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To the bondholders in:

ISIN NO 001 0729908 - **6 per cent Interoil Exploration and Production ASA Senior Secured Callable Bond Issue 2015/2020**

Oslo, 11 December 2019

Summons to Bondholders' Meeting – Proposal for Debt to Equity Conversion and Extension of Maturity Date

1. INTRODUCTION

Nordic Trustee AS (the "**Bond Trustee**") acts as trustee for the bondholders (the "**Bondholders**") in the above mentioned bond issue (the "**Bonds**" or the "**Bond Issue**") by InterOil Exploration and Production ASA (the "**Issuer**"), and guaranteed by UP Colombia Holding AS (the "**Guarantor**").

Capitalised terms used but not otherwise defined herein shall have the meaning assigned to them in the bond agreement originally entered into on 28 January 2015 (as amended, supplemented, extended and amended and restated from time to time, the "**Bond Agreement**").

The information in this summons regarding the Issuer and the proposals set out in Section 3 (Amendment of the Bond Agreement) below is provided by the Issuer, and the Bond Trustee expressly disclaims all liability whatsoever related to such information.

Bondholders are encouraged to read this summons letter in its entirety.

2. BACKGROUND

In order to strengthen the Issuer's equity, reduce its financial costs under the Bond Agreement and generate additional free cash for financing the Issuer's ongoing operations, the Issuer is offering, subject to approval of the general meeting of the Issuer to be held on 16 January 2020 (the "**General Meeting**"), a conversion of Bonds with aggregate Face Value of USD 13,102,396 plus any interest accrued on such Bonds as of the date immediately preceding the General Meeting, in total USD 13,482,365.47 (subject to rounding) into equity in the Issuer (the "**Conversion**"), which will leave Bonds with aggregate Face Value of USD 24,333,020 outstanding immediately after the Conversion (the "**Remaining Bonds**"). The Conversion is proposed to be effectuated by a share capital increase directed towards Nordic Trustee AS on behalf of the Bondholders, and the new shares will be allocated directly to the Bondholders on a pro rata basis. This share capital increase shall be implemented by issuing new shares at a subscription price equal to the volume-weighted average market price of the Issuer's shares in the 60-calendar day period immediately preceding the Bondholder's Meeting called by this summons less a discount of 20%. The Company's share

contribution claim shall be settled by way of set-off of Bonds with aggregate Face Value of USD 13,102,396.

The Remaining Bonds (provided that the Conversion is approved by the General Meeting) will remain outstanding on substantially the same terms as per the current Bond Agreement, however so that the Issuer proposes to amend the Bond Agreement in accordance with the proposed term described hereto, such amendments to reflect that

- (i) if the general meeting approves the Conversion, the Maturity Date for Remaining Bonds outstanding after the Conversion shall be extended from 22 January 2020 to 31 January 2026,
- (ii) the definition of Hydrocarbon Resources shall be amended to include the Subsidiaries' interest in Argentina,
- (iii) the definition of Interest Payment Date shall be amended to mean 31 January and 31 July each year,
- (iv) the definition of Change of Control shall be amended to include a carve-out for acquisitions made by Magnus Capital S.A and Genipabu Investments LLC,
- (v) a new definition of "Permitted Indebtedness" shall be included whereby subordinated debt shall be permitted,
- (vi) the interest rate set out in Clause 9.1 shall be amended from six per cent (6%) to seven point five per cent (7.5%), such amendment to have effect from and including the amendment date, so that the first interest payment will be based on a weighted average,
- (vii) first Interest Payment Date in Clause 9.2 shall be amended to 31 July 2020 (for the avoidance of doubt there will be no interest payment on 22 January 2020),
- (viii) any accrued, but unpaid interest shall be paid simultaneously with the new first Interest Payment Date (i.e. 31 July 2020),
- (ix) a new Event of Default provision shall be included for a breach of subordination agreement(s),
- (x) amend Clause 16.3.5 so that the required majority vote is amended from a majority of at least 2/3 of the Voting Bonds represented to simple majority of the Voting Bonds represented, and
- (xi) any other amendment necessary due to the Conversion and the other requested amendments.

In the event that the General Meeting does not approve the Conversion, the Issuer, for the very same reasons as mentioned in the introduction of this Clause 2 of this summons, proposes that the Bond Agreement is amended as suggested above, however so that the Maturity Date for 35% of the Bonds remain 22 January 2020, and for the other 65% of the Bonds the Maturity Date is extended to 31 January 2026.

The Bondholders' Meeting will by approval of the proposed resolution set out in Clause 6 of this summons irrevocably authorise and direct the Bond Trustee to acknowledge, covenant and agree to the Covenants (as defined below).

In addition, effective from the date of the Bondholders' Meeting, the Bond Agreement will include the opportunity for the Bondholders to make decisions using a written resolution in line with the Norwegian template for high yield bonds.

3. AMENDMENT OF THE BOND AGREEMENT

3.1 Bondholders' Meeting

In accordance with Clause 16.2 of the Bond Agreement, the Issuer has approached the Bond Trustee to convene a Bondholders' Meeting in order to consider the Issuer's request to carry out the Conversion and to make such amendments to the Bond Agreement as described above in Clause 2 of this summons (the "**Requested Amendments**") and to enter into an amendment and restatement agreement (the "**Amendment and Restatement Agreement**") implementing the requested amendments pursuant to the authority given to the Bondholders' Meeting under Clause 16.1 of the Bond Agreement.

Save for the Requested Amendments, and such other changes that the Bond Trustee and the Issuer agree to be appropriate, the Bond Agreement shall remain in full force and effect.

The Bond Trustee may seek advice or confirmations in respect of any such amendments or changes from holders of 2/3 or more of the Voting Bonds if such amendments or changes materially depart from the terms set out herein in the Bond Trustee's sole discretion (acting reasonably).

3.2 Authorisation of the Bond Trustee

The Bondholders' Meeting will by approval of the Conversion (if approved by the General Meeting) and Requested Amendments irrevocably authorise and direct the Bond Trustee to:

- (a) make any representations and warranties the Bond Trustee is required to make, acknowledge, covenant and agree until the entry into the Amendment and Restatement Agreement:
 - (i) not to take any action, or omit to take any action, which could reasonably be expected to delay, challenge, frustrate or hinder the consummation of the Conversion (if approved by the General Meeting) and other Requested Amendments, provided however, that the above shall not prevent the Bond Trustee from consulting with any or all Bondholders in respect of any matter or from taking any reasonable preliminary actions (including, without limitation, calling and holding a meeting of the Bondholders) in respect of any event or circumstance which may materially and adversely affect the rights or interests of the Bondholders pursuant to the Bond Agreement; and
 - (ii) to execute any and all documents and perform any and all commercially reasonable acts required by the Amendment and Restatement Agreement and all ancillary definitive documentation in relation thereto,
- (i) to (ii) being the "**Covenants**";
- (b) if the Conversion is approved by the General Meeting, take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the Conversion, including, but not limited to:
 - subscribe for, on behalf of the Bondholders, all new shares issued in connection with the Conversion in the Bond Loan, and do all necessary and required action for ensuring the allocation of the shares, on a pro rata basis, directly to the Bondholders;

- (c) take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the implementation of the Requested Amendments, including, but not limited to:
- (i) negotiating and approving the terms of, and entering into, the Amendment and Restatement Agreement (including as a schedule, the Amended and Restated Bond Agreement), amendments to, confirmations and/or restatements of the existing Security Documents (to the extent applicable), as well as the other Finance Documents and any ancillary and related documents and agreements in relation thereto;
 - (ii) negotiating and approving the terms of and entering into additional agreements and documents that may be necessary or desirable in order to implement the Requested Amendments, including the Conversion and the issue of new shares in the Issuer to the Bondholders, hereunder, but not limited to, a share subscription form or agreement, waivers related to repayment and write-down of Bonds and providing required instructions to the Paying Agent and VPS (including in respect of repayment and write-down of Bonds);
 - (iii) negotiating and approving the terms of, entering into and, where relevant, amending and terminating other agreements and documents as may be necessary or desirable in order to implement the Requested Amendments; and
 - (iv) taking any and all other steps and actions required to be taken or that would be desirable to take in order to implement the Requested Amendments, including, without limitation, negotiating, documenting and entering into legal agreements, granting amendments and waivers and giving instructions, consents, approvals and directions; and
- (d) consent to amendments on behalf of the Bondholders where such amendments (i) are of a minor nature, (ii) are otherwise consistent with the terms herein and are required or desirable in order to implement the Requested Amendments or (iii) would not adversely affect the position of the Bondholders.

3.3 Conditions Precedent to the Recapitalisation

Implementation of the Requested Amendments shall be subject to and will only be effective upon satisfaction of the conditions precedent set out below (the date when all such conditions have been fulfilled, being the "**Amendment Date**"):

- a. A resolution by the General Meeting to approve or reject the Conversion.
- b. Satisfaction of the requisites set out in the Bond Agreement to incorporate the Requested Amendments.
- c. Execution of Bond Amendment and other financial documents as required to document the transactions contemplated herein.

4. ISSUER UPDATE

For access to the latest reports and other recent publications of the Issuer, please consult the Issuer's website www.interoil.no.

5. NON-RELIANCE

The request is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee. Nothing herein shall be construed as or constitute a recommendation to the Bondholders by the Bond Trustee. The Bondholders must independently evaluate whether the proposal is acceptable and vote accordingly.

6. SUMMONS FOR BONDHOLDERS' MEETING

Bondholders are hereby summoned to a Bondholders' Meeting:

Time: **30 December 2019 at 10:00 hours (Oslo time)**

Place: **The premises of Nordic Trustee AS,
Kronprinsesse Märthas plass 1, 0160 Oslo**

Agenda:

1. Approval of the summons.
2. Approval of the agenda.
3. Election of two persons to co-sign the minutes together with the chair.
4. Request for adoption of the following proposal:

It is proposed that the Bondholders' Meeting resolves the following:

"The Bondholders' Meeting approves:

(a) the Requested Amendments, and the Conversion as described in Section 2 (Background), hereunder:

- (i) the conversion of Bonds with aggregate Face Value of USD 13,102,396 plus accrued interest up to and including 15 January 2020 of the total of the currently outstanding principal amount of USD 37,435,416 under the Bond Loan, into new shares of the Issuer in the amount equivalent to USD 13,482,365.47 divided on the subscription amount of the new shares as described below in item (ii);*
- (ii) the subscription amount per share equal the volume-weighted average market price of the Issuer's shares in the 60-calendar day period immediately preceding the Bondholder's Meeting called by this summons less a discount of 20%, and the total subscription amount shall be USD 13,482,365.47. The subscription price and the total subscription amount is converted into NOK based on the USD/NOK exchange rate as published by the Norwegian Central Bank on the day before the Issuer's General Meeting. The volume-weighted average share price shall be calculated as the sum of the closing price of each trading day, multiplied by the volume of trades of that day divided by the total volume over the 60 day period;*
- (iii) the new shares shall be subscribed for by the Bond Trustee on behalf of the Bondholders in the Bond Loan, and all of the new shares will be allocated directly to the Bondholders;*
- (iv) the new shares will be subscribed for on a separate subscription form before 22 January 2020;*

- (v) *the Issuer's contribution claim shall be settled immediately after the subscription by way of set-off against part of the currently outstanding principal amount under the Bond Loan, including all accrued interest as per 15 January 2020. The set-off is completed by the Bond Trustee giving the Issuer a notice of the set-off;*
 - (vi) *the new shares shall entitle the Bondholders as shareholders to dividends and other rights with effect from registration of the share capital increase in the Norwegian Register of Business Enterprises (Nw. Foretaksregisteret); and*
 - (vii) *the shares to be issued shall be registered in VPS on a separate ISIN pending the publication by the Company of a listing prospectus pursuant to the Securities Trading Act chapter 7, such prospectus to be prepared by the Company as soon as reasonably possible;*
- (b) *the granting of authority to the Bond Trustee as set out in Sub-Section 3.2 (Authorisation of the Bond Trustee), which inter alia authorises the Bond Trustee to acknowledge, covenant and agree to the Covenants of the summons for the Bondholders' Meeting and subscribe to the new shares issued in connection with the Conversion; and*
- (c) *The Bond Trustee is hereby further irrevocably authorised and directed to complete the negotiation of form, terms, conditions and timing in relation to the Requested Amendments, without any obligation to notify the Bondholders as provided for in clause 16.2 of the Bond Agreement. Further, the Bond Trustee is given power of attorney to prepare, finalise and enter into the necessary agreements in connection with documenting the decisions made by the Bondholders' Meetings as well as to carry out the necessary completion work, including but not limited to making appropriate amendments to the Bond Agreement and negotiate and enter into the Amendment and Restatement Agreement, including the Amended and Restated Bond Agreement, amendments to, confirmations and/or restatements of the existing Security Documents and new security documents and any ancillary and related documents thereto."*

* * *

To approve the above resolution, Bondholders representing at least 2/3 of the Voting Bonds represented in person or by proxy at the Bondholders' Meeting must vote in favour of the resolution. In order to have a quorum, at least 1/2 of the Voting Bonds must be represented at the meeting.

Please find attached a Bondholder's Form from the Securities Depository (VPS), indicating your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the Bondholders' Meeting. (If the Bonds are held in custody - i.e. the owner is not registered directly in the VPS - the custodian must confirm: (i) the beneficial owner of the Bonds, (ii) the aggregate nominal amount of the Bonds and (iii) the account number in VPS on which the Bonds are registered.)

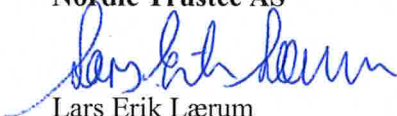
Individual Bondholders may authorise the Bond Trustee to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising the Bond Trustee to vote, must then be returned to the Bond Trustee in due time before the Bondholders' Meeting is scheduled (by scanned e-mail, telefax or post to norway@nordictrustee.com, +47 22 87 94 10, or Nordic Trustee AS, PO Box 1470 Vika, 0116 Oslo, Norway).

In the event that Bonds have been transferred to a new owner after the Bondholder's Form is executed, the new Bondholder must bring to the Bondholders' Meeting or enclose with the proxy, as the case may be, evidence which the Bond Trustee accepts as sufficient proof of the beneficial ownership of the Bonds.

For practical purposes, we request those who intend to attend the Bondholders' Meeting, either in person or by proxy other than to the Bond Trustee, to notify the Bond Trustee by telephone or by e-mail by no later than 16:00 hours (4 pm) (Oslo time) the Business Day before the meeting takes place.

Yours sincerely

Nordic Trustee AS



Lars Erik Lærum

Schedule A – Bondholder's Form