



Report for the third quarter of 2023

Interoil Exploration and Production ASA

WWW.INTEROIL.NO

Highlights in the period

- Interoil's net production in the first nine months of 2023 was 178,340 barrels of oil equivalents (boe), down from 223,342 boe in the same period in 2022.
- Revenues were USD 16.4 million compared with USD 15.7 million in the corresponding period the previous year. The increase is due to increased share in Argentina's operations.
- EBITDA in the first nine months of 2023 was USD 2.4 million, compared with USD 5.2 million in the same period of 2022.
- In November a new President was elected in Argentina, who will take charge on December 10. Mr. Milei has publicly announced a number of measures that should have a positive impact in the Company's business, including decrease of existing gap between the official exchange rate and the actual exchange rate between the Argentine peso and the US dollar, deregulation of O&G prices and other measures which would create a better business environment.
- By virtue of requests filed by Interoil Colombia to the Colombian hydrocarbons regulatory agency (ANH), the terms applicable to Interoil's drilling obligations in Llanos-47 and Altair have been postponed at least through October 2024 and July 2024, respectively. While no assurance can be given, postponement should continue beyond such dates as long as there are underlying reasons causing force majeure.

Key figures	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Gross production oil/gas (boe)	299.283	282.047	286.975	294.220	235.539	235.778	227.342
Gross production oil/gas (average boepd)	3.325	3.099	3.119	3.198	2.617	2.591	2.471
Net production oil/gas (boe)	76.583	73.862	72.897	70.043	54.661	54.310	69.369
Net production oil/gas (average boepd)	851	812	792	761	607	597	754
Oil price average (usd/bbl)	90,5	88,8	89,1	88,3	79,0	71,9	87,2
Revenues (USDm)	5,1	5,8	4,8	3,8	1,2	3,4	10,5
EBITDA	2,4	1,6	1,2	0,1	-0,1	0,0	2,4
Operating profit (USDm)	1,3	0,9	2,2	-0,5	-0,4	-0,5	1,2
Net loss/profit (USDm)	0,1	0,4	0,9	-1,6	-1,2	-2,7	-1,4

Net production: Represents the percentage of the participating interest corresponding to the Company in the different locations.

Portfolio overview

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

The Interoil portfolio consists of two producing licenses, two exploration licenses in Colombia, one exploration concession, and seven 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 the case of the blocks located in the Provinces of Jujuy and Chubut, and through an asset purchase agreement in the case of the concession located in the province of Santa Cruz.

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

Strategic transactions

In May 2023, the Company announced the acquisition, jointly with another Argentine company called Selva María Oil S.A. (SMO), of 65% of the concessions located in the Province of Santa Cruz (where the Company already had an 8.34% share) from Echo Energy PLC. This acquisition was completed in July 2023.

The Company serves as operator, while SMO served as operator of the joint venture immediately prior to the appointment of Interoil as operator. Echo retained a 5% working interest in the concessions.

The Company paid a cash consideration of £825,000, and £400,000 via transfer to Echo of IOX shares issued at a subscription price of 1.15 NOK per share.

Furthermore, SMO will provide a guarantee to cover Echo's remaining 5% interest in the joint venture. Additionally, the Company subscribed Echo shares for an aggregate amount £ 75,000, at a value of 0.065GBP per Echo share. This

transaction allowed Interoil to secure a substantial increase of its participating interest in the above-mentioned Santa Cruz Exploitation Concession adding a significant number of boepd to its equity production against a convenient consideration substantially payable in kind and with limited dilution.

The deal also resulted in an improvement of the joint venture ability to carry out actions for production increase through the incorporation of the former operator of the concessions as a new member of the joint venture, at the same time reducing the participation of Echo to an interest that better suits its current capabilities.

New gas sales contract

The UTE Santa Cruz has received Government approval to its filing before the Argentine National Secretariat of Energy for an application under the Gas Plan regime (Gas Plan 5.2) promoting gas production. Such approval awards to the UTE a new gas sales contract for prices substantially above those payable under current existing agreements.

The new conditional contract under Gas Plan 5.2 (Santa Cruz Sur Basin) was entered into with ENARSA (Energía Argentina Sociedad Anónima) and is for production volumes outside of those delivered under the existing gas contracts with industrial clients.

The new contract is applicable across all the Santa Cruz concessions and shall be in force through December 2028. The contract structure provides for a base volume and an incremental volume with different prices. Thus, the base volume of 1.06 MMscf/d (gross 100% JV) attracts a price of US\$3.46 per MMBTU.

Higher price

In turn, any incremental production volume delivered above the aforementioned base volume, and above the existing gas contracts with industrial clients, would achieve a gas price of US\$9.975 per MMBTU until April 2026, a price of US\$ 9.50 per MMBTU from May 2026 to December 2026 which reduces to US\$ 5.90 per MMBTU for the remaining period of the Gas Plan contract through December 2028.

These prices are materially above the existing average sales prices achieved by the UTE. Achieving these incremental production volumes requires an activity investment of around US\$ 5.3 million with an operational program that includes

approximately 13 individual workovers/ well interventions.

Financing

In July, the Company requested bondholders to approve a proposal to amend the terms of the Company's senior secured callable bonds enabling to settlement in kind of the full Interest Payment due in July 2023 by issuing and delivering additional Bonds with terms and conditions substantially equal to those of the outstanding Bonds. The Company also offered that the interest rate for all outstanding Bonds (from and including 31 July 2023), shall be increased from 7.50% p.a. to 8.50% p.a.

Outlook

In Argentina, the Company has been acquiring concessions in areas for exploration and

production and has resumed operations in several fields which had been suspended. The Company is in the process of carrying out actions aimed at the recovering production both in Argentina and Colombia. In addition to and in line with this, InterOil is working on improving revenues and has been granted a benefit by virtue of which incremental gas produced in Santa Cruz,, Argentina, is being paid at prices three – 3 – times the prior gas prices. All these require investments to maximize benefits on these business opportunities.

Statement of responsibility

The Board of Directors and the General Manager have reviewed and approved the unaudited three-month interim financial report for the period 1 July to 30 September 2023.

The interim report has been prepared following IAS 34 “Interim Financial Reporting” in the context of the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Norwegian disclosure requirements for interim financial reports of listed public limited companies.

We consider, to the best of our knowledge, the accounting policies applied to be appropriate. Accordingly, the interim report gives a true and fair view of the Group’s assets, liabilities, financial position and results as of 30 September 2023.

Oslo, Nov 29th, 2023

The Board of Interoil Exploration and Production ASA.

Hugo Quevedo
Chairman
(signed)

Nicolas Acuña
Board Member
(signed)

Carmela Saccomanno
Board member
(signed)

Isabel Valado Ramudo
Board Member
(signed)

German Ranftl
Board Member
(signed)

Laura Marmol
Board Member
(signed)

Leandro Carbone
General Manager
(signed)

Consolidated interim statement of comprehensive income

Amounts in USD 1 000	For the 3 months period ended 30 September 2023	For the 3 months period ended 30 September 2022	For the 3 months period ended 30 June 2023	For the 9 months period ended 30 September 2023	For the 9 months period ended 30 September 2022
Sales	10.512	4.826	3.354	16.408	15.134
Cost of goods sold ex depreciation	-4.569	-891	-968	-6.866	-4.773
Depreciation	-1.263	-966	-500	-2.115	-2.815
Gross profit	4.680	2.969	1.886	7.427	7.546
Exploration cost expensed	-383	-300	-23	-481	-330
Operating expenses	-3.494	-717	-2.333	-7.059	-3.651
Other (expense)/income	374	220	-68	350	639
Result from operating activities	1.177	2.172	-538	237	4.204
Finance expense – net	-2.310	-460	-2.026	-4.830	-1.625
Loss before income tax	-1.134	1.712	-2.564	-4.593	2.579
Income tax (expense)/credit	-275	-861	-163	-709	-1.171
(Loss) Profit from continuing operations	-1.408	851	-2.727	-5.303	1.408

Notes 1 to 10 are an integral part of these condensed consolidated financial statements.

Consolidated interim statement of financial position

	As of 30 Sep 2023	As of 31 Dec 2022
ASSETS		
Non-current assets		
Property, plant and equipment	20.651	18.018
Exploration and evaluation assets	3.605	3.605
Total non-current assets	24.256	21.623
Current assets		
Inventories	446	374
Trade and other receivables	16.968	3.731
Cash and cash equivalents, restricted	2.351	5.980
Cash and cash equivalents, non restricted	1.483	2.410
Total current assets	21.248	12.495
TOTAL ASSETS	45.504	34.118
TOTAL EQUITY	- 8.279	- 2.976
LIABILITIES		
Non-current liabilities		
Borrowings	25.061	21.509
Retirement benefit obligations	282	260
Provisions for other liabilities and charges	4.890	3.535
Other long-term payables	635	630
Total non-current liabilities	30.868	25.934
Current liabilities		
Borrowings and interest bearing liabilities	611	2.310
Trade and other payables	16.800	3.991
Income tax payable	4.494	2.382
Provisions for other liabilities and charges	1.010	2.477
Total current liabilities	22.915	11.160
TOTAL LIABILITIES	53.783	37.094

Notes 1 to 10 are an integral part of these condensed consolidated financial statements.

Consolidated interim statement of changes in equity

Amounts in USD 1 000	Share capital and share premium	Other paid-in equity	Retained earnings	Total equity
Balance at 31 December 2021	163.686	4.744	-172.633	-4.203
Capital increase - shares issued	1.922			1.922
Loss for the period			-695	-695
Balance at 31 December 2022	165.608	4.744	-173.328	-2.976
Loss for the period	-	-	5.303	5.303
Balance at 30 September 2023	165.608	4.744	-178.631	-8.279

Consolidated interim cash flow statement

Amounts in USD 1 000	For the 9 months period ended 30 September 2023	For the 12 months period ended 31 December 2022
	(unaudited)	(audited)
Cash generated from operations		
Comprehensive loss for the period	-5.303	-695
Interest expense	1.886	2.282
Depreciation, amortization and impairment	2.115	3.745
Change in tax payable	2.112	2.197
Changes in assets & liabilities		
Inventories	-74	195
Trade and other receivables	-13.237	-1.616
Trade and other payables / provision and other liabilities	12.725	-4.171
Net cash generated operating activities	224	1.937
Cash flows from investing activities		
Changes in restricted cash classification	3.629	-294
Capital expenditures	-4.749	-1.676
Net cash used in investing activities	-1.120	-1.970
Cash flows from financing activities		
Net interest paid	-728	-1.956
Capital increase	0	1.918
Increase in borrowings	695	-1.897
Net cash used in financing activities	-32	-1.935
Net change in cash and cash equivalents	-928	-1.968
Non restricted cash and cash equivalents at beginning of the period	2.410	4.378
Non restricted cash and cash equivalents at end of the period	1.482	2.410

Note 1. Corporate information

Interoil Exploration and Production ASA is an independent oil and gas exploration and production company, with offices in Buenos Aires, Argentina, and Bogota, Colombia. The company is listed on the Oslo Stock Exchange with the ticker "IOX". The Company is registered in the Register of Business Enterprises with organisation number 988 247 006.

Interoil is involved in the acquisition, exploration, development and operation of oil and natural gas properties in South America. Several projects are being evaluated; both producing fields and prospecting areas.

Interoil's current asset portfolio is focused on onshore E&P contracts in Colombia and Argentina. The company aims to expand its portfolio through further acquisitions, purchase of license shares and license applications or awarded permits and licenses mainly in South America

The condensed consolidated interim financial information for the period ended 30 September 2023 includes the Company and its subsidiaries. This condensed consolidated interim financial information has been authorised for issue by the Board of Directors on 29 November 2023.

Note 2. Accounting policies

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

Interim period results are not necessarily indicative of results of operations or cash flows for an annual period.

Should the Group be affected by the consequences of the exploration activities, the valuation of the Group's assets will need to be further revised; leading to potential further impairment.

The condensed interim financial information is unaudited.

Note 3. Segment information

For the 9 months period ended 30 September 2023

Amounts in USD 1 000	Colombia	Argentina	Norway/Corp	Group
Total revenue	8.116	8.292	-	16.408
Cost of goods sold ex depreciation	-3.316	-3.550	-	-6.866
Depreciation	-1.135	-980	-	-2.115
Gross profit	3.665	3.762	0	7.427
Exploration cost expensed	-481	-	-	-481
Operating expenses	-840	2.472	-3.747	-7.059
Other income	171	-	179	350
Result from operating activities	2.515	1.290	-3.568	237
Finance expense – net	-1.348	1.469	-2.012	-4.830
Loss before income tax	1.167	-180	-5.580	-4.593
Income tax expense	-709	-	-	-709
Loss for the period	457	-180	-5.580	-5.303

For the 9 months period ended 30 September 2022

Amounts in USD 1 000	Colombia	Argentina	Norway/Corp	Group
Total revenue	14.161	973	-	15.134
Cost of goods sold ex depreciation	-4.388	-385	-	-4.773
Depreciation	-2.607	-208	-	-2.815
Gross profit	7.166	380	0	7.546
Exploration cost expensed	-330	-	-	-330
Operating expenses	-739	690	-2.223	-3.652
Other income	145	-	494	639
Result from operating activities	6.242	-310	-1.729	4.203
Finance expense – net	101	305	-2.031	-1.625
Loss before income tax	6.343	-5	-3.760	2.578
Income tax expense	-1.171	-	-	-1.171
Loss for the period	5.172	-5	-3.760	1.407

Note 4. Finance expenses

Amounts in USD 000	For the 9 months period ended 30 September 2023		For the 9 months period ended 30 September 2022	
Interest expense	-	1.886	-	2.282
Exchange loss	-	2.861	-	1.302
Other	-	83	-	645
Net finance expenses	-	4.830	-	1.625

Note 5. Borrowings

Amounts in USD 000	Interest rate	Maturity	As of 30 Sep 2023	As of 31 Dec 2022
<i>Non current:</i>				
Corporate bond	8,50%	Jan 2026	24.845	21.616
Other loans (Colombia)			216	464
Total non current borrowings:			25.061	22.080
<i>Current:</i>				
Corporate bond			-	1.282
Other loans (Colombia)			611	457
Total current interest-bearing liabilities			611	1.739
Total borrowings			25.673	23.819

INTEROIL EXPLORATION AND PRODUCTION ASA

c/o Advokatfirmaet Schjødt AS
Oslo, Norway
info@interoil.no
ir@interoil.no