



## Report for the Third quarter of 2020

### Interoil Exploration and Production ASA

c/o Advokatfirmaet Schjødt AS

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<b>Key figures</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019*</b>	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q3 2020</b>
Gross production oil/gas (boe)	117 822	127 203	74 102	119 852	38 974	116 159
Production oil/gas (average boepd)	1 280	1 382	805	1 317	484	1 263
Oil/gas sold (boe)	84 101	95 920	84 596	87 664	26 478	89 557
Oil price average (usd/bbl)	66.6	60.2	59.3	49.6	26.7	41.5
Revenues (USDm)**	4.7	4.6	4.0	3.5	0.6	2.6
EBITDA adjusted (USDm)***	2.1	2.1	0.9	0.9	-0.6	0.2
Operating profit (USDm)	-0.8	-0.8	-3.5	-1.6	-1.5	-0.7
Exploration expenses (USDm)	-0.4	-0.1	-2.4	-0.2	-0.1	-0.1
Net loss/profit (USDm)	-0.6	-1.4	-5.9	-0.9	-2.5	-2.5
Cash and cash equivalents (USDm)	8.0	7.1	5.2	5.3	4.5	3.6

\* Some figures related to Q4, 2019 could differ from the figures presented in the Q4, 2019 report due to year-end adjustments. Main adjustments correspond to amortization, exploration expenses 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 year end reclassifications.

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

## Highlights in the quarter

- The COVID-19 pandemic effect on the company had impacted its figures due to the fall of prices and decreased volumes.
- Gross production increased by 198% in Q3 2020 compared with Q2 2020 and decreased 9% compared with the same period of last year.
- InterOil's EBITDA in Q3 2020 was positive USD 0.2 million, compared with a negative USD 0.6 in Q2 2020 and positive USD 2.1 in Q3 2019. Variation is related to a lower production, due to the halt of operations both in Mana and Vikingo in the Q2 2020 and the lower value of oil and gas prices.
- Since its closure of production in Vikingo and Puli C areas, InterOil has kept a steady campaign of reopening wells and increase production in both areas.
- On July 30, Bondholders approved a resolution to introduce certain flexibility in the payment terms of the interests on the Senior Secured Callable Bonds.

## Subsequent events

- On November 2, the Company refinanced a total amount of \$COL 5,250 million equal to around USD 1.5 million with Banco Occidente. The loan terms include four-year repayment in six-months instalments after a one-year of grace period.

## 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 third 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.

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.

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.

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

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.

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.

## Argentina - operations

A number of exploration prospects have previously been identified within the boundary limits of the acquired concessions areas. 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.

The Company made the required filings for the approval by the Provincial Government of Santa Cruz of the assignment of the participating interest acquired in the Santa Cruz concessions. Such approval is still pending. The same applies to the acquisitions performed in these concessions by other parties to the JOA, IOG Resources S.A. and by the Echo Parties, which assignments are also pending approval.

Following the COVID-19 pandemic, the restrictions imposed by Government and the impact on the market, oil production in the Santa Cruz concessions was closed due to absence of demand and anti-economic prices. While gas production and sales have continued, the improvement of the oil market conditions for crude of the Santa Cruz concessions have been limited. As a result oil production and sales continue to be adversely affected and at minimal levels.

Adverse market conditions also affected activities in the Mata Magallanes, Cañadon Ramirez and La Brea concession which have been delayed.

## P&L comments

Interoil's total working interest production before royalties of oil and gas in Colombia and Argentina combined, was 75.264, boe in Q3 2020 compared to 29.414 boe in Q2 2020 (See note 10).

Quarterly revenues increased by 314 % from USD 0.6 million in Q2, 2020 to USD 2.6 million in Q3 2020. The main reasons were the reopening of wells both in Vikingo and Puli C and the gas sales from Santa Cruz licenses.

Q3 2020 operating result including exploration costs expenses was USD -0.7 million compared with USD -1.5 in the previous quarter.

Loss before income tax was USD 2 million compared with a USD 3.6 million loss in Q2, 2020.

Total comprehensive loss for Q3 2020 amounted to USD 2.5 million similar to Q2 2020.

Due to high volatility of the oil prices and the short term changes of the forward curves, the Company performed an Impairment test at the date of this quarterly financials and the conclusion is that at current values the projected prices were in excess of InterOil's break even oil prices, so no impairment was determined, see details in Note 7.

During the current quarter the company received an update regarding the Colombian tax authority "DIAN" audit of 2011 income tax. The opinion of the external legal advisor changed from highly probable chances that InterOil will win its appeal to less than 50% chances in relation of one of the payment demand that DIAN issued. Following this potential exposure, a provision of 100% of the corresponding tax was included in the financials for a total amount of USD 0.4 Million

InterOil notes that the geochemical study on LLA-47 field was capitalised on the basis that LLA-47 field had proven reserves and one producing well. However, upon further inspection it was concluded that it was incorrect to capitalise geochemical study for the following reasons:

The licence area is a predominately an exploration field.

Vikingo-1 was drilled as an exploration well. The P1/P2 reserves associated with the licence area relate to this one well only.

The proven reserves and the producing well in LLA-47 are therefore incidental to the wider exploration area and it is therefore concluded that the geochemical study expenditure of USD 2 Million should have been treated as exploration expenditure and expensed as incurred and not capitalised, thus the 2019 year-end figures are restated to reflect this change

### Balance Sheet and Equity

During 2020, the company has successfully restructured its balance sheet through conversion of part of its bonds to equity. In July 2020 bondholders approved certain additional amendments in the terms of the bonds, providing the company with flexibility to settle the payment of 50per cent of the next three interest payments in kind by the issuances and delivery of new bonds.

InterOil held USD 3.6 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 September 2020, book equity for the consolidated Group was USD 1.7 million.

Of InterOil's non-current liabilities of USD 23.5 million, USD 3.0 million relates to provisions and retirement benefit obligations, USD 0.4 million relates to deferred tax liabilities and long term borrowings (including bond loan) of USD 20.1 million.

Current liabilities of USD 12.3 million are mainly comprised by trade and other payables/provisions of USD 8.2 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 Q3 2020 accumulated cash flow from operations was almost zero, financing cash outflow was USD 0.3 million and cash outflow from investing activities was USD 0.9 million.

In August the Company approved the sale of the gas processing plant located in Houston, in order to improve its cash position. Delays of the acquiring party related to approvals and permits have postponed the transaction which is unlikely to happen within 2020.

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 1.2 million during at the end of Q3 2020.

### Outlook

InterOil has made several accretive and transformational transactions in Argentina since 2018, and successfully restructured and strengthened its balance sheet through conversion of bonds.

It is not possible for the Company to confidently assess the full potential consequences of the COVID-19. 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.

## Consolidated interim statement of comprehensive income

Amounts in USD 1 000	Note	For the 3 months period ended 30 September 2020	For the 3 months period ended 30 September 2019	For the 3 months period ended 30 June 2020	For the 9 months period ended 30 September 2020	For the 9 months period ended 30 September 2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales	4	2.606	4.596	629	6.692	13.095
Cost of goods sold ex depreciation	5	-1.992	-1.964	-883	-4.800	-5.096
Depreciation	5	-736	-2.662	-720	-3.738	-7.031
<b>Gross profit</b>		<b>-122</b>	<b>-30</b>	<b>-974</b>	<b>-1.846</b>	<b>968</b>
Exploration cost expensed		-147	-149	-147	-494	-565
Administrative expense		-481	-836	-464	-1.729	-2.805
Other (expense)/income		47	169	125	301	284
<b>Result from operating activities</b>		<b>-703</b>	<b>-846</b>	<b>-1.460</b>	<b>-3.768</b>	<b>-2.118</b>
Finance income	6	674	506	104	3.177	1.127
Finance cost	6	-1.999	-910	-2.218	-5.167	-3.309
<b>Finance expense – net</b>		<b>-1.325</b>	<b>-404</b>	<b>-2.114</b>	<b>-1.990</b>	<b>-2.182</b>
<b>Loss before income tax</b>		<b>-2.028</b>	<b>-1.250</b>	<b>-3.574</b>	<b>-5.758</b>	<b>-4.300</b>
Income tax (expense)/credit	9	-489	-263	1.110	-111	559
<b>Loss profit from continuing operations</b>		<b>-2.517</b>	<b>-1.513</b>	<b>-2.464</b>	<b>-5.869</b>	<b>-3.741</b>
Other comprehensive loss		-	-	-	-	-
<b>Total comprehensive loss for the period, net of tax</b>		<b>-2.517</b>	<b>-1.513</b>	<b>-2.464</b>	<b>-5.869</b>	<b>-3.741</b>
<b>Attributable to:</b>						
Equity holders of the parent		<b>-2.517</b>	<b>-1.513</b>	<b>-2.464</b>	<b>-5.869</b>	<b>-3.741</b>
<b>(Loss)/profit per share (expressed in USD)</b>						
– basic and diluted – total		-0,02	-0,02	-0,02	-0,04	-0,04
– basic and diluted – continuing operations		-0,02	-0,02	-0,02	-0,04	-0,04

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 September, 2020	As of 31 December, 2019
		(Unaudited)	(Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	29.742	32.628
Other non-current assets		1.521	1.764
<b>Total non-current assets</b>		<b>31.263</b>	<b>34.392</b>
<b>Current assets</b>			
Inventories		472	847
Trade and other receivables		2.157	1.231
Cash and cash equivalents, restricted		3.064	3.043
Cash and cash equivalents, non-restricted		575	1.767
<b>Total current assets</b>		<b>6.268</b>	<b>6.888</b>
<b>TOTAL ASSETS</b>		<b>37.531</b>	<b>41.280</b>
<b>EQUITY</b>			
Share capital and share premium		160.145	142.095
Other paid-in equity		4.744	4.744
Retained earnings		-163.215	-157.346
<b>Total equity</b>		<b>1.674</b>	<b>-10.507</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	8	20.104	39.042
Deferred tax liabilities		437	870
Retirement benefit obligations		572	677
Provisions for other liabilities and charges		2.436	2.754
<b>Total non-current liabilities</b>		<b>23.549</b>	<b>43.343</b>
<b>Current liabilities</b>			
Trade and other payables		8.231	5.756
Income taxes payable		41	-72
Current interest-bearing liabilities	8	2.900	1.997
Provisions for other liabilities and charges		1.136	763
<b>Total current liabilities</b>		<b>12.308</b>	<b>8.444</b>
<b>TOTAL LIABILITIES</b>		<b>35.857</b>	<b>51.787</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>37.531</b>	<b>41.280</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 2020

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	-	-	-9,641	-9,641
Capital increase	12,960	-	-	12,960
<b>Balance at 31 December 2019</b>	<b>142,095</b>	<b>4,744</b>	<b>-157,346</b>	<b>-10,507</b>
				(Unaudited)
Total comprehensive loss for the period	-	-	-5,869	-5,869
Capital increase	18,050	-	-	18,050
<b>Balance at 30 September 2020</b>	<b>160,145</b>	<b>4,744</b>	<b>-163,215</b>	<b>1,674</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 2020 (Unaudited)	For the 12 months period ended 31 December 2019 (Audited)
<b>Cash generated from operations</b>			
Comprehensive loss for the period – continuing operations		-5.869	-9.641
<b>Total comprehensive loss of the period</b>		<b>-5.869</b>	<b>-9.641</b>
Depreciation, amortization and impairment		3.738	7.805
Interest income	6	-23	-21
Interest expense	6	3.091	3.109
Other net financial expense		-5.322	730
Impairment loss on PP&E		-	1.547
<b>Changes in assets &amp; liabilities</b>			
Inventories		-375	-241
Trade and other receivables		926	790
Trade and other payables / provision and other liabilities		3.823	51
<b>Net cash generated from operating activities</b>		<b>-11</b>	<b>4.129</b>
<b>Cash flows from investing activities</b>			
Net increase of PP&E		-852	-2.786
<b>Net cash used in investing activities</b>		<b>-852</b>	<b>-2.786</b>
<b>Cash flows from financing activities</b>			
Interest paid		-42	-2.044
Repayment of borrowings		-65	-346
Increase in non-current assets		-243	174
Changes in restricted cash classification		21	-1.014
<b>Net cash used in financing activities</b>		<b>-329</b>	<b>-3.230</b>
<b>Net change in cash and cash equivalents</b>		<b>-1.192</b>	<b>-1.887</b>
Non restricted cash and cash equivalents at beginning of the period		1.767	3.654
<b>Non restricted cash and cash equivalents at end of the period</b>		<b>575</b>	<b>1.767</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 2020 included the company and its subsidiaries. This condensed consolidated interim financial information has been authorised for issue by the Board of Directors on 27 November 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 September 2020 (Unaudited)

#### Comprehensive Income

Amounts in USD 1 000	Colombia	Argentina	Norway	Unall. / Elimin.	Group (continuing business)
Total revenue	2.214	392	81	-81	2.606
Cost of goods sold ex depreciation	-1.110	-882	-	-	-1.992
Depreciation	-736	-	-	-	-736
<b>Gross profit</b>	<b>368</b>	<b>-490</b>	<b>81</b>	<b>-81</b>	<b>-122</b>
Exploration cost expensed	-147	-	-	-	-147
Administrative expense	-436	-	-126	81	-481
Other income	47	-	-	-	47
<b>Result from operating activities</b>	<b>-168</b>	<b>-490</b>	<b>-45</b>	<b>-</b>	<b>-703</b>
Finance income	649	-	547	-522	674
Finance costs	-789	-	-1.732	522	-1.999
<b>Loss before income tax</b>	<b>-308</b>	<b>-490</b>	<b>-1.230</b>	<b>-</b>	<b>-2.028</b>
Income tax expense	-489	-	-	-	-489
<b>Loss for the period</b>	<b>-797</b>	<b>-490</b>	<b>-1.230</b>	<b>-</b>	<b>-2.517</b>
Other comprehensive Income	-	-	-	-	-
<b>Total comprehensive income net of tax</b>	<b>-797</b>	<b>-490</b>	<b>-1.230</b>	<b>-</b>	<b>-2.517</b>

#### Financial Position\* (As of September 30, 2020)

Amounts in USD 1 000	Colombia	Argentina	Norway	Unall. / Elimin.	Group (continuing business)
Property, plant and equipment	15.434	13.000	-	1.308	29.742
Interest-bearing liabilities	2.459	-	20.982	-	23.441

\* 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 2019** (Unaudited)

**Comprehensive Income**

Amounts in USD 1 000	Colombia	Argentina	Norway	Unall. / Elimin.	Group (continuing business)
Total revenue	4.462	134	159	-159	4.596
Cost of goods sold ex depreciation	-1.824	-140	-	-	-1.964
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	-263	-	-	-	-263
<b>Loss for the period</b>	<b>-913</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>-913</b>	<b>-6</b>	<b>-594</b>	<b>-</b>	<b>-1.513</b>

**Financial Position\* (As of September 30, 2019)**

Amounts in USD 1 000	Colombia	Argentina	Norway	Unall. / Elimin.	Group (continuing business)
Property, plant and equipment	21,529	12,000	-	2.467	36,003
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 9 months period ended 30 September 2020** (Unaudited)

**Comprehensive Income**

Amounts in USD 1 000	Colombia	Argentina	Norway	Unall. / Elimin.	Group (continuing business)
Total revenue	6.124	568	208	-208	6.692
Cost of goods sold ex depreciation	-3.359	-1.441	-	-	-4.800
Depreciation	-3.738	-	-	-	-3.738
<b>Gross profit</b>	<b>-973</b>	<b>-873</b>	<b>208</b>	<b>-208</b>	<b>-1.846</b>
Exploration cost expensed	-494	-	-	-	-494
Administrative expense	-1.540	-	-397	208	-1.729
Other income	301	-	-	-	301
<b>Result from operating activities</b>	<b>-2.706</b>	<b>-873</b>	<b>-189</b>	<b>-</b>	<b>-3.768</b>
Finance income	2.886	-	1.859	-1.568	3.177
Finance costs	-2.687	-	-4.048	1.568	-5.167
<b>Loss before income tax</b>	<b>-2.507</b>	<b>-873</b>	<b>-2.378</b>	<b>-</b>	<b>-5.758</b>
Income tax expense	-111	-	-	-	-111
<b>Loss for the period</b>	<b>-2.618</b>	<b>-873</b>	<b>-2.378</b>	<b>-</b>	<b>-5.869</b>
Other comprehensive Income	-	-	-	-	-
<b>Total comprehensive income net of tax</b>	<b>-2.618</b>	<b>-873</b>	<b>-2.378</b>	<b>-</b>	<b>-5.869</b>

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

### Comprehensive Income

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	-2.805	-	-485	485	-2.805
Other income	284	-	-	-	284
<b>Result from operating activities</b>	<b>-2.112</b>	<b>-6</b>	<b>-</b>	<b>-</b>	<b>-2.118</b>
Finance income	1.119	0	1.620	-1.612	1.127
Finance costs	-1.680	0	-3.241	1.612	-3.309
<b>Loss before income tax</b>	<b>-2.673</b>	<b>-6</b>	<b>-1.621</b>	<b>-</b>	<b>-4.300</b>
Income tax expense	559	0	-	-	559
<b>Loss for the period</b>	<b>-2.114</b>	<b>-6</b>	<b>-1.621</b>	<b>-</b>	<b>-3.741</b>
Other comprehensive Income	-	-	-	-	-
<b>Total comprehensive income net of tax</b>	<b>-2.114</b>	<b>-6</b>	<b>-1.621</b>	<b>-</b>	<b>-3.741</b>

### Note 4. Sales and royalty

Amounts in USD 1 000	For the 3 months period ended 30 September 2020	For the 3 months period ended 30 September 2019	For the 3 months period ended 30 June 2020	For the 9 months period ended 30 September 2020	For the 9 months period ended 30 September 2019
<b>Sale of oil</b>					
Sale of oil – before royalty	2.127	3.505	387	5.088	10.273
Royalty	-123	-197	-25	-304	-633
Sale of oil – net	<b>2.004</b>	<b>3.308</b>	<b>362</b>	<b>4.784</b>	<b>9.640</b>
Sale of gas	602	793	267	1.583	1.957
Sale of services	-	495	-	325	1.498
<b>Total sales</b>	<b>2.606</b>	<b>4.596</b>	<b>629</b>	<b>6.692</b>	<b>13.095</b>

### Note 5. Cost of goods sold

Amounts in USD 1 000	For the 3 months period ended 30 September 2020	For the 3 months period ended 30 September 2019	For the 3 months period ended 30 June 2020	For the 9 months period ended 30 September 2020	For the 9 months period ended 30 September 2019
<b>Cost of goods sold</b>					
Lifting costs *	1.577	1.281	942	3.752	3.821
Changes in inventory	106	233	-105	383	157
Other cost of goods sold	309	450	46	665	1.118
<b>Total cost of goods sold</b>	<b>1.992</b>	<b>1.964</b>	<b>883</b>	<b>4.800</b>	<b>5.096</b>
<b>Depreciation</b>	<b>736</b>	<b>2.662</b>	<b>720</b>	<b>3.738</b>	<b>7.031</b>

**\* Lifting costs,**

Field production costs	1.091	578	339	1.975	1.934
Tariffs and transportation	335	374	117	858	939
Insurance	34	29	28	85	77
Production costs consultants	0	56	24	24	138
Well services and work overs	14	9	14	71	333
Repairs and maintenance	51	111	31	151	275
Other production costs	52	124	389	588	125
<b>Total lifting costs</b>	<b>1.577</b>	<b>1.281</b>	<b>942</b>	<b>3.752</b>	<b>3.821</b>

## Note 6. Finance income and cost

Amounts in USD 1 000	For the 3 months period ended 30 September 2020	For the 3 months period ended 30 September 2019	For the 3 months period ended 30 June 2020	For the 9 months period ended 30 September 2020	For the 9 months period ended 30 September 2019
Interest income	10	2	11	23	8
Realized / unrealized exchange	653	504	93	2.890	1.119
Other financial income	11	-	-	264	-
<b>Total financial income</b>	<b>674</b>	<b>506</b>	<b>104</b>	<b>3.177</b>	<b>1.127</b>
Interest expenses	1.405	807	1.608	3.091	2.342
Amortisation of debt issue cost	38	50	37	109	112
Realized / unrealized exchange	440	14	550	1.786	725
Other financial expenses	116	39	23	181	130
<b>Total financial expenses</b>	<b>1.999</b>	<b>910</b>	<b>2.218</b>	<b>5.167</b>	<b>3.309</b>
<b>Finance expenses – net</b>	<b>-1.325</b>	<b>-404</b>	<b>-2.114</b>	<b>-1.990</b>	<b>-2.182</b>

## Note 7. Property plant and equipment

Amounts in USD 1 000	Oil production Assets	Other pp&e	Total
As of 31 December 2019	28.197	4.431	32.628
Additions, net	833	19	852
Amortization	-3.176	-562	-3.738
<b>As of 30 September 2020</b>	<b>25.854</b>	<b>3.888</b>	<b>29.742</b>

### Impairment monitoring

The significant drop in spot and forward oil prices in the first half of the year is considered to be an impairment indicator however due to the short term volatility in the oil prices InterOil did not perform any impairment test in previous quarters waiting to the market stabilised to have enough valid information to perform an impairment review.

As of September 30, 2020 an impairment test was performed using a wacc rate of InterOil 9,9% and a forward Brent price curve of EIA (US Energy Information Administration).

<b>Brent forward price – USD per bareel</b>				
<b>Year</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Price	48,41	56,16	57,52	59,41
<b>Years</b>	<b>2025 -2028</b>	<b>2030 - 2032</b>	<b>2033 - 2036</b>	<b>2037 – 2040</b>
Price Average	70,29	83,24	91,22	99,47

As part of the impairment review management sensitised the recoverable values of Interoil's assets on field by field basis as follows:

Adjusted oil and gas prices downwards by 5%, 10%, 15% and 20%.

Adjusted WAAC rate upwards by 1%, 2,5% and 5%.

Adjusted forecast of oil and gas production downwards by 5%, 10%, 15% and 20%.

The sensitivity analysis demonstrated low sensitivity to discount rate and future price or production fluctuations

<b>Field</b>	<b>Value in use</b>	<b>Book value</b>	<b>Difference</b>
Mana	14.344	10.905	3.439
* Llanos 47	4.232	1.200	3.032
Ambrosia	766	124	642
Rio Opia	1.292	345	947
Mata Magallanes Oeste	23.754	3.500	20.254

\* For Llanos 47 calculation is based on internal new forecast that are still being evaluated by third party, based on prudence management will wait until their final result to reverse past impairment values.

## 2019 Financials

As of December 31, 2019, a geochemical study on the LLA-47 field amounted USD 2 million were capitalised on the basis that the LLA-47 field had proven reserves and one producing well. However, upon further inspection it was concluded that it was incorrect to capitalise geochemical study for the following reasons:

- The licence area is predominately an exploration field.
- Vikingo-1 was drilled as an exploration well. The P1/P2 reserves within the licence area relate to this one well only and are expected to be fully depleted over the next 6-9 months.

The proven reserves and the producing well in LLA-47 are therefore incidental to the wider exploration area and it is therefore concluded that the geochemical study expenditure should have been treated as exploration cost and not capitalised.

The main effect on 2019 reported figures are in the follow financial statement lines::

<b>Financial statement line</b>	<b>Reported as of 31 December 2019</b>	<b>Corrected as of 31 December 2019</b>
<b>Profit &amp; Loss</b>		
Exploration cost expensed	-964	-2.964
Profit / (loss) from operating activities	-3.610	-5.610
Net profit / (loss)	-7.641	-9.641
<b>Balance Sheet</b>		
Property, plant and equipment	34.628	32.628
Total current assets	43.280	41.280
Retained earnings	-155.346	-157.346

## Note 8. Borrowings

Amounts in USD 1 000	As of 30 September 2020	As of 31 December 2019
<b>Non-current</b>		
Bond loan (2020 -2026 - 7.5%)	19.687	38.446
Other non-current interest bearing liabilities	417	596
<b>Total non-current interest bearing liabilities</b>	<b>20.104</b>	<b>39.042</b>
<b>Current</b>		
Interest bond loan (2020 -2026 - 7.5%)	1.295	-
Liabilities to financial institutions	1.605	1.997
<b>Total current interest bearing liabilities</b>	<b>2.900</b>	<b>1.997</b>
<b>Total interest bearing liabilities</b>	<b>23.004</b>	<b>41.039</b>

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

Amounts in USD 1000	As of 30 September 2020	As of 31 December 2019
0-12 months	2.900	2.016
Between 1 and 2 years	3.099	365
Between 2 and 5 years	3.806	224
Over 5 years	13.199	38.434
<b>Total borrowings</b>	<b>23.004</b>	<b>41.039</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 were extended and are due to expire in November 2020. 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

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 coupon 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..

USD 24.3 million

After the bond renegotiation, the total aggregate nominal amount is 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

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**Amounts in USD 1 000**

Bond loan at renegotiated date, 16 January 2020	24.332
Fair value adjustment	-3.350
<b>Balance at 30 September 2020</b>	<b>20.982</b>
Short term	1.295
Long term	19.687

## Note 9. Tax

Amounts in USD 1 000	For the 3 months period ended 30 September 2020	For the 3 months period ended 30 September 2019	For the 3 months period ended 30 June 2020	For the 9 months period ended 30 September 2020	For the 9 months period ended 30 September 2019
<b>Current income tax:</b>					
Current income tax charge	-659	394	69	-627	155
<b>Deferred tax:</b>					
Relating to origination and reversal of temporary differences	676	-130	-1.179	266	-714
<b>Other:</b>					
Previous years tax	472	-	-	472	-
<b>Income tax expense/(credit)</b>	<b>489</b>	<b>264</b>	<b>-1.110</b>	<b>111</b>	<b>-559</b>



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

	For the 3 months period ended 30 September 2020	For the 3 months period ended 30 September 2019	For the 3 months period ended 30 June 2020	For the 9 months period ended 30 September 2020	For the 9 months period ended 30 September 2019
<b><u>Production in barrels / (boe)</u></b>					
<b>Colombia</b>					
Working interest, barrels	42.022	50.521	14.839	103.771	154.168
Working interest, gas (boe)	31.210	42.315	13.188	82.704	99.576
Royalty	-5.360	-5.971	-2.031	-13.595	-16.475
<b>Total Colombia (net of royalty)</b>	<b>67.872</b>	<b>86.865</b>	<b>25.996</b>	<b>172.880</b>	<b>237.269</b>
<b>Argentina</b>					
Working interest, barrels	2.032	2.149	1.387	6.898	2.149
Working interest, gas (boe) **	13.081	-	4.070	19.210	-
<b>Total Argentina (net of royalty)</b>	<b>2.032</b>	<b>2.149</b>	<b>1.387</b>	<b>6.898</b>	<b>2.149</b>
<b>Total Interoil Production (net of royalty)</b>	<b>69.904</b>	<b>89.014</b>	<b>27.383</b>	<b>179.778</b>	<b>239.418</b>
<b><u>Sales in barrels / (boe)</u></b>					
<b>Colombia</b>					
Sale of oil, barrels net	40.201	43.508	12.632	100.381	124.922
Oil royalties sold	302	9.179	114	698	26.305
Sale of gas, (boe)	27.213	36.898	11.501	72.117	86.830
Gas royalties sold (boe)	1.998	2.708	844	5.293	6.373
<b>Total sale in barrels</b>	<b>69.714</b>	<b>92.293</b>	<b>25.091</b>	<b>178.489</b>	<b>244.430</b>
<b>Argentina</b>					
Sale of oil, barrels net	3.400	3.627	1.387	8.266	3.627
Sale of gas, (boe)	16.443	-	-	16.443	-
<b>Total sale in barrels</b>	<b>19.843</b>	<b>3.627</b>	<b>1.387</b>	<b>24.709</b>	<b>3.627</b>
<b>Total Interoil Sales</b>	<b>89.557</b>	<b>95.920</b>	<b>26.478</b>	<b>203.198</b>	<b>248.057</b>

\* (boe) Barrels of oil equivalent

\*\* Figures related to Q2 gas production in Argentina could differ from the figures presented in the Q2, 2020 report due to late production reports