INTEROIL

ANNUAL REPORT

2019

CONTENT

BOARD AND MANAGEMENT ORGANIZATIONAL STRUCTURE

BOARD OF DIRECTORS

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

Hugo Quevedo, Chairman. Mr. Quevedo graduated from Universidad de Buenos Aires in 1987 with a law degree and obtained a Master's Degree in Laws (LLM.) at London School of Economics and Political Sciences, London, UK, in 1995. He also attended courses on regulation of financial markets at King's College, London, financial law at Queen Mary & Westfield College, London, and energy law at the Centre of Petroleum of Energy, Petroleum and Mineral Law and Policy of the University of Dundee,
Dundee, Scotland. Mr. Quevedo has extensive experience in both, the private and public sectors. He has advised several important public and private companies, banks and organization in connection with cross-border and domestic corporate, energy and financial transactions, matters and litigation. He has represented companies in M&A transactions and financing in a range of industries, including oil & gas, power generation and distribution, natural gas transport and distribution, mining, forestry, fishing, pharmaceutical, and retail, among others. Mr. Quevedo has also acted as arbitrator and as expert witness in international investment treaty arbitrations. In the public sector, he served in different positions at the office of the President of Argentina, including Director General of Organisation and was advisor to several public officers, including Argentine Secretary of Energy.

Mimi K. Berdal, Board Member. Ms. Berdal runs an independent corporate counselling and investment business. She has extensive experience as board member of listed companies, including previous directorship in Rocksource ASA (Chairman), Renewable Energy Corporation ASA (Chairman), Gassco AS (Chairman) and Copeinca ASA. Ms. Berdal currently holds the directorship in several companies, such as Goodtech ASA and EMGS ASA. She has previously served as a legal advisor with Total Norge and partner in the law firm Arntzen de Besche. Ms. Berdal holds a Cand.jur (law) degree from the University of Oslo.

Nicolas Acuña, Board Member. Mr. Acuña has over 20 years of experience in the oil and gas industry in Colombia in the finance and administrative areas. Previously he worked for Cepsa Colombia as the Finance, Administration and IT Manager and held various senior management positions in Petrocolombia S.A., including Finance and Administration Manager and General Manager of an affiliate operating company. He holds an MBA from Inalde, a MSc in Engineering-Economic Systems from Stanford University and a BSc in Civil Engineering from the Universidad de los Andes.

German Ranftl, Board member. German Ranftl is a Public Accountant from the University of Buenos Aires, graduating in 1990, and has a Master's in Business Administration from CEMA. He spent nearly 11 years in the banking sector, including eight years at ING Barings as a Vice President in Corporate Finance and Investment Banking, previous to that he had work for Bank of Boston. Since 1998 and for five years he was CFO of Supercanal SA, the third largest cable company of Argentina, with also operations in Spain, Bolivia and Dominican Republic. After that period of time he was Vice President of Integra Investment SA, a consulting firm with many international and Argentine transactions in M&A and Capital markets and debt restructuring. In 2007 he was appointed Chief Financial Officer of EDEMSA and restructured a debt of USD 160 million, consequently EDEMSA was part of a reverse take-over of a listed company in AIM London Stock Exchange, and German was CFO of that listed company for 11 years, mainly Andes Energia PLC was primarily operating EDEMSA and HASA, electrical distribution of Mendoza Province and oil areas in Argentina and Colombia, that have been acquired by International Bidding process. German has also participated in the exchange process of the Debt of Supercanal and the company was finally sold last year to an international player. As of today he is also working in the restructuring of the debt of EDEMSA with the regulatory Entity and has also participate in a new reverse take-over of Mercuria in Andes Energia PLC.

Laura Mármol, Board member. Ms. Marmol has served eight years as a corporate lawyer with Argentinian oil & gas companies. She has previously worked at several law firms in the City of Buenos Aires. Ms Marmol holds a Bachelor´s Degree in Law from the University of La Plata, Province of Buenos Aires, Argentina (2007) and a Bachelor Degree in Certified Translation from the University of Buenos Aires, Argentina (2015).

Carmela Saccomanno, Board member. Miss Saccomanno is a qualified communications and institutional relations professional. She graduated from Austral University, Argentina, as a Bachelor in Media & Communications with a specialisation in journalism. She has obtained her Master's Degree in Digital Management at Hyper Island, Teesside University, United Kingdom.

Ms. Saccomanno has completed her non-executive director studies at the Institute of Directors, United Kingdom. Miss Saccomanno has worked in communication strategies in different Oil & Gas and natural resources companies. She has experience in coordinating geographically distributed teams in remote collaboration through leadership skills and digital instruments.

MANAGEMENT

Chief executive officer: Leandro Carbone
General Manager / CFO: Pablo Creta

Leandro Carbone, Mr. Carbone has been appointed Chief Executive Officer and brings over 20 years of experience in leading oil and gas projects. He started as a field engineer working for TOTAL for ten years in Europe, North Sea and Latin America. In recent years, Mr. Carbone has been a Latin American Executive Director for many private and public companies. He has extensive experience across Latin America and has been involved in a number of significant discoveries and transactions across Argentina, Peru, Bolivia and Colombia. Mr. Carbone is a Petroleum Engineer from Instituto Tecnologico de Buenos Aires.

Pablo Creta, General Manager and Chief Financial Officer. Mr. Creta has a Bachelor degree from Universidad de San Andrés, Argentina and a Master of Commerce degree from the University of New South Wales, Sydney, Australia. His professional experience includes positions in private equity and capital markets in Latin America and Australia.

BOARD OF DIRECTORS’ REPORT

HIGHLIGHTS

- Gross production decreased by 5.2 % in 2019 compared with 2018, as a result of declining oil production in Colombia, however partly off-set by start of oil production in Argentina. Gas production increased significantly thanks to the work-over campaign in the Puli C field.
- Interoil’s EBITDAx in 2019 was USD 6.5 million, compared with USD 9.7 in the previous year. Decline is related to a lower production, due to Mana and Vikingo natural decline and lower oil prices.
- 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, approved by the General Meeting in January 2020.
- In parallel workover operations and various debottlenecking initiatives have increased production and recovery rates from existing wells in fields in Colombia and Argentina.
- 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.

MAIN EVENTS SINCE YEAR-END

- 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 % 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. After conversion, Interoil’s consolidated group equity changed from approximately USD negative 8.5 million as per 31 December 2019 to approximately USD 8.1 million positive. Annual interest costs will be reduced by approximately USD 0.4 million per annum.

- 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. These assets are placed on-shore in the Austral basin on the Santa Cruz province and comprise of 13 producing fields with a total of 42 total oil wells plus 30 gas wells.
- On 3 April 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 our gas but also the oil production. .
- In May 2020 Turgas notified Interoil that it would resume gas off-takings and Interoil restarted its deliveries accordingly.
- On 26 May 2020 the Company has agreed on a new credit line facility worth USD 1.8 million and with a term of 19 months.

KEY FIGURES

	2019	2018
WI Production daily average (boepd)	**963**	**1.048**
Reserves WI 2P (million boe)	**2.7**	**1.6**
Amounts in USD million		
Revenues	**17.1**	**21.3**
EBITDAx (Adjusted for exploration expenses and non-recurring items*)	**6.5**	**9.7**
Operating profit	**2.0**	**2.7**
Exploration expenses	**1.0**	**0.9**
Net loss for the year	**7.6**	**7.2**
Total assets	**43.3**	**39.1**
Interest-bearing debt	**41.0**	**41.1**
Cash and cash equivalents (restricted and non-restricted)	**4.8**	**7.7**

* Non-recurring items includes: Exploratory costs, COR-6 legal costs and impairment.

INTEROIL'S BUSINESS

Interoil is an independent oil & 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 oil and natural gas properties. Interoil serves either as an operator or as an active license partner in a number of production and exploration assets in Colombia and Argentina.

Interoil's portfolio consists of two producing licenses and two exploration licenses in Colombia and one exploration and seven production concessions in Argentina. The licenses in Colombia have been acquired through company acquisitions and bid-rounds for licenses. The licences in Argentina were acquired through a share or asset purchase agreement with the previous owners.

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

The Company currently is operator the following exploration and/or production licenses in its portfolio in Colombia and Argentina:

License	Interest	Partners	Field information
Colombia			
Puli C	70 %	Ecopetrol	Production onshore
Altair	90 %	Erazo Valencia SA	Production/Exploration onshore
LLA-47	78 %	SLS Energy	Production/Exploration onshore
Argentina*			
Mata Magallanes Oeste	80 %	Petrominera / Selva María Oil	Production/Exploration onshore
Cañadon Ramirez	80 %	Petrominera / Selva María Oil	Exploration onshore
La Brea	80 %	JEMSE / Selva María Oil	Production/Exploration onshore
Chorrillos	8.34%	JEMSE / Selva María Oil	Production/Exploration onshore
Campo Bremen	8.34%	Echo Energy / IOG Resources	Production/Exploration onshore
Oceano	8.34%	Echo Energy / IOG Resources	Production/Exploration onshore
Moy Aike	8.34%	Echo Energy / IOG Resources	Production/Exploration onshore
Palermo Aike	8.34%	Echo Energy / IOG Resources	Production/Exploration onshore

* In Argentina Licenses Interoil will operate once approved by local regulators

Operations – Argentina Assets acquisition

On 29 April 2019 the Company acquired majority interests in one exploration and two production concessions in Argentina for a total consideration of USD 13 million, payable in new Interoil Shares plus cash.

The concessions purchased in this acquisition comprises several blocks. The Mata Magallanes Oeste (production) and Cañadón Ramírez (exploration) are adjacent blocks, covering nearly 380 square kilometers in the western part of the highly productive Golfo San Jorge Basin in the southern part of Argentina. This basin is said to hold approximately half of Argentina's gas reserves and twenty per cent of the country's oil reserves. Interoil holds an 80 percent working interest in these licenses in a joint venture with Selva Maria Oil SA and Petrominera SE, the state-owned company of the Chubut Province where the blocks are located.

The La Brea block (production) covers 112 square kilometers in the Jujuy Province in the Northern Argentina, and comprises two promising structures, La Brea Este and El Oculto. Interoil holds 80 percent working interest in a joint venture with Selva Maria Oil SA and JEMSE, the state-owned company of the Province of Jujuy.

Interoil will become the operator in all these licenses once approved by local regulators. In the meantime, Selva Maria Oil SA will operate the licenses following Interoil's instructions. Selva Maria Oil SA is a local oil and gas exploration and production company with more than 15 years of experience operating fields in Argentina. Currently it holds a working interest in 6 licenses, the three already described and three licenses in the province of Neuquén, totaling over 250,000 acres in three different basins.

On 11 January 2020 the Company acquired an 8.34 per cent participating interest in five mature producing exploitation concessions in Argentina for a total consideration of USD 1 million, payable in new Interoil Shares.

The Santa Cruz Sur Assets 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. 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 holds an 8.34 percent working interest in these licenses in a joint venture with two subsidiaries of Echo plc, 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.

The Santa Cruz Assets consist of 12 oil and gas fields with significant production from Upper Jurassic Tobifera and Lower Cretaceous Springhill. 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 (Oceano until August 2026). They were discovered and developed by YPF approximately 45 years ago.

Interoil will become the operator in all these licenses once approved by local regulators. In the meantime, Selva Maria Oil SA will operate the licenses

Operations – annual statement of reserves

The Company's Annual Statement of Reserves (ASR) has been prepared in accordance with the Oslo Stock Exchange listing and disclosure requirements. Reserves and contingent resources have been certified by Gaffney, Cline & Associates Inc., an independent third party.

As of 31st December 2019, the WI 2P reserves were estimated to be 2.7 million barrels of oil equivalent (Mmboe). Note 30 to the annual accounts includes a detailed review of the reserves and resources. The full ASR is available for download from the Company's website: The ASR is not audited by PricewaterhouseCoopers.

Operations - Production

In 2019, the average working interest production was 963 boepd.

In Colombia from Puli C, Altair and LL-47 was 948 boepd compared to 1,048 boepd in 2018. In

Argentina from Mata Magallanes Oeste and La Brea block was 15 boepd. Production and related activities in each block are further described below.

Colombia

Puli C is comprised of the Mana, Ambrosia and Rio Opia fields. The 72 km^2 producing block is located in the Middle Magdalena Valley Basin. Interoil holds a 70% working interest and the remainder is held by Hocol. The royalty rate is 8% and is paid in kind.

In Colombia Interoil holds a 100 % working interest in the Llanos LLA-47 exploration block covering an area of 447 km2, 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.

A new geological static model has been integrated with petrophysical parameters taken from the existing wells data aimed at modelling the producing formations by using a numerical reservoir dynamic model. 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 were 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 boepd to the output from the well. This is a very encouraging result, creating new opportunities for the field.

From March 2020, Hocol will no longer need Interoil services for the operation and maintenance of the Toqui-Toqui field.

Interoil has successfully extended a gas selling contract with the Colombian energy company Turgas until 30 June 2020. Turgas' gas treatment facility is located next to the Mana field.

Late December 2019, Interoil call for tender a service contract where by a third party would install a gas treatment plant in the Mana field to take all the rich components (mixture of propane, butane and natural gasoline) leaving dry gas under commercial specification according to the Colombian gas market. Interoil received three interesting proposals and is in the process of completing a long term agreement with two Colombian companies: Veragas, a NGL's marketing company and InterCol, a EPC hydrocarbon treatment company, to treat Puli C produced gas hoping to improve the Turgas gas contract.

Another significant milestone for Interoil during 2019 was the approval of up-grading Puli C environmental license allowing Interoil permission to install a gas treatment facilities plus any other related business along the value-chain in either the oil and/or the gas stream.

Argentina

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. Given the current market circumstances, further debottlenecking and improvement of the processing equipment at the field will be conducted until market stabilizes.

The Santa Cruz assets 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.

The total operated production of these concessions amounts to around 3,800 boepd (25% is oil). Interoil and its partners have focused in reengineering the field, optimizing operational efficiency and reducing operation costs.

Operations - Exploration

Colombia

Interoil holds a 100% working interest in the LLA-47 exploration block, acquired in the 2010 ANH bidding round. Interoil has completed 350 Km 3D seismic data gathering, processing and interpretation. The LLA-47 geological model has been developed, and the Company is building strong exploration prospects for the license. The LLA-47 license may hold more than 30 million barrels in prospective resources and represents a significant value driver for the Company. The ANH approved Interoil's plan to combine its phase and commitments under the license agreement. The Group has now a commitment to drill 9 wells before 7 February, 2021 of which the Vikingo-1 well was the first.

The current guarantee provision for Altair and LLA-47 is in compliance with the ANH requirements.

The COVID-19 pandemic is having significant effects in oil prices and hydrocarbons demand. In this the President of Colombia declared an emergency by Decree 417/2020 and the ANH issued a new agreement, Agreement 002/2020, providing for a framework of mitigating measures in favour of the industry. The series of mitigating actions include the extension for a period of 12 months (extendable for additional 6 months) of the terms applicable to contractual commitments assumed under contracts with the ANH, as well as the possibility to transfer commitments between different contracts with the ANH, among others.

The Altair block is located in the Llanos Foreland Basin, and is currently not producing. In the Altair block the Group has a pending commitment to drill 1 well which expired before April 27th 2020. Interoil submitted an application for an extension of 12 months for the well drilling commitment pending in the Altair Block. The ANH has already granted to Interoil the extension so requested. Likewise, Interoil has also submitted an application for an extension of 12 months relating to the drilling commitments applicable to LLA-47. This resolution of this latter application is pending, Exploratory activities will be resumed once the market stabilizes.

Argentina

In Santa Cruz, the main formations of interest are the early Createceous Tobifera and Springhill formations which comprises interbedded fluvial and marine sandstone with fair to excellent reservoir characteristics. Traps are structural, stratigraphic or combined.

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 and when market stabilizes.

There has been identified a good number of exploration prospects 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.

FINANCIAL OVERVIEW (Group) Consolidated financial statements

Continuing Operations

Average production decrease from 1,046 boepd in 2018 to 963 boepd in 2019, In spite of Vikingo workover operation, In addition, the average realized oil price decrease from USD66/boe in 2018 to USD62/boe in 2019 with revenues from USD 21.3 million in 2018 to USD 17.1 million in 2019.

EBITDA adjusted for exploration expenses and other non-recurrent items was USD 9.7 million in 2018 compared to USD 6.5 million in 2019. Depreciation and amortization decreased from USD 9.4 million in 2018 to USD 7.6 million in 2019.

Interoil recorded an operating profit of USD 2 million for 2019, lower than USD 2.7 million in 2018 in line with revenue decrease.

Exploration expenses for USD 0.9 were similar for 2019 and 2018. Administrative expenses have been reduced from USD 5.7 million in 2018 to USD 3.6 million in 2019, reflecting the benefit of cost cutting programs for second consecutive year.

Interoil recorded a net financial loss of USD 3.8 million for 2019, compared to net financial loss of USD 2.9 million for 2018

Income tax expense was USD 0.2 million for 2019 compared to an income tax expense of USD 1 million in 2018. The numbers including deferred income tax expense of USD 0.5 million, compared to USD 1.3 million in 2018, which primarily relates to the effect of changes in the exchange rate of non-monetary assets and liabilities of entities whose functional currency is different from the local currency.

The Group reported a net loss for the year of USD 7.6 million, compared to the net loss for the year 2018 of USD 7.2 million.

Total assets amounted to USD 43.3 million, compared to USD 39.1 million in 2018. This increase results primarily from Argentina assets acquisition net of year depreciation.

Cash at end of the year was USD 4.8 million, of which USD 3 million was restricted relating to cash collaterals for guarantees and loans in Colombia. Additional USD 1.7 is classified as other non-current assets .

Interest-bearing debt maintain stable from USD 41.1 million in 2018 to USD 41 million at the end of 2019 including the bond loan of USD 38.4 million and bank loans in Colombia of USD 2.6 million.

Net cash generated from operating activities was USD 6.1 million in 2019, compared to USD 8 million in 2018. Cash outflows from investing activities were USD 4.8 million in 2019, compared to USD 4.4 million in 2018.

Cash outflows from financing activities amounted to USD 3.2 million in 2019, which include net repayment of debt of USD 1 million and interest payments of USD 2 million. In 2018 the cash outflow was USD 3.7 million, which include net repayment of debt of USD 1 million and interest payments of USD 2.5 million.

PARENT COMPANY ACCOUNTS

The profit and loss account for the period for the parent company, Interoil Exploration and Production ASA, showed a net loss of USD 2.0 million for 2019 compared to a loss of USD 1.3 million in 2018.

The parent company's equity was USD 19.5 million as of December 31, 2019, and USD 8.6 million as of December 31, 2018, the increase is related with shares issued, see Note 22.

The Board of Directors proposes that the loss for the year of USD 2.0 million be transferred to other equity.

OIL AND GAS INDUSTRY RISK

Commodity price volatility

Natural oil and gas prices are unstable and are subject to fluctuation. Lower prices for oil and gas may reduce the profitability of production of oil and gas. In addition, lower prices may affect the financial viability of work overs, wells and other projects planned. Total net production revenues could materially decrease, production from certain wells might be closed, certain development projects may be postponed or cancelled, and reserves may be educed. The ability to finance development and fulfil financial obligations could also be affected by low oil and gas prices.

Competition

The oil and natural gas industry is intensely competitive, and particularly intense in the acquisition of prospective oil and natural gas properties and oil and gas reserves The Group's competitive position depends to a large degree on its geological, geophysical and engineering expertise, its financial resources, and its ability to select, access, and develop proved reserves.

Political and regulatory risk

The Group's operations are subject to a number of risks inherent in any business operating in foreign countries, including but not limited to: political, social and economic instability, war and acts of terrorism; potential seizure or nationalization of assets; damage to equipment or violence directed at the Group's employees; increased operating costs; import-export quotas; confiscatory taxation;

work stoppages; restrictions on currency repatriations; currency fluctuations and devaluations; and other forms of government regulation and economic conditions that are beyond the Group's control.

Environmental risk

Oil and gas exploration and production, by nature, involves exposure to potentially hazardous materials and could represent material risk.

FINANCIAL RISK

The exploration and development of hydrocarbon reserves are highly capital intensive and are associated with considerable uncertainty in terms of the relationship between budgeted costs and actual costs. The Group may therefore, from time to time, experience that the actual costs of one or more of its developments and/or undertakings are materially higher than the projected costs.
The Group may also be required to make substantial capital investment for the acquisition of oil and gas reserves in the future.

The Group may require additional funding in the future to cover working capital and investment needs for future development and growth. There can be no assurance that the Group will be able to obtain necessary funding in a timely manner and on acceptable terms. Should the Group not be able, at any time, to obtain the necessary funding in a timely manner and on acceptable terms, the Group may be forced to reduce or delay capital expenditure or sell assets or businesses at unanticipated times and/or at unfavourable prices or other terms, or to seek additional equity capital (having a dilutive effect on existing shareholders) or to restructure or refinance its debt. There can be no assurance that such measures would be successful or would be adequate to meet debt and other obligations as they come due, or would not result in the Group being placed in a less competitive position.

Further information regarding financial risk factors and management is described in notes in the financial statement.

Events after the balance sheet date

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 could face considerable decrease in market demand and/or supply problems from its customers and/or vendors in regions where the authorities have implemented, or will implement, actions to contain and/or prevent the spread of the COVID-19 virus. 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. Management and the board of directors are of the opinion that the Company might have to re estimate the value of its licenses and PP&E which eventually may book a significant impairment charge if the current situation prevails in the forthcoming quarters.

GOING CONCERN

The financial statements in the 2019 Annual Report have been prepared under the going concern assumption in accordance with the Norwegian Accounting Act § 3-3 and the Board of Directors hereby confirms that this assumption is valid.

The board of directors, have evaluated several options to strengthen the cash position due to the coivid19 and oil price drop described under events after balance sheet date. This have resulted in several adjustments to cost base and operation, including a new credit line facility, refer to highlights, signed on May 26, 2020. Based on this the going concern assumption is valid.

ORGANIZATION

Interoil has its head office in Oslo, Norway. At year-end 2019, there were a total of 52 employees (1 in Norway and 51 in Colombia) in the Group.

The Board believes that the work we do is what creates value for Interoil. Our policy for human resources describes our ambitions and our most important target areas. We believe that achieving outstanding results and fulfilling our strategy depends on the commitment and skills of our employees and leaders. Interoil's values – Openness, Trust, Resilience and Integrity – provide a framework of expectations on how Interoil employees perform their tasks.

How we treat our people and each other within the Group is crucial, and open dialogue and communication is promoted

HEALTH, SAFETY AND ENVIRONMENT

Interoil is committed to excellence in operations and standards of Quality, Health, Safety and Environment (QHSE) throughout its activities Interoil will strive towards our QHSE vision:

Systematically promote work environment, zero accident and zero incident operations, promote environmental protection and reduce negative influence on local communities and optimize raw material and energy consumption to minimize waste.

The company aims to be in line with industry practices and all statutory requirements.

Interoil operates according to the International Organization for Standardization (ISO) and Occupational Health and Safety Assessment Series (OHSAS) management standard. Through the standard we have focused on managing safety in critical processes, implemented a visible leadership model and strived to live the HSE culture in the organization. We believe that these activities, together with further focus on training of workers, will reduce the risk of major accidents and injuries, and will reduce the risk of hazards of pollutants.

The working environment is considered to be good, and efforts for improvements are made on an ongoing basis Time lost due to employee work related illnesses or accidents was approximately 0.88% for the Group, respectively a total of 32 days.

Interoil promotes equal opportunities and has a policy of equal pay for the same type of work.

Due to the nature of the industry, the organization is male dominated. As per year-end 2019, 82% of employees are male. The senior management are 100% male and the Board of Directors is 60% female. The group has recruitment and personnel policies to ensure equal opportunities and rights, and prevent discrimination based on ethnicity, national origin, ancestry, colour, language, religion or belief.

REMUNERATION OF SENIOR EXECUTIVES

The Board of Directors of Interoil Exploration and Production ASA hereby submits its statement on remuneration to management in accordance with the Public Limited Company Act § 6-16 A.

Interoil Group management as of 31st December 2019: Leandro Carbone, Chief Executive Officer and Pablo Creta, Chief Financial Officer and General Manager.

General: Our guidelines for future stipulation of management remuneration is to follow the general salary adjustments in our local society and, at the same time, consider the measures necessary to avoid losing our key personnel and maintain a level of remuneration enabling us to recruit the kind of professionals needed for us to develop the Company according to plans.

Bonus Program: Senior Officers may have a discretionary bonus. The bonus is based on individual performance targets and key performance indicators. There is no other variable remuneration to management.

Other: We are of the opinion that all terms and conditions have been negotiated on an arm's length basis at market conditions, enabling Interoil to recruit the kind of professionals it needs to succeed with its strategy, to the benefit of its shareholders.

CORPORATE SOCIAL RESPONSIBILITY

It is part of Interoil's vision and strategy to grow oil and gas production primarily through development programs focused on maximizing the value of our existing asset portfolio and secondly by acquiring new assets with a sustainable risk profile. We strive to do business in a responsible way, and consider social and environmental challenges as opportunities for business development. We engage in constructive dialogue with stakeholders to ensure the continuous improvement of our operations. As part of Interoil's commitment to sustainable development we aim to conduct our business in an economically, efficient, socially and environmentally responsible way.

The Company strives to be an active contributor to the society where we operate. We support cultural activities, give donations in relation to infrastructure and maintenance, hire local residents on short-term contracts to do maintenance and construction work in the field, in addition to the scholarship program supporting education for the best local students.

Reporting of payments to governments for companies in extractive industries, is prepared according to the Norwegian Accounting Act and the Norwegian Trading Act. The report is presented in the note to the Annual Accounts.

Further information about Interoil's corporate social responsibility is available at the Company's website: www.interoil.no.

OUTLOOK

The Board is uncertain to what extent the consequences of the COVID-19 will affect Interoil's operations, especially given that the duration and extent of containment measures remains unclear. Nonetheless, Interoil will position to meet the challenges the industry is facing. The Group is producing from the Colombian and Argentinian fields and is now focusing in costs reduction and operational efficiency in all our fields.

This report contains forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including Interoil examination of historical operating trends. Although Interoil believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict with certainty and are beyond our control, Interoil cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions.

Oslo, 4th June, 2020

The Board of Interoil Exploration and Production ASA

Hugo Quevedo *Chairman*	Nicolas Acuña *Board Member*	Pablo Creta *General Manager*

Mimi Berdal *Board Member*	Carmela Saccomanno *Board Member*	German Ranftl *Board Member*	Laura Marmol *Board Member*

CORPORATE GOVERNANCE

Interoil’s corporate governance principles aim at contributing to value creation over time, benefitting shareholders as well as other stakeholders. As an international exploration and production company, Interoil aims at conducting its business in an economically efficient, socially responsible and environmentally acceptable way, for further information refers to our Social responsibility report 2019 at: www.interoil.no.

The corporate governance principles are based on the Norwegian Code of Practice for Corporate Governance (the “Code of Practice”), dated 17 October 2019 and issued by the Norwegian Corporate Governance Board (“NUES”). The recommendation from NUES can be found at: www.nues.no.

The following presentation is structured after the guidelines in the Code of Practice, and is also available on the Company’s website.

Implementation and reporting on corporate governance

Interoil`s Board of Directors strongly believes sound principles for corporate governance are an important prerequisite for building trust between the Company and its stakeholders and securing shareholder value. Owners, investors, customers, employees and other stakeholders should be confident that Interoil`s business activities are characterized by reliability, control, transparency and high environmental and ethical standards. Interoil will in all material aspects follow the Code of Practice and report the Company’s corporate governance in the annual report. Any deviations from the Code of Practice will be explained in the report

Values and ethical guidelines: Interoil’s corporate values are presented on the Company’s website (www.interoil.no). Our values guide us on how we shall act and make decisions when we conduct our everyday work in Interoil.

Interoil is aware of the effect its business has on the society. The basic principles for corporate social responsibility that the Company strives to follow, are outlined in the corporate social responsibility policy, which is available at the Company’s website.

Business

Interoil's objective, as defined in article of the Company's articles of association, is the "activities such as exploration, development, production, purchase and sale of oil and natural gas deposits and production licenses, as well as any activities related thereto, including investments in equal and similar enterprises".

Interoil's vision and strategy are adopted, both for Interoil as a group and for each business area, to support the Company's objective. Interoil's vision and strategy is to become one of the strongest E&P companies operating in Latin-America. Our corporate vision and strategy have the following pillars:

• Maintain a strong balance sheet by adopting a disciplined financial philosophy that balances profitability and sustainable growth
• Allocate and deploy capital with a focus on achieving returns well in excess of Interoil's cost of capital
• Grow oil and gas production primarily through development programs focused on maximizing the value of our asset portfolio and secondarily by acquiring new assets with a balanced risk profile
• Become the employer of choice for E&P professionals in Latin America
• Systematically contribute to the development of stakeholders in areas we operate
• Continuously focus on improving our HSE performance in line with best practices in the Latin American E&P sector

Equity and dividends

Interoil`s book equity as of 31 December 2019, was negative USD 8.5 million. The Board of Directors continuously strive to improve book equity. Current equity and liquidity, however, is considered adequate to meet Interoil's current objectives and liabilities.

As of 31 December 2019, Interoil had 96,874,494 shares outstanding.

Due to the market situation, together with requirement for adequate equity and the financial result of 2019, Interoil does not expect to pay any dividend in the near future.

Authorizations to the Board of Directors should be limited to defined purposes and dealt with as a separate agenda items at general meetings.

At the annual general meeting held on 28 June 2018 it was resolved to authorize the Board of Directors to increase the share capital of the Company by up to a total of NOK 16,172,578, corresponding to up to a total of 32,345,156 new shares, without pre-emption.

The authorization may be used for (i) consideration in acquisitions and strategic investments and/or (ii) capital increases done to provide financing for the Company's business. The authority is valid until the earliest of the Annual General Meeting in 2019 and 30 June 2019.

On June 12, the share capital increase related to the issuance of a total of 22,221,851 consideration shares (the "Consideration Shares") to the sellers in the transaction has now been registered with

the Norwegian Register of Business Enterprises. The Company's new share capital is NOK 43,456,083, divided into 86,912,166 shares, each with a par value of NOK 0.50.
6,400,000 of the Consideration Shares will become listed and tradable immediately after delivery to the sellers, while 15,821,851 of the Consideration Shares will be placed on a separate ISIN pending approval and publication of a listing prospectus, estimated to take place in late June 2019.

On July 19, The share capital increase related to the issuance of a total of 7,354,554 shares in connection with conversion of debt to the sellers of the Argentinian assets, and as further compensation to the sellers of the Argentinian assets in accordance with the anti-dilution mechanism in the contract, has now been registered with the Norwegian Register of Business Enterprises. The Company's new share capital is NOK 47,133,360, divided into 94,266,720 shares, each with a par value of NOK 0.50.

On October 28, the share capital increase related to the issuance of 2,607,774 shares to Fedmul S.A., has now been registered with the Norwegian Register of Business Enterprises. The Company's new share capital is NOK 48,437,247, divided into 96,874,494 shares, each with a par value of NOK 0.50.

At the annual general meeting held on 27 June 2019 it was resolved to authorize the Board of Directors to increase the share capital of the Company by up to a total of NOK 21,728,041.50, corresponding to up to a total of 43.456.083 new shares, without pre-emption.

At the extraordinary general meeting held on 16 January 2020 it was resolved the partial conversion of bonds to equity, through the issuance of 56,193,478 shares. As a result, the share capital of the Company increase to a total of NOK 76,533,986, corresponding to a total of 153,067,972 shares, without pre-emption.

On the 2nd of April 2020, as a result of the acquisition in January of an 8.34 per cent participating interest in five mature producing exploitation concessions in Argentina, the company issued 4,045,539 consideration shares. The Company's new share capital is NOK 78,556,755.50, divided into 157,113,511 shares, each with a par value of NOK 0.50.

The authorization may be used for (i) consideration in acquisitions and strategic investments and/or (ii) capital increases done to provide financing for the Company’s business. The authority is valid until the earliest of the Annual General Meeting in 2019 and 30 June 2019.

Equal treatment of shareholders and transactions involving related

Interoil has one class of shares representing one vote at general meetings. Each share has a nominal value of NOK 0.50. The articles of association contain no restrictions regarding the rights to vote. Equal treatment is of high importance for the Company, and the Board of Directors must justify any waiver of these rights in capital increases.

Should the Board of Directors wish to propose to the general meeting that the pre-emptive right of existing shareholders is set aside in the event of a capital increase, such a proposal must be justified by the common interests of the Company and the shareholders, and the grounds for the proposal will be presented in the notice of the general meeting.

At the Annual General Meeting held on 28 June 2019, the Board of Directors was given authority to issue new shares without pre-emption to give the Company the flexibility to complete acquisitions or raise new capital at short notice.

Material transactions between the Company and its shareholders, a shareholder's parent company, members of the Board of Directors, executive personnel or close associates of any such parties, shall be evaluated by an independent third party.

Any transactions with closely related parties, primary insiders or employees wishing to trade in Interoil shares must be cleared prior to the purchase of shares in the Company and are firmly regulated in Interoil's own Directives for Insider Trading.

Interoil focuses on transparency and independent verification of any transactions with related parties The Company's Ethical Guidelines, which apply to all employees, contain guidelines for handling potential conflicts of interest.

There have been no significant transaction with closely related parties during 2019. However, consultancy agreements exist between one of the board members and the Company, and between one board member and Interoil Colombia Exploration and Production Inc. In addition, two board members have waived their fee from the Company and receive their payment from Interoil Colombia Exploration and Production Inc. The Chief Executive Officer (CEO) and Chief Financial Officer (CFO), received all his remuneration from Interoil Colombia Exploration and Production Inc. See notes and in the financial statements for more details.

Freely negotiable shares

Interoil's shares are listed on the Oslo Stock Exchange and are freely transferable. There are no restrictions on trade in the Company's articles of association.

General meetings

Interoil encourages as many shareholders as possible to exercise their rights by participating in the Annual General Meeting of the Company. Notices convening general meetings will be distributed no later than twenty-one days before a general meeting.

Interoil endeavours in general to make the detailed supporting documentation relating to the items on the agenda available on the Company's web site no later than on the date of the distribution of the notice of the general meeting. The notice is also distributed as a stock exchange notification.

The calling notice includes a reference to Interoil's website where the notice calling the meeting and other supporting documents are made available. As the supporting documents are made accessible for the shareholders on Interoil's website, the documents will normally not be enclosed in the calling notice sent to the shareholders, cf. Interoil's articles of association section.

The deadline for registering intended attendance will be set as close to the general meeting as possible, but no later than four days prior to the general meeting. Shareholders who are unable to attend, are encouraged to vote by proxy. Information concerning both, the registration procedure and the filing of proxies, will be included in the notice. The proxy forms will also allow separate voting instructions to be given for each item on the agenda.

The general meeting elects the chair of the meeting. The Board of Directors generally proposes that a person independent from the Company chairs the meeting.

The general meeting elects the members of the nomination committee. The nomination committee focuses on composing a board that works optimally as a team and on ensuring that board members' experience and qualifications complement each other and that statutory gender representation requirements are met.

The general meeting is therefore normally requested to vote for a complete set of proposed board members, and shareholders cannot vote in advance for individual candidates. The general meeting otherwise deals with the matters it is required to consider pursuant to legislation or the Company's articles of association.

The Company allows shareholders to propose matters for consideration at the general meeting, and shareholders can also ask questions and propose decisions at the general meeting itself.

The minutes from the meeting are released as soon as practical as a stock exchange notification (ticker: IOX) and on our website www.interoil.no.

Nomination committee

The articles of association stipulate that the Company shall have a nomination committee, elected by the general meeting. The nomination committee shall consist of three members, who shall normally serve for a term of two years. The current members of the nomination committee, which were elected at the Annual General Meeting held 8 June 2018, are Hugo Quevedo, Mariano Cruz Lucero and Neil Arthur Bleasdale.

All current members of the nomination committee are independent of the executive management of Interoil. Mariano Cruz Lucero and Neil Arthur Bleasdale are also independent of the Board of Directors of Interoil. Hugo Quevedo is also Chairman of the Board of Interoil.

The purpose of the committee is to recommend candidates for election to the Board of Directors and propose the fee payable to the board members. The committee shall emphasize that the candidates for the board have the necessary experience, competence and capacity to perform their duties in a satisfactory manner. A reasonable presentation regarding gender and background should also be emphasized.

The justified recommendations are endeavoured to be made available together with the notification to the general meeting, no later than 21 days prior to the general meeting

Corporate assembly and the Board of Directors; composition and independence

The Company is not required to have a corporate assembly, cf. the Public Limited Liabilities Companies Act section 6-35 (1). Thus, the general meeting elects the representatives to the board of directors directly.

According to the articles of association, the Board of Directors shall consist of three to seven members currently, there are five members. The members are elected for a term of two years and may stand for re-election. The proposal for nominations are generally distributed to the shareholders together with the notice of the general meeting.

The current board is conformed by Hugo Quevedo (chairman), Mimi Berdal, Nicolas Acuna Vesga, German Ranftl, Laura Marmol an Carmela Saccomanno. Board member Rosa Siles stepped down as a member of the Board of Directors in February 2019, Jorge Brown Cortina and Natalia Elizabeth Mariani stepped down as a member of the Board of Directors in June 2019.

Out of the current board, Mr Acuña holds a leading position at Canacol Energy. As such, there is no guarantee that no conflicts of interest may arise between these person's duties to the Company and his duties to Canacol Energy.

The composition of the Board of Directors as a whole, represents sufficient diversity of background and expertise to help ensure that the board carries out its work in a satisfactory manner.

The Company's website and annual report provides detailed information about the board members expertise and capabilities.
The Board of Directors is aware of the need for diversification of its members, in order to add value and to best serve the common interest of Interoil and its shareholders (particularly with respect to expertise, experience, social skills, and independence, flexibility and time capacity). Although both genders are represented on the Board of Directors, adjustments will be proposed to the Annual General Meeting in 2020 in order to continue to fulfil the gender diversity requirement of the Norwegian Public Limited Liability Companies Act following Rosa Siles' resignation.

In 2019, the board held 6 board meetings, with an average attendance of 92%

The work of the Board of Directors

The Board of Directors shall establish an annual schedule for the board meetings and an annual plan for its work.

The Board of Directors shall lead the Company's strategic planning and make decisions that form the basis for the executive personnel to prepare for and implement investments and structural measures.

The Board of Directors shall be engaged in the financing of the Company. The Board of Directors shall ensure that the activities in Interoil are soundly organized.

The CEO and General Manager are responsible for the Company's daily operations and ensures that all necessary information is presented to the board.

The Company has not established neither a separate audit committee (but the combined board fulfils the functions of the audit committee), nor a remuneration committee.

Risk management and internal control

The Board of Directors focuses on risk management and internal control to support the Company's corporate values, business development and the quality of the financial reporting encompassing ethical guidelines and guidelines for social responsibility.

The Board of Directors provides in a note in the annual report the main features of the Company's internal control and risk management systems as they relate to the Company's financial reporting.

Remuneration of the Board of Directors

The remuneration of the Board of Directors should reflect the responsibilities, the expertise and the time commitment, as well as the complexity of business. The remuneration is proposed by the nomination committee. The remuneration is not linked to the Company's performance or linked to options in Interoil.

The remuneration to the Board of Directors for 2019 is described in a note to the financial statements. The remuneration to the Board of Directors for 2019 is expected to be paid in accordance with the remuneration for 2019.

Remuneration of the executive personnel

The Board of Directors of Interoil prepares its statement on remuneration to management in accordance with the Public Limited Companies Act § 6-16 a.

Our guidelines for future stipulation of management remuneration is to follow the general salary adjustments in our local society and at the same time, consider the measures necessary to avoid losing our key personnel and maintain a level of remuneration enabling us to recruit the kind of professionals needed for us to develop the Company according to plans.

The compensation structure and guidelines for executive personnel and key employees are described in "Remuneration of Senior Executives" in the Board of Directors report.
Interoil negotiates all terms and conditions on an arm's length basis at market conditions, enabling Interoil to recruit the professionals the Company seeks.

The remuneration to the executive management is described in a note to the consolidated financial statements.

Information and communications

Interoil's information policy is based on transparency and on providing the shareholders, investors and financial market with correct and timely information, in order to safeguards the principle of equal treatment of all shareholders, and satisfies the regulations and practice applicable to listed companies.

Interoil's key communication objectives are visibility, transparency and openness and the Company will achieve these objectives through precise, relevant, timely and consistent information Interoil co-ordinates its external and internal communication activities to ensure that the Company is presented in a clear and consistent manner and that the Company's brand and reputation is managed properly. All sensitive information will be controlled and disclosed in compliance with statutory laws and the relevant stock exchange rules and regulations

Interoil reports the financial result each quarter, and from time to time presentations at conferences in Norway and abroad. Our quarterly reports and investor presentations are made available on Interoil's web site, www.interoil.no.

The Company also reports its monthly average production on the first trading day at Oslo Børs after the 10th of each month.

• Interoil's website, www.interoil.no, contains information regarding the Company, its activity and contact information, and is updated on a regular basis. In addition, all presentation materials and financial reports are available on the website.
• Interoil distributes all sensitive press releases as well as all reports through Hugin and Oslo Stock Exchange (www. newsweb.no).
• Interoil publishes an annual financial calendar which may be consulted on the Oslo Stock Exchange website, through news agencies and on the Company's website.

Takeovers

In the event of a takeover bid, the Board of Directors will duly comply with its duties pursuant to the Norwegian Securities Trading Act and other relevant legislation. The Board of Directors has not established a separate set of principles for take-over situations.

Auditor

The auditor shall be independent from the Company. The remuneration for the auditors is presented in a note to the financial statements. PricewaterhouseCoopers was appointed as auditor at an extraordinary general meeting on 20 October 2015.

The audit committee, consisting of the whole Board of Directors, will meet with the auditor annually. The objective of the committee is to focus on internal control, independence of the auditor, risk management and the Company's financial standing, including the quarterly and annual financial statements.

The auditor will send a complete Management Letter/Report to the Board of Directors – which is a summary report with comments from the auditors including suggestions of any improvements if needed. This is an important tool for the board in order to get a better overview and fulfil the control duties. The auditor is also present in at least one board meeting each year.

The auditor annually submits the audit plan to the Board of Directors. The auditor participates in meetings of the Board of Directors that deal with the annual accounts. In this meeting, the auditor reviews any material changes in accounting principles, comments on estimated figures and report material matters regarding disagreement with the executive management. The Board of Directors also meets with the auditor at least once a year without presence of the executive management.

The auditors present once a year to the Board of Directors a review of the Company's internal control procedures, identifying weaknesses and proposals for improvement.

The Board of Directors reports the remuneration paid to the auditor at the ordinary general meeting. The fee is detailed, in fee paid for audit and fee paid for other specific assignments.

The Board of Directors of the Company has not established guidelines for the executive management's use of the auditors for services other than the audit, contrary to what is recommended by the Code of Practice.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge that the financial statements for the period 1 January to 31 December 2019, have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit and loss of the group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Oslo, 4th June, 2020

The Board of Interoil Exploration and Production ASA.

Hugo Quevedo *Chairman*	Nicolas Acuña *Board Member*	Pablo Creta *General Manager*

Mimi Berdal *Board Member*	German Ranftl *Board Member*	Laura Marmol *Board Member*	Carmela Saccomanno *Board Member*

GROUP CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in USD 1 000 unless otherwise stated

For the year ended 31 December	Notes	2019	2018
Sales	6	17.072	21.318
Cost of goods sold	7	-7.511	-9.195
Depreciation and amortization	16	-7.595	-9.438
Gross profit		**1.966**	**2.685**
Exploration cost expensed	8	-964	-903
Administrative expense	9	-3.567	-5.702
Impairment		-1.547	-1.276
Other income /(expenses)	13	502	681
Result from operating activities		**-3.610**	**-3.239**
Finance income	14	1.391	1.337
Finance costs	14	-5.206	-4.280
Net finance (cost)/income		**-3.815**	**-2.943**
(Loss)/Profit before income tax		**-7.425**	**-6.182**
Net income tax	15	-216	-983
(Loss)/profit of the year		**-7.641**	**-7.165**
Other comprehensive loss that will not be reclassified to profit or loss	18	0	-7
Other comprehensive loss for the year		**0**	**-7**
Total comprehensive (loss)/income for the year		**-7.641**	**-7.172**
Attributable to:			
Equity holders of the parent		-7.641	-7.172
(Loss)/earnings per share (expressed in USD per share)			
– basic – total		- 0,09	- 0,11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in USD 1 000

As of 31 December	Notes	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	16	34.628	27.194
Other Non current Assets	21	1.764	1.590
Total non-current assets		**36.392**	**28.784**
Current assets			
Inventories	19	847	606
Trade and other receivables	17	1.231	2.021
Cash and cash equivalents, restricte	21	3.043	4.057
Cash and cash equivalents, non-rest	21	1.767	3.655
Total current assets		**6.888**	**10.339**
TOTAL ASSETS		**43.280**	**39.123**
EQUITY			
Share capital and share premium	22	142.095	129.135
Other paid-in equity		4.744	4.744
Accumulated loss		-155.346	-147.705
Total equity		**-8.507**	**-13.826**
LIABILITIES			
Non-current liabilities			
Borrowings	24	39.042	38.553
Deferred tax liability	15	870	1.614
Retirement benefit obligation	18	677	673
Provisions for other liabilities and c	25	2.754	1.951
Total non-current liabilities		**43.343**	**42.791**
Current liabilities			
Borrowings/current interest-bearin	24	1.997	2.498
Trade and other payables	26	5.684	6.911
Provisions for other liabilities and c	25	763	749
Total current liabilities		**8.444**	**10.158**
TOTAL LIABILITIES		**51.787**	**52.949**
TOTAL EQUITY AND LIABILITIES		**43.280**	**39.123**

Oslo, 4th June, 2020

The Board of Interoil Exploration and Production ASA.

Hugo Quevedo *Chairman*	Nicolas Acuña *Board Member*	Pablo Creta *General Manager*

Mimi Berdal *Board Member*	German Ranftl *Board Member*	Laura Marmol *Board Member*	Carmela Saccomanno *Board Member*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in USD 1 000	Notes	Sharecapital and share premium	Other paid-in equity	Retained earnings	Other compre- hensive loss	Total equity
Balance at 31 December 2017		**129.135**	**4.744**	**-140.516**	**-17**	**-6.654**
Loss of the year		-	-	-7.165	-	**-7.165**
Comprehensive loss for the period		-	-	-	-7	-7
Balance at 31 December 2018		**129.135**	**4.744**	**-147.681**	**-24**	**-13.826**
Capital Incresing - Shares issued	22	12.960	-	-	-	**12.960**
Loss of the year		-	-	-7.641	-	**-7.641**
Balance at 31 December 2019		**142.095**	**4.744**	**-155.322**	**-24**	**-8.507**

CONSOLIDATED CASH FLOW STATEMENT

Amounts in USD 1 000

For the year ended 31 December	Notes	2019	2018
Cash generated from operations			
Comprehensive income/(loss) for the period		**-7.641**	**-7.172**
Depreciation and amortization	16	7.805	9.623
Change in retirement benefit obligation		4	(35)
Interest income	14	(21)	(25)
Interest and other financial expenses	14	3.109	3.160
Unrealized exchange gain	14	(53)	(493)
Other net financial expense	14	779	347
Impairment loss on PP&E	16	1.547	-
Changes in net working capital			
Inventories		(241)	(126)
Trade and other receivables		790	1.241
Trade and other payables and provisions		(535)	1.294
Taxes paid		585	280
Net cash generated from operating activities		**6.128**	**8.094**
Cash flows from investing activities			
Purchases of PP&E	16	(4.786)	(4.385)
Net cash used in investing activities		**-4.786**	**-4.385**
Cash flows from financing activities			
Interest paid		(2.044)	(2.496)
Repayment of borrowings		(1.021)	(1.066)
Proceeds from new loans		675	714
Increase in non-current assets		174	(673)
Changes in restricted cash		(1.014)	(221)
Net cash used in financing activities		**-3.230**	**-3.742**
Net (decrease)/increase in cash and cash equivalents		**(1.888)**	**(33)**
Non restricted Cash and cash equivalents at beginning of the period	21	3.655	3.688
Non restricted Cash and cash equivalents at end of the year		**1.767**	**3.655**

PRO-FORMA STATEMENT OF FINANCIAL POSITION

This pro-forma Statement of financial position shows the financial position of the company after the debt to equity conversion USD 13.2 million, effective date January 17, 2020. The following pro-forma statement represents the financial position as of December 31, 2019 as if the transaction would have happened before year end:

Amounts in USD 1 000

As of 31 December	2019
ASSETS	
Non-current assets	
Property, plant and equipment	34.628
Other Non current Assets	1.764
Total non-current assets	**36.392**
Current assets	
Inventories	847
Trade and other receivables	1.231
Cash and cash equivalents, restricted	3.043
Cash and cash equivalents, non-restricted	1.767
Total current assets	**6.888**
TOTAL ASSETS	**43.280**
EQUITY	
Share capital and share premium	155.204
Other paid-in equity	4.744
Accumulated loss	-155.339
Total equity	**4.609**
LIABILITIES	
Non-current liabilities	
Borrowings	25.933
Deferred tax liability	870
Retirement benefit obligation	677
Provisions for other liabilities and charges	2.754
Total non-current liabilities	**30.234**
Current liabilities	
Borrowings/current interest-bearing liabilities	1.997
Trade and other payables	5.677
Provisions for other liabilities and charges	763
Total current liabilities	**8.437**
TOTAL LIABILITIES	**38.671**
TOTAL EQUITY AND LIABILITIES	**43.280**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. 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 Argentina and 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 organization number 988 247 006.

The Company's registered office is Kronprinsensgate 17, 0251 Oslo, Norway.

The principal activities of the Group are described in the Board of Directors Report.

These consolidated financial statements have been approved for issue by the Board of Directors on 4th June, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union (EU).

The consolidated financial statement is presented in USD and is rounded up to thousands (1 000). The consolidated financial statements have been prepared under the historical cost convention, except for financial assets and liabilities at fair value through profit or loss.

The accounts are prepared based on a going concern assumption

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.17.

Changes in accounting policies and disclosures
The accounting policies adopted are consistent with those of the previous financial year.

2.2 Consolidation
The consolidated financial statements comprise the financial statement of the Group and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Group controls an entity if and only if the Group has all the following:
• Power over the entity;
• Exposure, or rights, to variable returns from its involvement with the entity; and
• The ability to use its power over the entity to affect the amount of the Group's returns.

There is a presumption that if the Group has the majority of the voting rights in an entity, the entity is considered as a subsidiary. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the entity, including ownership interests, voting rights, ownership structure and relative power, as well as options controlled by the Group and shareholder's agreement or other contractual agreements

The assessments are done for each individual investment. The Group re-assesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Business combinations are accounted for, by using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Transaction costs other than share and debt issuance cost are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. Any excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill if applicable. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.
Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests are presented separately under equity in the Group's balance sheet.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.
The consideration is recognized at fair value and the difference between the consideration and the carrying amount of the non-controlling interests is recognized at the equity attributable to the parent.

In cases where changes in the ownership interest of a subsidiary lead to loss of control, the consideration is measured at fair value. Assets (including goodwill) and liabilities of the subsidiary and non-controlling interest at their carrying amounts are derecognized at the date when the control is lost.

The fair value of the consideration received is recognized and any investment retained is recognized at fair value. Gain or loss is recognized in profit and loss at the date when the control is lost.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Consolidated subsidiaries
Consolidated subsidiaries are specified in note 10.

2.3 Foreign currency translation
(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in USD, which is the functional currency for the parent company and all significant companies in the Group.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2.4 Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Financial Officer and the Chief Executive Officer. They are responsible for strategic decisions and together with local management allocating resources and assessing performance of the

operating segments.

2.5 Revenue recognition

Revenues is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Sales revenue related to sale of oil and gas is recognized when the risk and benefits related to ownership of the sold products are transferred to the customer and the Group no longer has the possession of or control over the products according to time of delivery based on contractual terms in the sales agreements, i.e. when deliveries are made at a sales transfer point. Sales are presented net of royalty payments.

Revenues related to test production for new wells in association contract are recognized as revenues according to the principles above.

Sales of services are recognized as income once the service has been rendered.

Revenue compromises the invoiced value of the sale of products and services net of indirect taxes, royalties and sales adjustments. Distribution cost for products to be sold are included in the income statement as lifting cost.

2.6 Tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss

The income tax expense consists of the tax payable and changes to deferred tax.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.7 Classifications

Classification in the statement of financial position

Interoil separately presents current and non-current assets and liabilities in its statement of financial position. Assets and liabilities are classified as current when it is expected to be realized (or is intended for sale or consumption) in the normal operating cycle, is held primarily for being traded, or is expected to be realized within twelve months after the reporting period. Also, cash or cash equivalent assets are classified as current assets, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. A liability is classified as a current liability if it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that can be settled with equity instruments at the option of the counterparty, do not affect its classification. Other balance sheet items are classified as non-current assets / non-current liabilities.

Classification of income and expenses

Operating expenses in the statement of comprehensive income are presented by function. Cost of goods sold includes lifting costs and changes in inventory. Depreciation and amortization of production assets are presented on a separate line under cost of goods sold. Exploration cost expensed includes seismic acquisitions, internal cost incurred and cost of dry wells. Administrative expenses include employee benefit expenses, general and administration expenses and depreciation and amortization of non-oil assets. Other income/ (expense) includes refund of operating expenses based on association contracts and jointly controlled operations, gain/loss on sale of PP&E and other income and expense. Information of the nature of expenses is presented by their nature in the notes to the financial statements.

2.8 Property, plant and equipment

2.8.1 Intangible assets

(a) Exploration and evaluation assets

Some exploration and evaluation assets are classified as intangible assets according to IFRS 6, for example license acquisition costs and capitalized exploration cost. When technical feasibility and commercial viability of the assets are demonstrable, the assets are reclassified to development assets within property plant and equipment. The exploration and evaluation assets which are classified as intangible are assessed for impairment before reclassification.

(b) Other intangible assets

Acquired computer software licenses are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives (three to five years). All intangible assets in the Group are fully amortised.

Proceeds from sale of oil and gas licenses in the exploration stage are offset against the related capitalized costs of each well with any excess of net proceeds over all costs capitalized included in other income/(expense) in the statement of comprehensive income.

2.8.2 Oil and Gas assets

Exploration and production rights assets

Oil exploration expenditures are accounted for using the successful efforts method of accounting. Some exploration and evaluation assets should be classified as intangible, for example license acquisition costs and capitalized exploration assets. Costs are accumulated on a field-by-field basis. Geological and geophysical costs are expensed as incurred, except for costs connected to areas with proven reserves which are capitalised. Costs directly associated with an exploration well are capitalised until the determination of reserves is evaluated. Each individual exploration well is considered being a cash generating unit (CGU) when considering impairment of the evaluation and exploration asset. If the commercial discovery has not been achieved, these costs are charged to expense.

Once commercial reserves are found, exploration and production rights assets are tested for impairment and transferred to development assets. No depreciation and/or amortisation are charged during the exploration phase.

Production rights, exploration and development assets (see below) are tested for impairment whenever facts and circumstances indicate impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and their value in use. For the purposes of assessing impairment, the assets subject to testing are tested for impairment on a production field (CGU) by production field basis.

2.8.3 Development assets

Expenditure on the construction, installation or completion of infrastructure facilities such as production equipment, pipelines and the drilling of commercially proven development wells is capitalised within tangible assets. When development is completed on a specific field, it is transferred to production assets. No depreciation and/or amortisation are charged during the development phase.

2.8.4 Oil production assets

Oil production assets are aggregated exploration, production rights assets and development expenditures associated with the production of proved reserves. Furthermore, the oil production assets include property leasehold acquisition costs directly attributable to production assets.

Oil production assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, the proved oil and gas properties subject to testing are tested for impairment on a production field (CGU) by production field basis.

2.8.5 Other assets

Other property, plant and equipment are other assets not classified as either development or oil producing assets and are stated at historical cost less depreciation and impairment. Historical costs include expenditures that are directly attributable to the acquisition of the items. Depreciation is calculated using the straight-line method to allocate their cost to their values over their estimated useful lives (3 – 10 years). The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each end of the reporting period.

2.8.6 Depreciation and amortisation

Oil and Gas assets that are purchased are depreciated and amortised using the unit-of-production method based on proved reserves (P1). Exploration and development assets transferred to production assets are depreciated using the unit-of-production method based on proved reserves (P1), and amortised using the unit-of-production method based on proved reserves (P1), which are oil mineral reserves estimated to be recovered from existing facilities using current operating methods.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2.9 Financial Instruments

2.9.1 Financial assets

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group classifies financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables.

(i) Financial assets at fair value through profit or loss (FVtPL)

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss, presented as finance income (loss).

This category includes derivative financial instruments that are not designated as hedging instruments in hedge relationships. Financial instruments included in the financial assets at FVtPL category for the Group historically comprise commodity-based derivative contracts (oil swaps) to reduce the risks in overall earnings and cash flows.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. Changes in the fair value of separated embedded derivatives are recognized immediately in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

The Group currently holds no derivatives or other financial instruments classified as FVtPL.

(ii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents - comprise cash balances, cash in hand and call deposits with original maturities of three months or less. All cash and cash equivalents not available to the Group at the end of the reporting period is classified as restricted as specified in note 21.

2.9.2 Financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are, if any, included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Borrowings

Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate method amortization process. Other financial liabilities are presented as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense. To the extent that the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Group will determine the amount of borrowing costs eligible for capitalization by applying a capitalization-rate to the expenditures on that asset. The capitalization-rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

2.9.3 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

2.10 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out (FIFO) method. Inventory cost includes raw material, freight, and direct production expenses together with a portion of indirect expenses.

2.11 Employee benefits

Defined benefit plans:

The Group operates two defined benefit plans. One for the employees in the holding company, Interoil Exploration and Production ASA which finished in 2019, and one for employees in the Colombian subsidiary employed in the years from 1991 to 1994. Both schemes are funded through payments to insurance companies, determined by periodic actuarial calculations. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. From 1995 it was mandatory for all employees in Colombia to be affiliated to a private or public pension fund. The Colombian defined benefit plan will result in payments if the employees have not collected 20 years under this governmental pension law.

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under “cost of sales”, “administration expenses” and “selling and distribution expenses” in consolidated statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income.

2.12 Provisions

General:

A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Abandonment and decommissioning liabilities:

In accordance with the terms of the license concessions for licenses where the Group has ownership interest, the local authorities may instruct the license holders to partly or completely remove the facilities at the end of production or when the concession period expires. Upon initial recognition of a liability when the Company has a constructive obligation, the company calculates and records the net present value related to future abandonment and decommissioning. The same amount is capitalized as part of the cost price of the asset and depreciated using the unit of production method. The change in the time value of the liability related to the abandonment and decommissioning is charged to expense as other expenses and increases the future liability related to the abandonment and decommissioning. Any change in the estimate related to expenditures associated with abandonment and decommissioning liabilities are accounted for prospectively (remaining production) based on the unit of production method.

2.13 Leases

The Company adopted the standard IFRS 16, effective January 1, 2019, from that date the Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

2.14 Non-current assets held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

The Group does not classify non-current assets (or disposal groups) that are to be abandoned as held for sale, since its carrying amount will be recovered principally through continuing use. However, if the disposal group to be abandoned represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with a view to resale, the Group will present the results and cash flows of the disposal group as discontinued operations at the date on which it ceases to be used.

Intangible assets and property, plant and equipment once classified as held for sale or discontinued operations are not amortised or depreciated.

2.15 Accounting for association contract with Ecopetrol (Colombia)

Revenues connected to test production for new wells pre-commercial decision in the association contract with Ecopetrol are recognized as revenue. Capital expenditures is capitalized as incurred and operating expenses connected to such test production are expensed as incurred.

Ecopetrol has the right to participate in the wells and normally they will declare participation when the well is determined commercial.

At the time Ecopetrol declares participation in accordance with the association contract, the effect applies retrospectively and Ecopetrol will receive their share in the well. As a consequence, Ecopetrol receive their share of the sales, and 30% of the expenditure that has been capitalized initially are recognized as a reduction to property, plant and equipment.

2.16 Interest in jointly controlled operations

Certain of the Group's activities, particularly exploration and production, are conducted through unincorporated joint ventures where the ventures have a direct ownership interest in and jointly control the assets of the venture. The Group recognizes, on a line by line basis, its share of the assets, liabilities and expenses of a jointly controlled operation, along with the Group's income from the sale of its share of the output and liabilities and expenses incurred in relation to the venture.

Licenses are funded through cash calls from the operator to the license partners. The net of total cash called and total payments made under the license, the over-/under call, is recognized in the statement of financial position as other short-term receivables or other current liabilities respectively.

When the Group, acting as an operator, receives reimbursement of direct costs recharged to the joint venture, such recharges represent reimbursements of costs that the operator incurred as an agent for the joint venture and therefore have no effect on profit or loss.

2.17 Critical accounting estimates and judgments

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of reported amounts of assets, liabilities, and the disclosure of contingent liabilities, at the end of the reporting period and amounts of revenues and expenses recognized during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

2.17.1 Impairment of exploration and other oil related assets

The Group tests whether exploration assets and oil related assets have been subject to any impairment, in accordance with the accounting policy stated in note 2.8. The recoverable amounts of cash-generating units and individual assets have been determined based on value-in-use calculations as net present value (before tax). These calculations require the use of estimates and assumptions such as management evaluations in addition to discount rates, expected future cash flows and future market conditions, including production, remaining proved and probable reserves (P2), future capital expenditure, lifting cost and forward oil price. It is reasonably possible that these assumptions may change, which may then impact the estimated life of the field and may then require a material adjustment to the carrying value of exploration assets and oil related assets. The Group monitors internal and external indicators of impairment relating to its tangible and intangible assets. From 2014, oil prices declined to an absolute minimum in the beginning of 2018 and since then prices have recovered up to a level above USD 60 per barrel in 2019. The impairment test indicate impairment of the oil producing assets at 31 December 2018 and 2019. A charge was recognized in December as impairment in 2018 of Altair field assets and in 2019 of Llanos 47 field asset.

2.17.2 Abandonment and decommissioning liabilities

Abandonment and decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

2.17.3 Hydrocarbon reserves and resource estimates

Oil and gas production properties are depreciated on units of production basis at a rate calculated by reference to total proved developed reserves determined in accordance with Society of Petroleum Engineers rules and incorporating the estimated future cost of developing those reserves. The Group estimates its commercial reserves based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil in place, recovery factors and future oil prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the Production-Sharing Agreements. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs.

As the economic assumptions used may change and as additional geological information is produced during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results which include:

• The carrying value of exploration and evaluation assets, oil and gas properties and property, plant and equipment may be affected due to changes in estimated future cash flows.
• Depreciation and amortization charges in profit or loss may change where such charges are determined using the units of production method, or where the useful life of the related assets change.
• Provisions for decommissioning may change - where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.
• The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

See note 30 for an overview of the approved reserves as of 31 December 2019 and 2018.

2.18 Standards and interpretations issued, but not yet effective

Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective are disclosed below. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued. Based on preliminary analysis, the standards are not expected to materially impact on the Group's financial statements.

Amendments to IFRS 3: Definition of a Business In October 2018, the IASB issued amendments to the definition of a business in IFRS 3, Business Combinations, which provides a framework to determine whether an acquired set of activities is a business. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. Since the amendments are effective for acquisitions or business combinations occurring on or after January 1, 2020, the Company does not expect an impact from these amendments on the date of transition.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise accounts payable, bank loans and overdrafts, and debentures. The main purpose of these financial instruments is to manage short-term cash flow and raise finance for the Group's capital expenditure program. The Group has various financial assets such as trade and other receivables and cash and short-term deposits that arise directly from its operations.

The Group manages its exposure to key financial risks in accordance with its financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security. The main financial risks that could adversely affect the Group's financial assets, liabilities or future cash flows are: market risks, comprising commodity price risk, cash flow interest rate risk and foreign currency risk; and liquidity risk and credit risk.

The Group's overall risk management plan focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the administration and finance department supervised by the Chief Financial Officer. The Board of Directors reviews and agrees policies for managing each of these risks summarized below. The Group is continuously updating and reviewing its financial manual to ensure proper and uniform entries and reporting of all transactions, in accordance with IFRS and Group policy. The Board provides management with guidelines for overall risk management.

3.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: commodity price risk, interest rate risk and currency risk. Financial instruments affected by market risk include: loans and borrowings, deposits, trade receivables, trade payables, accrued liabilities and derivative financial instruments.

Foreign exchange risk;

The Group operates internationally and is, to some extent, exposed to foreign exchange risk arising from currency exposures with respect to the following currencies; NOK, ARS and COP. Revenue is invoiced to the customers in USD, while operating expenses are mostly denominated in USD, NOK, ARS and COP. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and the investment of excess liquidity. Currently, the Company uses no derivative financial instruments to hedge the above mentioned risk exposures.

At 31 December 2019, if the USD had weakened / strengthened by 10% against NOK and COP with all other variables held constant, post-tax profit for the year would have been respectively USD 93 000 and USD 348 000 (2018: 8 000 and USD 329 000) higher / lower, mainly as a result of foreign exchange gains / losses on translation of NOK and COP denominated cash and NOK and COP denominated borrowings. The impact on the Group equity would have been the same as for the post tax profit.

Price risk;

The Group is exposed to changes in oil prices. The results of Interoil's operations largely depend on a number of factors, most significantly those that affect the price Interoil receive for the sold products. Specifically, such factors include the level of crude oil and some extent natural gas prices. Interoil's results will also be affected by trends in the international oil industry, including possible actions by governments and other regulatory authorities in the jurisdictions in which we operate, or possible or continued actions by members of the Organization of Petroleum Exporting Countries (OPEC) and other major oil producing countries that affect price levels and volumes; increasing cost of oilfield services, supplies and equipment; increasing competition for exploration opportunities and operatorship's, and deregulation of the markets, which may cause substantial changes to the existing market structures and to the overall level and volatility of prices.

If the net oil price of the oil sold had been USD 10 per barrel higher than the net realized price received, the net operating income effect would be USD 2,6 million (2018: USD 2,6 million). The net income effect of an increased oil price of USD 10 per barrel would have been the same, USD 2,6 million (2018: USD 2,6 million). The impact on the Group equity would have been the same as for net income. The estimated sensitivity of each of the factors on the financial results has been estimated based on the assumption that all other factors would remain unchanged. The estimated effects on the financial results would differ from those that would actually appear in the Group's consolidated financial statements because the consolidated financial statements would also reflect the effect on depreciation, trading margins, exploration expenses, inflations and potential tax system changes.

Interest rate risk;

As the Group has no significant interest-bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates. The group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. During

2019 and 2018, the group's borrowings at variable rate were denominated in COP and USD, while the borrowings at fixed rates were denominated in USD.

The group analyses its interest rate exposure on a dynamic basis. The group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the simulations performed, the impact on post-tax profit of a 1.0% shift in interest rates on borrowings issued at variable rates would be a maximum increase / decrease in interest expense of USD 382 000 (2018: USD 377 000) at 31 December 2019. Borrowings at variable rates at the end of 2019 are USD 25 000 (2018: USD 25 000).

3.2 Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risk is, in other words, the risk that Interoil's customers or counterparties will cause financial loss by failing to honour their obligations. Interoil sells in Colombia to BP and Vitol, two private companies, to Ecopetrol, the state-owned oil company, and Hocol, a subsidiary of Ecopetrol. The revenue from BP in 2019 was USD 7,3 million (2018: 9,5 million), revenues from Vitol was USD 4,6 million (2018: 7,8 million). The gas is sold to Turgas, and the recognized amounts for 2019 is USD 2,8 million (2018: USD 2 million). Sale of services in relation to the operation and maintenance contract with Ecopetrol amounted to USD 2 million for 2019 (2018: USD 2,7 million). The credit risk is considered to be low due to the credit worthiness of these customers. Management does not expect any losses from non-performance by these counterparties.

Maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 20. See note 17 for an ageing analysis of trade and other receivables and impairment of non-current receivables. A minimum of the current trade and receivables are past due. No impairment charges are made.

3.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and develop operations according to budget. Liquidity risk is the risk that the Group will not be able to meet all obligations when due. The purpose of liquidity and short term liability management is to make certain that the Group at all times has sufficient funds available to cover financial and operational obligations in addition to fund the Group's drilling program. Funding needs arise as a result of the Group's general business activity. Liquidity forecasts serve as tools for financial planning. New non-current funding will be initiated if liquidity forecasts reveal non-compliance with given limits, unless further detailed considerations indicate that the non-compliance is likely to be temporary. In this case, the situation will be further monitored.

Management monitors rolling forecasts of the Group's expected cash flow from operations. Weekly, monthly and quarterly reports are reviewed and analyzed by management and all cost categories are matched with budgets and historical figures. Important accounts are reconciled on a continuous basis.

The market conditions are very challenging. Continuous variances in oil prices put pressure on profitability and cash. The Company has implemented and maintain cost cutting programs to try to mitigate the effects of the low prices and will further force reduction in administrative expenses.

The Group will have certain events that can cause liquidity constraints, such as the guarantee and drilling obligations in relation to Altair and LLA-47.

3.4 Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in the short run and to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital in the long run. See note 4 for additional information on going concern. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Due to tight liquidity over several years, the Group has not had the capability to declare dividends.

The Group's cash flow from operations may not be sufficient to fund its ongoing activities and implement its business plans. From time to time the Group may enter into transactions to acquire assets or the shares of other companies. These transactions, along with the Group's ongoing operations, may be financed partially or wholly with debt, which may increase the Group's debt levels above industry standards. Depending on future exploration and development plans, the Group may require additional financing, which may not be available or, if available, may not be available on favorable terms. Failure to obtain such financing on a timely basis could cause the Group to forfeit or forego various opportunities.

The Group has a significant amount of debt. A breach of the terms of the Company's current or future financing agreements may cause the lenders to require repayment of the financing immediately and to enforce security granted over the Group's assets, including its subsidiaries. If the Group is unable to comply with the terms of the financing agreements and accordingly is required to obtain additional amendments or waivers from its lenders relating to an existing or prospective breach of one or more covenants in its financing agreements, the lenders may require the Group to pay significantly higher interest going forward.

The operations of the Group are conducted through its subsidiary in Colombia and Argentina and a bank facility is secured on the Colombian assets. In the event of insolvency, liquidation or a similar event relating to the Company's subsidiaries, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before the Company, as a shareholder, would be entitled to any payments. Defaults by, or the insolvency of, certain subsidiaries of the Group could result in the obligation of the Company to make payments under parent financial or performance guarantees in respect of such subsidiaries. Additionally, the Company or its assets may become directly subject to a bankruptcy or similar proceeding initiated against a subsidiary. There can be no assurance that the Company and its assets would be protected from any actions by the creditors of any subsidiary of the Group, whether under bankruptcy law, by contract or otherwise.

The exploration and development of hydrocarbon reserves are highly capital intensive, and are associated with considerable uncertainty in terms of the relationship between budgeted costs and actual costs. The Group may therefore, from time to time, experience that the actual costs of one or more of its developments and/or undertakings are materially higher than the projected costs. The Group will also be required to make substantial capital expenditure for the acquisition of oil and gas reserves in the future.

The Group may hence require additional funding in the future to cover working capital and investment needs for future development and growth. There can be no assurance that the Group will be able to obtain necessary funding in a timely manner and on acceptable terms. Should the Group not be able, at any time, to obtain the necessary funding in a timely manner and on acceptable terms, the Group may be forced to reduce or delay capital expenditures or sell assets or businesses at unanticipated times and/or at unfavourable prices or other terms, or to seek additional equity capital (having a dilutive effect on existing shareholders) or to restructure or refinance its debt. There can be no assurance that such measures would be successful or would be adequate to meet debt and other obligations as they come due, or would not result in the Group being placed in a less competitive position.

Interoil's total assets as of 31 December 2019, amount to USD 43,3 million (2018: USD 39,1 million). Total cash and cash equivalents were USD 4,8 million (2018: USD 7,7 million), whereof USD 3 million is restricted (2018: USD 4 million).

Due to challenging market conditions faced between 2014 and 2017 and difficult operational conditions in 2018 and 2019, the Company had a loss of USD 7,6 million during 2019 (2018: USD 7,2 million) . This led to an identical decrease in the book equity for that year. The total interest-bearing debt as of 31 December 2019, is USD 41 million (2018: USD 41 million). As at 31 December 2019 the Group's equity is USD -8,5 million (2018: USD -13,8 million).

In 2020 oil prices have suffered the impact of severe lock-down measures as a response to Covid-19, with Brent crude reaching the 34 USD per barrel. Under the current market, most possible projects are not profitable, and the Company is seeking to extend drilling obligations and guarantee obligations under the agreement of April 22, 2020 published by the ANH.

The Group is constantly monitoring and adjusting the capital structure in light of actual and anticipated developments for its operations.

3.5 Events after the balance sheet date

It is not possible for the company to confidently assess the potential consequences of the COVID-19 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 could face considerable decrease in market demand and/or supply problems from its customers and/or vendors in regions where the authorities have implemented, or will implement, actions to contain and/or prevent the spread of the COVID-19 virus. 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. Management and the board of directors are of the opinion that the company might have to re estimate the value of its licenses and PP&E which eventually may book a significant impairment charge if the current situation prevails.

4. GOING CONCERN

The financial statements in the 2019 Annual Report have been prepared under the going concern assumption in accordance with the Norwegian Accounting Act §3-3 and the Board of Directors hereby confirms that this assumption is valid.

The board of directors, have evaluated several options to strengthen the cash position due to the coivid19 and oil price drop described under events after balance sheet date. This have resulted in several adjustments to cost base and operation, including a new credit line facility, refer to highlights, signed on May 26, 2020. Based on this the going concern assumption is valid.

5. SEGMENT INFORMATION

The Group's organizational structure reflects the different activities in which Interoil is engaged. Management has determined the operating segments based on reports that are reviewed and used to make strategic decisions. The Group has one reportable segment, Colombia, which consists of upstream activities including oil and natural gas exploration, field development and production from the Group's licenses in Colombia, which is the Group's strategic business unit. The business is considered both from a geographic and development phase perspective. Geographically, management considers the performance of the activities in Colombia and Corporate. For the strategic business unit, the management and other decision makers review internal management reports on a day to day basis.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on production, operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Segment revenues and segment results include transactions between business segments. These transactions and any unrealised profits and losses are eliminated. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Corporate/unallocated consists of other business and Corporate activities.

As of 31 December 2019

Amounts in USD 1000	Colombia	Argentina	Norway	Unall. / Elim.	Group continuing business
Total Revenue	16.810	262	612	-612	17.072
Cost of goods sold ex depreciation	-6.722	-789	-	-	-7.511
Depreciation	-7.595	-	-	-	-7.595
Gross profit/(loss)	**2.493**	**-527**	**612**	**-612**	**1.966**
Exploration cost expensed	-964	-	-	-	-964
Administrative expense	-3.602	-	-577	612	-3.567
Impairment	-1.547	-	-	-	-1.547
Other income	502	-	-	-	502
Result from operating activities	**-3.118**	**-527**	**35**	**-**	**-3.610**
Finance income	1.381	-	2.135	-2.125	1.391
Finance costs	-2.565	-	-4.765	2.125	-5.206
(Loss) before income tax	**-4.302**	**-527**	**-2.595**	**-**	**-7.425**
Income tax expense	-216	-	-	-	-216
(Loss) for the period	**-4.518**	**-527**	**-2.595**	**-**	**-7.641**
Other comprehensive loss	-	-	-	-	0
Total comprehensive (loss)income	**-4.518**		**-2.595**	**-**	**-7.641**

As of 31 December 2018

Amounts in USD 1000	Colombia	Norway	Unall. / Elim.	Group continuing business
Total Revenue	21.318	869	-869	21.318
Cost of goods sold ex depreciation	-9.195	-	-	-9.195
Depreciation	-9.438	-	-	-9.438
Gross profit/(loss)	**2.685**	**869**	**-869**	**2.685**
Exploration cost expensed	-903	-	-	-903
Administrative expense	-5.722	-849	869	-5.702
Other income	681	0	-	681
Result from operating activities	**-3.259**	**20**	**-**	**-3.239**
Finance income	1.326	2.384	-2.373	1.337
Finance costs	-2.421	-4.232	2.373	-4.280
(Loss) before income tax	**-4.354**	**-1.828**	**-**	**-6.182**
Income tax credit	-983	-	-	-983
(Loss) for the period	**-5.337**	**-1.828**	**-**	**-7.165**
Other comprehensive loss	-7	-	-	7
Total comprehensive (loss)income	**-5.344**	**-1.828**	**-**	**-7.172**

Other Segment information include property plant and equipment and lifting cost:

As of 31 December 2019

Amounts in USD 1000	Colombia	Argentina	Corporate/ unallocated	Unall. / Elim.	Group continuing business
Property, plant and equipment	22.628	12.000	-	-	34.628
Other assets	8.276	336	40	-	8.652
Total segment assets	**43.240**		**40**	**-**	**43.280**
Total segment liabilities	**13.859**		**37.928**	**-**	**51.787**
Capital expenditure	**4.786**	**12.000**	**0**	**-**	**16.786**
Other segment information					
Lifting cost (See note 7)	5.941		-	-	5.941

As of 31 December 2018

Amounts in USD 1000	Colombia	Corporate/ unallocated	Unall. / Elim.	Group continuing business
Property, plant and equipment	27.184	-	-	27.194
Other assets	11.701	84	-	11.785
Total segment assets	**39.039**	**84**	**-**	**39.123**
Total segment liabilities	**13.859**	**38.549**	**-**	**52.408**
Capital expenditure	**4.384**	**-**	**-**	**4.384**
Other segment information				
Lifting cost (See note 7)	7.143	-	-	7.143

6. SALES AND ROYALTY AGREEMENTS

For the year ended 31 December

Amounts in USD 1000	2019	2018
Sale of oil – before royalty	13.144	18.499
Royalty	-830	- 1.153
Sale of oil – net, barrels	12.314	17.346
Sale of gas	2.757	2.015
Sale of services	2.001	1.957
Total sales	**17.072**	**21.318**

Sale in barrels (see note 30).

Royalty agreements in Colombia

The royalty payment in percentage of gross oil price in accordance with royalty agreement with Ecopetrol and with ANH (Hydrocarbons national agency) in Colombia varies between 8 – 20% and is paid in cash or in kind (oil) depending on contract.

The royalty payments made in oil have been deducted from total sales reported by the Group.

The royalty payments made in cash are included as part of the cost reported by the Group.

Royalty agreements in Argentina

Revenues from concession contracts are subject to three fiscal charges. Royalties range from 12 per cent to 18 per cent, depending on the contract and a further sales tax, called the "IIBB", that varies amongst provinces and is in the range of 2.5 per cent to 3.5 per cent. Corporate net profits are then taxed at a Federal tax rate of 35 per cent, although both royalties and provincial taxes are deductible as an expense in the Federal tax assessment.

7. COST OF GOODS SOLD

For the year ended 31 December

Amounts in USD 1000	2019	2018
Lifting costs	5.941	7.143
Changes in inventory	-186	-178
Other costs	1.756	2.230
Total cost of goods sold	**7.511**	**9.195**
Depreciation (note 16)	**7.595**	**9.438**
Lifting costs, specifications:		
Field production costs	2.799	3.708
Tariffs and transportation	1.219	1.572
Insurance	99	114
Production costs external consultants	92	282
Well services and workovers	587	1.053
Repairs and maintenance of installations/equipment	395	414
Other	750	
Total lifting costs	**5.941**	**7.143**

8. EXPLORATION COST EXPENSED

For the year ended 31 December

Amounts in USD 1000	2019	2018
Other exploration cost expensed	964	903
Total exploration cost expensed	**964**	**903**

Other exploration cost is related to environmental licenses, indigenous consultations, guarantee costs and adjustments related to Ecopetrol declaring commerciality.

9. ADMINISTRATIVE EXPENSES

For the year ended 31 December

Amounts in USD 1000	2019	2018
Employee benefit expenses	330	364
General and administration expenses	3.027	5.138
Depreciation non-oil assets	210	200
Total administrative expenses	**3.567**	**5.702**

Employee benefit expenses, specifications:	2019	2018
Salaries and wages employees	263	245
Other personal expenses	24	23
Share options granted to directors and employees	-	0
Other payroll related expenses	39	43
Pension cost – defined contribution plan (note 18)	4	53
Total employee benefit expense	**330**	**364**
Average number of employees	44	47

10. TRANSACTIONS WITH RELATED PARTIES

Consolidated subsidiaries

Interoil Exploration and Production ASA has 100% (direct and indirect) shareholding and voting rights in the following subsidiaries:

Company	Registered business address	Direct and indirect shareholding and voting rights
UP Colombia Holding AS	Norway	100%
Interoil Colombia Exploration and Production Inc.	BVI	100%
Interoil Colombia Exploration and Production Inc. (Branch)	Colombia	100%
Interoil Argentina AS	Norway	100%
Oil Investment Inc	Panama	100%
Oil Investment Inc (Branch)	Argentina	100%
Interoil Drilling Services AS	Norway	100%
Interoil Peru Holding AS	Norway	100%

All subsidiaries are included in the consolidated financial statements for 2019 and 2018. See note 2.2 for consolidation principles.
Transfer prices with consolidated subsidiaries are on an arm's length basis in a manner similar to transactions with third parties.

The following assets have been pledged as security for the interest-bearing borrowings (see note 24)
Assets owned by Interoil Exploration and Production ASA:

- All shares invested in UP Colombia Holding AS (see Parent Company note 8) - total book value:

USD 25 257, (2018: 25 257)

• All current and future rights and receivables under the intercompany loans (see Parent Company note 8) – total book value: USD 21 568 (2018: 21 568)

Assets owned by UP Colombia Holding AS:

• Inventory, operating assets, receivables and bank accounts – total book value of USD 10 183 (2018: 13 352) UP Colombia Holding AS acts as an independent primary obligor for the bond loan (see note 24)

Transactions with subsidiaries

For more information regarding transactions with subsidiaries see Parent Company note 8.

Transactions between related parties and Interoil, are related to consultancy fees, ordinary salary and board fees described in note 11.

11. REMUNERATION OF SENIOR EXECUTIVES

The Group Senior Management consists of the CEO, CFO and General Manager.

Management remuneration 2019

Amounts in USD 1000		Period	Salary	Bonus	Other
Leandro Carbone	CEO	01.01-31.12	156	-	-
Pablo Creta	GM/CFO	01.01-31.12	68	-	-

The Group management is not part of a pension scheme, and there are no benefits in kind.

The employment contract for the General Manager can be terminated on 3 month notice with payments for the period. The General Manager is entitled to a severance pay of 9 months salary.

No loans have been given to, or guarantees given on behalf of, any members of the Group Management, the Board or other elected corporate bodies.

The compensation structure and guidelines for Executive Management and key employees are subject to annual review and approval by the Board of Directors.

Management remuneration 2018

Amounts in USD 1000		Period	Salary	Bonus	Other
Leandro Carbone	CEO	01.01-31.12	156	-	-
Pablo Creta	GM/CFO	01.01-31.12	68	-	-

The Group management is not part of a pension scheme, and there are no benefits in kind.

The employment contract for the General Manager can be terminated on 3 month notice with payments for the period. The General Manager is entitled to a severance pay of 9 months salary.

Members of the Board of Directors have no right to severance payment.

No loans have been given to, or guarantees given on behalf of, any members of the Group Management, the Board or other elected corporate bodies.

The compensation structure and guidelines for Executive Management and key employees are subject to annual review and approval by the Board of Directors.

Declaration regarding the determination of salary and other remuneration to senior employees

Guidelines for 2019

The declaration applies for the coming financial year in accordance with the Norwegian Public Limited Companies Act, § 6-16 a). The content of the declaration is summarised in the Board of Directors Report – cf the Act relating to Annual Accounts, etc §7-31b (7).

Remuneration of senior executives in 2019 was in accordance with the declaration that was submitted to the General meeting in 2019.

The declaration for 2019 will, in accordance with the Norwegian Public Limited Companies Act, § 6-16 a), be enclosed in the notice convening the general meeting.

Board member remuneration paid 2019

Annual board member remuneration for 2019 and 2018 is set to NOK 400 000 for the Chairman of the Board, and NOK 200 000 for all other Board members. There will be no extra fee in relation to the audit committee, and no fee to the Nomination Committee.

Amounts in USD 1000		Period 2019	Board member fee	Consultancy fee	Other
Hugo Quevedo	Chairman	01.01-31.12	46	-	-
Mimi Berdal	Member	01.01-31.12	23	-	-
Nicolas Acuña	Member	01.01-31.12	24	-	-
Maria R. S. Moreno	Member	01.01-28.02	4	-	-
Natalia Mariani	Member	01.01-27.06	14	-	8
Jorge Brown	Member	01.01-27.06	12	-	-
German Ranftl	Member	27.06-31.12	11	-	-
Laura Marmol	Member	27.06-31.12	12	-	-
Carmela Saccomanno	Member	27.06-31.12	12	-	-

Board member remuneration paid 2018

Amounts in USD 1000		Period 2018	Board member fee	Consultancy fee	Other
Hugo Quevedo	Chairman	01.01-31.12	47	-	-
Maria R. S. Moreno	Member	01.01-31.12	24	-	-
Mimi Berdal	Member	01.01-31.12	24	24*	-
Nicolas Acuña	Member	01.01-31.12	23	-	-
Natalia Mariani	Member	01.01-31.12	24	-	-
Jorge Brown	Member	01.01-31.12	24	-	-

* Mimi Berdal has a consultancy agreement with the Company. She will provide assistance and advice to the Company on a current and stand-by basis with matters pertaining to Norwegian markets and relations.

12. EXTERNAL AUDIT REMUNERATION

PricewaterhouseCoopers (PwC) was elected auditors for the group in 2015. The following table shows total audit and non-audit fees expensed in the period, excluding VAT:

For the year ended 31 December 2019

Amounts in USD 1000	Audit fee	Other assurance services	Tax services	Other non-assurance services	Total
PwC Norway	98	-	-	38	136
PwC Colombia	50	-	9	12	71
Total	**148**	**-**	**9**	**50**	**207**

For the year ended 31 December 2018

Amounts in USD 1000	Audit fee	Other assurance services	Tax services	Other n-assurance services	Total
PwC Norway	91	-	-	32	123
PwC Colombia	126*)	-	9	-	135
Total	**217**	**-**	**9**	**32**	**258**

*) Include USD 65 corresponding to fees for the year 2017.

13. OTHER INCOME / (EXPENSE)

For the year ended 31 December

Amounts in USD 1000	2019	2018
Refund of operating expenses (see note 2.7)	47	509
Gain on sale of PP&E	0	67
Other income	455	399
Total other income	**502**	**975**
Penalties	-	296
Total other expense	**0**	**296**
Total other income (expense)	**502**	**681**

14. FINANCE INCOME AND COST

For the year ended 31 December

Amounts in USD 1000	2019	2018
Interest income	21	25
Realized/unrealized exchange rate gain	1.367	1.312
Other financial income	3	-
Total financial income	**1.391**	**1.337**
Interest expenses	3.109	3.136
Realized/unrealized exchange rate loss	1.317	796
Other financial expenses	780	348
Total financial expenses	**5.206**	**4.280**
Finance (expenses)/income – net	**-3.815**	**-2.943**

15. TAXES

The major components of income tax (credit)/expense are:

For the year ended 31 December

Amounts in USD 1000	2019	2018
Consolidated income statement:		
Current income tax:		
Current income tax charge	-675	-1.873
Deferred tax:		
Relating to origination and reversal of temporary differences	459	890
Income tax (credit)/expense reported in the income stateme	**-216**	**-983**

A reconciliation between tax expense and the product of accounting profit and the nominal tax rate:

Amounts in USD 1000	2019	2018
Accounting (loss)/profit before income tax	-7.425	-6.182
Expected income tax according to nominal tax rate	2.450	-1.539
Change in temporary differences	1.231	-1.769
Adjustment of previous years		-
Adjustment of deferred tax assets not recorded*)	-1.309	1.424
Permanent differences	-1.844	2.256
Exchange rate effect	-312	611
Total income taxes	**216**	**983**

Nominal tax rate in Norway and Colombia is respectively 22% and 33% for 2019 and 23% and 37% 2018.

Deferred tax relates to the following:

Deferred tax liability recognized in balance sheet:

Amounts in USD 1000	2019	2018
Fixed assets	1.782	2.354
Provisions	-912	-740
Deferred tax liabilities	**870**	**1.614**

Deferred tax assets not recognized in balance sheet:

Amounts in USD 1000	2019	2018
Fixed assets	-	-12
Provisions	213	-
Tax losses	17.985	18.366
Deferred tax assets not recognized in balance sheet	**18.198**	**18.354**

The tax rate in Norway is 22% for 2019. The marginal tax rate under the GTA in 2019 will be 24%.

In Norway there are tax loss carrying forward of USD 79 million, not recognized in financial statements.

16. PROPERTY, PLANT AND EQUIPMENT

Amounts in USD 1000	Oil production assets	Other	Total
Period ended 31 December 2018			
Opening net book amount	**26.214**	**6.217**	**32.431**
Additions	3.333	1.052	4.385
Depreciation charge	-8.416	-1.206	-9.622
Closing net book amount	**21.131**	**6.063**	**27.194**
Period ended 31 December 2019			
Opening net book amount	**21.131**	**6.063**	**27.194**
Additions	16.309	477	16.786
Disposals, net	-	0	0
Impairment	-1.547	0	-1.547
Depreciation charge	-6.984	-821	-7.805
Closing net book amount	**28.909**	**5.719**	**34.628**
Cost	137.603	17.873	155.476
Accumulated depreciation and impairment	(108.694)	(12.154)	(120.848)
Net book amount	**28.909**	**5.719**	**34.628**

The depreciation expense has been charged to the consolidated statement of comprehensive income as follows:

Amounts in USD 1000	2019	2018
Depreciation	7.595	9.438
Administrative expenses	210	184
Total depreciation expense	**7.805**	**9.622**

Impairment testing of individual cash-generating units are performed when impairment indicators are identified. The significant decrease in proved gas reserves is considered to represent an impairment trigger, and an impairment test of fixed assets has been performed.

Impairment is recognised when the book value of an asset of cash generating unit exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. Impairment testing for 2020 has been based on fair value. The expected future cash flow after tax is discounted to the net present value by applying a discount rate after tax that reflects the current market valuation of the time value of money, and the specific risk related to the asset. The discount rate is derived from the weighted average cost of capital (WACC) for the company. Cash flows are projected for the estimated lifetime of each field.

The future price level is a key assumption that has significant impact on the net present value. The prices used are based on management estimates and available market data. The nominal oil price based on the forward curve and reduced for any specific differences applied in the impairment test is as follows: 2020 to 2028 USD 62,00

The reserves used in the impairment testing are based on the P2 reserves. The recoverable amount is sensitive to changes in the reserves. See note 2.17 and 31 for further information.

The discount rate represents the current market assessment of the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate is derived from the company's WACC post tax, and for the impairment test is set to 11.3%.

17. TRADE AND OTHER RECEIVABLES

Period ended 31 December

Amounts in USD 1000	2019	2018
Trade receivables	619	743
Trade receivables – net	**619**	**743**
Joint operations accounts	19	181
Prepayments	360	222
VAT receivable	13	18
Other short-term receivables	220	857
Total trade and other receivables	**1.231**	**2.021**

Trade and other receivables are non-interest bearing and are generally on 15 – 90 days terms. As of 31 December 2019, and 2018 no trade receivables were past due, whereof USD 0 is impaired.

The ageing analysis of trade receivables is as follows:

Amounts in USD 1000	2019	2018
Not due	619	743
Up to 3months	-	-
Over 3months	-	-
Total	**619**	**743**

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of the receivables mentioned above. The Group does not hold any collateral as security.

Other short-term in 2018 receivables included loan to Andes Energia Argentina, repayment was done in October 2019. The loan bears interest of 6% per year.

18. RETIREMENT BENEFIT

Defined benefit plan

Interoil Exploration & Production ASA (Norway) had until 2019 a defined benefit plan for employees in the Norwegian parent company. The Norwegian company meets the Norwegian requirements for mandatory occupational pension. As of December 31, 2019, Interoil Exploration & Production ASA (Norway) has no employees.

Interoil Colombia – the branch office, had a defined plan for employees in the period from 1991 to 1994. From 1995 it was mandatory for all Colombian employees to be affiliated to a private or public pension fund, and the defined plan stopped.

The following tables summarize the components of the defined benefit plans:

Amounts in USD 1000	2019	2018
Defined benefit obligation at the end of the year	677	673
Fair value of plan assets	-	0
Retirement benefit obligation liability	**677**	**673**

The movement in the defined benefit obligation over the year is as follows:

Amounts in USD 1000	2019	2018
Beginning of the year	673	707
Interest cost	7	7
Exchange rate differences	-3	-34
Net actuarial gain recognized over OCI	-	-7
Retirement benefit obligation liability	**677**	**673**

The amounts recognized in profit or loss are as follows:

Amounts in USD 1000	2019	2018
Interest cost	7	7
Exchange rate differences	-3	-34
Total defined benefit plan, income/(expense) (note 9)	**4**	**-27**

The principal actuarial assumptions used were as follows:

Discount rate	5,25%	6,25%
Inflation rate	3,00%	3,00%
Future salary increases	3,00%	3,00%
Future pension increases	3,00%	3,00%

Defined contribution plan

The Group's subsidiary in Colombia have defined contribution plans in accordance with local legislation.

The contributions recognised as expenses:

Amounts in USD 1000	2019	2018
Contributions (see note 9)	**4**	**53**

19. INVENTORIES

Period ended 31 December

Amounts in USD 1000	2019	2018
Spare parts etc	352	309
Crude oil	495	297
Total inventories	**847**	**606**

20. FINANCIAL INSTRUMENTS

Period ended 31 December 2019

Amounts in USD 1000	Notes	Loans and receivables	Other financial liabilities at amortized cost	Total carrying amount	Fair value
Current:					
Trade and other receivables	17	1.231	-	1.231	1.231
Cash and cash equivalents	21	4.810	-	4.810	4.810
Total financial assets		**6.041**	**-**	**6.041**	**6.041**
Non-current:					
Bond loan USD	24	-	38.446	38.446	-
Non-cuirrent liabilities to financial institutions	24	-	596	596	596
Current:					
Trade and other payables	26	-	5.684	5.684	5.684
Interest bearing liabilities	24	-	1.997	1.997	1.997
Total financial liabilities		**-**	**46.723**	**46.723**	**8.277**

Period ended 31 December 2018

Amounts in USD 1000	Notes	Loans and receivables	Other financial liabilities at amortized cost	Total carrying amount	Fair value
Current:					
Trade and other receivables	17	2.021	-	2.021	2.021
Cash and cash equivalents	21	7.712	-	7.712	7.712
Total financial assets		**9.733**	**-**	**9.733**	**9.733**
Non-current:					
Bond loan USD	24	-	37.962	37.962	-
Non-cuirrent liabilities to financial institutions	24	-	591	591	591
Current:					
Trade and other payables	26	-	6.911	6.911	6.911
Interest bearing liabilities	24	-	2.498	2.498	2.498
Total financial liabilities		**-**	**47.962**	**47.962**	**47.962**

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The bond loan is included in level 2, the rest of assets and liabilities are included in level 3.

During the reporting period ending 31 December 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers in and out of Level 3 fair value measurements.

The carrying amount of trade and other receivables approximate their fair value.
The carrying amount of trade and other payable is considered to approximate their fair value.
The fair value of the other non-current interest-bearing liabilities equals their carrying amount.
The carrying amount of the current interest-bearing liabilities approximates the fair value.

The fair value of the bond loan has been calculated using the discounted cash flow method. The cost of capital is set to the prevailing interest rate for the bond of 6%.

21. CASH AND CASH EQUIVALENTS

Period ended 31 December

Amounts in USD 1000	2019	2018
Bank deposits denominated in USD	4.273	7.597
Bank deposits denominated in NOK	945	828
Bank deposits denominated in COP	884	877
Bank deposits denominated in ARS	472	-
Cash and cash equivalents	**6.574**	**9.302**
Long term cahs restricted - Other non current asset	1.764	1.590
Total cash and cash equivalents	**4.810**	**7.712**
Bank deposits classified as restricted	3.043	4.057
Non restricted cash	**1.767**	**3.655**

Long term cash restricted of USD 1,7 million (2018: USD 0,8 million) mainly relates to cash collateral guarantees in Colombia and bank deposits as collateral for rent and withheld employee taxes in Oslo.
Restricted cash of USD 3,0 million (2018: USD 4,0 million)mainly relates to cash collateral for bank loans in Colombia.

22. PAID IN CAPITAL

Amounts in USD 1000	Number of hares (1000)	hare capital	re premium	Total
At 31 December 2014	**251.903**	**2.116**	**121.785**	**123.901**
Increase Andes Energia Plc 21.01.2015	330.000	2.162	2.594	4.756
Increase bond conversion 21.01.2015	65.000	426	511	937
Cost capital increase	-	-	-459	-459
Reverse split 26.06.2015	-582.213	-	-	0
Increase ARG Assets acquisition 12.06.19	22.222	9.100	-	9.100
Increase ARG Assets acquisition 19.07.19	7.354	2.851	-	2.851
Increase Fedmul debt conversion 28.10.19	2.608	1.009	-	1.009
At 31 December 2019	**96.874**	**17.664**	**124.431**	**142.095**

All issued shares are paid in full. All shares give equal rights in the Company. Nominal value per share is NOK 0,50 (2018: NOK 0,50).

The total number of authorised shares as of 31 December 2019, consists of the 96 874 thousand issued shares listed in the table above.

At an extraordinary general meeting in April 2018, the Board of Directors was authorised to increase the share capital by 8 086 thousand shares to provide financing for the Company’s business.

On June 12, the share capital increase related to the issuance of a total of 22,222 thousand consideration shares (the "Consideration Shares") to the sellers in the transaction has now been registered with the Norwegian Register of Business Enterprises.

On July 19, The share capital increase related to the issuance of a total of 7,355 thousand shares in connection with conversion of debt to the sellers of the Argentinian assets, and as further compensation to the sellers of the Argentinian assets in accordance with the anti-dilution mechanism in the contract, has now been registered with the Norwegian Register of Business Enterprises.

On October 28, the share capital increase related to the issuance of 2,608 thousand shares to Fedmul S.A., has now been registered with the Norwegian Register of Business Enterprises.

Top 20 shareholders & consolidated nominee accounts

As of 31 December 2019 Company	Shares held	% of total shares
Integra Oil and Gas S.A	10.351.741	10,69%
Magnus Capital S.A	8.519.604	8,79%
SIX SIS AG	8.131.674	8,39%
International Capital Markets Grou	7.394.102	7,63%
Brie International Development Cor	2.957.641	3,05%
The Bank of New York Mellon	2.610.177	2,69%
Nordnet Bank AB	2.331.543	2,41%
NORDNET LIVSFORSIKRING AS	2.304.099	2,38%
Citibank, N.A.	1.721.028	1,78%
MOI	1.350.000	1,39%
S FJORD INVEST AS	1.100.000	1,14%
Danske Bank A/S	990.571	1,02%
RYGG	870.808	0,90%
Saxo Bank A/S	808.396	0,83%
OLSEN	804.000	0,83%
GENIPABU INVESTMENTS LLC	787.775	0,81%
Nordea Bank Abp	731.192	0,75%
MEYERLØKKA AS	698.500	0,72%
ENDRESEN	640.000	0,66%
WELLE	600.000	0,62%
Total 20 largest shareholders	**55.702.851**	**57,50%**
Other	41.171.643	42,50%
Total	**96.874.494**	**100,00%**

23. EARNINGS PER SHARE

Basic

Basic earnings per share are calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Amounts in USD 1000	2019	2018
(Loss)/profit attributable to owners of the Company	-7.641	-7.172
Weighted average ordinary shares in issue (thousands)	81.257	64.690
Basic earnings per share (USD per share) - total	**-0,09**	**-0,11**

Amounts in USD 1000	2019	2018
(Loss)/profit attributable to owners of the Company	-7.641	-7.172
Weighted average ordinary shares in issue (thousands)	81.257	64.690
Basic earnings per share (USD per share) – continuing operat	**-0,09**	**-0,11**

Diluted

Diluted earnings per share are calculated by dividing the profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares (conversion rights) into ordinary shares. When total comprehensive income is negative, the dilutive instruments described above will have an antidilutive effect when calculating dilutive earnings per share. This antidilutive effect will not be considered when presenting dilutive earnings per share.

For the year ended 31 December

Amounts in USD 1000	2019	2018
(Loss)/profit attributable to owners of the Company	-7.641	-7.172
(Loss)/profit used to determine diluted earnings per share	-7.641	-7.172
Weighted average ordinary shares in issue (thousands)	81.257	64.690
Adjustment for subscription rights – share options	-	-
Weighted average ordinary shares for diluted eps (thousand	81.257	64.690
Calculated diluted earnings per share (USD per share)	-	-
Presented diluted earnings per share (USD per share) – total	**-0,09**	**-0,11**

24. BORROWINGS

Period ended 31 December

Amounts in USD 1000	2019	2018
Non-current:		
Bond loan denominated USD	38.446	37.962
Non-cuirrent liabilities to financial institutions	596	591
Total non-current borrowings	**39.042**	**38.553**
Current:		
Current liabilities to financial institutions	1.997	1.826
Other current interest bearing liabilities	-	672
Total current interest-bearing liabilities	**1.997**	**2.498**
Total interest-bearing liabilities	**41.039**	**41.051**

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

Period ended 31 December

Amounts in USD 1000	2019	2018
0-12months	39.042	3.509
Between 1and 2years	1.621	37.059
Between 2and 5years	359	361
Over 5years	17	122
Total borrowings	**41.039**	**41.051**

The terms and conditions of outstanding loans are summarised as follows:

Period ended 31 December

Amounts in USD 1000	Interest rate	Maturity	2019	2018
Non-current:				
Bond loan USD 32million	6% -PIK: 8%	January 2020	38.446	37.962
Banco de occidente lease-back USD 0.835 millic	IBR + 5,5%	April 2024	596	591
Total non-current borrowings			**39.042**	**38.553**
Current:				
Banco de occidente USD 1,373 million	IBR + 4,5%	November 2(	1.373	1.477
Banco de occidente USD 0,229 million	IBR + 4,2%	June 2020	229	251
Banco de occidente lease-back USD 0.835 millic	IBR + 5,5%	April 2024	258	98
Bancolombia USD 0,137 million	IBR+ 3.6%	Jan 2020	137	0
Other interest bearing liabilities			0	672
Total current interest-bearing liabilities			**1.997**	**2.498**
Total borrowings			**41.039**	**41.051**

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. 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 and 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 fixed rate interest of 7.50 % payable semi-annually in arrears.

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

Amounts in USD 1000	
Bond loan at issue date, 22January 2015	32.000
PIK interest	5.436
Accrued interest	1.010
Net borrowing costs (fees and legal expenses)	-696
Amortization of debt issuance cost	696
Balance at 31 December 2019	**38.446**

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.

After conversion, Interoil's consolidated group equity changed from approximately USD negative 5.0 million as per 31 December 2019 to approximately USD 8.1 million positive. Annual interest costs will be reduced by approximately USD 0.4 million per annum.

Other borrowings

Amounts in USD 1000	2019	2018
Other current interest bearing liabilities	596	591
Total other current interest bearing liabilities	596	591
Prepaid Oil	137	672
Total other non-current interest bearing liabilities	137	672
Total other interest bearing liabilities	**733**	**1.263**

Other interest-bearing liabilities include an office lease back of USD835 made in June 2018 at the rate of DTF + 5.5% with maturity date in April 2024.

The table below sums up the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Year ended 31 December 2019	Less than 1year	Between 1and 2years	Between 2and 5years	Total
Borrowings including interest	41.739	205	506	42.450
Trade and other payables	5.677	-	-	5.677

Year ended 31 December 2018	Less than 1year	Between 1and 2years	Between 2and 5years	Total
Borrowings including interest	4.903	38.681	440	44.023
Trade and other payables	6.769	-	-	6.769

As the amounts included in the above table are the contractual undiscounted cash flows, these amounts will not reconcile to the amounts disclosed on the statement of financial position for borrowings which is recorded at amortised cost. The specific time buckets presented are not mandated by the standard but are based on choice by management.

The table below reconcile debt movements with cash flow statement

	Bond	Financial institutions	Other	Total
Balance at 31 December 2018	**37.962**	**2.417**	**672**	**41.051**
Interest accrued	2.246	138	-	2.384
Exchange effect	0	-6	-	(6)
Interest paid	-1.762	-282	-	(2.044)
New loans	-	675	-	675
Repayment	-	-349	-672	(1.021)
Balance at 31 December 2019	**38.446**	**2.593**	**0**	**41.039**

25. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

For the year ended 31 December

Amounts in USD 1000	2019	2018
Non-current:		
Asset retirement obligations	2.290	1.439
Other long term obligations	464	512
Total non-current provisions for other liabilities and charges	**2.754**	**1.951**
Current:		
Other provisions and charges	763	749
Total current provisions for other liabilities and charges	**763**	**749**
Total provisions for other liabilities and charges	**3.517**	**2.700**

Asset retirement obligation is a liability for plugging, abandonment and decommissioning costs that are recognised since the Group has an obligation to dismantle and remove facilities and restore the site on which it is located. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. The discount rate used for 2019 was 5,75% (2018: 6,77%). USD 0,5 million of the total provision is expected to be executed within the next five years (2018: 0,1 million).

Other long term obligations are mostly related to the net present value of voluntary agreements regarding contributions to education for local communities. Other provisions and charges are related to the accounting of the association contract as outlined in note 2.15.

26. TRADE AND OTHER PAYABLES

For the year ended 31 December

Amounts in USD 1000	2019	2018
Trade creditors	3.730	5.574
Public duties payable	89	838
Debt to employees and shareholders	145	113
Other accrued expenses	1.720	386
Total trade and other payables	**5.684**	**6.911**

Deferred interest in relation to the USD 32 million bond loan is included in the bond liability, see note 24.

27. COMMITMENTS AND CONTINGENCIES

The Group is involved in a number of legal proceedings in various forms. While acknowledging the uncertainties of litigation, the Group is of the opinion that based on the information currently available, these matters will be resolved without any material adverse effect individually or in aggregate on the Group's financial position. No provisions have been made for the legal disputes discussed in this note. For legal disputes, in which the Group assesses to be probable (more likely than not) that an economic outflow will be required to settle the obligations, provisions have been made based on management's best estimate.

Tax administrative proceeding

Tax administrative proceeding. The Colombian tax authority DIAN opened an audit of 2011 income tax requiring that a higher amount be paid regarding transfer pricing. DIAN issued on June 5th, 2015 an official tax liquidation demanding payment of additional amount for income tax (DIAN disavowed costs paid to affiliates). Interoil filed a reconsideration petition. On April 29th DIAN confirmed its initial position, finishing any administrative recourse against the decision. Interoil filed a complaint against DIAN´s decision before administrative court on August 29, 2018. DIAN and other state agencies answered the complaint on February 9 2019, DIAN. An initial hearing took place on august 10, 2019, on August 22 closing arguments were submitted. In October 3, 2019 The Tribunal sentence against Interoil pretentions. On March 9, 2019 Interoil sent closing arguments.

Labor proceedings

There are currently 7 labor processes ongoing and the amount requested by plaintiffs is estimated to USD 800.000 in total (including Carlos Guerrero lawsuit). Interoil makes a close supervision to these processes attending their legal development. In some of the processes Interoil has obtained favorable decisions in the first and second stage.

Class Action Suit

The Environmental And Agricultural Judicial Attorney for Tolima incriminate ICEP, among others, for a crude oil spill from a Mana line, caused by a third party as sabotage. The judicial attorney is seeking for an environmental fine imposition against all the defendants. On February 10, 2020, the compliance hearing was held, but it was postponed to June 2020.

The Colombian branch has the following contract obligations:

Interoil has combined phases 1 and 2 of the exploratory program under the Altair license agreement, and is obligated to drill one exploratory well in the Altair license by April 2020. The assigned value is set at USD 3 million. An extension request has been filed before the corresponding authority, in order to add 12 additional months to the exploratory program, due to COVID-19 contingencies.
LLA-47 is located in the prolific Llanos basin and covers an area of 447 km². Interoil has completed its obligation to acquire 350 km² of 3D seismic and to drill one exploration well. Interoil has combined phases 1 and 2 in the license agreement and is obligated to drill nine exploration wells before February 07, 2021. The assigned value of the commitment is USD 27 million.

28. SUBSEQUENT EVENTS

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 % 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. After conversion, Interoil’s consolidated group equity changed from approximately USD negative 8.5 million as per 31 December 2019 to approximately USD 8.1 million positive. Annual interest costs will be reduced by approximately USD 0.4 million per annum.

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. These assets are placed on-shore in the Austral basin on the Santa Cruz province. Within the boundaries of these concessions, Interoil has identified a number of exploration prospects with interesting hydrocarbon potential

On 3 April 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 our gas but also the oil production. In May 2020 Turgas notified Interoil that it would resume gas off-takings and Interoil restarted its deliveries accordingly.

29. COUNTRY-BY-COUNTRY REPORTING

In line with regulatory developments in the European Union, the Norwegian government has introduced country-by-country reporting requirements for multinational companies operating in extractive industries. Activities in each country of operations are to be reported. The information includes investments, sales revenue, production volumes, purchase of goods and services and number of employees. In addition, all payments to governmental authorities.

Amounts in USD 1 000	2019 Colombia	2019 Argentina	2018 Colombia
Revenues	16.810	262	21.318
Investments	1.022	12.000	3.988
Purchase of goods and services	1.963	720	1.465
Income taxes paid	585	-	249
Indirect taxes paid	202	-	126
Royalties	526	39	669
Contractual social contribution	8	-	51
Voluntary social contribution	0	-	32
Salaries and social benefit	1.201	-	682
Number of employees	45	-	37

30. OIL AND GAS RESERVES (UNAUDITED)

The reserves have been estimated and classified according to the "Petroleum Resources Management System", developed and approved in March 2007 jointly by the Society of Petroleum Engineers, World Petroleum Council, American Society of Petroleum Geologists and Society of Petroleum Evaluations Engineers, hereafter referred to as the "2007 PRMS" and have been audited by the independent petroleum engineering firm of Gaffney, Cline & Associates Inc.

Reserves

Colombia	Oil (mmbbl)	Gas (BCF)	Total (mmboe)	Interest %	Equity (mmboe)
		Gross			1P
1P Developed Producing reserves - DP	0,9	3,0	1,4	0,7	0,9
1P Developed Non-Producing reserves - DNP	0,0	0,0	0,0	0,7	0,0
1P Non-Developed reserves - ND	0,2	0,9	0,3	0,7	0,2
Total 1P reserves	1,1	3,9	1,7	0,7	1,1
		Gross			2P
2P Developed Producing reserves - DP	0,9	3,0	1,4	0,7	0,9
2P Developed Non-Producing reserves - DNP	0,0	0,0	0,0	0,7	0,0
2P Non-Developed reserves - ND	0,8	5,8	1,9	0,7	1,2
Total 2P reserves	1,7	8,8	3,3	0,7	2,1

Argentina	Oil (mmbbl)	Gas (BCF)	Total (mmboe)	Interest %	Equity (mmboe)
	Gross			1P	
1P Developed Producing reserves - DP	0,5	0,0	0,5	0,8	0,3
1P Developed Non-Producing reserves - DNP	0,0	0,0	0,0	0,8	0,0
1P Non-Developed reserves - ND	0,4	0,0	0,4	0,8	0,3
Total 1P reserves	0,9	0,0	0,9	0,8	0,6
	2P Gross			2P	
2P Developed Producing reserves - DP	0,5	0,0	0,5	0,8	0,3
2P Developed Non-Producing reserves - DNP	0,0	0,0	0,0	0,8	0,0
2P Non-Developed reserves - ND	0,4	0,0	0,4	0,8	0,3
Total 2P reserves	0,9	0,0	0,9	0,8	0,6

For a full description of the "2007 PRMS", please refer to the Society of Petroleum Engineers website: www.spe.org

Aggregated equity oil and gas Reserves, Production, Developments and Adjustments

As of 31 December 2019 (mmboe)	1P DP (mmboe)	1P DNP (mmboe)	1P ND (mmboe)	Total 1P	2P DP (mmboe)	2P DNP (mmboe)	2P ND (mmboe)	Total 2P
Reserves at 31.12.18	**1,0**	**0,0**	**0,3**	**1,3**	**1,2**	**0,0**	**0,4**	**1,6**
Production	-0,3	-	-	-0,3	-0,3	-	-	-0,3
Acquisition	0,3	-	0,3	0,6	0,3	-	0,3	0,6
Revisions	0,2	-	-0,1	0,1	-	-	0,8	0,8
Total changes	**0,2**	**0,0**	**0,2**	**0,4**	**0,0**	**0,0**	**1,1**	**1,1**
Reserves at 31.12.19	**1,2**	**0,0**	**0,5**	**1,7**	**1,2**	**0,0**	**1,5**	**2,7**

Notes

Mmboe = million stock tank barrels of oil equivalent

Gross Reserves are Operated Reserves

Equity reserves: Colombia - Net after Royalty

Working Interest varies per concession; reported percentages are averages

Gas converted to oil equivalent based on 5610 scf equals 1 boe

Numbers may not add up due to rounding

Production and sales for the period

Production and sales in barrels

	2019	2018
Production		
Working interest, barrels	211.124	275.804
Working interest, gas (boe)	140.266	106.781
Royalty	(22.403)	(24.054)
Total Working Interest production in barrels	**328.987**	**358.531**
Sale of oil in barrels		
Sale of oil, barrels WI	165.641	253.671
Oil royalties sold	35.723	4.517
Total oil sold barrels	**201.364**	**258.188**
Sale of gas (boe)		
Sale ofgas, (boe) WI	122.312	93.112
Gas royalties sold	8.977	6.834
Total gas sold barrels (boe)	**131.289**	**99.946**
Total Working Interest Barrels sold	**332.653**	**358.134**

INTEROIL EXPLORATION AND PRODUCTION ASA FINANCIAL STATEMENTS

31 December 2019

STATEMENT OF COMPREHENSIVE INCOME

Amounts in USD 1 000 unless otherwise stated

For the year ended 31 December	Notes	2019	2018
Sales	4	612	870
Gross profit		**612**	**870**
Administrative expense	5	-570	-846
Other operating expenses		-	-
Result from operating activities		**42**	**24**
Finance income	6	1.358	1.464
Finance costs	6	-3.418	-2.779
Net finance (cost) / income		**-2.060**	**-1.315**
(Loss)/profit before income tax		**-2.018**	**-1.291**
Income tax expense	7	-	-
(Loss)/ profit from continuing operations		**-2.018**	**-1.291**
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		**-2.018**	**-1.291**
Attributable to:			
Retained earnings		-2.018	-1.291

STATEMENT OF FINANCIAL POSITION

Amounts in USD 1 000

as of 31 December	Notes	2019	2018
ASSETS			
Non-current assets			
Investments in subsidiaries	8	25.285	25.278
Intercompany receivables	10	33.625	20.898
Other Non current Assets		904	-
Total non-current assets		**59.814**	**46.176**
Current assets			
Trade and other receivables	9	13	20
Cash and cash equivalents, restricted	12	2	790
Cash and cash equivalents, non-restricted	12	31	27
Total current assets		**46**	**837**
TOTAL ASSETS		**59.860**	**47.013**
EQUITY			
Share capital and share premium	13	142.095	129.135
Other paid-in equity		5.883	5.883
Retained earnings		-128.473	-126.455
Total equity		**19.505**	**8.563**
LIABILITIES			
Non-current liabilities			
Long term borrowings	14	38.446	37.962
Total non-current liabilities		**38.446**	**37.962**
Current liabilities			
Trade and other payables	15	1.509	88
Provisions		400	400
Total current liabilities		**1.909**	**488**
TOTAL LIABILITIES		**40.355**	**38.450**
TOTAL EQUITY AND LIABILITIES		**59.860**	**47.013**

Oslo, 4th June, 2020

The Board of Interoil Exploration and Production ASA

Hugo Quevedo *Chairman*	Nicolas Acuña *Board Member*	Pablo Creta *General Manager*

Mimi Berdal *Board Member*	Carmela Saccomanno *Board Member*	German Ranftl *Board Member*	Laura Marmol *Board Member*

STATEMENT OF CHANGES IN EQUITY

Amounts in USD 1 000	Sharecapital andshare premium	Other paid-in equity	Retained earnings	Total equity
Balance at 31 December 2017	**129.135**	**5.882**	**-125.163**	**9.854**
Total comprehensive income of the year	-	-	-1.291	-1.291
Balance at 31 December 2018	**129.135**	**5.882**	**-126.454**	**8.563**
Capital increase	12.960	-	-	12.960
Total comprehensive income of the year	-	-	-2.018	-2.018
Balance at 31 December 2019	**142.095**	**5.882**	**-128.472**	**19.505**

Other paid-in equity – consist of subscription rights in addition to the difference between the fair value and the book value of the converted shares in the bond conversion.

CASH FLOW STATEMENT

Amounts in USD 1 000

For the year ended 31 December	Notes	2019	2018
Cash generated from operations			
Total comprehensive income for the year		-2.018	-1.291
Depreciation		-	14
Change in retirement benefit obligation/options		-	-13
Options recognized as income		-	
Interest income		-1.358	-1.464
Other finance cost/(income)		573	94
Interest expense and amortization		2.844	2.685
Changes in net working capital			
Intercompany accounts		233	2.297
Trade and other receivables		7	-13
Trade and other payables		3.127	5
Net cash used in operating activities		**3.408**	**2.314**
Cash flows from investing activities			
Investment in subsidiaries		-7	-
Net cash generated from activities		**-7**	-
Cash flows from financing activities			
Interest paid		-3.281	-2.246
Other finance		-	-94
Net movement in restricted cash and other non-current		-116	15
Net cash generated from financing activities		**-3.397**	**-2.325**
Net decrease in cash and cash equivalents		4	-10
Non restricted cash and cash equivalents at the beginning of the year		27	37
Non restricted cash and cash equivalents at the end of the year		**31**	**27**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements for Interoil Exploration and Production ASA (the "Company") are prepared in accordance with simplified IFRS according to the Norwegian Act relating to Annual Accounts § 3-9. This mainly implies that recognition and measurements in the financial statements are in accordance with IFRS, while the notes disclosures are presented in accordance with the Norwegian Accounting Act. The Company's accounting policies are specified in Group note 2 (consolidated financial statements).

These financial statements are presented in USD, which is the Company's functional currency, and rounded up to thousands (1 000).

Shares in subsidiaries are recorded in accordance with the cost method in the parent company accounts. The investments are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable

2. GOING CONCERN

The financial statements have been prepared based on the going concern assumption. For further details, we refer to the Board of Director's report and Group note 4

3. FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. See Group note 3 for more information regarding Financial Risk Management.

The table below sum up the maturity profile of the Company's financial liabilities at 31 December 2019 based on contractual undiscounted payments.

For the year ended 31 December 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Borrowings including interest	38.446	-		38.446
Trade and other payables	1.509	-	-	1.509

For the year ended 31 December 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Borrowings including interest	2.246	38.559		40.805
Trade and other payables	88	-	-	88

As the amounts included in the above table are the contractual undiscounted cash flows, these amounts will not reconcile to the amounts disclosed on the statement of financial position for borrowings which is recorded at amortised cost. The specific time buckets presented are not mandated by the standard but are based on choice by management. See notes 12, 15 and 17 for the carrying amounts.

4. SALES

For the year ended 31 December

Amounts in USD 1 000	2019	2018
Management fee (note 10)	612	870
Total sales	**612**	**870**

5. ADMINISTRATIVE EXPENSES

For the year ended 31 December

Amounts in USD 1 000	2019	2018
Employee benefit expenses *)	7	5
Depreciation	0	5
Professional fees	469	626
General administration expenses	94	210
Total administrative expenses	**570**	**846**

6. FINANCE INCOME AND COST

For the year ended 31 December

Amounts in USD 1 000	2019	2018
Interest income, intercompany loan	1.356	1.454
Exchange rate gain, unrealized items	2	10
Total financial income	**1.358**	**1.464**
Interest expenses	2.384	2.675
Exchange rate loss, unrealized items	9	28
Other financial expenses	1.025	76
Total financial expenses	**3.418**	**2.779**
Net finance (expense)/ income	**-2.060**	**-1.315**

The Group performed its annual impairment test as at 31 December 2019. The Group considers the relationship between its recoverable amount and its book value, among other factors, when reviewing for indicators of impairment. For 2019 and 2018, no impairment charges were recognised.

7. TAXES

There is no income tax expense in the income statement for 2019 and 2018

Reconciliation of tax expense:

Amounts in USD 1 000	2019	2018
(Loss)/profit before tax	-2.018	-1.291
Expected income tax - nominal tax rate, 23% (2018: 24%)	-444	-165
Change in temporary differences	-3	-3
Adjustment of deferred tax assets not recorded	229	-502
Adjustment deferred tax - taxrate change from 24% to 23%	0	-23
Expenses not deductible for tax purposes	0	-132
Exchange rate effect	218	825
Total income taxes	**-**	**-**
Effective income tax rate	-%	-%
(Loss)/profit before tax	**-2.018**	**-1.291**
Change in temporary differences	-12	-13
Not deductible expenses	0	-572
Exchange rate effect	987	3.586
Total taxable (loss)/income	**-1.043**	**1.710**
Tax (credit)/profit	1.043	-1.710
Total taxable income	**-**	**-**

Deferred income tax:		
Temporary differences		
Fixed assets	0	-12
Provisions	0	0
Total temporary differences	**0**	**-12**
Tax loss	-80.831	-79.788
Total temporary differences	**-80.831**	**-79.800**
Deferred tax asset	**-17.783**	**-18.354**
Deferred tax included in the balance sheet	-	-
Deferred tax not included in the balance sheet	**17.783**	**18.354**

8. SUBSIDIARIES

Period ended 31 December 2019

Amounts in USD 1 000	Registered business address	Interest andvoting rightsheld	Company's share capital in1000	Company's equity inUSD 1.000	Company's profit/ (loss)in USD1000	Book value 2.019	Book value 2.018
Interoil Peru Holding AS	Norway	100%	NOK 100	5	-2	21	21
Up Colombia Holding AS	Norway	100%	NOK 900	23.147	-574	25.257	25.257
Interoil Argentia AS	Norway	100%	NOK 30	1	(1)	3	-
Interoil Drilling Services AS	Norway	100%	NOK 30	1	-2	4	-
Total book value				**23.154**	**-579**	**25.285**	**25.278**

Shares invested in UP Colombia Holding AS with a total book value of USD 25,3 million (2016: 25,3 million) have been pledged as security for the interest-bearing borrowings, see note 15 and Group note 24, no impairment charges were recognised.

9. TRADE AND OTHER RECEIVABLES

Period ended 31 December

Amounts in USD 1 000	2019	2018
Current:		
Prepaid expenses	-	1
Vat receivables	13	19
Total trade and other receivables	**13**	**20**

10. INTERCOMPANY RECEIVABLES

Non-current intercompany receivables

Period ended 31 December

Amounts in USD 1 000	2019	2018
Interoil Colombia Exploration and Production Inc.	2.249	925
Up Colombia Holding AS	18.380	19.980
Interoil Peru Holding AS	-4	-7
Interoil Argentina AS	13.000	0
Total non-current intercompany receivables	**33.625**	**20.898**

There is no impairment on Intercompany receivables.

Intercompany interest and management fee

Period ended 31 December

Amounts in USD 1 000	Notes	2019	2018
Interoil UP Colombia Holding AS	Interest in	777	1.454
Interoil Exploration and Production Colombia B	Managem	612	870
Total net management fee and interest		**1.389**	**2.324**

As of 31 December 2019, intercompany receivables of USD 20,9 million (2018: USD 21,7 million) were tested for impairment. The Group considers the relationship between its recoverable amount and its book value, among other factors, when reviewing for indicators of impairment. No impairment charges were recognised at year end 2019 and 2018.

Intercompany loans with a total book value of USD 20,9 million (2018: USD 21,7 million) have been pledged as security for the interest-bearing borrowings, see note 15 and Group note 24.

Also, see Group note 10 for more information regarding transactions with related parties.

11. FINANCIAL INSTRUMENTS

Period ended 31 Dec 2019

Amounts in USD 1000	Notes	Loans and receivables	Other financial liabilities at amortized cost	Total carrying amount	Fair value
Non-current:					
Intercompany receivables	10	33.625	-	33.625	33.625
Other Non current Assets		904		904	904
Current:					
Trade and other receivables	9	13	-	13	13
Cash and cash equivalents	12	31	-	31	31
Total financial assets		**34.573**	**-**	**34.573**	**34.573**
Current:					
Trade and other payables	15	-	1.509	1.509	1.509
Provisions		-	400	400	400
Non-current:					
Bond loan	14	-	38.446	38.446	-
Total financial liabilities		**-**	**40.355**	**40.355**	**1.909**

Period ended 31 Dec 2018 Amounts in USD 1000	Notes	Loans and receivables	Other financial liabilities at amortized cost	Total carrying amount	Fair value
Non-current:					
Intercompany receivables	10	20.898	-	20.898	20.898
Current:					
Trade and other receivables	9	20	-	20	20
Cash and cash equivalents	12	817	-	817	817
Total financial assets		**21.735**	**-**	**21.735**	**21.735**
Current:					
Trade and other payables	15	-	88	88	88
Provisions		-	400	400	400
Non-current:					
Bond loan	14	-	37.962	37.962	-
Total financial liabilities		**-**	**38.450**	**38.450**	**488**

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The bond loan is included in level 2, the rest of assets and liabilities are included in level 3.

During the reporting period ending 31 December 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers in and out of Level 3 fair value measurements.

The carrying amount of intercompany receivables, trade and other receivables approximate their fair value.
The carrying amount of trade and other payable is considered to approximate their fair value.
The carrying amount of the current interest bearing liabilities approximates the fair value.
The fair value of the other non-current interest bearing liabilities equals their carrying amount.
The fair value of the bond loan has been calculated using the discounted cash flow method. The cost of capital is set to the prevailing interest rate for the bond of 6%.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above and the carrying amount of investments in subsidiaries, see note 9 The Company does not hold any collateral as security

12. CASH AND CASH EQUIVALENTS

Period ended 31 December		
Amounts in USD 1 000	2019	2018
Bank deposits denominated in USD	1	743
Bank deposits denominated in NOK	32	74
Total cash and cash equivalents	**33**	**817**
Bank deposits classified as restricted	2	790
Bank deposits classified as non current assets	-	-
Non restricted cash	31	27

The restricted bank deposits are mostly placed as collateral for deposit for rent and withheld employee taxes

13. PAID IN CAPITAL

Amounts in USD 1 000	Number of Shares (1 000)	Share capital	Share premium	Total
At 31 December 2013/2014	**251.903**	**2.116**	**121.785**	**123.901**
Capital increase	330.000	2.162	2.594	4.756
Bond conversion	65.000	426	511	937
Cost capital increase	-	-	-459	-459
Reverse share split	-582.213	-	-	-
Capital increase 2019	32.184	12.960	-	12.960
At 31 December 2015/2019	**96.874**	**17.664**	**124.431**	**142.095**

Total number of issued and authorised shares as of 31 December 2019 amounts to 96 874 thousand shares.

At and extraordinary general meeting in April 2018, the Board of Directors was authorised to increase the share capital by 8 086 thousand shares to provide financing for the Company's business.

For specifications of top 20 shareholders, see Group note 22

14. BORROWINGS

Period ended 31 December		
Amounts in USD 1 000	2019	2018
Non-current:		
Bond loan denominated USD	38.446	37.962
Total non-current interest-bearing liabilities	**38.446**	**37.962**

The maturity of the Company's borrowings is as follows:

Period ended 31 December

Amounts in USD 1 000	2019	2018
0-12 months	-	-
Between 1 and 2 years	38.446	-
Between 2 and 5 years	-	37.533
Over 5 years	-	-
Total borrowings	**38.446**	**37.533**

Bond loan USD 32 million

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 2018. The PIK interest will be capitalised at an effective rate of interest of 8.00% per annum

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

AmountsinUSD1000	2019
Bond loan at issue date, 22 January 2015	32.000
PIK interest	5.436
Accrued interest	1.010
Net borrowing costs (fees and legal expenses)	-696
Amortization of debt issuance cost	696
Balance at 31 December 2019	**38.446**

15. TRADE AND OTHER PAYABLES

For the year ended 31 December

Amountsin USD 1000	2019	2018
Trade creditors	1.509	66
Public duties payable	-	7
Other accrued expenses	-	15
Total trade and other payables	**1.509**	**88**

16. SUBSEQUENT EVENTS

See Group note 28 for information regarding subsequent events.