Report for the first quarter of 2020

Interoil Exploration and Production ASA

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Key figures

Key figures	Q1 2019	Q2 2019	Q3 2019	Q4 2019*	FY 2019	Q1 2020
Gross production oil/gas (boe)	96 927	117 822	127 203	74 102	416 053	119 852
Production oil/gas (average boepd)	1 077	1 280	1 382	805	1 140	1 317
Oil/gas sold (boe)	68 036	84 101	95 920	84 596	332 653	87 664
Oil price average (usd/bbl)	62.0	66.6	60.2	59.3	62.05	49.6
Revenues (USDm)**	3.8	4.7	4.6	4.0	17.1	3.5
EBITDA adjusted for exploration expenses (USDm)***	1.4	2.1	2.1	0.9	6.5	0.9
Operating profit (USDm)	-0.5	-0.8	-0.8	-1.5	-3.6	-1.6
Exploration expenses (USDm)	-	-0.4	-0.1	-0.4	-0.9	-0.2
Net loss/profit (USDm)	-1.7	-0.6	-1.4	-3.9	-7.6	-0.9
Cash and cash equivalents at end of period (USDm)	7.3	8.0	7.1	5.2	5.2	5.3

* 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

- Gross production increased by 23.6 % in Q1 2020 compared with the same period of last year, partly as a result of increased gas production in the Puli C field thanks to the work over campaign and start of oil production in Argentina.
- Interoil's EBITDAx in Q1 2020 was USD 0.9 million, compared with a USD 0.9 in Q4 2019 and USD 1.4 in Q1 2019. Variation is related to a lower production, due to Mana and Vikingo natural decline and lower oil prices and the impact of assets impairment in Q4 2019.
- During the past months, Interoil successfully restructured and strengthened its balance sheet through conversion of bonds, approved by the General Meeting in January 2020. 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' approval to the terms of the transaction on January 16th, 35% of the outstanding bonds were converted into equity.
- Maturity of the remaining bonds has been extended 6 years until January 2026 and an interest rate was fixed at 7.5% p.a.
- In January 2020, Interoil acquired an 8.34 % participating interest in five exploitation concessions in the Santa Cruz region in Argentina. Interoil shall serve as operator of the concessions upon Government's approval to its capacity as operator.
- On March 12, 2020, the President of Argentina declared by Decree 260/20 the sanitary emergency for a term of one year. Several further regulations have provided for a quarantine and social isolation that seriously limited social and economic activities.
- On March 17, 2020, the President of Colombia issued Decree 417/20 acknowledging the oil price crisis and the impact of the Covid-19 pandemic and declaring the economic, social and ecological emergency in Colombia.
- From March 2020, Interoil ceased to provide services for the operation and maintenance of the Toqui-Toqui field.

Subsequent events

- On April 3 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 main trunk line and that as a result, the access valve for our gas has been closed until pressure returns to safe levels. 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. The request made for LLA-47 is at present under analysis and pending a resolution.
- On May 5 2020, Turgas notified Interoil that it would resume gas off-takings and Interoil restarted its deliveries accordingly.
- On May 5 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.

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.

In January 2020, Interoil acquired an 8.34 % participating interest in five exploitation concessions in the Santa Cruz region in Argentina.

At the end of first 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

In Colombia Interoil holds a 100 % working interest in the **Llanos LLA-47** exploration block covering an area of 447 km^2, 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 and one more in Altair by February 2021.

In the meantime, the process to obtain environmental approvals required to convert the LLA-47 exploration license into a production concession is ongoing.

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

Also, in Colombia, the **Puli C** licence comprises three producing fields: Mana, Rio Opia and Ambrosia. During 2019, Interoil worked systematically and patiently to improve recovery from these relatively old fields, and in October 2019, after careful studying of the static model, the company was successful in identifying a new potential layer of hydrocarbons in the Rio Opia field. After workover operations in this field, tests in the target formation were positive, adding 20 bopd to the output from the well. This is a very encouraging result, creating new opportunities for the field.

Further analysis and dynamic modelling of the Puli C formations are ongoing and may result in additional investments aimed at enhancing recovery ratio from the fields.

From March 2020, Hocol will no longer require Interoil services for the operation and maintenance of the Toqui-Toqui field, during 2019 revenues from this service were USD 2 million.

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. A further workover program is being planned and waiting on available drilling equipment in the area. A further debottlenecking of the processing equipment at the field is also underway.

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 recently, in a separate transaction, 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 89,196 boe in Q1 2020 compared to 95,497 boe in Q4 2019 (See note 10).

Quarterly revenues decreased by 12.9 % from USD 4.0 million in Q4, 2019 to USD 3.5 million in Q1 2020. The main reasons were lower prices and a higher proportion of gas sales.

Q1 2020 operating result including exploration costs expenses was USD -1.6 million compared with USD -1.5 in the previous quarter.

While in Q4, 2019 there was a finance cost of USD 1.6 million, for the 1Q 2020 there is an income of USD 1.5 million mainly related to exchange rate gain due to Colombian peso devaluation during the first quarter of 2020. Loss before income tax was USD 0.2 million compared with a USD 3.1 million loss in Q4, 2019.

Total comprehensive loss for Q1 2020 amounted to USD 0.9 million (Q4, 2019: USD 3.9 million loss).

Balance Sheet and Equity

Non-current assets of 34 million corresponds to fixed assets in Colombia and Argentina decreased from 36.4 million at the end of 2019 due to the amortization of the quarter. Interoil held USD 5.3 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 31 March 2020, book equity for the consolidated Group was USD 7.7 million, this reflects the loss of the period and the increase of USD 17.1 million than at the end of 2019 caused by the recognizing at fair value of the equity issued for the conversion of 35% of the outstanding bonds.

Of Interoil's non-current liabilities of USD 24.3 million, USD 2.8 million relates to provisions and retirement benefit obligations, USD 1.3 million relates to deferred tax liabilities and long term borrowings (including bond loan) of USD 20.4 million.

Current liabilities of USD 8.9 million are comprised by trade and other payables/provisions of USD 6 million and short term borrowings (including current part of the bond loan) of USD 2.9 million.

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 into 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 conversation 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 estimated by late July - mid August.

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

During 1Q 2020 cash flow from operations was USD 1.1 million, financing cash outflow was USD 0.5 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 0.5 million during Q1 2020.

Outlook

During the past twelve 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. The Company 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.

Oslo, Board of Directors, 12 June 2020

Consolidated interim statement of comprehensive income

Amounts in USD 1 000	Note	For the 3 months period ended 31 March 2020	For the 3 months period ended 31 December 2019	For the 3 months period ended 31 March 2019	For the 12 months period ended 31 December 2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales	4	3.457	3.977	3.826	17.072
Cost of goods sold ex depreciation	5	-1.925	-2.415	-1.516	-7.511
Depreciation	5	-2.282	-564	-1.922	-7.595
Gross profit		**-750**	**998**	**388**	**1.966**
Exploration cost expensed		-200	-399	-23	-964
Administrative expense		-784	-762	-902	-3.567
Other (expense)/income		129	-1.329	46	-1.045
Result from operating activities		**-1.605**	**-1.492**	**-491**	**-3.610**
Finance income	6	2.399	264	235	1.391
Finance cost	6	-950	-1.897	-1.186	-5.206
Finance expense – net		**1.449**	**-1.633**	**-951**	**-3.815**
Loss before income tax		**-156**	**-3.125**	**-1.442**	**-7.425**
Income tax (expense)/credit	9	-733	-775	-218	-216
Loss profit from continuing operations		**-889**	**-3.900**	**-1.660**	**-7.641**
Other comprehensive loss		-	-	-	-
Total comprehensive loss for the period, net of tax		**-889**	**-3.900**	**-1.660**	**-7.641**
Attributable to:					
Equity holders of the parent		**-889**	**-3.900**	**-1.660**	**-7.641**
(Loss)/profit per share (expressed in USD)					
– basic and diluted – total		-0,01	-0,04	-0,03	-0,08
– basic and diluted – continuing operations		-0,01	-0,04	-0,03	-0,08

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 31 March, 2020	As of 31 December, 2019
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	32.492	34.628
Other non-current assets		1.520	1.764
Total non-current assets		**34.012**	**36.392**
Current assets			
Inventories		560	847
Trade and other receivables		915	1.231
Cash and cash equivalents, restricted		3.014	3.043
Cash and cash equivalents, non-restricted		2.282	1.767
Total current assets		**6.771**	**6.888**
TOTAL ASSETS		**40.783**	**43.280**
EQUITY			
Share capital and share premium		159.144	142.095
Other paid-in equity		4.744	4.744
Retained earnings		-156.235	-155.346
Total equity		**7.653**	**-8.507**
LIABILITIES			
Non-current liabilities			
Borrowings	8	20.165	39.042
Deferred tax liabilities		1.310	870
Retirement benefit obligations		541	677
Provisions for other liabilities and charges		2.259	2.754
Total non-current liabilities		**24.275**	**43.343**
Current liabilities			
Trade and other payables		5.032	5.756
Income taxes payable		282	-72
Current interest-bearing liabilities	8	2.819	1.997
Provisions for other liabilities and charges		722	763
Total current liabilities		**8.855**	**8.444**
TOTAL LIABILITIES		**33.130**	**51.787**
TOTAL EQUITY AND LIABILITIES		**40.783**	**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 31 March 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**
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	-	-	-889	-889
Capital increase (Fair value at January 23, 2020 issuance date)	17,049	-	-	17,049
Balance at 31 March 2020	**159,144**	**4,744**	**-156,235**	**7,653**

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 3 months period ended 31 March 2020	For the 12 months period ended 31 December 2019
		(Unaudited)	
Cash generated from operations			
Comprehensive loss for the period – continuing operations		-889	-7.641
Total comprehensive loss of the period		**-889**	**-7.641**
Depreciation, amortization and impairment		2.282	7.805
Interest income	6	-2	-21
Interest expense	6	78	3.109
Other net financial expense		0	730
Changes in assets & liabilities		0	1.547
Inventories		-287	-241
Trade and other receivables		-316	790
Trade and other payables / provision and other liabilities		252	51
Net cash generated from operating activities		**1.118**	**6.129**
Cash flows from investing activities			
Net increase of PP&E		-146	-4.786
Net cash used in investing activities		**-146**	**-4.786**
Cash flows from financing activities			
Interest paid		-75	-2.044
Repayment of borrowings		-138	-346
Increase in non-current assets		-244	174
,Changes in restricted cash classification		-29	-1.014
Net cash used in financing activities		**-457**	**-3.230**
Net change in cash and cash equivalents		**515**	**-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		**2.282**	**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 Group holds participating interest in and/or is an operator of production and exploration assets in Colombia and Argentina

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 12 June 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 31 March 2020 (Unaudited)

Comprehensive Income

Amounts in USD 1 000	Colombia	Argentina	Norway	Unall. / Elimin.	Group (continuing business)
Total revenue	3.257	200	107	-107	3.457
Cost of goods sold ex depreciation	-1.763	-162	-	-	-1.925
Depreciation	-2.282	-	-	-	-2.282
Gross profit	**-788**		**107**	**-107**	**-750**
Exploration cost expensed	-200	-	-	-	-200
Administrative expense	-784	-	-107	107	-784
Other income	129	-	-	-	129
Result from operating activities	**-1.643**	**-**	**-**	**-**	**-1.605**
Finance income	2.134	-	783	-518	2.399
Finance costs	-1.076	-	-392	518	-950
Loss before income tax	**-585**	**-**	**391**	**-**	**-156**
Income tax expense	-733		-	-	-733
Loss for the period	**-1.318**	**-**	**391**	**-**	**-889**
Other comprehensive Income	-	-	-	-	-
Total comprehensive income net of tax	**-1.318**	**-**	**391**	**-**	**-889**

Financial Position* (As of march 31, 2020)

Amounts in USD 1 000	Colombia	Argentina	Norway	Unall. / Elimin.	Group (continuing business)
Property, plant and equipment	19,221	12,000	-	1,271	32,492
Current interest-bearing liabilities	478	-	20,983	-	21,461

* 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 31 December 2019 (Unaudited)

Comprehensive Income

Amounts in USD 1 000	Colombia	Argentina	Norway	Unall. / Elimin.	Group (continuing business)
Total revenue	3.824	153	127	-127	3.977
Cost of goods sold ex depreciation	-2.287	-128	-	-	-2.415
Depreciation	-564	-	-	-	-564
Gross profit	**973**	**25**	**127**	**-127**	**998**
Exploration cost expensed	-399	-	-	-	-399
Administrative expense	-804	-	-85	127	-762
Other income	-1.329	-	-	-	-1.329
Result from operating activities	**-1.559**	**25**	**42**	**-**	**-1.492**
Finance income	262	-	515	-513	264
Finance costs	-1.301	-	-1.109	513	-1.897
Loss before income tax	**-2.598**	**25**	**-552**	**-**	**-3.125**
Income tax expense	-775	-	-	-	-775
Loss for the period	**-3.373**	**25**	**-552**	**-**	**-3.900**
Other comprehensive Income	-	-	-	-	-
Total comprehensive income net of tax	**-3.373**	**25**	**-552**	**-**	**-3.900**

Financial Position* (As of December 31, 2019)

Amounts in USD 1 000	Colombia	Argentina	Norway	Unall. / Elimin.	Group (continuing business)
Property, plant and equipment	20,357	12,000	-	2,271	34,628
Current interest-bearing liabilities	596	-	38,446	-	39,042

* 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 31 March 2019 (Unaudited)

Comprehensive Income

Amounts in USD 1 000	Colombia	Argentina	Norway	Unall. / Elimin.	Group (continuing business)
Total revenue	3.826		154	-154	3.826
Cost of goods sold ex depreciation	-1.516	-	-	-	-1.516
Depreciation	-1.922	-	-	-	-1.922
Gross profit	**388**		**154**	**-154**	**388**
Exploration cost expensed	-23	-	-	-	-23
Administrative expense	-902	-	-154	154	-902
Other income	46	-	-	-	46
Result from operating activities	**-491**	**-**	**-**	**-**	**-491**
Finance income	234	-	597	-596	235
Finance costs	-520	-	-1.262	596	-1.186
Loss before income tax	**-777**	**-**	**-665**	**-**	**-1.442**
Income tax expense	-218	-	-	-	-218
Loss for the period	**-995**		**-665**	**-**	**-1.660**
Other comprehensive Income	-	-	-	-	-
Total comprehensive income net of tax	**-995**	**-**	**-665**	**-**	**-1.660**

For the 12 months period ended 31 December 2019

Comprehensive Income

Amounts in USD 1 000	Colombia	Argentina	Norway	Unall. / Elimin.	Group (continuing business)
Total revenue	16.785	287	612	-612	17.072
Cost of goods sold ex depreciation	-7.243	-268	-	-	-7.511
Depreciation	-7.595	-	-	-	-7.595
Gross profit	**1.947**	**19**	**612**	**-612**	**1.966**
Exploration cost expensed	-964	-	-	-	-964
Administrative expense	-3.472	-137	-570	612	-3.567
Other income	-1.045	-	-	-	-1.045
Result from operating activities	**-3.534**	**-118**	**42**	**-**	**-3.610**
Finance income	1.381	-	2.135	-2.125	1.391
Finance costs	-2.981	-	-4.350	2.125	-5.206
Loss before income tax	**-5.134**	**-118**	**-2.173**	**-**	**-7.425**
Income tax expense	-216	-	-	-	-216
Loss for the period	**-5.350**	**-118**	**-2.173**	**-**	**-7.641**
Other comprehensive Income	-	-	-	-	-
Total comprehensive income net of tax	**-5.350**	**-118**	**-2.173**	**-**	**-7.641**

Note 4. Sales and royalty

Amounts in USD 1 000	For the 3 months period ended 31 March 2020	For the 3 months period ended 31 December 2019	For the 3 months period ended 31 March 2019	For the 12 months period ended 31 December 2019
Sale of oil				
Sale of oil – before royalty	2.574	2.871	3.073	13.144
Royalty	-156	-197	-204	-830
Sale of oil – net	**2.418**	**2.674**	**2.869**	**12.314**
Sale of gas	714	800	458	2.757
Sale of services	325	503	499	2.001
Total sales	**3.457**	**3.977**	**3.826**	**17.072**

Note 5. Cost of goods sold

Amounts in USD 1 000	For the 3 months period ended 31 March 2020	For the 3 months period ended 31 December 2019	For the 3 months period ended 31 March 2019	For the 12 months period ended 31 December 2019
Cost of goods sold				
Lifting costs *	1.233	2.120	1.245	5.941
Changes in inventory	382	-343	-131	-186
Other cost of goods sold	310	638	402	1.756
Total cost of goods sold	**1.925**	**2.415**	**1.516**	**7.511**
Depreciation	**2.282**	**564**	**1.922**	**7.595**

* Lifting costs,				
Field production costs	545	864	596	2.798
Tariffs and transportation	406	280	268	1.219
Insurance	23	22	23	99
Production costs consultants	0	-46	14	92
Well services and work overs	43	254	273	587
Repairs and maintenance	69	120	71	395
Other production costs	147	626	0	751
Total lifting costs	**1.233**	**2.120**	**1.245**	**5.941**

Note 6. Finance income and cost

Amounts in USD 1 000	For the 3 months period ended 31 March 2020	For the 3 months period ended 31 December 2019	For the 3 months period ended 31 March 2019	For the 12 months period ended 31 December 2019
Interest income	2	13	4	21
Realized / unrealized exchange	2.143	251	231	1.370
Other financial income	253	-	-	-
Total financial income	**2.398**	**264**	**235**	**1.391**
Interest expenses	78	767	744	3.109
Amortisation of debt issue cost	34	31	30	143
Realized / unrealized exchange	796	592	385	1.317
Other financial expenses	42	507	27	637
Total financial expenses	**950**	**1.897**	**1.186**	**5.206**
Finance expenses – net	**1.448**	**-1.633**	**-951**	**-3.815**

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	140	6	146
Amortization	-2.070	-212	-2.282
As of 31 March 2020	**28.267**	**4.225**	**32.492**

Note 8. Borrowings

Amounts in USD 1 000	As of 31 March 2020	As of 31 December 2019
Non-current		
Bond loan (2020 -2026 - 7.5%)	19.687	38.446
Other non-current interest bearing liabilities	478	596
Total non-current interest bearing liabilities	**20.165**	**39.042**
Current		
Bond loan (2020 -2026 - 7.5%)	1.296	-
Liabilities to financial institutions	1.523	1.997
Total current interest bearing liabilities	**2.819**	**1.997**
Total interest bearing liabilities	**22.984**	**41.039**

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

Amounts in USD 1000	As of 31 March 2020	As of 31 December 2019
0-12 months	2.819	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	**22.984**	**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 31 March 2019	**20.983**
Short term	1.296
Long term	19.687

Note 9. Tax

Amounts in USD 1 000	**For the 3 months period ended 31 March 2020**	**For the 3 months period ended 31 December 2019**	**For the 3 months period ended 31 March 2019**	**For the 12 months period ended 31 December 2019**
Current income tax:				
Current income tax charge	-37	520	2	675
Deferred tax:				
Relating to origination and reversal of temporary differences	770	255	216	-459
Income tax expense/(credit)	**733**	**775**	**218**	**216**

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

	For the 3 months period ended 31 March 2020	**For the 3 months period ended 31 December 2019**	**For the 3 months period ended 31 March 2019**	**For the 12 months period ended 31 December 2019**
<u>Production in barrels</u>				
Colombia				
Working interest, barrels	46.910	51.529	49.522	205.697
Working interest, gas (boe)	38.306	40.690	22.744	140.266
Royalty	-5.922	-5.928	-4.811	-22.403
Total production in barrels – net of royalty	**79.294**	**86.291**	**67.455**	**323.560**
Argentina				
Working interest, barrels	3.980	3.278	-	5.427
Total production in barrels – net of royalty	**3.980**	**3.278**	**-**	**5.427**

Sale of oil in barrels				
Colombia				
Sale of oil, barrels net	47.548	33.238	46.175	158.160
Oil royalties sold	282	9.418	572	35.723
Total sale in barrels	**47.830**	**42.656**	**46.747**	**193.883**
Argentina				
Sale of oil, barrels net	3.980	3.854	-	7.481
Total sale in barrels	**3.980**	**3.854**	**-**	**7.481**
Sale of gas in boe Colombia				
Sale of gas, boe net	33.403	35.482	19.833	122.312
Gas royalties sold	2.451	2.604	1.456	8.977
Total sale in barrels	**35.854**	**38.086**	**21.289**	**131.289**
Total Sales in boe				
Sale of boe net	84.931	72.574	66.008	287.953
Royalties sold	2.733	12.022	2.028	44.700
Total sale in barrels	**87.664**	**84.596**	**68.036**	**332.653**

* Barrels of oil equivalent

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