-1.883	-1.969	-1.514	-6.979	-9.195
Depreciation	6	-438	-3.740	-2.662	-7.469	-9.438
Gross profit		**1.651**	**-1.838**	**-30**	**2.619**	**2.685**
Exploration cost expensed		-346	-348	-149	-911	-903
Administrative expense		-820	-3.379	-836	-3.625	-5.702
Other (expense)/income		218	114	169	502	681
Result from operating activities		**703**	**-5.451**	**-846**	**-1.415**	**-3.239**
Finance income	7	264	575	506	1.391	1.337
Finance cost	7	-1.481	-1.082	-910	-4.790	-4.280
Finance expense – net		**-1.217**	**-507**	**-404**	**-3.399**	**-2.943**
Loss before income tax		**-514**	**-5.958**	**-1.250**	**-4.814**	**-6.182**
Income tax (expense)/credit	10	94	-264	-264	653	-983
Loss profit from continuing operations		**-420**	**-6.188**	**-1.514**	**-4.161**	**-7.165**
Other comprehensive loss		0	-7	0	0	-7
Total comprehensive loss for the period, net of tax		**-420**	**-6.229**	**-1.514**	**-4.161**	**-7.172**
Attributable to:						
Equity holders of the parent		**-420**	**-6.229**	**-1.514**	**-4.161**	**-7.172**
(Loss)/profit per share (expressed in USD)						
– basic and diluted – total		-0,00	-0,10	-0,02	-0,04	-0,11
– basic and diluted – continuing operations		-0,00	-0,10	-0,02	-0,04	-0,11

The notes 1 to 10 are an integral part of this condensed consolidated financial statements.

Consolidated interim statement of financial positions

Please go to note 3 for a Proforma statement including debt conversion occured in January 2020.

Amounts in USD 1 000		**As of 31 December, 2019**	**As of 31 December, 2018**
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	8	36.295	27,194
Other non-current assets		1.781	1,590
Total non-current assets		**38.076**	**28,784**
Current assets			
Inventories		847	606
Trade and other receivables		2.484	2,021
Cash and cash equivalents, restricted		3.057	4,057
Cash and cash equivalents, non-restricted		2.179	3,655
Total current assets		**8.567**	**10,339**
TOTAL ASSETS		**46.643**	**39,123**
EQUITY	3		
Share capital and share premium		142.095	129,135
Other paid-in equity		4.744	4,744
Retained earnings		-151.866	-147,705
Total equity		**-5.027**	**-13,826**
LIABILITIES			
Non-current liabilities			
Borrowings	9	39.035	38,553
Deferred tax liabilities		1.182	1,614
Retirement benefit obligations		677	673
Provisions for other liabilities and charges		2.754	1,951
Total non-current liabilities		**43.648**	**42,791**
Current liabilities			
Trade and other payables		5.323	6,163
Income taxes payable		-79	747
Current interest-bearing liabilities	9	2.016	2,499
Provisions for other liabilities and charges		762	749
Total current liabilities		**8.022**	**10,158**
TOTAL LIABILITIES		**51.670**	**52,948**
TOTAL EQUITY AND LIABILITIES		**46.643**	**39,123**

The notes 1 to 10 are an integral part of this condensed consolidated financial statements.

Consolidated interim statement of changes in equity

As of 31 December 2019

Amounts in USD 1 000	Share capital and share premium	Other paid-in equity	Retained earnings	Total equity
Balance at 31 December 2017	**129,135**	**4,744**	**-140,533**	**-6,654**
				(Audited)
Total comprehensive loss for the period	-	-	-7,172	-7,172
Balance at 31 December 2018	**129,135**	**4,744**	**-147,705**	**-13,826**
				(Unaudited)
Total comprehensive loss for the period	-	-	-4,161	-4,161
Capital increase	12,960	-	-	12,960
Balance at 31 December 2019	**142,095**	**4,744**	**-151,866**	**-5,027**

The notes 1 to 10 are an integral part of this condensed consolidated financial statements.

Consolidated interim cash flow statement

Amounts in USD 1 000	Note	For the 12 months period ended 31 December 2019	For the 12 months period ended 31 December 2018
		(Unaudited)	(Unaudited)
Cash generated from operations			
Comprehensive loss for the period – continuing operations		-4,161	-7,172
Total comprehensive loss of the period		-4,161	**-7,172**
Depreciation, amortization and impairment		7,469	9,623
Change in retirement benefit obligation		4	-35
Interest income	7	-21	-25
Interest expense	7	3,194	3,160
Other net financial expense		226	-146
Changes in assets & liabilities			
Inventories		241	-126
Trade and other receivables		463	1,241
Trade and other payables / provision and other liabilities		-1.566	1,574
Net cash generated from operating activities		**5,849**	**8,904**
Cash flows from investing activities			
Net increase of PP&E		-5,406	-4,385
Net cash used in investing activities		**-5,406**	**-4,385**
Cash flows from financing activities			
Interest paid		-2,121	-2,496
Repayment of borrowings		-1.104	-1,066
Proceeds from new loans		497	714
Increase in non-current assets		191	-673
,Changes in restricted cash classification		1.000	-221
Net cash used in financing activities		**-1,919**	**3,742**
Net change in cash and cash equivalents		**-1,476**	**-33**
Non restricted cash and cash equivalents at beginning of the period		3.655	3,688
Non restricted cash and cash equivalents at end of the period		**2,179**	**3.655**

The notes 1 to 10 are an integral part of this condensed consolidated financial statements.

Note1. Corporate information

Interoil Exploration and Production ASA (“the Company”) and its subsidiaries (together ‘the Group’ or Interoil) is an upstream oil exploration and production company focused on South America. The company is an operator of production and exploration assets in Colombia.

The Company is a Norwegian Public limited liability company incorporated and domiciled in Norway. The Company is listed on the Oslo Stock Exchange. The Company is registered in the Register of Business Enterprises with organisation number 988 247 006. The Company’s registered office is c/o Advokatfirmaet Schjødt AS Ruseløkkveien 14, 0251 Oslo, Norway.

The condensed consolidated interim financial information for the period ended 31 December 2019 included the company and its subsidiaries. This condensed consolidated interim financial information has been authorised for issue by the Board of Directors on 26 February 2020.

Note 2. Accounting policies

Interoil’s condensed consolidated interim financial information is prepared in accordance with IAS 34, Interim Financial Reporting in the context of the International Financial Reporting Standards (IFRS) as adopted by the European Union.

The same accounting policies and methods of computation, except from those disclosed below, are followed as compared with the financial statements for the year ending 31 December 2018, and this condensed consolidated interim financial information should therefore be read together with the consolidated financial statements for the year ended 31 December 2018 prepared in accordance with IFRS as adopted by the European Union. IFRS 8 and IAS 33 have been applied as the Company is listed on the Oslo Stock Exchange.

With effect from 1 January 2018 Interoil adopted certain revised and amended accounting standards and improvements to IFRSs as further outlined in the significant accounting principles note disclosure to Interoil's financial statements for 2017. The IFRS 15 determines a change in the way Interoil recognize and present revenues, costs and oil working interest participation. As from 1Q 2018 SLS partner participation which is not paid in kind is recognized separately as revenue and cost.

The condensed interim financial information provides, in the opinion of management, a fair presentation of the financial position, results of operations and cash flows for the dates and periods covered. Interim period results are not necessarily indicative of results of operations or cash flows for an annual period.

The condensed interim financial information is unaudited.

Note 3. **PRO FORMA - Consolidated statement of financial position**

This pro-forma Statement of financial position shows the financial position of the company after the debt to equity conversion USD 13.2 million, effective date January 17, 2020.

Amounts in USD 1 000	**As of 17 January, 2020**
	(Unaudited)
ASSETS	
Non-current assets	
Property, plant and equipment	36.295
Other non-current assets	1.781
Total non-current assets	**38.076**
Current assets	
Inventories	847
Trade and other receivables	2.484
Cash and cash equivalents, restricted	4.057
Cash and cash equivalents, non-restricted	1.179
Total current assets	**8.567**
TOTAL ASSETS	**46.643**
EQUITY	
Share capital and share premium	155.197
Other paid-in equity	4.744
Retained earnings	-151.866
Total equity	**8.075**
LIABILITIES	
Non-current liabilities	
Borrowings	25.933
Deferred tax liabilities	1.182
Retirement benefit obligations	677
Provisions for other liabilities and charges	2.754
Total non-current liabilities	**30.546**
Current liabilities	
Trade and other payables	5.323
Income taxes payable	-79
Current interest-bearing liabilities	2.016
Provisions for other liabilities and charges	762
Total current liabilities	**8.022**
TOTAL LIABILITIES	**38.568**
TOTAL EQUITY AND LIABILITIES	**46.643**

Note 4. Segment information

For the 3 months period ended 31 December 2019 (Unaudited)

Amounts in USD 1 000	**Colombia**	**Argentina**	**Norway**	**Unall. / Elimin.**	**Group (continuing business)**
Total revenue	3.819	153	127	-127	3.972
Cost of goods sold ex depreciation	-1.755	-128	-	-	-1.883
Depreciation	-438	-	-	-	-438
Gross profit	**1.626**	**25**	**127**	**-127**	**1.651**
Exploration cost expensed	-346	-	-	-	-346
Administrative expense	-862	-	-85	127	-820
Other income	218	-	-	-	218
Result from operating activities	**636**	**25**	**42**	**-**	**703**
Finance income	262	-	515	-513	264
Finance costs	-885	-	-1.109	513	-1.481
Loss before income tax	**13**	**25**	**-552**	**-**	**-514**
Income tax expense	94	-	-	-	94
Loss for the period	**107**	**25**	**-552**	**-**	**-420**
Other comprehensive Income	-	-	-	-	-
Total comprehensive income net of tax	**107**	**25**	**-552**	**25**	**-420**

As of 31 December 2019 (Unaudited)

Amounts in USD 1 000	**Colombia**	**Argentina**	**Norway**	**Unall, / Elimin,**	**Group (continuing business)**
Financial position*					
Property, plant and equipment	19,945	12,007	-	4,342	36,295
Current interest-bearing liabilities	589	-	38,446	-	39,035

* At the date of the report, current assets and non-current liabilities are majority (more than 90%) part of Colombian segment. For financial position is disclosed only lines were segments have 10% or more.

For the 3 months period ended 31 December 2018 (Unaudited)

Amounts in USD 1 000	**Colombia**	**Norway**	**Unall. / Elimin.**	**Group (continuing business)**
Total revenue	3.871	146	-146	3.871
Cost of goods sold ex depreciation	-1.969	-	-	-1.969
Depreciation	-3.740	-	-	-3.740
Gross profit	**-1.838**	**146**	**-146**	**-1.838**
Exploration cost expensed	-348	-	-	-348
Administrative expense	-3.666	-434	146	-3.379
Other income	114	-	-	114
Result from operating activities	**-5.738**	**-288**	**-**	**-5.451**
Finance income	576	589	-588	575
Finance costs	-1.576	-1.081	588	-1.082
Loss before income tax	**-6.738**	**-780**	**-**	**-5.958**
Income tax expense	-264	-	-	-264
Loss for the period	**-7.002**	**-780**	**-**	**-6.222**
Other comprehensive Income	-	-	-	-
Total comprehensive income net of tax	**-7.002**	**-780**	**-**	**-6.222**

For the 12 months period ended 31 December 2019 (Unaudited)

Amounts in USD 1 000	**Colombia**	**Argentina**	**Norway**	**Unall, / Elimin,**	**Group (continuing business)**
Total revenue	16.780	287	612	-612	17.067
Cost of goods sold ex depreciation	-6.711	-268	-	-	-6.979
Depreciation	-7.469	-	-	-	-7.469
Gross profit	**2.600**	**19**	**612**	**-612**	**2.619**
Exploration cost expensed	-911	-	-	-	-911
Administrative expense	-3.530	-137	-570	612	-3.625
Other income	502	-	-	-	502
Result from operating activities	**-1.339**	**-118**	**42**	-	**-1.415**
Finance income	1.381	-	2.135	-2.125	1.391
Finance costs	-2.565	-	-4.350	2.125	-4.790
Loss before income tax	**-2.523**	**-118**	**-2.173**	**-**	**-4.814**
Income tax expense	653	-	-	-	653
Loss for the period	**-1.870**	**-118**	**-2.173**	-	**-4.161**
Other comprehensive Income	-	-	-	-	-
Total comprehensive income net of tax	**-1.870**	**-118**	**-2.173**	-	**-4.161**

For the 12 months period ended 31 December 2018 ((Unaudited)

Amounts in USD 1 000	**Colombia**	**Norway**	**Unall. / Elimin.**	**Group (continuing business**
Total Revenue	21.318	869	-869	21.318
Cost of goods sold ex depreciation	-9.195	-	-	-9.195
Depreciation	-9.438	-	-	-9.438
Gross profit	**2.685**	**869**	**-869**	**2.685**
Exploration cost expensed	-903	-	-	-903
Administrative expense	-5.109	-276	869	-5.702
Other income	681	-	-	681
Result from operating activities	**-2.646**	**593**	-	**-3.239**
Finance income	1.350	2.386	-2.373	1.337
Finance costs	-6.138	-4.232	2.373	-4.280
Loss before income tax	**-7.434**	**-1.253**	**-**	**-6.182**
Income tax expense	-983	-	-	-983
Loss for the period	**-8.417**	**-1.253**	-	**-7.165**
Other comprehensive Income	-7	-	-	-7
Total comprehensive income net of tax	**-8.424**	**-1.253**	-	**-7.172**

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Note 5. Sales and royalty

Amounts in USD 1 000	**For the 3 months period ended 31 December 2019**	**For the 3 months period ended 31 December 2018**	**For the 3 months period ended 30 September 2019**	**For the 12 months period ended 31 December 2019**	**For the 12 months period ended 31 December 2018**
Sale of oil					
Sale of oil – before royalty	2.866	3.133	3.055	13.139	18.499
Royalty	-197	-223	-197	-830	-1.153
Sale of oil – net	**2.669**	**2.910**	**2.858**	**12.309**	**17.346**
Sale of gas	800	492	793	2.757	2.015
Sale of services	503	469	495	2.001	1.957
Total sales	**3.972**	**3.871**	**4.146**	**17.067**	**21.318**

Note 6. Cost of goods sold

Amounts in USD 1 000	For the 3 months period ended 31 December 2019	For the 3 months period ended 31 December 2018	For the 3 months period ended 30 September 2019	For the 12 months period ended 31 December 2019	For the 12 months period ended 31 December 2018
Cost of goods sold					
Lifting costs *	1.588	1.771	1.281	5.409	7.143
Changes in inventory	-343	-107	233	-186	-178
Other cost of goods sold	638	305	0	1.756	2.230
Total cost of goods sold	**1.883**	**1.969**	**1.514**	**6.979**	**9.195**
Depreciation	**438**	**3.740**	**2.662**	**7.469**	**9.438**
*** Lifting costs,**					
Field production costs	855	1.244	578	2.789	3.708
Tariffs and transportation	280	271	374	1.219	1.572
Insurance	22	29	29	99	114
Production costs consultants	-46	63	56	92	282
Well services and work overs	254	39	9	587	1.053
Repairs and maintenance	120	125	111	395	414
Other production costs	103	-	124	228	-
Total lifting costs	**1.588**	**1.771**	**1.281**	**5.409**	**7.143**

Note 7. Finance income and cost

Amounts in USD 1 000	For the 3 months period ended 31 December 2019	For the 3 months period ended 31 December 2018	For the 3 months period ended 30 September 2019	For the 12 months period ended 31 December 2019	For the 12 months period ended 31 December 2018
Interest income	14	15	2	21	25
Realized / unrealized exchange	250	560	504	1.370	1.312
Total financial income	**264**	**575**	**506**	**1.391**	**1.337**
Interest expenses	852	828	807	3.194	3.136
Amortisation of debt issue cost	31	0	50	143	0
Realized / unrealized exchange	592	42	14	1.317	795
Other financial expenses	6	212	39	136	348
Total financial expenses	**1.481**	**1.082**	**910**	**4.790**	**4.279**
Finance expenses – net	**-1.217**	**-507**	**-404**	**-3.399**	**-2.942**

Note 8. Property plant and equipment

Amounts in USD 1 000	Oil production Assets	Other pp&e	Total
As of 31 December 2018	21.131	6.063	27.194
Additios	1.999	2.564	4.563
Assets acquisition	12.007	-	12.007
Amortization	-6.612	-857	-7.469
As of 31 December 2019	31.864	4.431	36.295

Note 9. Borrowings

Amounts in USD 1 000	As of 31 December 2019	As of 31 December 2018
Non-current		
Bond loan (2015 -2026 - 7.5%)	24.990	37.962
Bond loan (converted to equity 17 January 2020)	13.456	
Other non-current interest bearing liabilities	589	591
Total non-current interest bearing liabilities	**39.035**	**38.553**
Current		
Liabilities to financial institutions	2.016	1.826
Other non-current interest bearing liabilities	-	673
Total current interest bearing liabilities	**2.016**	**2.499**
Total interest bearing liabilities	**41.051**	**41.052**

The maturity of the Group's borrowings is as follows*

Amounts in USD 1000	As of 31 December 2019	As of 31 December 2018
0-12 months	2.016	2.499
Between 1 and 2 years	365	100
Between 2 and 5 years	224	37.962
Over 5 years	38.446	491
Total borrowings	**41.051**	**41.052**

* On January 17 2020, as approved by the board on December 30 2019, this loan was converted to Equity. As a result of this debt conversion Consolidated Equity increases from USD -5.03 Million to USD 8.075 Million. (see pro-forma Statement of financial position).

Bank loans USD 2,1 million

The Colombian branch has short term facilities with Banco de Occidente. The loans are secured with a USD 1 million cash collateral. The facilities were extended and are due to expire in November 2020. The facilites bears local IBR interest + margin from 4 to 4,5%.

Leasing USD 0,8 million

The Colombian branch has a leasing contract with Banco de Occidente for the offices in Bogota. The office was bought in 2016, sold to Banco de Occidente and leased back in 2017.

Bond loan USD 32 million

The Group issued a 5 year Senior Secured bond loan with a total loan amount of USD 32 million on 22 January 2015. On December 30th 2019, the bondholder's approved the proposal for debt to equity conversion and maturity extension. As a result, and after the shareholders approved the terms on January 16th, maturity has been extended 6 years until January 2026 and 35% of the outstanding bonds were converted into equity. The bond loan shall be repaid at the final maturity date at 100 % of par value, plus accrued and unpaid interest. The issuer may redeem the bonds in whole or in part at 105 % of face value plus accrued unpaid interest on the redeemed amount. The bonds have a nominal value of USD 1, and carry a fixed rate interest of 7.50 % payable semi-annually in arrears. .

The bond loan recognised in the statement of financial position is calculated as follows:

Amounts in USD 1 000	
Bond loan at issue date, 22 January 2015	32,000
PIK interest	5,436
Accrued interest	1,011
Borrowing costs (fees and legal expenses)	-696
Amortisation of debt issue cost	696
Balance at 31 December 2019	**38,446**

Note 10. Tax

Amounts in USD 1 000	**For the 3 months period ended 31 December 2019**	**For the 3 months period ended 31 December 2018**	**For the 3 months period ended 30 September 2019**	**For the 12 months period ended 31 December 2019**	**For the 12 months period ended 31 December 2018**
Current income tax:					
Current income tax charge	-355	304	394	-200	1.873
Deferred tax:					
Relating to origination and reversal of temporary differences	261	-74	-130	-453	-890
Income tax expense/(credit)	**-94**	**230**	**264**	**-653**	**983**

Note 11. Production and sales of oil in barrels and (boe)*

	For the 3 months period ended 31 December 2019	For the 3 months period ended 31 December 2018	For the 3 months period ended 30 September 2019	For the 12 months period ended 31 December 2019	For the 12 months period ended 31 December 2018
Production in barrels					
Colombia					
Working interest, barrels	51.529	52.433	50.521	205.697	275.804
Working interest, gas (boe)	40.690	24.710	42.315	140.266	106.781
Royalty	-5.928	-5.107	-5.971	-22.403	-24.054
Total production in barrels – net of royalty	**86.291**	**72.036**	**86.865**	**323.560**	**358.531**
Argentina					
Working interest, barrels	3.278	-	2.149	5.427	-
Total production in barrels – net of royalty	**3.278**	**-**	**2.149**	**5.427**	**-**
Sale of oil in barrels					
Colombia					
Sale of oil, barrels net	33.238	44.545	43.508	158.160	253.671
Oil royalties sold	9.418	631	9.179	35.723	4.517
Total sale in barrels	**42.656**	**45.176**	**52.687**	**193.883**	**258.188**
Argentina					
Sale of oil, barrels net	3.854	-	3.627	7.481	-
Total sale in barrels	**3.854**	**-**	**3.627**	**7.481**	**-**
Sale of gas in boe Colombia					
Sale of gas, boe net	35.482	21.548	36.898	122.312	93.112
Gas royalties sold	2.604	1.581	2.708	8.977	6.834
Total sale in barrels	**38.086**	**23.129**	**39.606**	**131.289**	**99.946**
Total Sales in boe					
Sale of boe net	72.574	66.093	84.033	287.953	346.783
Royalties sold	12.022	2.212	11.887	44.700	11.351
Total sale in barrels	**84.596**	**68.305**	**95.920**	**332.653**	**358.134**

* Barrels of oil equivalent

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