



## **Report for the fourth quarter and full year of 2023**

**Interoil Exploration and Production ASA**

[WWW.INTEROIL.NO](http://WWW.INTEROIL.NO)

## Highlights in the period

- Interoil's net production for the full year 2023 was 343,517 barrels of oil equivalents (boe), an increase of 17% from 293,386 boe in 2022.
- Revenues were USD 23.9 million compared with USD 18.9 million in the previous year. The increase is due to increased share in Argentina's operations. In the fourth quarter, revenues were impacted by the decrease in oil prices, as well as the seasonal decrease in gas prices in Argentina, where summer prices on average are 35% lower than winter prices.
- In November a new President was elected in Argentina. Mr. Milei has taken a number of measures that impacted 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 and progressive deregulation of O&G prices. Devaluation had a significant impact on cash calls denominated in local currency.
- 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 January 2025 and February 2025, respectively. While no assurance can be given, postponement should continue beyond such dates as long as there are underlying reasons causing force majeure.
- Areas acquired in June 2023 in Argentina have caused a temporary increase in operating expenses to improve operations and achieve higher O&G production. Since the concessions over the Santa Cruz assets in Argentina expire in 2026, the Company is pursuing diligently all the necessary steps to obtain a 10-year extension from the Government. This requires relevant expenditures to remediate matters which need to be addressed as a pre-condition for such extension. The Company has fully committed efforts to these actions after the acquisition of majority interest in the concession in June 2023.

Key figures	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Gross production oil/gas (boe)	299.283	282.047	286.975	294.220	235.539	235.778	227.342	251.119
Gross production oil/gas (average boepd)	3.325	3.099	3.119	3.198	2.617	2.591	2.471	2.760
Net production oil/gas (boe)	76.583	73.862	72.897	70.043	54.661	54.310	112.558	121.988
Net production oil/gas (average boepd)	851	812	792	761	607	597	1.223	1.341
Oil price average (usd/bbl)	90,5	88,8	89,1	88,3	79,0	71,9	87,2	82,8
Revenues (USDm)	5,1	5,8	4,8	3,8	1,2	3,4	10,5	7,5

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 GBP 0.065 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.

## P&L

Revenues increased from US\$ 19.0 million in 2022 to US\$ 23.9 million in 2023. The main reason was the acquisition of an additional 43% of the operation in Santa Cruz, Argentina.

Gross profit was US\$ 3.4 million in 2023 compared with US\$ 9.2 million the year before. Increased cost of goods due to high inflation in dollars in Argentina and incremental operating expenses to recover production in Santa Cruz were the main reasons for the weaker margin.

Operating expenses increased from US\$ 4.9 million in 2022 to US\$ 10.0 million in 2023, resulting in result from operating activities of negative US\$ 6.4 million.

Loss before income tax was US\$ 14.8 million in 2023 compared with a US\$ 2.2 million profit before tax in 2022. The main reason for change was significantly higher financial expense due to the effect of the revaluation of the Colombian peso in the net liability position in Colombia, as well as the discrete year-end devaluation in Argentina which impacted net receivables in local currency.

## Financial position

Total non-current assets as of 31 December 2023 were US\$ 31.3 million, up from US\$ 21.6 million the year prior. The main reason is revaluation of the Company's exploration and evaluation assets. As a result, Total assets increased from US\$ 12.5 million at the end of 2022 to US\$ 45.5 million at the end of 2023.

Total non-current and current liabilities increased from US\$ 37.1 million at the end of 2022 to US\$ 64.2 million at the end of 2023 with a significant change in trade and other payables representing the most significant change. The reason for this was the acquisition of an additional 43% of the operation in Santa Cruz, Argentina.

## Financing

In July 2023 and January 2024, the Company requested bondholders to approve proposals 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 and January 2024 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), 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 Argentina, the Company's concessions over the Santa Cruz assets expire in 2026 and the Company is pursuing diligently all the necessary steps to obtain a 10-year extension from the Government. This requires relevant expenditures to remediate matters which need to be addressed as a pre-condition for such extension. The Company has fully committed efforts to these actions after the acquisition of majority interest in the concession in June 2023.

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, 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 this financial report.

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 31 December 2023.

Oslo, Feb 29th, 2024

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 statement of income

Amounts in USD 1 000	For the year ended 31 December 2023	For the year ended 31 December 2022
Sales	23.923	18.999
Cost of goods sold ex depreciation	-18.057	-6.629
Depreciation	-2.422	-3.168
<b>Gross profit</b>	<b>3.444</b>	<b>9.202</b>
Exploration cost expensed	-570	-427
Operating expenses	-9.958	-4.870
Impairment	-	-717
Other (expense)/income	679	-328
<b>Result from operating activities</b>	<b>-6.405</b>	<b>2.860</b>
Finance expense – net	-8.411	-678
<b>Loss before income tax</b>	<b>-14.816</b>	<b>2.182</b>
Income tax (expense)/credit	-860	-2.845
<b>(Loss) Profit from continuing operations</b>	<b>-15.676</b>	<b>-663</b>

## Consolidated statement of financial position

	As of 31 Dec 2023	As of 31 Dec 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	21.280	18.018
Exploration and evaluation assets	10.044	3.605
<b>Total non-current assets</b>	<b>31.324</b>	<b>21.623</b>
<b>Current assets</b>		
Inventories	292	374
Trade and other receivables	8.501	3.731
Cash and cash equivalents, restricted	4.265	5.980
Cash and cash equivalents, non restricted	1.119	2.410
<b>Total current assets</b>	<b>14.177</b>	<b>12.495</b>
<b>TOTAL ASSETS</b>	<b>45.501</b>	<b>34.118</b>
<b>TOTAL EQUITY</b>	- <b>18.652</b>	- <b>2.976</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	24.860	21.509
Retirement benefit obligations	-	260
Provisions for other liabilities and charges	5.834	3.535
Other long-term payables	4.806	630
<b>Total non-current liabilities</b>	<b>35.500</b>	<b>25.934</b>
<b>Current liabilities</b>		
Borrowings and interest bearing liabilities	3.655	2.310
Trade and other payables	21.851	3.991
Other liabilities	1.199	-
Income tax payable	859	2.382
Provisions for other liabilities and charges	1.090	2.477
<b>Total current liabilities</b>	<b>28.653</b>	<b>11.160</b>

## Consolidated statement of changes in equity

Amounts in USD 1 000	Share capital and share premium	Other paid- in equity	Retained earnings	Total equity
<b>Balance at 31 December 2021</b>	<b>163.686</b>	<b>4.744</b>	<b>-172.633</b>	<b>-4.203</b>
Capital increase - shares issued	1.922			1.922
Loss for the period			-695	-695
<b>Balance at 31 December 2022</b>	<b>165.608</b>	<b>4.744</b>	<b>-173.328</b>	<b>-2.976</b>
Loss for the period	-	-	18.119	18.119
<b>Balance at 31 December 2023</b>	<b>165.608</b>	<b>4.744</b>	<b>-191.447</b>	<b>-21.095</b>



## Consolidated cash flow statement

Amounts in USD 1 000	For the 12 months period ended 31 December 2023	For the 12 months period ended 31 December 2022
	(unaudited)	(audited)
<b>Cash generated from operations</b>		
Loss for the period	-15.676	-695
Interest expense	2.768	2.543
Depreciation, amortization and impairment	2.422	3.745
Change in tax payable	-1.523	2.197
<b>Changes in assets &amp; liabilities</b>		
Inventories	82	195
Trade and other receivables	-4.770	-1.616
Trade and other payables / provision and other liabilities	22.689	-4.171
<b>Net cash generated operating activities</b>	<b>5.991</b>	<b>2.198</b>
<b>Cash flows from investing activities</b>		
Changes in restricted cash classification	1.715	-294
Capital expenditures (includes acquisition of 43% interest in Santa Cruz, Argentina)	-10.925	-1.676
<b>Net cash used in investing activities</b>	<b>-9.210</b>	<b>-1.970</b>
<b>Cash flows from financing activities</b>		
Net interest paid	-1.148	-1.956
Capital increase	-	1.918
Increase in borrowings	3.076	-2.158
<b>Net cash used in financing activities</b>	<b>1.927</b>	<b>-2.196</b>
<b>Net change in cash and cash equivalents</b>	<b>-1.291</b>	<b>-1.968</b>
Non restricted cash and cash equivalents at beginning of the period	2.410	4.378
<b>Non restricted cash and cash equivalents at end of the period</b>	<b>1.119</b>	<b>2.410</b>

## 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 financial information includes the Company and its subsidiaries. This condensed consolidated interim financial information has been authorised for issue by the Board of Directors on 29 February 2024.

## 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. Finance expenses

Amounts in USD 000	For the year ended 31 December 2023	For the year ended 31 December 2022
Interest expense	- 2.768	- 2.543
Exchange loss	- 5.135	2.180
Other	- 507	315
Net finance expenses	- 8.411	- 678