



## Report for the third quarter and first nine months of 2019

### Interoil Exploration and Production ASA

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## Key figures

	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Gross production oil/gas (boe)	149 477	96 812	103 241	96 297	117 822	127 203
Production oil/gas (average boepd)	1 625	1 052	1 122	1 077	1 280	1 382
Oil/gas sold (boe)	115 012	65 679	68 305	68 036	84 101	95 920
Oil price average (usd/bbl)	70.7	70.4	62.8	62.0	66.6	60.2
Revenues (USDm)*	7.4	3.9	3.9	3.8	4.7	4.0
EBITDA adjusted for exploration expenses* (USDm)	4.0	1.2	1.8	1.4	2.1	2.1
Operating profit (USDm)	1.5	-0.1	-5.4	-0.5	-0.8	-0.7
Exploration expenses (USDm)	0.1	0.2	0.3	-	-0.4	-0.5
Net loss/profit (USDm)	0.1	-0.8	-6.1	-1.7	-0.6	-1.4
Cash and cash equivalents at end of period (USDm)	7.9	6.4	8.6	7.3	8.0	7.1

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

## Highlights in the quarter

- Gross production increased by 5.7 % in Q3 2019 compared with the previous quarter, partly as a result of increased gas production in the Puli C field and start of oil production in Argentina.
- InterOil's EBITDAX in Q3 2019 was USD 2.1 million, compared with a USD 2.1 in Q2 2019. In the first nine months of 2019, EBITDAX was USD 5.6 million, compared with USD 8.4 in the same period in the previous year.

## 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.

InterOil's portfolio consists of two producing licenses and two exploration licenses in Colombia and one exploration 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.

InterOil has oil production in Colombia and part of the company's strategy is to extract value from its exploration licenses in Colombia and Argentina and use the proceeds to develop these assets and/or acquire new ones.

### Colombia - exploration

In Colombia InterOil holds a 100 % working interest in the Llanos LLA-47 exploration block covering an area of 447 km<sup>2</sup>, 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.

In 2017, the first exploration well drilled in LLA-47, the Vikingo-x1 well, was an instant success and production could start immediately from temporary production equipment (see more information about production below).

The Vikingo well also produced new and valuable insight about the geology in the area. This prompted InterOil to carry out extensive additional analysis of three-dimensional seismic data of the area.

Further drilling in Colombia is on hold and pending restructuring of the company's bond loan (see balance sheet section below).

### Colombia - production

Working interest production of oil and gas increased from 88,642 boe in Q2 to 92,835 boe in Q3 2019. Production in the nine months of the year was 253,744 boe compared with 305,422 boe in the same period of 2018.

Oil prices decreased during the quarter from USD 66.6/bbl average Q2 to USD 60.2/bbl average in Q3 2019. Gas price was stable. The number of barrels sold during the period was 92,294 compared with 84,101 bbls in Q2 2019.

Production from the Vikingo well resumed in February 2019, when InterOil had agreed with Perenco to transport Vikingo oil through a nearby pipeline instead of by truck, which had proven

to be an unreliable solution. Since February, Vikingo production has continued without significant interruption.

The Puli C licence comprises the following three producing fields: Mana, Rio Opia and Ambrosia. For the past several months Interoil has been working on a new dynamic model to better understand the behaviour and potential of the field. In October, after studying the static model, we identified 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.

In parallel Interoil continues working to meet the requirements for an upgrade of the environmental license for the fields, which would allow installation of the gas treatment facilities and further improve production and export capacity from the fields. Until plans are approved, the processing equipment will remain stacked in the US.

### Argentina - operations

With the successful acquisition of majority interests in three licenses in Argentina in the second quarter this year, 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 is operator 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 on this license, holding an 80 % working interest.

Interoil has started with its field optimization strategy in Mata Magallanes Oeste field in Argentina. Facilities have been re-engineered aiming at optimizing gas flow and gas-lines optimal working pressure. This initial field optimization allowed us to use the exceeding gas to fuel four new wells back on-stream in late August. Workover program is being planned and waiting on available drilling equipment in the area.

### P&L comments

Quarterly revenues decreased by 10.6% from USD 4.7 million in Q2 to USD 4.2 million in Q3 2019. The main reasons were the decrease in oil prices.

Q3 2019 operating result including exploration costs expensed was negative USD 0.8 million, the same for the corresponding figure in Q2, caused mainly by recognition of expenses for the Argentina operation.

Net finance cost for the quarter of USD 0.4 million while in Q2 was USD 0.8 million, mostly related to interest expenses. Loss before income tax was USD 1.2 million compared with a USD 1.6 million loss in Q2.

Total comprehensive loss for Q3 2019 amounted to USD 1.5 million (Q2: USD 0.6 million loss).

Revenues in the nine months of 2019 was USD 13.0 million compared with USD 17.4 million in the same period 2018. Total comprehensive loss in the nine months of 2019 was USD 3.6 million compared with USD 0.9 million in the same period of 2018.

### Balance Sheet and Equity

Non-current assets increased during 2019 to USD 13.9 million net, corresponding to the assets acquisition in Argentina for USD 13 million, reaching a net amount of USD 36.0 at the end of the Q3. Interoil held USD 6.9 million in cash at the end of the quarter, of which USD 5.6 million was restricted. The restricted cash relates primarily to cash collateral for guarantees and loans.

As of September 30th, 2019, book equity for the consolidated Group was USD negative 6.1 million.

Of Interoil's non-current liabilities of USD 4.3 million, USD 2.5 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 a leasing for offices in Bogota of USD 0.6 million.

Current liabilities of USD 48.3 million are comprised by USD 39.7 million relates to the USD bond loan and USD 8.6 million of trade and other payables/provisions.

The bond loan matures in January 2020 and the company does not now hold the required liquidity to repay it. The company is in advanced discussion with the bondholders on several alternatives. Whereas no final decision or agreement have been reached the Board of Directors is confident that a sound solution will be reached.

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 the first nine months of 2019 cash flow from operations was USD 5.2 million, financing cash outflow was USD 3.0 million and cash outflow from investing activities was USD 4.5 million.

Financial cash flow related to interest payments of USD 2.2 million and repayment of loans of USD 1.0 million.

The Group had a net cash outflow of USD 2.3 million in the first nine months of 2019.

### Outlook

Interoil has strengthened its position in Latin America with the recent transformative acquisition of assets in Argentina. Interoil looks forward to continue building and developing an attractive and diversified portfolio in the region.

In the short term, restructuring and refinancing of the company's debt has the highest priority. Meanwhile, Interoil continues to

diligently manage production from its fields in Colombia and Argentina.

Revenues generated from production is the financial backbone of InterOil's activities and will help fund operations and

investments aimed at increasing recovery rate and removing bottle-necks in the processing and product export solutions, as well as new exploration wells in Colombia and Argentina.

## Consolidated interim statement of comprehensive income

Amounts in USD 1 000	Note	For the 3 months period ended 30 September 2019	For the 3 months period ended 30 September 2018	For the 3 months period ended 30 June 2019	For the 9 months period ended 30 September 2019	For the 9 months period ended 30 September 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales	4	4,146	3,922	4,673	13,095	17,447
Cost of goods sold ex depreciation	5	-1,514	-1,938	-1,616	-5,096	-7,226
Depreciation	5	-2,662	-1,065	-2,447	-7,031	-5,698
<b>Gross profit</b>		<b>-30</b>	<b>919</b>	<b>610</b>	<b>968</b>	<b>4,523</b>
Exploration cost expensed		-149	-231	-393	-565	-555
Administrative expense		-836	-722	-1,067	-2,805	-2,323
Other (expense)/income		169	-68	69	284	567
<b>Result from operating activities</b>		<b>-846</b>	<b>-102</b>	<b>-781</b>	<b>-2,118</b>	<b>2,212</b>
Finance income	6	506	366	386	1,127	762
Finance cost	6	-910	-1,110	-1,213	-3,309	-3,197
<b>Finance expense – net</b>		<b>-404</b>	<b>-744</b>	<b>-827</b>	<b>-2,182</b>	<b>-2,435</b>
<b>Loss before income tax</b>		<b>-1,250</b>	<b>-846</b>	<b>-1,608</b>	<b>-4,300</b>	<b>-223</b>
Income tax (expense)/credit	9	-263	71	1,041	559	-753
<b>Loss profit from continuing operations</b>		<b>-1,513</b>	<b>-775</b>	<b>-567</b>	<b>-3,741</b>	<b>-976</b>
Other comprehensive loss		-	-	-	-	-
<b>Total comprehensive loss for the period, net of tax</b>		<b>-1,513</b>	<b>-775</b>	<b>-567</b>	<b>-3,741</b>	<b>-976</b>
<b>Attributable to:</b>						
Equity holders of the parent		-1,513	-775	-567	-3,741	-976
		-1,513	-775	-567	-3,741	-976
<b>(Loss)/profit per share (expressed in USD)</b>						
– basic and diluted – total		-0.02	-0.01	-0.01	-0.04	-0.02
– basic and diluted – continuing operations		-0.02	-0.01	-0.01	-0.04	-0.02

## Consolidated interim statement of financial positions

Amounts in USD 1 000		As of 30 September, 2019	As of 31 December, 2018
		(Unaudited)	(Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	36,003	27,194
Other non-current assets		769	1,590
<b>Total non-current assets</b>		<b>36,772</b>	<b>28,784</b>
<b>Current assets</b>			
Inventories		605	606
Trade and other receivables		3,013	2,021
Cash and cash equivalents, restricted		4,823	4,057
Cash and cash equivalents, non-restricted		1,335	3,655
<b>Total current assets</b>		<b>9,776</b>	<b>10,339</b>
<b>TOTAL ASSETS</b>		<b>46,548</b>	<b>39,123</b>
<b>EQUITY</b>			
Share capital and share premium		140,585	129,135
Other paid-in equity		4,744	4,744
Retained earnings		-151,445	-147,705
<b>Total equity</b>		<b>-6,116</b>	<b>-13,826</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	8	598	38,553
Deferred tax liabilities		1,212	1,614
Retirement benefit obligations		631	673
Provisions for other liabilities and charges		1,889	1,951
<b>Total non-current liabilities</b>		<b>4,330</b>	<b>42,791</b>
<b>Current liabilities</b>			
Trade and other payables		7,617	6,163
Income taxes payable		243	747
Current interest-bearing liabilities	8	39,761	2,499
Provisions for other liabilities and charges		713	749
<b>Total current liabilities</b>		<b>48,334</b>	<b>10,158</b>
<b>TOTAL LIABILITIES</b>		<b>52,664</b>	<b>52,948</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>46,548</b>	<b>39,123</b>

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

## Consolidated interim statement of changes in equity

As of 30 September 2019

Amounts in USD 1 000	Share capital and share premium	Other paid-in equity	Retained earnings	Total equity
<b>Balance at 31 December 2018</b>	<b>129,135</b>	<b>4,744</b>	<b>-147,705</b>	<b>-13,826</b>
				(Audited)
Total comprehensive loss for the period	-	-	-1,160	-1,160
<b>Balance at 31 March 2019</b>	<b>129,135</b>	<b>4,744</b>	<b>-149,365</b>	<b>-15,486</b>
				(Unaudited)
Total comprehensive loss for the period	-	-	-567	-567
Capital increase	9,100	-	-	9,100
<b>Balance at 30 June 2019</b>	<b>138,235</b>	<b>4,744</b>	<b>-149,932</b>	<b>-6,953</b>
				(Unaudited)
Total comprehensive loss for the period	-	-	-1,513	-1,513
Capital increase	2,350	-	-	2,350
<b>Balance at 30 September 2019</b>	<b>140,585</b>	<b>4,744</b>	<b>-151,445</b>	<b>-6,116</b>

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 9 months period ended 30 September 2019	For the 9 months period ended 30 September 2018	For the 12 months period ended 31 December 2018
		(Unaudited)	(Unaudited)	(Audited)
<b>Cash generated from operations</b>				
Comprehensive loss for the period – continuing operations		-3,741	-976	-7,172
<b>Total comprehensive loss of the period</b>		<b>-3,741</b>	<b>-976</b>	<b>-7,172</b>
Depreciation, amortization and impairment		7,177	5,855	9,623
Change in retirement benefit obligation		-42	32	-35
Interest income	6	-8	-10	-25
Interest expense	6	2,342	1,308	3,160
Other net financial expense		129	138	-146
<b>Changes in assets &amp; liabilities</b>				
Inventories		1	-92	-126
Trade and other receivables		-992	-908	1,241
Trade and other payables / provision and other liabilities		350	-795	1,574
<b>Net cash generated from operating activities</b>		<b>5,216</b>	<b>5,551</b>	<b>8,904</b>
<b>Cash flows from investing activities</b>				
Net increase of PP&E		-4,536	-3,014	-4,385
<b>Net cash used in investing activities</b>		<b>-4,536</b>	<b>-3,014</b>	<b>-4,385</b>
<b>Cash flows from financing activities</b>				
Interest paid		-2,246	-1,864	-2,496
Repayment of borrowings		-986	-1,777	-1,066
Proceeds from new loans		177	-	714
Increase in non-current assets		821	-	-673
Changes in restricted cash classification		-766	-124	-221
<b>Net cash used in financing activities</b>		<b>-3,000</b>	<b>-3,765</b>	<b>3,742</b>
<b>Net change in cash and cash equivalents</b>		<b>-2,320</b>	<b>-1,228</b>	<b>-33</b>
Non restricted cash and cash equivalents at beginning of the period		3,655	3,688	3,688
<b>Non restricted cash and cash equivalents at end of the period</b>		<b>1,335</b>	<b>2,460</b>	<b>3,655</b>

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 30 September 2019 included the company and its subsidiaries. This condensed consolidated interim financial information has been authorised for issue by the Board of Directors on 28 November 2019.

## 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. Segment information

For the 3 months period ended 30 September 2019 (Unaudited)

Amounts in USD 1 000	Colombia	Argentina	Norway	Unall. / Elimin.	Group (continuing business)
Total revenue	4,013	134	159	-159	4,146
Cost of goods sold ex depreciation	-1,375	-140	-	-	-1,514
Depreciation	-2,662	-	-	-	-2,662
<b>Gross profit</b>	<b>-24</b>	<b>-6</b>	<b>159</b>	<b>-159</b>	<b>-30</b>
Exploration cost expensed	-149	-	-	-	-149
Administrative expense	-836	-	-159	159	-836
Other income	169	-	-	-	169
<b>Result from operating activities</b>	<b>-840</b>	<b>-6</b>	<b>-</b>	<b>-</b>	<b>-846</b>
Finance income	504	-	522	-520	506
Finance costs	-314	-	-1,116	520	-910
<b>Loss before income tax</b>	<b>-650</b>	<b>-6</b>	<b>-594</b>	<b>-</b>	<b>-1,250</b>
Income tax expense	-264	-	-	-	-263
<b>Loss for the period</b>	<b>-914</b>	<b>-6</b>	<b>-594</b>	<b>-</b>	<b>-1,513</b>
Other comprehensive Income	-	-	-	-	-
<b>Total comprehensive income net of tax</b>	<b>-914</b>	<b>-6</b>	<b>-594</b>	<b>-</b>	<b>-1,513</b>

As of 30 September 2019 (Unaudited)

Amounts in USD 1 000	Colombia	Argentina	Norway	Unall. / Elimin.	Group (continuing business)
<b>Financial position*</b>					
Property, plant and equipment	21,529	12,007	-	2,467	36,003
Current interest-bearing liabilities	2,033	-	37,728	,	39,761

\* 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 30 September 2018 (Unaudited)

Amounts in USD 1 000	Colombia	Norway	Unall. / Elimin.	Group (continuing business)
Total revenue	3,922	144	-144	3,922
Cost of goods sold ex depreciation	-1,938	-	-	-1,938

Depreciation	-1,065	-	-	-1,065
<b>Gross profit</b>	<b>919</b>	<b>144</b>	<b>-144</b>	<b>919</b>
Exploration cost expensed	-231	-	-	-231
Administrative expense	-708	-160	144	-722
Other income	-62	-6	-	-68
<b>Result from operating activities</b>	<b>-82</b>	<b>-22</b>	<b>-</b>	<b>-102</b>
Finance income	362	587	-583	366
Finance costs	-1,113	-580	583	-1,110
<b>Loss before income tax</b>	<b>-832</b>	<b>-15</b>	<b>-</b>	<b>-846</b>
Income tax expense	-293	-	366	71
<b>Loss for the period</b>	<b>-1,125</b>	<b>-15</b>	<b>366</b>	<b>-774</b>
Other comprehensive Income	-	-	-	-
<b>Total comprehensive income net of tax</b>	<b>-1,125</b>	<b>-15</b>	<b>366</b>	<b>-774</b>

**For the 9 months period ended 30 September 2019 (Unaudited)**

Amounts in USD 1 000	Colombia	Argentina	Norway	Unall. / Elimin,	Group (continuing business)
Total revenue	12,961	134	485	-485	13,095
Cost of goods sold ex depreciation	-4,956	-140	-	-	-5,096
Depreciation	-7,031	-	-	-	-7,031
<b>Gross profit</b>	<b>974</b>	<b>-6</b>	<b>485</b>	<b>-485</b>	<b>968</b>
Exploration cost expensed	-565	-	-	-	-565
Administrative expense	-2,668	-137	-485	485	-2,805
Other income	284	-	-	-	284
<b>Result from operating activities</b>	<b>-1,975</b>	<b>-143</b>	<b>-</b>	<b>-</b>	<b>-2,118</b>
Finance income	1,119	-	1,620	-1,612	1,127
Finance costs	-1,680	-	-3,241	1,612	-3,309
<b>Loss before income tax</b>	<b>-2,536</b>	<b>-143</b>	<b>-1,621</b>	<b>-</b>	<b>-4,300</b>
Income tax expense	-559	-	0	-	559
<b>Loss for the period</b>	<b>-1,977</b>	<b>-143</b>	<b>-1,621</b>	<b>-</b>	<b>-3,741</b>
Other comprehensive Income	-	-	-	-	-
<b>Total comprehensive income net of tax</b>	<b>-1,977</b>	<b>-143</b>	<b>-1,621</b>	<b>-</b>	<b>-3,741</b>

**For the 9 months period ended 30 September 2018 ((Unaudited)**

Amounts in USD 1 000	Colombia	Norway	Unall. / Elimin.	Group (continuing business)
Total Revenue	17,447	723	-723	17,447
Cost of goods sold ex depreciation	-7,226	-	-	-7,226
Depreciation	-5,698	-	-	-5,698
<b>Gross profit</b>	<b>4,523</b>	<b>723</b>	<b>-723</b>	<b>4,523</b>

Exploration cost expensed	-555	-	-	-555
Administrative expense	-2,356	-691	723	-2,323
Other income	567	-	-	567
<b>Result from operating activities</b>	<b>2,179</b>	<b>32</b>	<b>-</b>	<b>2,212</b>
Finance income	750	1,797	-1,785	762
Finance costs	-1,830	-3,151	1,785	-3,197
<b>Loss before income tax</b>	<b>1,099</b>	<b>-1,322</b>	<b>-</b>	<b>-223</b>
Income tax expense	-1,119	-	366	-753
<b>Loss for the period</b>	<b>-20</b>	<b>-1,322</b>	<b>366</b>	<b>-976</b>
Other comprehensive Income	-	-	-	-
<b>Total comprehensive income net of tax</b>	<b>-20</b>	<b>-1,322</b>	<b>366</b>	<b>-976</b>

## Note 4. Sales and royalty

Amounts in USD 1 000	For the 3 months period ended 30 September 2019	For the 3 months period ended 30 September 2018	For the 3 months period ended 30 June 2019	For the 9 months period ended 30 September 2019	For the 9 months period ended 30 September 2018
<b>Sale of oil</b>					
Sale of oil – before royalty	3,055	3,118	3,695	10,273	15,366
Royalty	-197	-230	-232	-633	-930
Sale of oil – net	<b>3,463</b>	<b>2,888</b>	<b>5,239</b>	<b>9,640</b>	<b>14,436</b>
Sale of gas	793	516	706	1,957	1,523
Sale of services	495	518	504	1,498	1,488
<b>Total sales</b>	<b>4,146</b>	<b>3,922</b>	<b>4,637</b>	<b>13,095</b>	<b>17,447</b>

## Note 5. Cost of goods sold

Amounts in USD 1 000	For the 3 months period ended 30 September 2019	For the 3 months period ended 30 September 2018	For the 3 months period ended 30 June 2019	For the 9 months period ended 30 September 2019	For the 9 months period ended 30 September 2018
<b>Cost of goods sold</b>					
Lifting costs *	1,281	1,811	1,294	3,821	5,372
Changes in inventory	233	27	55	157	-71
Other cost of goods sold	-	100	267	1,118	1,925
<b>Total cost of goods sold</b>	<b>1,514</b>	<b>1,938</b>	<b>1,616</b>	<b>5,096</b>	<b>7,226</b>

<b>Depreciation</b>	<b>2,662</b>	<b>1,065</b>	<b>2,447</b>	<b>7,031</b>	<b>5,698</b>
<b>* Lifting costs, specifications:</b>					
Field production costs	578	720	760	1,934	2,464
Tariffs and transportation	374	236	297	939	1,301
Insurance	29	28	25	77	85
Production costs consultants	56	38	68	138	219
Well services and work overs	9	689	51	333	1,014
Repairs and maintenance	111	100	93	275	289
Other production costs	125	-	-	125	-
<b>Total lifting costs</b>	<b>1,282</b>	<b>1,811</b>	<b>1,294</b>	<b>3,821</b>	<b>5,372</b>

## Note 6. Finance income and cost

<b>Amounts in USD 1 000</b>	<b>For the 3 months period ended 30 September 2019</b>	<b>For the 3 months period ended 30 September 2018</b>	<b>For the 3 months period ended 30 June 2019</b>	<b>For the 9 months period ended 30 September 2019</b>	<b>For the 9 months period ended 30 September 2018</b>
Interest income	2	5	2	8	10
Realized / unrealized exchange rate	504	361	384	1,119	752
<b>Total financial income</b>	<b>506</b>	<b>366</b>	<b>386</b>	<b>1,127</b>	<b>762</b>
Interest expenses	807	777	791	2,342	2,308
Amortisation of debt issue cost	50	-	32	112	-
Realized / unrealized exchange rate	14	301	326	725	753
Other financial expenses	39	32	64	130	136
<b>Total financial expenses</b>	<b>910</b>	<b>1,110</b>	<b>1,213</b>	<b>3,309</b>	<b>3,197</b>
<b>Finance expenses – net</b>	<b>-404</b>	<b>-744</b>	<b>-827</b>	<b>-2,182</b>	<b>-2,435</b>

## Note 7. Property plant and equipment

<b>Amounts in USD 1 000</b>	<b>As of 30 September 2019</b>	<b>As of 31 December 2018</b>
Oil production Assets	29,793	21,131
Other pp&e	6,210	6,063
<b>Total property plant and equipment</b>	<b>36,003</b>	<b>27,194</b>

## Note 8. Borrowings

Amounts in USD 1 000	As of 30 September 2019	As of 31 December 2018
<b>Non-current</b>		
Bond loan denominated USD	-	37,533
Other non-current interest bearing liabilities	598	1,020
<b>Total non-current interest bearing liabilities</b>	<b>598</b>	<b>38,553</b>
<b>Current</b>		
Bond loan denominated USD	37,728	-
Liabilities to financial institutions	2,033	1,973
Other non-current interest bearing liabilities	-	1,526
<b>Total current interest bearing liabilities</b>	<b>39,761</b>	<b>2,499</b>
<b>Total interest bearing liabilities</b>	<b>40,359</b>	<b>41,052</b>

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

Amounts in USD 1000	As of 30 September 2019	As of 31 December 2018
0-12 months	39,761	2,499
Between 1 and 2 years	327	38,069
Between 2 and 5 years	271	361
Over 5 years	-	123
<b>Total borrowings</b>	<b>40,359</b>	<b>41,052</b>

#### 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 are due to expire in November 2019. The facilities 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. The bond loan will mature on 22 January 2020. 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 6.00 % 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	436

Borrowing costs (fees and legal expenses)	-696
Amortisation of debt issue cost	552
<b>Balance at 30 September 2019</b>	<b>37,728</b>

## Note 9. Tax

Amounts in USD 1 000	For the 3 months period ended 30 September 2019	For the 3 months period ended 30 September 2018	For the 3 months period ended 30 June 2019	For the 9 months period ended 30 September 2019	For the 9 months period ended 30 September 2018
<b>Current income tax:</b>					
Current income tax charge	395	446	-241	156	1,569
<b>Deferred tax:</b>					
Relating to origination and reversal of temporary differences	-131	-517	-800	-713	-816
<b>Income tax expense/(credit)</b>	<b>264</b>	<b>-71</b>	<b>-1,041</b>	<b>-559</b>	<b>753</b>

## Note 10. Production and sales of oil in barrels and (boe)\*

	For the 3 months period ended 30 September 2019	For the 3 months period ended 30 September 2018	For the 3 months period ended 30 June 2019	For the 9 months period ended 30 September 2019	For the 9 months period ended 30 September 2018
<b>Production in barrels</b>					
<b>Colombia</b>					
Working interest, barrels	50.521	42.757	54.125	154.168	223.371
Working interest, gas (boe)	42.315	26.227	34.517	99.576	82.071
Royalty	-5.971	-4.933	-5.693	-16.475	-18.947
<b>Total production in barrels – net of royalty</b>	<b>86.865</b>	<b>64.051</b>	<b>82.949</b>	<b>237.269</b>	<b>286.495</b>
<b>Argentina</b>					
Working interest, barrels	2.149	-	-	2.149	-
<b>Total production in barrels – net of royalty</b>	<b>2.149</b>	<b>-</b>	<b>-</b>	<b>2.149</b>	<b>-</b>
<b>Sale of oil in barrels</b>					
<b>Colombia</b>					
Sale of oil, barrels net	43.508	40.974	35.239	124.922	209.126
Oil royalties sold	9.179	157	16.554	26.305	3.886
<b>Total sale in barrels</b>	<b>52.687</b>	<b>41.131</b>	<b>51.793</b>	<b>151.227</b>	<b>213.012</b>
<b>Argentina</b>					
Sale of oil, barrels net	3.627	-	-	3.627	-
<b>Total sale in barrels</b>	<b>3.627</b>	<b>-</b>	<b>-</b>	<b>3.627</b>	<b>-</b>
<b>Sale of gas in boe Colombia</b>					
Sale of gas, boe net	36.898	22.869	30.099	86.830	71.564
Gas royalties sold	2.708	1.679	2.209	6.373	5.253
<b>Total sale in barrels</b>	<b>39.606</b>	<b>24.548</b>	<b>32.308</b>	<b>93.203</b>	<b>76.817</b>
<b>Total Sales in boe</b>					
Sale of boe net	84.033	63.843	65.338	215.379	280.690
Royalties sold	11.887	1.836	18.763	32.678	9.139
<b>Total sale in barrels</b>	<b>95.920</b>	<b>65.679</b>	<b>84.101</b>	<b>248.057</b>	<b>289.829</b>

\* Barrels of oil equivalent



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