Oil treatment plant
Mata Magallanes Oeste, Argentina

Report for the second quarter of 2020

Interoil Exploration and Production ASA

c/o Advokatfirmaet Schjødt AS
Ruseløkkveien 14
0251 Oslo, NORWAY
WWW.INTEROIL.NO
INFO@INTEROIL.NO

Key figures	Q1 2019	Q2 2019	Q3 2019	Q4 2019*	Q1 2020	Q2 2020
Gross production oil/gas (boe)	96 927	117 822	127 203	74 102	119 852	38 974
Production oil/gas (average boepd)	1 077	1 280	1 382	805	1 317	428
Oil/gas sold (boe)	68 036	84 101	95 920	84 596	87 664	26 478
Oil price average (usd/bbl)	62.0	66.6	60.2	59.3	49.6	26.7
Revenues (USDm)**	3.8	4.7	4.6	4.0	3.5	0.6
EBITDA adjusted (USDm)***	1.4	2.1	2.1	0.9	0.9	-0.6
Operating profit (USDm)	-0.5	-0.8	-0.8	-1.5	-1.6	-1.5
Exploration expenses (USDm)	-	-0.4	-0.1	-0.4	-0.2	-0.1
Net loss/profit (USDm)	-1.7	-0.6	-1.4	-3.9	-0.9	-2.5
Cash and cash equivalents (USDm)	7.3	8.0	7.1	5.2	5.3	4.5

* Some figures related to Q4, 2019 could differ from the figures presented in the Q4, 2019 report due to end year adjustments. Main adjustments corresponds to amortization and impairment calculation as a consequence of the results in the statements of reserves.

** Revenues related to Q3, 2019 differ from the figures presented in the Q4, 2019 report due to end year reclassifications.

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

Highlights in the quarter

- The COVID-19 pandemic had a major shock on the oil industry. In the case of Interoil that effect has impacted in its figures due to the fall of prices and decreased volumes.
- Gross production decreased by 67.5 % in Q2 2020 compared with Q1 2020 and 66.9% with the same period of last year.
- Interoil's EBITDA in Q2 2020 was negative USD 0.6 million, compared with a positive USD 0.9 in Q1 2020 and positive USD 2.1 in Q2 2019. Variation is related to a lower production, due to the halt of operations both in Mana and Vikingo and the collapse of the oil and gas prices.
- During the past months, Interoil went through a rightsizing process of its operations, staff and obligations in order to cope with the challenge of the new market conditions.
- On April 2020 Interoil received a notification from Turgas, our sole gas off-taker for the Mana and Ambrosia fields, that excess pressure was building in some points of the main trunk line. This forced Interoil to shut in all producing wells in those fields, affecting not only gas but also oil production.
- On April 7, 2020, the ANH issued Agreement 002/2020 (Acuerdo 002/2020) setting forth a framework of measures aimed at mitigating the impact of the emergency on companies with contracts with the ANH, including the extension of terms for exploration activities and the transfer of commitments between contracts with the ANH, among others. The Company applied for an extension of terms of 12 months both for Altair and LLA-47. The ANH granted to the Company the extension requested for Altair.
- On May 2020, Turgas notified Interoil that it would resume gas off-takings and Interoil restarted its deliveries accordingly.
- On May 2020, Interoil decided to temporarily close production at Vikingo as it was not economically viable with the prevailing oil price.
- On May 26 2020, the Company has agreed on a new credit line facility worth USD 1.8 million and with a term of 19 months.
- On June 8, Interoil declared and filed-in the commerciality of the Vikingo well with the E&P Colombian Authority ANH (*Agencia Nacional de Hidrocaburos)*

Subsequent events

- On July 16, the Company summoned the Bondholders for a written resolution to introduce certain flexibility in the payment terms of the interests on the Senior Secured Callable Bonds. The resolution was approved by the Bondholders on July 30.
- On July 17, Mr. Francisco Guillermo Vozza was appointed as new General Manager for the Company.
- On July 27, Interoil announced the reopening of Vikingo's operation after its temporarily closure in May. Vikingo's production has reached a stable flow of 250 barrels of oil per day. This production represented a 25 per cent rate increase over Vikingo's production prior to its shut-in.
- On August 13, the Company approved the sale of the gas processing plant located in Houston, Texas, for an amount of USD 2.0 million, a transaction that will improve the Company´s cash position. This approval does not entail an abandonment of the gas treatment project in Mana although a new plant will need to be set up at site
- On August 19, the national E&P Authority Agencia Nacional de Hidrocarburos (ANH) in Colombia granted an extension of 12 months for the LLA-47. This extension followed the one granted to the Company for its Altair license. The new expiration date of the exploration period for LLA-47 is 7 February 2022, while the new expiration date for Altair is 27 April 2021..

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 second quarter, Interoil's portfolio consists of two producing licenses and two exploration licenses in Colombia and 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 block 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 sale of petroleum and gas is being used to fund further exploration activities and development of these assets and/or acquire new ones

Colombia - operations

In Colombia Interoil holds a 100 % working interest in the Llanos LLA-47 exploration block covering an area of 447 km2, 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 by February 2022 and one more in Altair by April 2021.

In May, Interoil decided to temporarily close production at Vikingo as it was not economically viable with the prevailing oil price.

On July 27 Interoil announced the reopening of Vikingo's operation after its temporarily closure in May. Vikingo's production has reached a stable flow of 250 barrels of oil per day. This production represents a 25 per cent rate increase over Vikingo's production prior to its shut-in. Production increase at reopening is promising and comes at odds at what is regularly assumed in a well reopening after a shut-in period as long as Vikingo's closure, where it would be most likely to expect a small reduction in the flow rate when bringing the well back to production. The fact that Vikingo's production has stabilized with a 25 per cent positive increment is encouraging and indicative of a potential higher drainage area than that initially anticipated when decision was made to drill this well.

The increase also allows Interoil to remain positive about the LLA47 petroleum potential.

In relation with Vikingo's declaration of Commercial Discovery, Interoil shall submit two documents before regulatory authorities: (i) a Development Program (DP) to be filed with the Colombian National Hydrocarbons Agency (ANH) and (ii) an Environmental Impact Study (EIA) to be filed with the Colombian National Environmental Agency (ANLA).

The approval of the DP by the ANH and of EIA by the ANLA are mandatory steps in granting the Exploitation Concession for the Vikingo Discovery. Interoil has been working in the preparation and submission and expects their approval in the coming weeks.

Argentina - operations

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.

The **Santa Cruz** concessions 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 January 11th 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 Energy plc "ECHO", a company listed in the London Stock Exchange AIM, that in the last quarter of 2019 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 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 before royalties of oil and gas in Colombia and Argentina combined, was 29,414 boe in Q2 2020 compared to 88,695 boe in Q1 2020 (See note 10).

Quarterly revenues decreased by 82.6 % from USD 3.5 million in Q1, 2020 to USD 0.6 million in Q2 2020. The main reasons were production closing and lower prices.

Q2 2020 operating result including exploration costs expenses was USD -1.4 million compared with USD -1.6 in the previous quarter.

While in Q1 2020 there was a finance income of USD 1.5 million, for the Q2 2020 there is a cost of USD 2.1 million mainly related to bond interests and exchange rate gain due to Colombian peso devaluation. Loss before income tax was USD 3.6 million compared with a USD 0.2 million loss in Q1, 2020.

Total comprehensive loss for Q2 2020 amounted to USD 2.5 million (Q1, 2020: USD 0.9 million loss).

Balance Sheet and Equity

Interoil held USD 4.5 million in cash at the end of the quarter, of which USD 3.0 million was restricted. The restricted cash relates primarily to cash collateral for guarantees and loans.

As of 30 June 2020, book equity for the consolidated Group was USD 6.2 million, this reflects the net effect of 1 million of shares issued and the hight loss in the quarter.

Of Interoil's non-current liabilities of USD 23.7 million, USD 2.5 million relates to provisions and retirement benefit obligations, USD 0.5 million relates to deferred tax liabilities and long term borrowings (including bond loan) of USD 20.1 million.

Current liabilities of USD 10.4 million are comprised by trade and other payables/provisions of USD 6.7 million and short term borrowings (including current part of the bond loan) of USD 2.9 million.

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

2019), that are guaranteed with bank standby letters of credit and a surety insurance. Interoil complies with the ANH guarantee requirements.

Cash flow

At the end of Q2 2020 accumulated cash flow from operations was zero, financing cash outflow was USD 0.3 million and cash outflow from investing activities was USD 0.1 million.

Financial cash flow related to interest payments of USD 0.1 million and repayment of loans of USD 0.1 million.

The Group had a net cash outflow of USD 0.3 million during at the end of Q2 2020.

Outlook

During the past 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.

It is not possible for the Company to confidently assess the potential consequences of the COVID-19 and the significant drop in oil prices on the valuation of assets, as this would depend on factors such as how long the current crisis is expected to last and also in terms of potential impact on the Company's operations. Nevertheless the Company has taken measures to offset the financial and economic challenges for the short term and has revised its short-term price estimates in order to assess potential impact on cash flows and valuation of assets (such as PP&E and investments), or liabilities and provisions. Short term measures included a downsizing of the structure in Colombia, tight control of outflows of cash and active negotiations with existing providers in order to generate a sustainable working capital under current conditions.

Statement by the Board of Directors

The Board of Directors and the General Manager have today reviewed and approved the unaudited half-year interim financial report for the period 1 January to 30 June 2020.

The interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" in the context of the International Financial Reporting Standards (IFRS) as adopted by 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 result as at 30 June 2020.

Oslo, Board of Directors, 28 August 2020

Consolidated interim statement of comprehensive income

Amounts in USD 1 000	Note	For the 3 months period ended 30 June 2020	For the 3 months period ended 30 June 2019	For the 3 months period ended 31 March 2020	For the 6 months period ended 30 June 2020	For the 6 months period ended 30 June 2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales	4	629	4.673	3.457	4.086	8.499
Cost of goods sold ex depreciation	5	-883	-1.616	-1.925	-2.808	-3.132
Depreciation	5	-720	-2.447	-2.282	-3.002	-4.369
Gross profit		**-974**	**610**	**-750**	**-1.724**	**998**
Exploration cost expensed		-147	-393	-200	-347	-416
Administrative expense		-464	-1.067	-784	-1.248	-1.969
Other (expense)/income		125	69	129	254	115
Result from operating activities		**-1.460**	**-781**	**-1.605**	**-3.065**	**-1.272**
Finance income	6	104	386	2.399	2.503	621
Finance cost	6	-2.218	-1.213	-950	-3.168	-2.399
Finance expense – net		**-2.114**	**-827**	**1.449**	**-665**	**-1.778**
Loss before income tax		**-3.574**	**-1.608**	**-156**	**-3.730**	**-3.050**
Income tax (expense)/credit	9	1.110	1.041	-733	379	823
Loss profit from continuing operations		**-2.464**	**-567**	**-889**	**-3.351**	**-2.227**
Other comprehensive loss		-	-	-	-	-
Total comprehensive loss for the period, net of tax		**-2.464**	**-567**	**-889**	**-3.351**	**-2.227**
Attributable to:						
Equity holders of the parent		**-2.464**	**-567**	**-889**	**-3.351**	**-2.227**
(Loss)/profit per share (expressed in USD)						
– basic and diluted – total		-0,02	-0,01	-0,01	-0,03	-0,03
– basic and diluted – continuing operations		-0,02	-0,01	-0,01	-0,03	-0,03

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

Consolidated interim statement of financial positions

Amounts in USD 1 000	Note	As of 30 June, 2020	As of 31 December, 2019
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	32.694	34.628
Other non-current assets		1.579	1.764
Total non-current assets		**34.273**	**36.392**
Current assets			
Inventories		579	847
Trade and other receivables		943	1.231
Cash and cash equivalents, restricted		3.063	3.043
Cash and cash equivalents, non-restricted		1.450	1.767
Total current assets		**6.035**	**6.888**
TOTAL ASSETS		**40.308**	**43.280**
EQUITY			
Share capital and share premium		160.145	142.095
Other paid-in equity		4.744	4.744
Retained earnings		-158.697	-155.346
Total equity		**6.192**	**-8.507**
LIABILITIES			
Non-current liabilities			
Borrowings	8	20.161	39.042
Deferred tax liabilities		526	870
Retirement benefit obligations		590	677
Provisions for other liabilities and charges		2.474	2.754
Total non-current liabilities		**23.751**	**43.343**
Current liabilities			
Trade and other payables		6.787	5.756
Income taxes payable		-64	-72
Current interest-bearing liabilities	8	2.936	1.997
Provisions for other liabilities and charges		706	763
Total current liabilities		**10.365**	**8.444**
TOTAL LIABILITIES		**34.116**	**51.787**
TOTAL EQUITY AND LIABILITIES		**40.308**	**43.280**

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 June 2020

Amounts in USD 1 000	Share capital and share premium	Other paid-in equity	Retained earnings	Total equity
Balance at 31 December 2018	**129,135**	**4,744**	**-147,705**	**-13,826**
				(Audited)
Total comprehensive loss for the period	-	-	-7,641	-7,641
Capital increase	12,960	-	-	12,960
Balance at 31 December 2019	**142,095**	**4,744**	**-155,346**	**-8,507**
				(Unaudited)
Total comprehensive loss for the period	-	-	-3,351	-3,351
Capital increase	18,050	-	-	18,050
Balance at 30 June 2020	**160,145**	**4,744**	**-158,697**	**6,192**

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 6 months period ended 30 June 2020	For the 12 months period ended 31 December 2019
		(Unaudited)	(Audited)
Cash generated from operations			
Comprehensive loss for the period – continuing operations		-3.353	-7.641
Total comprehensive loss of the period		**-3.353**	**-7.641**
Depreciation, amortization and impairment		3.002	7.805
Interest income	6	-13	-21
Interest expense	6	1.686	3.109
Other net financial expense		-2.591	730
Impairment loss on PP&E		-	1.547
Changes in assets & liabilities			
Inventories		-268	-241
Trade and other receivables		-288	790
Trade and other payables / provision and other liabilities		1.827	51
Net cash generated from operating activities		**2**	**6.129**
Cash flows from investing activities			
Net increase of PP&E		-68	-4.786
Net cash used in investing activities		**-68**	**-4.786**
Cash flows from financing activities			
Interest paid		-28	-2.044
Repayment of borrowings		-58	-346
Increase in non-current assets		-185	174
,Changes in restricted cash classification		20	-1.014
Net cash used in financing activities		**-251**	**-3.230**
Net change in cash and cash equivalents		**-317**	**-1.887**
Non restricted cash and cash equivalents at beginning of the period		1.767	3.654
Non restricted cash and cash equivalents at end of the period		**1.450**	**1.767**

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 March 2020 included the company and its subsidiaries. This condensed consolidated interim financial information has been authorised for issue by the Board of Directors on 28 August 2020.

Note 2. Accounting policies

Interoil's condensed consolidated interim financial information is prepared in accordance with IAS 34, 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 2019, including IFIRC 19 and this condensed consolidated interim financial information should therefore be read together with the consolidated financial statements for the year ended 31 December 2019 prepared in accordance with IFRS as adopted by the European Union.

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 based on the assumption of going concern. 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 June 2020 (Unaudited)

Comprehensive Income

Amounts in USD 1 000	**Colombia**	**Argentina**	**Norway**	**Unall. / Elimin.**	**Group (continuing business)**
Total revenue	653	-24	20	-20	629
Cost of goods sold ex depreciation	-486	-397	-	-	-883
Depreciation	-720	-	-	-	-720
Gross profit	**-553**	**-421**	**20**	**-20**	**-974**
Exploration cost expensed	-147	-	-	-	-147
Administrative expense	-359	-	-125	20	-464
Other income	125	-	-	-	125
Result from operating activities	**-934**	**-421**	**-105**	**-**	**-1.460**
Finance income	103	-	529	-528	104
Finance costs	-822	-	-1.924	528	-2.218
Loss before income tax	**-1.653**	**-421**	**-1.500**	**-**	**-3.574**
Income tax expense	1.112	-	-	-	1.112
Loss for the period	**-541**	**-421**	**-1.500**	**-**	**-2.462**
Other comprehensive Income	-	-	-	-	-
Total comprehensive income net of tax	**-541**	**-421**	**-1.500**	**-**	**-2.462**

Financial Position* (As of June 30, 2020)

Amounts in USD 1 000	**Colombia**	**Argentina**	**Norway**	**Unall. / Elimin.**	**Group (continuing business)**
Property, plant and equipment	18.730	13.000	-	964	32.694
Interest-bearing liabilities	2.115	-	20.982	-	23.097

* 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 June 2019 (Unaudited)

Comprehensive Income

Amounts in USD 1 000	Colombia	Argentina	Norway	Unall. / Elimin.	Group (continuing business)
Total revenue	4.673	-	172	-172	4.673
Cost of goods sold ex depreciation	-1.616	-	-	-	-1.616
Depreciation	-2.447	-	-	-	-2.447
Gross profit	**610**	**-**	**172**	**-172**	**610**
Exploration cost expensed	-393	-	-	-	-393
Administrative expense	-881	-	-172	172	-1.067
Other income	69	-	-	-	69
Result from operating activities	**-595**	**-**	**-**	**-**	**-781**
Finance income	384	-	553	-551	386
Finance costs	-634	-	-1.130	551	-1.213
Loss before income tax	**-845**	**-**	**-577**	**-**	**-1.608**
Income tax expense	1.041	-	-	-	1.041
Loss for the period	**196**	**-**	**-577**	**-**	**-567**
Other comprehensive Income	-	-	-	-	-
Total comprehensive income net of tax	**196**	**-**	**-577**	**-**	**-567**

Financial Position* (As of June 30, 2019)

Amounts in USD 1 000	Colombia	Argentina	Norway	Unall. / Elimin.	Group (continuing business)
Property, plant and equipment	23,673	12,000	-	2.837	38,510
Interest-bearing liabilities	2.411	-	38,165	-	40,576

* 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 6 months period ended 30 June 2020 (Unaudited)

Comprehensive Income

Amounts in USD 1 000	Colombia	Argentina	Norway	Unall. / Elimin.	Group (continuing business)
Total revenue	3.910	176	127	-127	4.086
Cost of goods sold ex depreciation	-2.249	-559	-	-	-2.808
Depreciation	-3.002	-	-	-	-3.002
Gross profit	**-1.341**	**-383**	**127**	**-127**	**-1.724**
Exploration cost expensed	-347	-	-	-	-347
Administrative expense	-1.104	-	-271	127	-1.248
Other income	254	-	-	-	254
Result from operating activities	**-2.538**	**-383**	**-144**	**-**	**-3.065**
Finance income	2.237	-	1.312	-1.046	2.503
Finance costs	-1.898	-	-2.316	1.046	-3.168
Loss before income tax	**-2.199**	**-383**	**-1.148**	**-**	**-3.730**
Income tax expense	379		0	-	379
Loss for the period	**-1.820**	**-383**	**-1.148**	**-**	**-3.351**
Other comprehensive Income	-	-	-	-	-
Total comprehensive income net of tax	**-1.820**	**-383**	**-1.148**	**-**	**-3.351**

For the 6 months period ended 30 June 2019

Comprehensive Income

Amounts in USD 1 000	Colombia	Argentina	Norway	Unall. / Elimin.	Group (continuing business)
Total revenue	8.499	-	326	-326	8.499
Cost of goods sold ex depreciation	-3.132	-	-	-	-3.132
Depreciation	-4.369	-	-	-	-4.369
Gross profit	**998**	**-**	**326**	**-326**	**998**
Exploration cost expensed	-416	-	-	-	-416
Administrative expense	-1.969	-	-326	326	-1.969
Other income	115	-	-	-	115
Result from operating activities	**-1.272**	**-**	**-**	**-**	**-1.272**
Finance income	615	-	1.098	-1.092	621
Finance costs	-1.366	-	-2.125	1.092	-2.399
Loss before income tax	**-2.023**	**-**	**-1.027**	**-**	**-3.050**
Income tax expense	823				823
Loss for the period	**-1.200**	**-**	**-1.027**	**-**	**-2.227**
Other comprehensive Income	-	-	-	-	-
Total comprehensive income net of tax	**-1.200**	**-**	**-1.027**	**-**	**-2.227**

Note 4. Sales and royalty

Amounts in USD 1 000	For the 3 months period ended 30 June 2020	For the 3 months period ended 30 June 2019	For the 3 months period ended 31 March 2020	For the 6 months period ended 30 June 2020	For the 6 months period ended 30 June 2019
Sale of oil					
Sale of oil – before royalty	387	3.695	2.574	2.961	6.768
Royalty	-25	-232	-156	-181	-436
Sale of oil – net	**362**	**3.463**	**2.418**	**2.780**	**6.332**
Sale of gas	267	706	714	981	1.164
Sale of services	-	504	325	325	1.003
Total sales	**629**	**4.673**	**3.457**	**4.086**	**8.499**

Note 5. Cost of goods sold

Amounts in USD 1 000	For the 3 months period ended 30 June 2020	For the 3 months period ended 30 June 2019	For the 3 months period ended 31 March 2020	For the 6 months period ended 30 June 2020	For the 6 months period ended 30 June 2019
Cost of goods sold					
Lifting costs *	942	1.294	1.233	2.175	2.539
Changes in inventory	-105	55	382	277	-76
Other cost of goods sold	46	267	310	356	669
Total cost of goods sold	**883**	**1.616**	**1.925**	**2.808**	**3.132**
Depreciation	**720**	**2.447**	**2.282**	**3.002**	**4.369**

*** Lifting costs,**					
Field production costs	339	760	545	884	1.356
Tariffs and transportation	117	297	406	523	565
Insurance	28	25	23	51	48
Production costs consultants	24	68	0	24	82
Well services and work overs	14	51	43	57	324
Repairs and maintenance	31	93	69	100	164
Other production costs	389	0	147	536	0
Total lifting costs	**942**	**1.294**	**1.233**	**2.175**	**2.539**

Note 6. Finance income and cost

Amounts in USD 1 000	For the 3 months period ended 30 June 2020	For the 3 months period ended 30 June 2019	For the 3 months period ended 31 March 2020	For the 6 months period ended 30 June 2020	For the 6 months period ended 30 June 2019
Interest income	11	2	2	13	6
Realized / unrealized exchange	93	384	2.144	2.237	615
Other financial income	0	0	253	253	0
Total financial income	**104**	**386**	**2.399**	**2.503**	**621**
Interest expenses	1.608	791	78	1.686	1.535
Amortisation of debt issue cost	37	32	34	71	62
Realized / unrealized exchange	550	326	796	1.346	711
Other financial expenses	23	64	42	65	91
Total financial expenses	**2.218**	**1.213**	**950**	**3.168**	**2.399**
Finance expenses – net	**-2.114**	**-827**	**1.449**	**-665**	**-1.778**

Note 7. Property plant and equipment

Amounts in USD 1 000	Oil production Assets	Other pp&e	Total
As of 31 December 2019	30.197	4.431	34.628
Additions, net	1.048	20	1.068
Amortization	-2.600	-402	-3.002
As of 30 June 2020	**28.645**	**4.049**	**32.694**

Note 8. Borrowings

Amounts in USD 1 000	As of 30 June 2020	As of 31 December 2019
Non-current		
Bond loan (2020 -2026 - 7.5%)	19.687	38.446
Other non-current interest bearing liabilities	474	596
Total non-current interest bearing liabilities	**20.161**	**39.042**
Current		
Bond loan (2020 -2026 - 7.5%)	1.295	-
Liabilities to financial institutions	1.641	1.997
Total current interest bearing liabilities	**2.936**	**1.997**
Total interest bearing liabilities	**23.097**	**41.039**

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

Amounts in USD 1000	As of 30 June 2020	As of 31 December 2019
0-12 months	2.932	2.016
Between 1 and 2 years	3.160	365
Between 2 and 5 years	3.806	224
Over 5 years	13.199	38.434
Total borrowings	**23.097**	**41.039**

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

The Group issued on 22 January 2015 a 5 year Senior Secured bond loan with a total amount of USD 32 million. 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 while 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 cupon of of 7.50 % payable semi-annually in arrears. .

Bond renegotiation.

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 per cent 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 conversion 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.

USD 24.3 million
Folowing the conversion, there will be Bonds with aggregate nominal ammount of USD 24.333.020 outstanding. the maturity date for the remaining bonds were extended by six years to 2026 and interest rate fixed at 7.5 %.

Fair value
Bond fair value at the date of conversion, considering market contions was calculated to be USD 20.982.557

Amounts in USD 1 000	
Bond loan at renegotiated date, 16 January 2020	24.333
Fair value adjustment	-3.350
Balance at 30 June 2020	**20.983**
Short term	1.296
Long term	19.687

Note 9. Tax

Amounts in USD 1 000	**For the 3 months period ended 30 June 2020**	**For the 3 months period ended 30 June 2019**	**For the 3 months period ended 31 March 2020**	**For the 6 months period ended 30 June 2020**	**For the 6 months period ended 30 June 2019**
Current income tax:					
Current income tax charge	69	-241	-37	32	-239
Deferred tax:					
Relating to origination and reversal of temporary differences	-1.179	-800	770	-409	-584
Income tax expense/(credit)	**-1.110**	**-1.041**	**733**	**-377**	**-823**

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

	For the 3 months period ended 30 June 2020	**For the 3 months period ended 30 June 2019**	**For the 3 months period ended 31 March 2020**	**For the 6 months period ended 30 June 2020**	**For the 6 months period ended 30 June 2019**
<u>Production in barrels</u>					
Colombia					
Working interest, barrels	14.839	54.125	46.910	61.749	103.647
Working interest, gas (boe)	13.188	34.517	38.306	51.494	57.261
Royalty	-2.031	-5.693	-6.204	-8.235	-10.504
Total production in barrels – net of royalty	**25.996**	**82.949**	**79.012**	**105.008**	**150.404**
Argentina					
Working interest, barrels	1.387	-	3.479	4.866	-
Total production in barrels – net of royalty	**1.387**	**-**	**3.479**	**4.866**	**-**

Sale of oil in barrels

Colombia					
Sale of oil, barrels net	12.632	35.239	47.548	60.180	81.414
Oil royalties sold	114	16.554	282	396	17.126
Total sale in barrels	**12.746**	**51.793**	**47.830**	**60.576**	**98.540**
Argentina					
Sale of oil, barrels net	1.387	-	3.479	4.866	-
Total sale in barrels	**1.387**	**-**	**3.479**	**4.866**	**-**

Sale of gas in boe Colombia

Sale of gas, boe net	11.501	30.099	33.403	44.904	49.932
Gas royalties sold	844	2.209	2.451	3.295	3.665
Total sale in barrels	**12.345**	**32.308**	**35.854**	**48.199**	**53.597**

Total Sales in boe

Sale of boe net	25.520	65.338	84.430	109.950	131.346
Royalties sold	958	18.763	2.733	3.691	20.791
Total sale in barrels	**26.478**	**84.101**	**87.163**	**113.641**	**152.137**

* Barrels of oil equivalent

INTEROIL EXPLORATION AND PRODUCTION ASA
c/o Advokatfirmaet Schjødt AS
Ruseløkkveien 14
0251 Oslo, NORWAY
WWW.INTEROIL.NO