Mana production facilities
Piedras Tolima, Colombia

Report for the second quarter and first six months of 2019

Interoil Exploration and Production ASA

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Key figures

Key figures	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Gross production oil/gas (boe)	145 755	149 477	96 812	103 241	96 297	117 822
Production oil/gas (average boepd)	1 584	1 625	1 052	1 122	1 077	1 280
Oil/gas sold (boe)	110 948	115 012	65 679	68 305	68 036	84 101
Oil price average (usd/bbl)	63.2	70.7	70.4	62.8	62.0	66.6
Revenues (USDm)*	6,1	7,4	3,9	3,9	3,8	4,7
EBITDA adjusted for exploration expenses* (USDm)	3,2	4,0	1,2	1,8	1,4	2,1
Operating profit (USDm)	0,8	1,5	-0,1	-5,4	-0,5	-0,8
Exploration expenses (USDm)	0,2	0,1	0,2	0,3	-	-0,4
Net loss/profit (USDm)	-0,3	0,1	-0,8	-6,1	-1,7	-0,6
Cash and cash equivalents at end of period (USDm)	6,7	7,9	6,4	8,6	7,3	8,0

** exploration expenses and nonrecurring items were excluded.*

Highlights in the quarter

- Interoil broadened and diversified its activities through the acquisition of three licenses in Argentina. These are expected to hold in excess of 8 million barrels of reserves and a significant potential in unconventional oil.
- In line with the authorisation granted by the shareholders, the Board of Directors resolved to issue approximately 32.3 million new shares as compensation to the sellers of the Argentinian assets and to settle supplier debt.
- Gross production increased by 22% in Q2 2019 compared with the previous quarter, partly because the Vikingo well came back on stream in February and partly as a result of increased gas production in the Puli C field following successful workover operations.
- Interoil's EBITDAx in Q2 2019 was USD 2.1 million, compared with a USD 1.4 in Q1 2019. In the first six months of 2019, EBITDAx was USD 3.5 million, compared with USD 7.2 in the same period in the previous year.

Subsequent events

- Colombian authorities have confirmed an extension of the Altair license until 27th April 2020.

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 since April also in Argentina.

Interoil's portfolio consists of two producing licenses and two exploration licenses in Colombia and one exploration and two production concessions in Argentina. The licenses in Colombia were acquired through company acquisitions and open bid-rounds for licenses organised by the authorities. The licenses in Argentina were acquired through a share purchase agreement with the previous owners.

Interoil has oil production in Colombia and part of the company's strategy is to extract value from its exploration licenses in Colombia and Argentina and use the proceeds to develop these assets and/or acquire new ones.

Colombia - exploration

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.

In 2017, the first exploration well drilled in LLA-47, the Vikingo-x1 well, was an instant success and production could start immediately from temporary production equipment (see more information about production below).

The Vikingo well also produced new and valuable insight about the geology in the area. This prompted Interoil to carry out extensive additional analysis of three-dimensional seismic data of the area.

Interoil is working on an integrated exploration campaign, which involves drilling of an exploration well in LLA-47 and one further exploration well in the Altair license.

Drilling has been delayed several times and for various reasons outside Interoil's control. The company has been in constant dialogue with the ANH about this unfortunate situation and given the force majeure nature of these events, the ANH has granted an extension to the LLA-47 exploration license until February 2021. A similar extension has been granted for the Altar license until April 2020.

In order to reduce the risks of further costly delays, drilling operations are not likely to commence before the dry season at the end of this year or early in 2020.

Colombia - production

Working interest production of oil and gas increased from 72,266 boe in Q1 to 88,642 boe in Q2 2019. Production in the first six months of the year was 160,908 boe compared with 146,127 boe in the second half of 2018.

Oil prices increased during the quarter from USD 62.0.4/bbl average Q1 to USD 66.6/bbl average Q2 2019, gas price was stable. The number of barrels sold during the period was 84,101 bbls compared to 68,036 bbls in Q1 2019.

Production from the Vikingo well resumed in February 2019. Interoil had then agreed with Perenco to transport Vikingo oil through a nearby pipeline instead of by truck, which had proven to be an unreliable solution. Since February, Vikingo production has continued without significant interruption.

The Puli C license comprises the following three producing fields: Mana, Rio Opia and Ambrosia. The geological structures in the Puli C area is challenging and complex and extensive efforts are required in order to maintain production from the fields. In the first quarter of 2019, reperforation of wells in the Mana field produced encouraging results, lifting Interoil's gross operated production to around 1,900 boe per day.

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.

In parallel Interoil continues working to meet the requirements for an upgrade of the environmental license for the fields, which would allow installation of the gas treatment facilities and further improve production and export capacity from the fields. Until plans are approved, the processing equipment will remain stacked in the US.

Argentina - operations

With the successful acquisition of majority interests in three licenses in Argentina in the second quarter this year, 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 Northern Argentina. Interoil will also become the operator of this license, holding an 80 % working interest.

Interoil is working to reactivate production from the Mata Magallanes Oeste and La Brea fields, and expects that production could start later this year. The initial short-term work program involves work-over operations in existing wells in the Mata Magallanes Oeste and La Brea licenses. Once the fields are on stream, the further work programme will be determined based on analysis of well performance.

This year's work programme in the Cañadón Ramírez exploration block includes reprocessing and reinterpretation of the existing 3D seismic data and well data from 22 exploration wells that have been drilled, tested and then suspended in the block.

In the longer term, Interoil is committed to becoming a key player in the unconventional game in Argentina. The Golfo San Jorge Basin holds three well-known unconventional formations: D-129 or Matasiete, Cerro Guadal and Anticlinal Aguada Bandera. The D-129 formation has already been successfully tested by YPF, the largest oil and gas producer in Argentina.

Interoil sees significant unconventional potential in the D-129 both in the Mata Magallanes Oeste and Cañadón Ramírez blocks.

P&L comments

Quarterly revenues increased by 23.6% from USD 3.8 million in Q1 to USD 4.7 million in Q2 2019. The main reasons were an improvement in gas production and higher oil prices.

Q2 2019 operating result including exploration costs expensed was negative USD 0.8 million for Q1 the corresponding figure was negative USD 0.5 million, the increase was mainly driven by expenses for the Argentina operation.

Net finance cost for the quarter of USD 0.8 million while in Q1 was USD 1 million, mostly related to interest expenses. Loss before income tax was USD 1.6 million compared with a USD 1.4 million loss in Q1.

Total comprehensive loss for Q2 2019 amounted to USD 0.6 million (Q1: USD 1.7 million loss).

Revenues in the first six months of 2019 were USD 8.5 million compared with USD 13.5 million in the same period of 2018. Total comprehensive loss in the first half of 2019 was USD 2.23 million compared with USD 202 thousand in the same period of 2018.

Balance Sheet and Equity

During the quarter, non-current assets increased USD 13.9 million net, corresponding to the assets acquisition in Argentina for USD 13 million, reaching an amount of USD 38.5 at the end of the Q2. Interoil held USD 8.0 million in cash at the end of the quarter, of which USD 5.7 million was restricted. The restricted cash relates primarily to cash collateral for guarantees and loans.

As of June 30th, 2019, book equity for the consolidated Group was USD negative 7.0 million.

Of Interoil's non-current liabilities of USD 4.3 million, USD 2.7 million relates to provisions and retirement benefit obligations, USD 1 million relates to the non-cash impact of exchange rate changes on the tax base of non-monetary assets and leasing for offices in Bogota of USD 0.6 million.

Current liabilities of USD 52.1 million are comprised of USD 39 million related to the USD bond loan and USD 13 million of trade and other payables/provisions.

The bond loan matures in January 2020 and the company does not now hold the required liquidity to repay it. The company is in advanced discussion with the bondholders on several alternatives. Unfortunately, no final decision or agreement has been reached at this stage. The Board of Directors is confident that a sound solution will be reached.

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 2018), that are guaranteed with bank standby letters of credit.

Further to combing phases 1 and 2 on the Altair and LLA-47 licenses, the Group is currently in discussion with the ANH to determine the impact on the Group's guarantee obligations. The ANH accepted Interoil's request to place a surety insurance to guaranty the pending LLA-47 obligations. As a result, the required USD 11.1 million LLA-47 guaranty is now in compliance with the ANH requirements. The guarantee requirement will be reduced as the committed works are performed.

Cash flow

During the first six months of 2019 cash flow from operations was USD 7.3 million, financing cash flow was USD 7.1 million and cash outflow from investing activities was USD 15.7 million.

Financial flow relates to the issuance of ordinary shares of USD 9.1 million net of interest payments of USD 1.1 million and repayment of loans of USD 0.9 million.

The Group had a net cash outflow of USD 1.3 million in the first six months of 2019.

New shares

Of the USD 13 million total agreed consideration for the acquisition of three licenses in Argentina, USD 0.3 million was settled in cash at closing. Another USD 9.1 million, was settled through the issuance of a total of 22,221,851 new shares. The remaining USD 3.6 million was initially intended to be settled in cash in three annual instalments.

In June 2019 Interoil resolved to settle USD 1,009,112 of supplier debt by issuing 2,607,774 new shares to Fedmul S.A., a geology and geophysical specialist that has provided services to Interoil.

Under the purchase agreement for the Argentinian assets, this issuance of shares for settlement of supplier debt triggered further compensation to the sellers in the form 1,294,607 new shares.

In parallel, Interoil negotiated an agreement by which the company would pay part of the pending USD 3.6 million debt plus accrued interest to the sellers. Part of this amount, USD 2.35 million, was settled with payment of 6,059,947 shares. Following this transaction, the debt to the sellers was reduced to USD 1.3 million.

After the issuance of new shares, Interoil has a total of 96,874,494 outstanding shares, each with a par value of NOK 0.50.

Outlook

During the past few years, Interoil has strengthened its understanding of Latin America in general and Argentina in particular, and with the recent transformative acquisition of assets in Argentina, Interoil has significantly broadened and diversified its activities. The company has also attracted interest and secured support from new investors who have demonstrated commitment to Interoil's growth plans.

Argentina's energy sector is well diversified and well developed, and represents an attractive long-term market, with an economic and political framework which is mainly governed by regional governments and with federal support. Argentina also has other natural resources such as renewables, lithium and other rare earths, which could represent interesting opportunities for Interoil in the longer term.

In the short term, restructuring and refinancing of the company's debt have the highest priority. Meanwhile, Interoil continues to diligently manage production from its fields in Colombia, and later this year the company also expects to have production in Argentina.

Revenues generated from production is the financial backbone of Interoil's activities and will help fund operations and investments aimed at increasing recovery rate and removing bottlenecks in the processing and product export solutions, as well as new exploration wells in Colombia and Argentina.

Statement by the Board of Directors

The Board of Directors and the General Manager have today reviewed and approved the unaudited half-year interim financial report for the period 1 January to 30 June 2019.

The interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" in the context of the International Financial Reporting Standards (IFRS) as adopted by EU and additional Norwegian disclosure requirements for interim financial reports of listed public limited companies.

We consider, to the best of our knowledge, the accounting policies applied to be appropriate. Accordingly, the interim report gives a true and fair view of the Group's assets, liabilities, financial position and result as at 30 June 2019.

Oslo, 29 August 2019

The board of directors of
Interoil Exploration and Production ASA

Hugo Quevedo *Chairman*	Mimi Berdal *Board member*	Nicolas Acuña *Board member*
German Ranftl *Board member*	Laura Mármol *Board member*	Carmela Saccomanno *Board member*

Consolidated interim statement of comprehensive income

Amounts in USD 1 000	Note	For the 3 months period ended 30 June 2019	For the 3 months period ended 30 June 2018	For the 3 months period ended 31 March 2019	For the 6 months period ended 30 June 2019	For the 6 months period ended 30 June 2018
		(Unaudited)	(Unaudited)	(Unaudited)		(Audited)
Sales	4	4.673	7.369	3.826	8.499	13.525
Cost of goods sold ex depreciation	5	-1.616	-2.757	-1.516	-3.132	-5.288
Depreciation	5	-2.447	-2.360	-1.922	-4.369	-4.633
Gross profit		**610**	**2.252**	**388**	**998**	**3.604**
Exploration cost expensed		-393	-143	-23	-416	-324
Administrative expense		-1.067	-835	-902	-1.969	-1.601
Other (expense)/income		69	245	46	115	635
Result from operating activities		**-781**	**1.519**	**-491**	**-1.272**	**2.314**
Finance income	6	386	356	235	621	396
Finance cost	6	-1.213	-820	-1.186	-2.399	-2.087
Finance expense – net		**-827**	**-464**	**-951**	**-1.778**	**-1.691**
Loss before income tax		**-1.608**	**1.055**	**-1.442**	**-3.050**	**623**
Income tax (expense)/credit	8	1.041	-977	-218	823	-825
Loss profit from continuing operations		**-567**	**78**	**-1.660**	**-2.227**	**-202**
Other comprehensive loss		-	-	-	-	-
Total comprehensive loss for the period, net of tax		**-567**	**78**	**-1.660**	**-2.227**	**-202**
Attributable to:						
Equity holders of the parent		**-567**	**78**	**-1.660**	**-2.227**	**-202**
		-567	**78**	**-1.660**	**-2.227**	**-202**
(Loss)/profit per share (expressed in USD)						
– basic and diluted – total		-0,01	0,00	-0,03	-0,03	-0,01
– basic and diluted – continuing operations		-0,01	0,00	-0,03	-0,03	-0,01

Consolidated interim statement of financial positions

Amounts in USD 1 000		As of 30 June, 2019	As of 31 December, 2018
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		38.510	27,194
Total non-current assets		**38.510**	**27,194**
Current assets			
Inventories		772	606
Trade and other receivables		2.164	2,021
Cash and cash equivalents		7.982	9,301
Total current assets		**10.918**	**11,928**
TOTAL ASSETS		**49.428**	**39,122**
EQUITY			
Share capital and share premium		138.235	129,135
Other paid-in equity		4.744	4,744
Retained earnings		-149.932	-147,705
Total equity		**-6.953**	**-13,826**
LIABILITIES			
Non-current liabilities			
Borrowings	7	555	38,553
Deferred tax liabilities		1.031	1,614
Retirement benefit obligations		682	673
Provisions for other liabilities and charges		2.006	1,950
Total non-current liabilities		**4.274**	**42,790**
Current liabilities			
Trade and other payables		10.680	6,163
Income taxes payable		176	747
Current interest-bearing liabilities	7	40.021	2,499
Provisions for other liabilities and charges		1.230	749
Total current liabilities		**52.107**	**10,158**
TOTAL LIABILITIES		**56.381**	**52,948**
TOTAL EQUITY AND LIABILITIES		**49.428**	**39,122**

The notes 1 to 8 are an integral part of this condensed consolidated financial statements.

Consolidated interim statement of changes in equity

As of 30 June 2019

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**
				(Unaudited)
Total comprehensive loss for the period	-	-	-1,160	-1,160
Balance at 31 March 2019	**129,135**	**4,744**	**-149,365**	**-15,486**
				(Unaudited)
Total comprehensive loss for the period	-	-	-567	-567
Capital increase	9,100	-	-	9,100*
Balance at 30 June 2019	**138,235**	**4,744**	**-149,932**	**-6,953**

* Debt conversion shares were authorised in June, but not issued until July.

The notes 1 to 8 are an integral part of this condensed consolidated financial statements.

Consolidated interim cash flow statement

Amounts in USD 1 000	Note	For the 6 months period ended 30 June 2019	For the 6 months period ended 30 June 2018	For the 12 months period ended 31 December 2018
		(Unaudited)	(Unaudited)	(Audited)
Cash generated from operations				
Comprehensive loss for the period – continuing operations		-2,227	-202	-7,172
Total comprehensive loss of the period		-2,227	-202	**-7,172**
Depreciation, amortization and impairment		4,369	4,737	9,623
Change in retirement benefit obligation		9	32	-35
Interest income	6	-6	-5	-25
Interest expense	6	1,541	1,534	3,160
Other net financial expense		249	165	-146
Changes in assets & liabilities				
Inventories		-166	-108	-126
Trade and other receivables		-143	87	1,241
Trade and other payables and provision and other liabilities		3,676	-1,172	1,574
Net cash generated from operating activities		**7,302**	5,096	**8,904**
Cash flows from investing activities				
Net increase of PP&E		-15,685	-2,914	-4,385
Net cash used in investing activities		**-15,685**	**-2,914**	**-4,385**
Cash flows from financing activities				
Interest paid		-1,123	-1,016	-2,496
Repayment of borrowings		-913	-1,352	-1,066
Proceeds from new loans		0	-	714
Proceeds from issuance of ord. Shares		9,100	-	-
Net cash used in financing activities		**7,064**	**-2,368**	**-2,848**
Net change in cash and cash equivalents		**-1,319**	**437**	**861**
Cash and cash equivalents at beginning of the period		9,301	7,524	8,440
Cash and cash equivalents at end of the period		**7,982**	**7,961**	**9,301**
Whereof cash and cash equivalents, non-restricted		2,305	5,199	3,655
Whereof cash and cash equivalents, restricted		5,677	2,762	5,646

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 June 2019 included the company and its subsidiaries. This condensed consolidated interim financial information has been authorised for issue by the Board of Directors on 29th August 2019.

Note 2. Accounting policies

Interoil's condensed consolidated interim financial information is prepared in accordance with IAS 34, Interim Financial Reporting 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 2018, and this condensed consolidated interim financial information should therefore be read together with the consolidated financial statements for the year ended 31 December 2018 prepared in accordance with IFRS as adopted by the European Union. IFRS 8 and IAS 33 have been applied as the Company is listed on the Oslo Stock Exchange.

With effect from 1 January 2018 Interoil adopted certain revised and amended accounting standards and improvements to IFRSs as further outlined in the significant accounting principles note disclosure to Interoil's financial statements for 2017. The IFRS 15 determines a change in the way Interoil recognize and present revenues, costs and oil working interest participation. As from 1Q 2018 SLS partner participation which is not paid in kind is recognized separately as revenue and cost.

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. Interim period results are not necessarily indicative of results of operations or cash flows for an annual period.

The condensed interim financial information is unaudited.

Note 3. Segment information

For the 3 months period ended 30 June 2019 (Unaudited)

Amounts in USD 1 000	**Colombia**	**Norway**	**Unall. / Elimin.**	**Group (continuing business)**
Total revenue*	4.673	172	-172	4.673
Cost of goods sold ex depreciation	-1.616	0	0	-1.616
Depreciation	-2.447	0		-2.447
Gross profit	**610**	**172**	**-172**	**610**
Exploration cost expensed	-393	0	0	-393
Administrative expense	-881	-172	172	-1.067
Other income	69	0	0	69
Result from operating activities	**-595**	**0**	**0**	**-781**
Finance income	384	553	-551	386
Finance costs	-634	-1.130	551	-1.213
Loss before income tax	**-845**	**-577**	**0**	**-1.608**
Income tax expense	1.041	0	0	1.041
Loss for the period	**196**	**-577**	**0**	**-567**
Other comprehensive Income	-	-	-	-
Total comprehensive income net of tax	**196**	**-577**	**0**	**-567**

For the 3 months period ended 30 June 2018 (Unaudited)

Amounts in USD 1 000	**Colombia**	**Norway**	**Unall. / Elimin.**	**Group (continuing business)**
Total revenue	7.369	303	-303	7.369
Cost of goods sold ex depreciation	-2.757	0	0	-2.757
Depreciation	-2.360	0	0	-2.360
Gross profit	**2.252**	**303**	**-303**	**2.252**
Exploration cost expensed	-143	0	0	-143
Administrative expense	-881	-256	303	-834
Other income	239	6	0	245
Result from operating activities	**1.467**	**53**	**0**	**1.520**
Finance income	349	613	-606	356
Finance costs	-117	-1.309	606	-820
Loss before income tax	**1.699**	**-643**	**0**	**1.056**
Income tax expense	-979	0	0	-979
Loss for the period	**720**	**-643**	**0**	**77**
Other comprehensive Income	0	-	-	-
Total comprehensive income net of tax	**720**	**-643**	**0**	**77**

For the 6 months period ended 30 June 2019 (Unaudited)

Amounts in USD 1 000	**Colombia**	**Norway**	**Unall. / Elimin.**	**Group (continuing business)**
Total revenue	8.499	326	-326	8.499
Cost of goods sold ex depreciation	-3.132		0	-3.132
Depreciation	-4.369			-4.369
Gross profit	**998**	**326**	**-326**	**998**
Exploration cost expensed	-416		0	-416
Administrative expense	-1.969	-326	326	-1.969
Other income	115	0	0	115
Result from operating activities	**-1.272**	**0**	**0**	**-1.272**
Finance income	615	1.098	-1.092	621
Finance costs	-1.366	-2.125	1.092	-2.399
Loss before income tax	**-2.023**	**-1.027**	**0**	**-3.050**
Income tax expense	823	0	0	823
Loss for the period	**-1.200**	**-1.027**	**0**	**-2.227**
Other comprehensive Income	-	-	-	-
Total comprehensive income net of tax	**-1.200**	**-1.027**	**0**	**-2.227**

For the 6 months period ended 30 June 2018 ((Unaudited)

Amounts in USD 1 000	**Colombia**	**Norway**	**Unall. / Elimin.**	**Group (continuing business**
Total Revenue	13.525	579	-579	13.525
Cost of goods sold ex depreciation	-5.288		0	-5.288
Depreciation	-4.633			-4.633
Gross profit	**3.604**	**579**	**-579**	**3.604**
Exploration cost expensed	-324		0	-324
Administrative expense	-1.648	-531	579	-1.600
Other income	629	6	0	635
Result from operating activities	**2.261**	**54**	**0**	**2.315**
Finance income	388	1.210	-1.202	396
Finance costs	-718	-2.571	1.202	-2.087
Loss before income tax	**1.931**	**-1.307**	**0**	**624**
Income tax expense	-826	0	0	-826
Loss for the period	**1.105**	**-1.307**	**0**	**-202**
Other comprehensive Income	-	-	-	-
Total comprehensive income net of tax	**1.105**	**-1.307**	**0**	**-202**

Note 4. Sales and royalty

Amounts in USD 1 000	For the 3 months period ended 30 June 2019	For the 3 months period ended 30 June 2018	For the 3 months period ended 31 March 2019	For the 6 months period ended 30 June 2019	For the 6 months period ended 30 June 2018
Sale of oil					
Sale of oil – before royalty*	3.695	6.681	3.073	6.768	12.248
Royalty	-232	-372	-204	-436	-700
Sale of oil – net	**3.463**	**6.309**	**2.869**	**6.332**	**11.548**
Sale of gas	706	541	458	1.164	1.007
Sale of services	504	519	499	1.003	970
Total sales	**4.673**	**7.369**	**3.826**	**8.499**	**13.525**

Note 5. Cost of goods sold

Amounts in USD 1 000	For the 3 months period ended 30 June 2019	For the 3 months period ended 30 June 2018	For the 3 months period ended 31 March 2019	For the 6 months period ended 30 June 2019	For the 6 months period ended 30 June 2018
Cost of goods sold					
Lifting costs *	1.294	1.763	1.245	2.539	3.561
Changes in inventory	55	56	-131	-76	-98
Other cost of goods sold	267	938	402	669	1.825
Total cost of goods sold	**1.616**	**2.757**	**1.516**	**3.132**	**5.288**
Depreciation	**2.447**	**2.360**	**1.922**	**4.369**	**4.633**
Lifting costs, specifications:					
Field production costs	760	913	596	1.356	1.744
Tariffs and transportation	297	562	268	565	1.065
Insurance	25	28	23	48	57
Production costs consultants	68	1	14	82	181
Well services and work overs	51	155	273	324	325
Repairs and maintenance	93	104	71	164	189
Total lifting costs	**1.294**	**1.763**	**1.245**	**2.539**	**3.561**

Note 6. Finance income and cost

Amounts in USD 1 000	For the 3 months period ended 30 June 2019	For the 3 months period ended 30 June 2018	For the 3 months period ended 31 March 2019	For the 6 months period ended 30 June 2019	For the 6 months period ended 30 June 2018
Interest income	2	2	4	6	5
Realized / unrealized exchange rate	384	354	231	615	391
Total financial income	**386**	**356**	**235**	**621**	**396**
Interest expenses	791	738	744	1.535	1.531
Amortisation of debt issue cost	32	0	30	62	0
Realized / unrealized exchange rate	326	31	385	711	452
Other financial expenses	64	51	27	91	104
Total financial expenses	**1.213**	**820**	**1.186**	**2.399**	**2.087**
Finance expenses – net	**-827**	**-464**	**-951**	**-1.778**	**-1.691**

Note 7. Borrowings

Amounts in USD 1 000	As of 30 June 2019	As of 31 December 2018
Non-current		
Bond loan denominated USD	-	37,533
Other non-current interest bearing liabilities	555	1,020
Total non-current interest bearing liabilities	**555**	**38,553**
Current		
Bond loan denominated USD	38.165	-
Liabilities to financial institutions	1.856	1,973
Other non-current interest bearing liabilities	-	1,526
Total current interest bearing liabilities	**40.021**	**2,499**
Total interest bearing liabilities	**40.576**	**41,052**

The maturity of the Group's borrowings is as follows

Amounts in USD 1000	As of 30 June 2019	As of 31 December 2018
0-12 months	40.021	2,499
Between 1 and 2 years	114	38,069
Between 2 and 5 years	441	361
Over 5 years	-	123
Total borrowings	**40.576**	**41,052**

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 are due to expire in November 2019. The facilites bears local IBR interest + margin from 4 to 4,5%.

Prepaid oil sales USD 1, 5 million
The Colombian branch and Goam 1 CI S.A.S, a BP-company, have entered into a presales agreement of 72800 bbls or crude with an aggregate price of USD 1,5 million. Repayment of crude will be over the next 6 months, with an average daily delivery estimated to 400 bbls. Price base is Brent. Interoil ASA has given a mother company guarantee for the delivery of oil under the contract.

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 USD 32 million
The Group issued a 5 year Senior Secured bond loan with a total loan amount of USD 32 million on 22 January 2015. The bond loan will mature on 22 January 2020. 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 fixed rate interest of 6.00 % payable semi-annually in arrears. The issuer may make the interest payment in kind (PIK) up to the interest payment date in January 2017. The PIK interest will be capitalised at an effective rate of interest of 8,00% per annum.

The bond loan recognised in the statement of financial position is calculated as follows:

Amounts in USD 1 000	
Bond loan at issue date, 22 January 2015	32,000
PIK interest	5,436
Accrued interest	992
Borrowing costs (fees and legal expenses)	-696
Amortisation of debt issue cost	433
Balance at 31 March 2019	**38,165**

Note 8. Tax

Amounts in USD 1 000	**For the 3 months period ended 30 June 2019**	**For the 3 months period ended 30 June 2018**	**For the 3 months period ended 31 March 2019**	**For the 6 months period ended 30 June 2019**	**For the 6 months period ended 30 June 2018**
Current income tax:					
Current income tax charge	-241	547	2	-239	1.123
Deferred tax:					
Relating to origination and reversal of temporary differences	-800	430	216	-584	-298
Income tax expense/(credit)	**-1.041**	**977**	**218**	**-823**	**825**

Note 9. Production and sales of oil in barrels *

	For the 3 months period ended 30 June 2019	For the 3 months period ended 30 June 2018	For the 3 months period ended 31 March 2019	For the 6 months period ended 30 June 2019	For the 6 months period ended 30 June 2018
Production in barrels					
Working interest, barrels	54.125	92.622	49.522	103.647	180.614
Working interest, gas (boe)	34.517	31.209	22.744	57.261	55.844
Royalty	-5.693	-7.019	-4.811	-10.504	-14.014
Total production in barrels – net of royalty	**82.949**	**116.812**	**67.455**	**150.404**	**222.444**
Sale of oil in barrels					
Sale of oil, barrels net	35.239	87.146	46.175	81.414	168.152
Oil royalties sold	16.554	2.039	572	17.126	3.729
Total sale in barrels	**51.793**	**89.185**	**46.747**	**98.540**	**171.881**
Sale of gas in boe					
Sale of gas, boe net	30.099	24.060	19.833	49.932	48.695
Gas royalties sold	2.209	1.766	1.456	3.665	3.574
Total sale in barrels	**32.308**	**25.826**	**21.289**	**53.597**	**52.269**
Total Sales in boe					
Sale of gas, boe net	65.338	111.206	66.008	131.346	216.847
Royalties sold	18.763	3.805	2.028	20.791	7.303
Total sale in barrels	**84.101**	**115.011**	**68.036**	**152.137**	**224.150**

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