



Report for the second quarter and first half of 2023

Interoil Exploration and Production ASA

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Highlights in the period

- Interoil's net production in the first six months of 2023 was 108 971 barrels of oil equivalents (boe), down from 150 445 boe in the same period in 2022.
- Revenues were USD 5.9 million compared with USD 10.9 million in the corresponding period the previous year. The decline is due to reduced production and reduced price of products sold in the market.
- EBITDA in the first half of 2023 was USD -0.1 million, compared with USD 4.0 million in the same period of 2022.
- In May, Interoil announced the acquisition, together with the Argentine company Selva Maria Oil S.A., of an additional 65 percent of the concessions located in the Province of Santa Cruz, where the Company already had an 8.34 per cent share, and where the company serves as operator. The transaction was concluded in July 2023. By this transaction, Interoil increased its participating interest in the aforementioned Santa Cruz concessions adding a significant number of boepd to its equity production against a convenient consideration substantially payable in kind and with limited dilution.
- In July, upon the Company's request, bondholders approved amendments to the terms of the Company's senior secured callable bonds providing for a settlement in kind of the full interest payment due in July 2023 by issuing and delivering additional bonds. The interest rates for all outstanding bonds were increased from 7.50% p.a. to 8.50% p.a.
- In April, the Company appointed Leandro Carbone as new General Manager and Gonzalo Ricci as new Chief Financial Officer (CFO). Leandro and Gonzalo replace Ricardo Romero who had been serving both as General Manager and CFO.
- On July 27, Interoil Colombia filed a request with the DIAN (tax authority in Colombia) to be granted the possibility to pay income tax owed in arrears. As of the date of these financial statements the DIAN has not yet answered.
- By virtue of requests filed by Interoil Colombia to the Colombian hydrocarbons regulatory agency (ANH) in May and June 2023, the terms applicable to Interoil's drilling obligations in Llanos-47 and Altair have been postponed at least through October 2024 and November 2023, respectively. While no assurance can be given, postponement should continue beyond such dates as long as there are underlying reasons causing force majeure.

Key figures	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Gross production oil/gas (boe)	280.139	299.283	282.047	286.975	294.220	235.539	235.868
Gross production oil/gas (average boepd)	3.045	3.325	3.099	3.119	3.198	2.617	2.592
Net production oil/gas (boe)	47.401	76.583	73.862	72.897	70.043	54.661	54.310
Net production oil/gas (average boepd)	515	851	812	792	761	607	597
Oil price average (usd/bbl)	64,9	90,5	88,8	89,1	88,3	79,0	71,9
Revenues (USDm)	3,5	5,1	5,8	4,8	3,8	2,5	3,4
EBITDA	0,9	2,4	1,6	1,2	0,1	-0,1	0,0
Operating profit (USDm)	-1,0	1,3	0,9	2,2	-0,5	-0,4	-0,5
Net loss/profit (USDm)	-1,0	0,1	0,8	0,9	-1,6	-1,2	-2,7

EBITDA Adjusted: Exploration expenses and nonrecurring items when existing are excluded.

Net production: Represents the percentage of the participating interest corresponding to the Company in the different locations.

Portfolio overview

Interoil is an independent oil and gas exploration and production company, currently operating in Colombia and Argentina. Interoil is involved in the acquisition, exploration, development and operation of onshore oil and natural gas assets. Interoil is an operator and an active license partner in several productions and exploration assets in Colombia and Argentina.

The Interoil portfolio consists of two producing licenses, two exploration licenses in Colombia, one exploration concession, and seven production concessions in Argentina. The licenses in Colombia were acquired through company acquisitions and open bid-rounds for licenses organised by the authorities. The licences in Argentina were acquired through a share purchase agreement with the previous owner, in the case of the blocks located in the Provinces of Jujuy and Chubut, and through an asset purchase agreement in the case of the concession located in the province of Santa Cruz.

Following these transactions, Interoil has hydrocarbon production in both Colombia and Argentina. Income from the sale of petroleum and gas is being used to fund further exploration activities and development of these assets and/or acquire new ones.

Strategic transactions

In May 2023, the Company announced the acquisition, jointly with another Argentine

company called Selva María Oil S.A. (SMO), of 65% of the concessions located in the Province of Santa Cruz (where the Company already had an 8.34% share) from Echo Energy PLC. This acquisition was completed in July 2023.

The Company serves as operator, while SMO served as operator of the joint venture immediately prior to the appointment of Interoil as operator. Echo retained a 5% working interest in the concessions.

The Company paid a cash consideration of £825,000, and £400,000 via transfer to Echo of IOX shares issued at a subscription price of 1.15 NOK per share.

Furthermore, SMO will provide a guarantee to cover Echo's remaining 5% interest in the joint venture. Additionally, the Company subscribed Echo shares for an aggregate amount £ 75,000, at a value of 0.065GBP per Echo share. This transaction allowed Interoil to secure a substantial increase of its participating interest in the above-mentioned Santa Cruz Exploitation Concession adding a significant number of boepd to its equity production against a convenient consideration substantially payable in kind and with limited dilution.

The deal also resulted in an improvement of the joint venture ability to carry out actions for production increase through the incorporation of the former operator of the concessions as a new member of the joint venture, at the same time

reducing the participation of Echo to an interest that better suits its current capabilities.

New gas sales contract

The UTE Santa Cruz has received Government approval to its filing before the Argentine National Secretariat of Energy for an application under the Gas Plan regime (Gas Plan 5.2) promoting gas production. Such approval awards to the UTE a new gas sales contract for prices substantially above those payable under current existing agreements.

The new conditional contract under Gas Plan 5.2 (Santa Cruz Sur Basin) was entered into with ENARSA (Energía Argentina Sociedad Anónima) and is for production volumes outside of those delivered under the existing gas contracts with industrial clients.

The new contract is applicable across all the Santa Cruz concessions and shall be in force through December 2028. The contract structure provides for a base volume and an incremental volume with different prices. Thus, the base volume of 1.06 MMscf/d (gross 100% JV) attracts a price of US\$3.46 per MMBTU.

Higher price

In turn, any incremental production volume delivered above the aforementioned base volume, and above the existing gas contracts with industrial clients, would achieve a gas price of US\$9.975 per MMBTU until April 2026, a price of US\$ 9.50 per MMBTU from May 2026 to December 2026 which reduces to US\$ 5.90 per MMBTU for the remaining period of the Gas Plan contract through December 2028.

These prices are materially above the existing average sales prices achieved by the UTE. Achieving these incremental production volumes requires an activity investment of around US\$ 5.3 million with an operational program that includes approximately 13 individual workovers/ well interventions.

Financing

In July, the Company requested bondholders to approve a proposal to amend the terms of the Company's senior secured callable bonds enabling to settlement in kind of the full Interest Payment due in July 2023 by issuing and delivering additional Bonds with terms and conditions substantially equal to those of the outstanding Bonds. The Company also offered that the interest rate for all outstanding Bonds (from and including 31 July 2023), shall be increased from 7.50% p.a. to 8.50% p.a.

Outlook

In Argentina, the Company has been acquiring concessions in areas for exploration and production and has resumed operations in several fields which had been suspended. The Company is in the process of carrying out actions aimed at the recovering production both in Argentina and Colombia. In addition to and in line with this, InterOil is working on improving revenues and has been granted a benefit by virtue of which incremental gas produced in Santa Cruz,, Argentina, is to be paid at prices three – 3 – times the current gas prices. All these require investments to maximize benefits on these business opportunities.

Statement of responsibility

The Board of Directors and the General Manager have reviewed and approved the unaudited three-month interim financial report for the period 1 April to 30 June 2023.

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

We consider, to the best of our knowledge, the accounting policies applied to be appropriate. Accordingly, the interim report gives a true and fair view of the Group’s assets, liabilities, financial position and results as of 30 June 2023.

Oslo, Aug 29th, 2023

The Board of Interoil Exploration and Production ASA.

Hugo Quevedo
Chairman
(signed)

Nicolas Acuña
Board Member
(signed)

Carmela Saccomanno
Board member
(signed)

Isabel Valado Ramudo
Board Member
(signed)

German Ranftl
Board Member
(signed)

Laura Marmol
Board Member
(signed)

Leandro Carbone
General Manager
(signed)

Consolidated interim statement of comprehensive income

Amounts in USD 1 000	For the 3 months period ended 30 June 2023	For the 3 months period ended 30 June 2022	For the 3 months period ended 31 March 2023	For the 6 months period ended 30 June 2023	For the 6 months period ended 30 June 2022
Sales	3.354	5.755	2.542	5.896	10.810
Cost of goods sold ex depreciation	-968	-2.275	-1.329	-2.297	-4.043
Depreciation	-500	-611	-352	-852	-1.732
Gross profit	1.886	2.869	861	2.747	5.035
Exploration cost expensed	-23	-17	-75	-98	-30
Operating expenses	-2.333	-1.959	-1.232	-3.565	-2.887
Other (expense)/income	-68	54	44	-24	107
Result from operating activities	-538	947	-402	-940	2.225
Finance expense – net	-2.026	-5	-493	-2.519	-958
Loss before income tax	-2.564	942	-895	-3.459	1.267
Income tax (expense)/credit	-163	-106	-272	-435	-310
(Loss) Profit from continuing operations	-2.727	836	-1.167	-3.894	957

Notes 1 to 10 are an integral part of these condensed consolidated financial statements.

Consolidated interim statement of financial position

	As of 30 Jun 2023	As of 31 Dec 2022
ASSETS		
Non-current assets		
Property, plant and equipment	17.473	18.018
Exploration and evaluation assets	3.605	3.605
Total non-current assets	21.078	21.623
Current assets		
Inventories	344	374
Trade and other receivables	5.988	3.731
Cash and cash equivalents, restricted	4.480	5.980
Cash and cash equivalents, non restricted	322	2.410
Total current assets	11.134	12.495
TOTAL ASSETS	32.212	34.118
TOTAL EQUITY	- 6.870	- 2.976
LIABILITIES		
Non-current liabilities		
Borrowings	24.060	21.509
Retirement benefit obligations	260	260
Provisions for other liabilities and charges	4.051	3.535
Other long-term payables	649	630
Total non-current liabilities	29.021	25.934
Current liabilities		
Borrowings and interest bearing liabilities	588	2.310
Trade and other payables	2.924	3.991
Income tax payable	3.788	2.382
Provisions for other liabilities and charges	2.762	2.477
Total current liabilities	10.061	11.160
TOTAL LIABILITIES	39.082	37.094

Notes 1 to 10 are an integral part of these condensed consolidated financial statements.

Consolidated interim statement of changes in equity

Amounts in USD 1 000	Share capital and share premium	Other paid-in equity	Retained earnings	Total equity
Balance at 31 December 2021	163.686	4.744	-172.633	-4.203
Capital increase - shares issued	1.922			1.922
Loss for the period			-695	-695
Balance at 31 December 2022	165.608	4.744	-173.328	-2.976
Loss for the period	-	-	-3.894	-3.894
Balance at 30 June 2023	165.608	4.744	-177.222	-6.870

Consolidated interim cash flow statement

Amounts in USD 1 000	For the 6 months period ended 30 June 2023	For the 12 months period ended 31 December 2022
	(unaudited)	(audited)
Cash generated from operations		
Comprehensive loss for the period	-3.894	-695
Depreciation, amortization and impairment	852	3.745
Change in tax payable	1.406	2.197
Changes in assets & liabilities		
Inventories	30	195
Trade and other receivables	-2.257	-1.616
Trade and other payables / provision and other liabilities	-247	-4.171
Net cash generated operating activities	-4.111	-345
Cash flows from investing activities		
Changes in restricted cash classification	1.500	-294
Increase in non-current assets	-	0
Capital expenditures	-307	-1.676
Net cash used in investing activities	1.193	-1.970
Cash flows from financing activities		
Net interest paid	830	-1.956
Capital increase	-	1.918
Increase in borrowings	-	385
Net cash used in financing activities	830	347
Net change in cash and cash equivalents	-2.088	-1.968
Non restricted cash and cash equivalents at beginning of the period	2.410	4.378
Non restricted cash and cash equivalents at end of the period	322	2.410

Note 1. Corporate information

Interoil Exploration and Production ASA is an independent oil and gas exploration and production company, with offices in Buenos Aires, Argentina, and Bogota, Colombia. The company is listed on the Oslo Stock Exchange with the ticker "IOX". The Company is registered in the Register of Business Enterprises with organisation number 988 247 006.

Interoil is involved in the acquisition, exploration, development and operation of oil and natural gas properties in South America. Several projects are being evaluated; both producing fields and prospecting areas.

Interoil's current asset portfolio is focused on onshore E&P contracts in Colombia and Argentina. The company aims to expand its portfolio through further acquisitions, purchase of license shares and license applications or awarded permits and licenses mainly in South America

The condensed consolidated interim financial information for the period ended 30 June 2023 includes the Company and its subsidiaries. This condensed consolidated interim financial information has been authorised for issue by the Board of Directors on 29 August 2023.

Note 2. Accounting policies

Interoil's condensed consolidated interim financial information is prepared following IAS 34, in the context of the International Financial Reporting Standards (IFRS) as adopted by the European Union.

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

Should the Group be affected by the consequences of the exploration activities, the valuation of the Group's assets will need to be further revised; leading to potential further impairment.

The condensed interim financial information is unaudited.

Note 3. Segment information

For the 6 months period ended 30 June 2023

Amounts in USD 1 000	Colombia	Argentina	Norway/Corp	Group
Total revenue	5.288	608	-	5.896
Cost of goods sold ex depreciation	-1.975	-322	-	-2.297
Depreciation	-852	0	-	-852
Gross profit	2.461	286	0	2.747
Exploration cost expensed	-98	-	-	-98
Operating expenses	-559	765	-2.241	-3.565
Other income	75	84	-16	-24
Result from operating activities	1.879	-563	-2.257	-940
Finance expense – net	-1.348	823	-348	-2.519
Loss before income tax	531	-1.386	-2.604	-3.459
Income tax expense	-435	-	-	-435
Loss for the period	96	-1.386	-2.604	-3.894

For the 6 months period ended 30 June 2022

Amounts in USD 1 000	Colombia	Argentina	Norway/Corp	Group
Total revenue	9.845	622	343	10.810
Cost of goods sold ex depreciation	-3.289	-754	-	-4.043
Depreciation	-1.644	-88	-	-1.732
Gross profit	4.912	-220	343	5.035
Exploration cost expensed	-30	-	-	-30
Operating expenses	-487	673	-1.728	-2.888
Other income	107	-	0	107
Result from operating activities	4.502	-893	-1.385	2.224
Finance expense – net	-321	182	-819	-958
Loss before income tax	4.181	-711	-2.204	1.266
Income tax expense	-310	-	-	-310
Loss for the period	3.871	-711	-2.204	956

Note 4. Finance expenses

Amounts in USD 1 000	For the 6 months period ended 30 June 2023	For the 6 months period ended 30 June 2022
Interest expense	- 507	- 243
Exchange loss	- 1.956	- 1.029
Other	- 56	315
Net finance expenses	- 2.519	957

Note 5. Borrowings

Amounts in USD 000	Interest rate	Maturity	As of 30 Jun 2023	As of 31 Dec 2022
<i>Non current:</i>				
Corporate bond	8,50%	Jan 2026	23.851	21.616
Banco de Occidente	IBR + 4,5%	Nov. 2024	209	382
Leasing	IBR + 5,5%	Apr 2024	-	82
Total non current borrowings:			24.060	22.080
<i>Current:</i>				
Corporate bond			-	1.282
Banco de Occidente			431	364
Leasing			157	93
Total current interest-bearing liabilities			588	1.739
Total borrowings			24.648	23.819