PROSPECTUS

Listing of 395,000,000 Shares on Oslo Børs

This prospectus (the **"Prospectus"**) relates to, and has been prepared in connection with the listing on Oslo Børs (the "**Listing**"), a stock exchange operated by Oslo Børs ASA (**"Oslo Børs"**), of 395,000,000 new shares, each with a nominal value of NOK 0.05, in Interoil Exploration & Production ASA (**"Interoil"** or the **"Company"**, and together with its consolidated subsidiaries, the **"Interoil Group"** or the **"Group"**) (the **"Private Placement Shares"**) issued in connection with a private placement (the **"Private Placement"**) directed to Andes Energia Plc ("**Andes**") and Nordic Trustee ASA ("**NT**") on behalf of bondholders. Issuance and subscription for the Private Placement Shares was approved by an extraordinary general meeting in the Company on 20 January, 2015 at a subscription price of NOK 0.11 per Private Placement Share (the **"Subscription Price"**).

Total gross proceeds from the Private Placement amounted to NOK 36.3 million by issuance of 330,000,000 shares to Andes whereas 65,000,000 shares issued to NT (on behalf of bondholders) was issued by way of set-off against NOK 7,150,000 of the Company's bond loan with ISIN NO 001 0584683. Following the completion of the Private Placement, the total number of issued shares in the Company (the **"Shares"**) is 646,903,145.

The Shares are listed on Oslo Børs under the ticker code "IOX". The Private Placement Shares are expected to be listed and tradable on Oslo Børs on or about 26 March 2015. The distribution of this Prospectus may in certain jurisdictions be restricted by law. Accordingly, this Prospectus may not be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company and the Manager (as defined below) require persons in possession of this Prospectus to inform themselves about, and to observe, any such restrictions. This Prospectus and the Private Placement shall be governed by, and construed in accordance with, Norwegian law. The courts of Norway, with Oslo City Court as exclusive legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of, or in connection with, the Private Placement or this Prospectus.

Investing in the Company and the Shares (including but not limited to the Private Placement Shares) involves material risks and uncertainties. See section 2 "Risk Factors" and section 5.1 "Cautionary Note Regarding Forward-Looking Statements".

Manager

Pareto Securities AS

25 March 2015

Important Notice

This prospectus (the "Prospectus") has been prepared solely by the Company, only to provide information about the Group and its business and in relation to the listing on Oslo Børs of 395,000,000 Shares issued in the Private Placement. This Prospectus has been prepared solely in the English language.

For definitions of terms used throughout this Prospectus, see Section 12 "Definitions and Glossary of Terms".

The Company has furnished the information in this Prospectus. The Manager make no representation or warranty, expressed or implied, as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, nor shall be relied upon as, a promise or representation by the Manager. This prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "Norwegian Securities Trading Act") and related secondary legislation, which implement the Prospectus Directive (2003/71/EC) including the Commission Regulation EC/809/2004, in Norwegian law.

All inquiries relating to this Prospectus must be directed to the Company. No other person is authorized to give any information about, or to make any representations on behalf of, the Company in connection with the Listing. If any such information is given or made, it must not be relied upon as having been authorized by the Company. Without limiting the manner in which the Company may choose to make any public announcements, and subject to the Company's obligations under applicable law, announcements relating to the matters described in this Prospectus will be considered to have been made once they have been received by Oslo Børs and distributed through its information system.

The information contained herein is as of the date hereof and is subject to change, completion and amendment without further notice. Any new material information and any material inaccuracy that might have an effect on the assessment of the Private Placement Shares arising after the publication of this Prospectus and before the listing, will be published as a supplement to this Prospectus in accordance with section 7-15 of the Norwegian Securities Trading Act.

The contents of this Prospectus shall not be construed as legal, business or tax advice. Each reader of this Prospectus should consult its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. Persons in possession of this Prospectus are required to inform themselves about, and to observe, any such restrictions. No action has been taken or will be taken in any jurisdiction by The Company that would permit the possession or distribution of this Prospectus in any country or jurisdiction where specific action for that purpose is required.

Investing in the Company's Shares involves risks. See Section 2 "Risk Factors" of this Prospectus.

Table of contents

1 Summary

'Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1 – E.7).
This summary contains all the Elements required to be included in a summary for this type of securities and the Company. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.
Even though an Element may be required to be inserted in the summary because of the type of securities and Company, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Section A – Introductions and warnings		
A.1	Introduction and warning	This summary should be read as introduction to the prospectus. Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2.	Use of the prospectus in resales by financial intermediaries	Not applicable. The Prospectus will not be used in subsequent resales by financial intermediaries
Section B – Issuer		
B.1	Legal and commercial name	The legal and commercial name of the Company is Interoil Exploration and Production ASA.
B.2	Domicile, legal form, legislation and country of incorporation	The Company is a public limited liability company incorporated under the laws of Norway with registration number 988 247 006 and governed by the Norwegian Public Limited Liability Companies Act.
B.3	Nature of current operations and principal activities / products and markets	Interoil Exploration & Production ASA is an independent oil & gas exploration and production company currently operating in Colombia currently headquartered in Oslo. The Group is engaged in the acquisition, exploration, development and operation of oil and natural gas properties. Interoil serves as operator or active license partner in a number of production and exploration assets in Colombia. Interoil's portfolio consists of 2 producing licenses and 2 exploration licenses in Colombia. The licenses in Colombia have been acquired through company acquisitions and bid-round for licenses (in Colombia). The Group has oil production in Colombia and will use this position to extract value from its exploration licenses in Colombia.

B.4a	Recent trends	*The Group* In 4Q 2014, Interoil's oil production from continuing operations (Colombia) declined by 15% year on year to 1,484 boe/day. Including the Peru assets (discontinued operations), production was down 32% y/y in 4Q 2014. This, together with the decline in oil prices in 2H 2014, has had a substantial negative effect on revenues, profitability and cash flows. In 4Q 2014, revenues from continuing operations was down 30% y/y due to the lower production and oil price. Since Q4 2014, production has decreased slightly (averaged 1,441 boe/day in January-February) and the realized oil price has increased slightly. *Oil price* Oil prices traded at all-time high levels (in terms of annual average) for the most of 2011, 2012, 2013 and the first half of 2014, and the Brent oil price largely was in a USD 100-125/bbl range. Since the summer 2014 however, oil prices have declined steeply and Brent traded as of January 22 around USD 49/bbl. The recent price decline has been a result of an oversupplied market driven by weaker than expected global oil demand growth in the second half of 2014, strong growth in US oil production and recovering Libyan oil production. At the same time, the near term supply demand outlook (first half of 2015) has been weak and OPEC has shown no willingness to curtail production in order to support the oil price. *Gas price* Over the last five years gas prices in different regions have started to differ significantly due to changes in supply. The North American market has experienced growth in gas supplies from shale gas which has resulted in low prices whereas Japanese LNG imports have experienced significantly higher prices due to large demand after the Tsunami disaster in 2011 which flooded and destroyed parts of Japan's nuclear power stations.
B.5	Group	The Company is the parent company of the Group
B.6	Interests in the issuer's capital or voting rights	Each Share represents one vote in the Company's General Meeting, and none of the Company's major Shareholders have different voting rights (see section 9.12 below for further details). The major Shareholders of the Company are defined as holding more than 5 per cent of the share capital. Shareholders owning five per cent or more of the Company have a notifiable interest in the Company's share capital according to the Norwegian securities law. Following the Private Placement the following shareholders have disclosed more than 5% of the share capital based on the new number of shares outstanding after the Private Placement: • Andes holds 330,000,000 shares equal to 51% of the share capital. • Nordic Trustee on behalf of bondholders holds 65,000,000 shares equal to 10% of the share capital.

<table>
<tr><td>B.7</td><td>Selected historical key financial information</td><td>The following table includes a summary of historical financial data for the Group on a condensed consolidated basis for the twelve months ending 31 December 2014 (unaudited), 2013, 2012 and 2011 (audited). This table should be read in conjunction with the financial statements as incorporated by reference in this Prospectus and the other Sections of this Prospectus, including Section 8.

<table>
<tr><th>All amounts in USD 1 000</th><th>2014
(Unaudited)</th><th>2013
(Audited)</th><th>2012
(Audited)</th><th>2011
(Audited)</th></tr>
<tr><td>Sales</td><td>41 344</td><td>97 375</td><td>118 266</td><td>147 623</td></tr>
<tr><td>Result from operating activities</td><td>884</td><td>46 308</td><td>-16 851</td><td>54 770</td></tr>
<tr><td>Net profit</td><td>5 832</td><td>19 004</td><td>-23 957</td><td>9 064</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Net cash from operating activities</td><td>3 217</td><td>10 942</td><td>39 448</td><td>66 071</td></tr>
<tr><td>Net change in cash and cash equivalents</td><td>932</td><td>6 201</td><td>-13 499</td><td>2 464</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Total assets</td><td>67 220</td><td>84 972</td><td>65 453</td><td>160 900</td></tr>
<tr><td>Total equity</td><td>-4 857</td><td>-10 973</td><td>-63 342</td><td>-39 385</td></tr>
<tr><td>Total liabilities</td><td>72 077</td><td>95 945</td><td>128 795</td><td>200 285</td></tr>
</table></td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>B.8</td><td>Selected key pro forma financial information</td><td>The Prospectus does not contain pro forma financial information, however the Company's sale of its Peruvian operations in 2014 resulted in a significant change to the Company's total assets (USD 67.2 million at year end 2014 compared with USD 85 million at year end 2013).

The sale of Peruvian operations
In November 2014 Interoil transferred ownership of its Peruvian operations to United Oilfield Colombia Inc. The transaction allowed Interoil to discontinue its business in Peru in an orderly fashion without any material impact on its liquidity or financial position. As previously communicated, Interoil would not be qualified to continue as an operator in Peru or be able to repatriate any additional cash from Peru, and the business therefore did not represent any value for the company.Following the sale in Peru, all Interoil’s exploration and production assets are in Colombia.</td></tr>
<tr><td>B.9</td><td>Profit forecast or estimate</td><td>Not applicable. The Prospectus does not contain any profit forecasts or estimates.</td></tr>
<tr><td>B.10</td><td>Qualifications in audit report</td><td>Not applicable. There are no qualifications in the audit reports.</td></tr>
</table>

B.11	Working capital	At the date of this Prospectus the Group does not have sufficient working capital for its present requirements for the next 12 months, nor for the foreseeable future. The Group's current estimate is that its current working capital will finance the Group until the end of 2015. For the sake of clarity, this assumes that none of the actions listed below are successfully completed. The Group has to post a USD 10.5 million guarantee by the end of April 2015 related to investment commitments at LLA-47. Currently, the Group is in discussions with financial institutions regarding providing this guarantee without posting cash collateral and the Group has a high level of confidence that this can be achieved. If such a non-cash guarantee can be provided, the Group will be fully funded on a 12 month basis. On a 19 month basis (by October 2016), the Group has commitments to drill 8 wells on the LLA-47 license with estimated cost of between USD 18 and 20 million. To partly fund these commitments and to be fully funded on a 19 month basis, the Group is analysing and pursuing available strategic options to secure additional financing including debt facilities and/or possible farm-out opportunities, which the Group is confident it will be able to secure. However, if additional financing cannot be secured, the Group estimates it faces a capital requirement of between USD 5 million and USD 10 million on a 19 month basis. In addition the Group will review and manage its current cost base. In addition, the Group had investment obligations of USD22 million on the COR-6 license to be completed by November 2014. However, due to environmental and in particular community issues, it has not been possible for the Group to commence work on the license and is currently in discussions with ANH regarding these issues. Subject to the outcome of these discussions with ANH, which is uncertain at this point in time (both with respect to the result and timing), the Group may potentially be requested to put forward bank guarantees and carry out the USD22 million investment. In September 2014 ANH started a contract termination procedure that the Group has challenged on what it believes are valid legal grounds. This procedure is still on going and there is a possibility that ANH may make a decision to terminate the contract unless the Group puts forward the bank guarantee. However, the Group continues to engage in discussions with ANH and is reasonably confident that a satisfactory solution can be reached with ANH that will not require this commitment to be made in the immediate future. If none of above mentioned actions can be completed, nor additional debt or equity or other form of finance secured, the Group may not be able to fund the committed investments on a 9-19 month basis in the event ANH requires the Group to fulfil its commitments following negotiations with the licensee. Accordingly, the Group may, subject to no other forms of financial support being made available, fall in default under these licenses.
Section C – Securities		
C.1	Type and class of security	New ordinary Shares of the Company. The Private Placement Shares will be registered under ISIN NO 001 0284318 upon listing.
C.2	Currency of the securities issue	NOK

C.3	Number of shares and par value	395,000,000, each with a nominal value of NOK 0.05
C.**4**	Rights attached to the securities	The Private Placement Shares are ordinary Shares of the Company with no special rights attached to them.
C.5	Transferability	The Private Placement Shares will be freely transferable, subject to any local regulatory transfer restrictions.
C.6	Admission to trading	The New Shares will be listed on Oslo Børs. The listing is expected to take place on or about 26 March 2015.
C.7	Dividend policy	The Company has been and still is in a phase involving considerable investments. The Company has a high focus on value creation and will have a dividend policy that will preserve the interests of the Company and its shareholders. Interoil will strive to follow a dividend policy favourable to shareholders. This will be achieved by sound development and continuous growth. The Company aims to give shareholders a competitive return on capital relative to the underlying risk. Interoil's existing dividend policy is to retain earnings in order to maintain a sound equity ratio, liquidity reserve and secure funding of product development projects. Due to this Interoil does not anticipate paying cash dividends on a regular basis in the foreseeable future. The payment of future dividends will, among other things, depend on the Company's earnings, financial condition, investment requirements and rate of growth. Interoil did not pay any dividend in the last three financial years.
Section D – Risks		

D.1	Key risks specific to the Company or its industry	**Availability of drilling equipment and access restrictions** Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Current high demand for such limited equipment or access restrictions is affecting the availability and cost of such equipment to the Group, and from time to time delays exploration and development activities. To the extent Interoil is not the operator of its oil and gas properties, the Group will be dependent on such operators for the timing of activities related to such properties and will have limited impact through influence of the operator. **Commodity price volatility** Both oil and natural gas prices are unstable and are subject to fluctuation. Any material decline in prices could result in a reduction of the Group's net production revenue and overall value and could result in write-downs. **The Group's oil and natural gas production could vary significantly from reported reserves** The reserves data included in this Prospectus are estimates. In general, estimates of the quantity and value of economically recoverable oil and gas reserves and the possible future net cash flows are based upon a number of variable factors and assumptions, such as historic production rates, ultimate reserves recovery, interpretation of geological and geophysical data, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, continuity of current fiscal policies and regulatory regimes, future oil and gas prices, operating costs, development and production costs and work-over and remedial costs, all of which may vary from actual results. **The Group may not be able to discover new reserves** The Group's future oil and gas reserves, production and cash flows are highly dependent on the Group successfully identifying new discoveries. Should the Group not discover additional reserves, current operations will not be sustainable. **The Group's production is concentrated in a small number of fields** Current Interoil production comes from a very limited number of fields. If mechanical problems or other events curtail a substantial portion of the Group's production or if actual reserves associated with any one of the Group's producing fields are less than estimated, the Group's results of operations and financial condition could be adversely affected

		Licenses and authorizations Interoil's operations depend on authorizations and licenses by Colombian regulatory agencies. Interoil's exploration and production operations are also subject to inter alia Colombian laws and regulations, which may change from time to time. If these laws and regulations change in the future, modifications to Interoil's technologies and operations could be required, and Interoil could be required to make unbudgeted capital expenditures, which could lead to an increase in Interoil's cost base, reduce profitability and/or adversely impact cash flows. The Group is also subject to several work program commitments under its licenses, such as work overs, seismic acquisition, drilling of wells and providing related bank guarantees. Should the Group not be able to meet the minimum requirements or provide sufficient cash to support the work program, the licenses of the Group may be terminated by and the Group may be banned to contract with the ANH for 5 years. Loss of profitable licenses could have a material adverse effect on The Group's business, financial condition, operating results and/or cash flows. **Governmental regulations** The oil and gas industry in general is subject to extensive government policies and regulations, including environmental and tax regulation, which result in additional cost and risk for industry participants. **Need for additional funding and ability to service debt** 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. In addition the risks pertaining to working capital and acknowledged and disputed work programs as detailed in B.11 above need also to be considered.

D.3	Key risks specific to the securities	**Volatility of share price** The price of the Company's Shares may experience substantial volatility. The trading price of the Shares could fluctuate significantly in response to variations in operation results, adverse business developments, interest rate changes, changes in financial estimates by securities analysts, matters announced in respect of major customers or competitors or changes to the regulatory environment in which the Group operates. The market price of the Shares could decline due to sales of a large number of Shares in the Company in the market or perception that such sales could occur. Such sales could also make it more difficult for the Company to offer equity securities in the future at a time and at a price that are deemed appropriate. **Limited liquidity** The Shares of Interoil could experience limited liquidity in the secondary market, which may adversely affect the price of the Shares. **Shareholders not participating in future offerings may be diluted** Unless otherwise resolved or authorised by the general meeting, shareholders in Norwegian public companies such as Interoil have pre-emptive rights proportionate to the aggregate amount of the Shares they hold with respect to Shares issued by the Company. For reasons relating to US securities laws (and the laws in certain other jurisdictions) or other factors, US investors (and investors in such other jurisdictions) may not be able to participate in a new issuance of Shares or other securities and may face dilution as a result. The general meeting of the Company may also from time to time decide to waive the pre-emptive right to subscribe for new Shares in a specific offering.
Section E – Offer		
E.1	Proceeds and expenses	The gross proceeds from the Private Placement were NOK 36.3 million. The costs and expenses in associated with the Private Placement, to be borne by the Company, were approximately NOK 3.5 million. As such the net proceeds amounted to NOK 32.8 million.

E.2a	Reasons for the offer and use of proceeds	On 23 December 2014, The Board of Directors of Interoil Exploration and Production ASA announced a comprehensive restructuring proposal to improve its position in Latin America, mitigate the Group's liquidity constraints and strengthen its balance sheet. As the Company reported in the stock exchange notice 27 October 2014 and in the Company's Q3 financial report, Interoil was facing financial and strategic challenges. The Group was suffering from a heavy debt burden. This undermined its ability to support initiatives, which would protect and potentially increase the value of the Interoil's assets. To resolve these financial and strategic challenges, Andes Energia Plc committed to invest NOK 36.3 million in a private placement towards Andes at a subscription price of NOK 0.11 per share. The subscription was conditional upon a successful restructuring of the Company's NOK 310 million bond loan and the USD 6.2 million debt relating to Proseis AG. The Restructuring resulted in Interoil reducing its debt by approximately NOK 120 million (equivalent to USD 16.2 million assuming a USD/NOK of 7.40). The NOK 310 million Bond and the USD 6.2 million Proseis Debt were replaced with a new USD 32 million bond loan. The Private Placement and the Restructuring were mutually conditional upon each other. As part of the Restructuring, current bondholders converted part of the Bond to 65,000,000 new shares in Interoil, equivalent to approximately 10 per cent of the shares outstanding after the Private Placement and the Restructuring.
E.3	Terms and conditions	The Private Placement was conditional upon the approval of the extraordinary general meeting on 20 January 2015.
E.4	Interest material to the issue/offer	The Company's financial adviser in the Private Placement, Arctic Securities received NOK 3.5 million in fees in connection with this and as such had a material interest in the successful outcome of the Private Placement.
E.5	Selling shareholders and lock-up	There were no selling shareholders in the Private Placement.
E.6	Dilution	The percentage of immediate dilution resulting from the Private Placement and Restructuring for Interoil's Shareholders who did not participate in the Private Placement and Restructuring was approximately 61%.
E.7	Estimated expenses charged to the investor	Not applicable. Expenses related to the Private Placement and the listing will not be charged to the investor by the Company.

2 Risk factors

Investing in the Shares of the Company involves inherent risks. If any of these risks materialise, individually or together with other circumstances, they may have a material adverse effect on the Group's business, financial condition, results of operations and cash flow, which may cause a decline in the value and trading price of the Shares of the Company that could result in a loss of all or part of any investment in the Shares.

Prospective investors should therefore carefully consider the relevant risk factors relating to the Group and its business, and the suitability of an investment in the securities of the Company. Prospective investors should consult their own expert advisors.

An investment in the Shares of the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment.

The order in which risk factors appear herein is not intended as an indication of the relative weight or importance thereof.

2.1 Market risks

Strong 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.

Interoil competes with;

- A substantial number of other companies having larger technical staffs and greater financial and operational resources. Many such companies not only engage in the acquisition, exploration, development, and production of oil and natural gas reserves, but also carry on refining operations and market refined products.
- Major and independent oil and natural gas companies and other industries supplying energy and fuel in the marketing and sale of oil and natural gas to transporters, distributors, and end users, including industrial, commercial, and individual consumers.
- Other oil and natural gas companies in attempting to secure drilling rigs and other equipment necessary for drilling and completion of wells. Such equipment may be in short supply from time to time. In addition, equipment and other materials necessary to construct production and transmission facilities may be in short supply from time to time.
- Companies not previously investing in oil and natural gas that may choose to acquire reserves to establish a firm supply or simply as an investment.

Availability of drilling equipment and access restrictions

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Current high demand for such limited equipment or access restrictions is affecting the availability and cost of such equipment to the Group, and from time to time delays exploration and development activities. To the extent Interoil is not the operator of its oil and gas properties, the Group will be dependent on such operators for the timing of activities related to such properties and will have limited impact through influence of the operator.

Commodity price volatility

Both oil and natural gas prices are unstable and are subject to fluctuation. Any material decline in prices could result in a reduction of the Group's net production revenue and overall value and could result in write-downs. The economics of producing from some wells and assets may change as a result of lower prices, which could result in a reduction in the volumes of the Group's reserves. Interoil might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Group's net production revenue and overall value and a reduction in its oil and gas acquisition and development activities. A substantial material decline in prices from historical average prices could reduce the Company's ability to refinance its outstanding subordinated notes and may result in a reduced borrowing base under credit facilities available to the Company and possibly require that a portion of the Company's bank debt is repaid.

From time to time the Group may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline. However, if commodity prices increase beyond the levels set in such agreements, the Group will not benefit from such increases and may nevertheless be obligated to pay suppliers and other market participants based on such higher price.

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.

The Group's financial condition and results of operations could be susceptible to adverse events beyond its control that may occur in the particular country or region in which it is active. Many governments favour or effectively require that contracts be awarded to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. These practices may result in inefficiencies or put the Group at a disadvantage compared to local competitors.

The Group's international operations are subject to various laws and regulations in countries in which it operates, including laws and regulations relating to the equipment and operation of drilling units, currency conversions and repatriation, oil and natural gas exploration and development, taxation of earnings and earnings of expatriate personnel, the use of local employees and suppliers by foreign contractors and duties on the importation and exportation of units and other equipment. Governments in some foreign countries have become increasingly active in regulating and controlling the ownership of concessions and companies holding concessions, the exploration for oil and natural gas and other aspects of the oil and natural gas industries in their countries. In some areas of the world, this governmental activity has adversely affected the amount of exploration and development work done by major oil and natural gas companies and may continue to do so. Failure to comply strictly with applicable laws, regulations, local practices and permitting requirements may result in loss, reduction or expropriation, the imposition of additional local or foreign parties as joint venture partners, enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in rig operations or in the exploration or development of properties may be required to compensate those suffering loss or damage by reason of the activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of rig and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Group.

Operations in less developed countries can be subject to legal systems which are not as mature or predictable as those in more developed countries, which can lead to greater uncertainty in legal matters and proceedings. This could result in risks such as;

- potential difficulties in obtaining effective legal redress in the courts of such jurisdictions ,whether in respect of a breach of law or regulation, or in an ownership dispute;
- a higher degree of discretion on the part of governmental authorities;
- the lack of judicial or administrative guidance on interpreting applicable rules and regulations;
- inconsistencies or conflicts between and within various laws, regulation, decrees, orders and resolutions; and

- relative inexperience of the judiciary and courts in such matters.

In certain jurisdictions the commitment of local business entities, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain. In particular, agreements may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licenses, license applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangement in these jurisdictions cannot be assured.

Incidents such as acts of terrorism or natural disasters can affect the Group directly or indirectly through an adverse effect on the general economic climate or direct attacks on the Group’s assets and properties.

The Group is currently primarily exposed to political and regulatory risks in Norway, Colombia and British Virgin Islands. However, future international business development opportunities might increase political risk for the Group.

Further, the Group is faced with increasingly complex tax laws. The amounts of taxes the Group pays could increase substantially as a result of changes in, or new interpretations of, these laws, which could have a material adverse effect on its liquidity and results of operations. During periods of high profitability, there are often calls for increased or windfall taxes on oil and gas revenue. Taxes have increased or been imposed in the past and may increase or be imposed again in the future.

In addition, taxing authorities could review and question the Group's tax returns leading to additional taxes and penalties, which could be material. Decommissioning (where relevant) could also have a material tax impact for the Group’s financial position and results of operations.

In order to conduct its operations in compliance with applicable laws and regulations, the Group must obtain licenses and permits from various government authorities. The Group may incur substantial costs in order to maintain compliance with these existing laws and regulations and additional costs if these laws are revised or if new laws affecting the Group's operations are passed. Furthermore, there can be no assurance that the Group will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and production operations on its properties.

The impact on the environment from operations

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, and releases or emissions of various substances produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned, and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability, and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require the Group to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Group’s financial condition, results of operations or prospects.

It is expected that changes in environmental legislation may require, among other things, reductions in emissions to the air from the operations and result in increased capital expenditures. Although it is not expected that future changes in environmental legislation will result in materially increased costs, such changes could occur and result in stricter standards and enforcement, larger fines and liability, and increased capital expenditures and operating costs, all of which could have a material adverse effect on the Group’s financial condition or results of operations.

2.2 Operational risks

The Group's oil and natural gas production could vary significantly from reported reserves

The Company reports reserves in accordance with the guidelines of the SPE/WPG/AAPG/SPEE Petroleum Resources Management System. The use of this system is approved by Oslo Børs as stated in the Circular 9/2009 "Listing requirements and disclosure requirements for oil and natural gas companies". The reserves data included in this Prospectus are estimates. In general, estimates of the quantity and value of economically recoverable oil and gas reserves and the possible future net cash flows are based upon a number of variable factors and assumptions, such as historic production rates, ultimate reserves recovery, interpretation of geological and geophysical data, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, continuity of current fiscal policies and regulatory regimes, future oil and gas prices, operating costs, development and production costs and work-over and remedial costs, all of which may vary from actual results.

Estimates are also to some degree speculative, and classifications of reserves are only attempts to define the degree of speculation involved. Consequently, the nature of reserve quantification studies means that there can be no guarantee that estimates of quantities and quality of oil and gas disclosed will be available for extraction. Therefore, actual production, revenues, cash flows, royalties, development and operating expenditures may vary from these estimates. Such variances may be material and may have a material adverse effect on the Company's valuation, its ability to raise further financing and its financial position in general. Regarding contingent resources, if reported, these may not be considered commercially recoverable by the Group for a variety of reasons, including the high costs involved in recovering contingent resources, the price of oil and gas at the time, the availability of the Group's resources and other development plans that the Group may have. By contrast, Prospective Resources are those deposits that are estimated, on a given date, to be potentially recoverable from undiscovered accumulations. The Company's estimates of its contingent and Prospective Resources are uncertain and can change with time and there can be no guarantee that the Group will be able to develop these resources commercially.

The Group may not be able to discover new reserves

The Group's future oil and gas reserves, production and cash flows are highly dependent on the Group successfully identifying new discoveries. Without the addition of new reserves, any existing reserves the Group may have at any particular time and the production thereof will decline over time through production and distribution into the market. A future increase in the Group's reserves will depend not only on the Group's ability to develop any concession it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that the Group's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and gas. Should the Group not discover additional reserves, current operations will not be sustainable.

Technical risk in development of oil fields and oil production

The development of the oil fields in which the Group participates is associated with significant technical risk and uncertainty with regards to production start. These risks include – but are not limited to – cost overruns, production disruptions and delays compared to initial plans established. Some of the most important risk factors are related to the determination of reserves and their recoverability and the planning of a cost efficient and suitable production method. There are also technical risks present in the production, which may cause cost overruns, failed investment and destruction of wells and reservoirs.

The Group's production is concentrated in a small number of fields

Current Interoil production comes from a very limited number of fields. If mechanical problems or other events curtail a substantial portion of the Group's production or if actual reserves associated with any one of the Group's producing fields are less than estimated, the Group's results of operations and financial condition could be adversely affected.

The Group may miss out on exploration opportunities if it is unable to successfully co-ordinate its exploration projects

The Group is to some extent involved in exploration projects. These projects require the co-ordination of a number of activities including obtaining seismic and electromagnetic data, obtaining partner approvals and securing rig capacity for the necessary drilling. In the current high demand market environment, there are long lead times to arrange these activities. If the Group fails to successfully co-ordinate the timely delivery or completion, as the case may be with some of these activities, it may miss out on exploration opportunities or may be required to make additional expenditure.

Operating hazards and uninsured losses

Oil and natural gas exploration, development, and production operations are subject to associated risks and hazards, such as fire, explosion, blowouts, and oil spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property, and the environment or in personal injury. In accordance with industry practice, the Group is not fully insured against all of these risks, nor are all such risks insurable. In this respect, it should be especially noted that the discharge of hydrocarbons or other pollutants may give rise to significant liabilities.

Although Interoil maintains liability insurance in an amount that it considers adequate and consistent with industry practice, its insurance may not cover all the potential risks associated with Interoil's operations. Interoil may also be unable to maintain insurance to cover these risks at economically feasible premiums. In addition, any insurance is typically subject to substantial deductibles and provides for premium adjustments based on claims, and the Group's insurance coverage would not protect fully, if at all, against loss of income. Any material risks in respect of which Interoil does not have sufficient insurance coverage may result in a material adverse effect on its financial condition, operating results and/or cash flows.

Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including premature decline of production from the reservoirs and the invasion of water into gas producing formations.

Nature of the business

An investment in Interoil should be considered speculative due to the nature of The Group's involvement in the exploration for, and the acquisition, development, and production of, oil and natural gas. Also, oil and gas operations involve many risks, which even a combination of experience and knowledge and careful evaluation may not be able to overcome. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by the Group.

Licenses and authorizations

Interoil's operations depend on authorizations and licenses by Colombian regulatory agencies. Interoil's exploration and production operations are also subject to inter alia Colombian laws and regulations, which may change from time to time. If these laws and regulations change in the future, modifications to Interoil's technologies and operations could be required, and Interoil could be required to make unbudgeted capital expenditures, which could lead to an increase in Interoil's cost base, reduce profitability and/or adversely impact cash flows.

Furthermore, licenses for exploration and production are issued for a limited time-span. The expiries of the Colombian licenses vary from license to license, but the main producing Puli C license expires in 2028. See also section 5.

The Group is also subject to several work program commitments under its licenses, such as work overs, seismic acquisition, drilling of wells and providing related bank guarantees. Should the Group not be able to meet the minimum requirements or provide sufficient cash to support the work programs, the licenses of the Group may be terminated by and the Group may be banned to contract with the ANH for 5 years. Loss of profitable licenses could have a material adverse effect on the Group's business, financial condition, operating results and/or cash flows.

Governmental regulations

The oil and gas industry in general is subject to extensive government policies and regulations, including environmental and tax regulation, which result in additional cost and risk for industry participants. Environmental concerns relating to the oil and gas industry's operating practices are expected to increasingly influence government regulation and consumption patterns, which favour cleaner burning fuels such as gas. The Group is uncertain as to the amount of operating and capital expenses that will be required to comply with environmental regulation in the countries in which it operates in the future. No assurance can be given that new legislation – including but in no way limited to tax legislation, or new interpretation of existing legislation, will not result in a curtailment of production or a material increase in the costs of the activities of the Company and the Group or otherwise adversely affect the Group's financial condition, results of operations or prospects.

Conflicts of interest

There may be potential conflicts of interest to which the directors, officers, and principal Shareholders of the Company will be subject to in connection with the operations of the Group. Some of the directors, officers, and principal Shareholders may become engaged in other oil and gas interests on their own behalf and on behalf of other companies and situations may arise where the directors and officers will be in direct competition with the Group. Conflicts, if any, will be subject to the procedures and remedies under Norwegian Company Law. The directors and officers of the Company may not devote their time on a full-time basis to the affairs of the Company. (See Section 9.10 for further information about recent transactions with related parties.)

Retention of key personnel

The Group's business and prospects depend to a significant extent on the continued services of its key personnel in its various business areas. Financial difficulties and other factors could negatively impact the Group's ability to retain key employees. The loss of any of the members of its senior management or other key personnel or the inability to attract a sufficient number of qualified employees could adversely affect its business and results of operations.

Abandonment costs

When the production from an oil field ceases, the Group is obliged to shut in wells and remove installations. Provisions are based on the best available estimates, based on today's technology and today's prices for services, equipment and manpower. However, such estimates may vary significantly from the actual costs of such cessation activities.

Legal proceedings or investigations

The Group will from time to time be involved in disputes. The Group could be included in criminal or civil proceedings related to, among others, product liability, environment, health and safety, anti-competitive, anti-corruption or other integrity legislation or other forms of commercial disputes which could have a material adverse effect on the Group. Violation of applicable laws and regulations could result in substantial fines or penalties, costs of corrective works and, in rare instances, the suspension or shutdown of the Group's operations. Such proceedings, liabilities or actions could have a material adverse effect on the Group's business, financial condition, operating results and/or cash flows. See also section 11.1.

2.3 Risk factors relating to the Shares

Volatility of share price

The price of the Company's Shares may experience substantial volatility. The trading price of the Shares could fluctuate significantly in response to variations in operation results, adverse business developments, interest rate changes, changes in financial estimates by securities analysts, matters announced in respect of major customers or competitors or changes to the regulatory environment in which the Group operates. The market price of the Shares could decline due to sales of a large number of Shares in the Company in the market or perception that such sales could occur. Such sales could also make it more difficult for the Company to offer equity securities in the future at a time and at a price that are deemed appropriate.

Limited liquidity

The Shares could experience limited liquidity in the secondary market, which may adversely affect the price of the Shares.

Shareholders not participating in future offerings may be diluted

Unless otherwise resolved or authorised by the general meeting, shareholders in Norwegian public companies such as Interoil have pre-emptive rights proportionate to the aggregate amount of the Shares they hold with respect to Shares issued by the Company. For reasons relating to US securities laws (and the laws in certain other jurisdictions) or other factors, US investors (and investors in such other jurisdictions) may not be able to participate in a new issuance of Shares or other securities and may face dilution as a result.

The general meeting of the Company may also from time to time decide to waive the pre-emptive right to subscribe for new Shares in a specific offering.

Voting rights for shares registered in nominee accounts

Beneficial owners of Shares that are registered in a nominee account (e.g. through brokers, dealers or other third parties) may not be able to vote for such Shares unless their ownership is re-registered in their names with the VPS prior to the general meetings. Interoil cannot guarantee that beneficial owners of the Shares will receive the notice for a general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners.

Certain transfer and selling restrictions may limit shareholders' ability to sell or otherwise transfer their Shares

The Shares have been admitted to public trading in Norway, but Interoil has not registered the Shares under the U.S. Securities Act or securities laws of other jurisdictions, including Canada, Australia and Japan, and it does not expect to do so in the future. The Shares may not be offered or sold in the United States, Canada, Australia, Japan or in any other jurisdiction in which the registration or qualification of the Shares is required but has not taken place. In addition, there can be no assurances that shareholders residing or domiciled in the United States or other jurisdictions will be able to participate in future capital increases or subscription rights.

Norwegian law may limit shareholders' ability to bring an action against the Company

The rights of holders of the Shares are governed by Norwegian law and by the Articles of Association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For instance, under Norwegian law, any action brought by Interoil in respect of wrongful acts committed against Interoil will be prioritized over actions brought by shareholders claiming compensation in respect of such acts. In addition, it may be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

2.4 Financial risks

Need for additional funding and ability to service debt

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.

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 favourable terms. Failure to obtain such financing on a timely basis could cause the Group to forfeit or forego various opportunities.

Indebtedness

The Group has a significant amount of debt. A breach of the terms of the Group'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.

Defaults and insolvency of subsidiaries

The main operations of the Company are conducted through its subsidiaries in South America and a bank facility is secured on the Colombian assets. In the event of insolvency, liquidation or a similar event relating to one of 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 Company could result in the obligation of the Company to make payments under parent financial or performance guarantees in respect of such subsidiaries or the occurrence of cross defaults on certain borrowings of the Company or other group companies. 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 Company, whether under bankruptcy law, by contract or otherwise.

All material subsidiaries of the Company serve as collateral under the Company's current bond loan, and should the Company default on its obligations under this bond loan, the lenders may choose to accede their collateral in these companies.

Currency, interest rate, credit and liquidity risk

The Group operating activities are currently based in Colombia and is, to some extent, exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the following currencies; NOK, USD and COP. Revenues are invoiced to the customers in USD while operating expenses are mostly denominated in USD, NOK, and COP. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and the investment of excess liquidity. Currently, the Group uses no derivative financial instrument to hedge the above mentioned risk exposure.

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.

Credit risk is the risk that Interoil's customers or counterparties will cause financial loss by failing to honour their obligations. Currently the Group is selling its oil to Ecopetrol, the state owned company, to Hocol S.A and CII two private companies, all in Colombia. The credit risk for these customers is considered to be low due to the credit worthiness and experience with these customers.

Prudent liquidity risk management implies maintaining sufficient cash and develop operations according to budget. Liquidity risk is the risk that the Company will not be able to meet its 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. As a principle, investment decisions are separated from financial decisions. Funding needs arises as a result of the Group's general business activity. The main rule is to establish financing at corporate level, while project financing may be applied in cases involving joint ventures with other companies.

Liquidity forecasts serve as tools for financial planning. Management monitors rolling forecasts of the Group's expected cash flow from operations. In order to maintain necessary financial flexibility, Interoil has requirements for maximum (forecasted) current debt and minimum (forecasted) liquidity reserve. 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 very temporary. In this case, the situation will be further monitored.

Monthly and quarterly reports are reviewed and analyzed by management, and all cost categories are matched with budgets and historical figures. All important accounts are reconciled on a continuous basis.

3 Statement of responsibility

3.1 Responsibility statement

The Board of Directors of Interoil accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that, after having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import of this prospectus.

Oslo, 25 March 2015

Ricardo Nicolas Mallo Huergo	Alejandro Oscar Jotayan	Jose Francisco Chalela
Chairman	Board member	Board member

Matthieu Milandri	Mimi Berdal	Dolores Rivas	Maria Rosa Siles Moreno
Board member	Board member	Board member	Board member

The Board of Directors of Interoil Exploration & Production ASA

3.2 Third-party information

Throughout this Prospectus, we have used industry and market data obtained from independent industry publications, market research, internal surveys and other publicly available information. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed. We have not independently verified such data. Similarly, whilst we believe that our internal surveys are reliable, they have not been verified by independent sources and we cannot assure you of their accuracy. Thus, we do not guarantee or assume any responsibility for the accuracy of the data, estimates, forecasts or other information taken from sources in the public domain. The information in this Prospectus that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

4 The Private Placement

This Section provides information on the Private Placement that was completed in 20 January 2015 for the purposes of the listing of the Private Placement Shares on Oslo Børs.

4.1 Background

On 23 December 2014, The Board of Directors of Interoil Exploration and Production ASA announced a comprehensive restructuring proposal to improve its position in Latin America, mitigate the Company's liquidity constraints and strengthen its balance sheet.

As the Company reported in the stock exchange notice 27 October 2014 and in the Company's Q3 financial report, Interoil was facing financial and strategic challenges. The Company was suffering from a heavy debt burden. This undermines its ability to support initiatives, which would protect and potentially increase the value of the Interoil's assets.

To resolve these financial and strategic challenges, Andes Energia Plc ("Andes") committed to invest NOK 36.3 million in a private placement (the "Private Placement") at a subscription price of NOK 0.11 per share. The subscription was conditional upon a successful restructuring of the Company's NOK 310 million bond loan and the USD 6.2 million debt relating to Proseis AG (the "Restructuring").

The Restructuring resulted in Interoil reducing its debt by approximately NOK 120 million (equivalent to USD 16.2 million assuming a USD/NOK of 7.40). The NOK 310 million Bond and the USD 6.2 million Proseis Debt were replaced with a new USD 32 million bond loan (the "New Bond Loan"). The Private Placement and the Restructuring were mutually conditional upon each other.

As part of the Restructuring, current bondholders converted part of the Bond to 65,000,000 new shares in Interoil, equivalent to approximately 10 per cent of the shares outstanding after the Private Placement and the Restructuring.

4.2 Resolution to issue the New Shares

On 20 January 2015, an Extraordinary General Meeting of the Company resolved to increase the Company's share capital by an amount of NOK 16,500,000 from NOK 12,595,157.25 to 29,095,157.25 by the issuance of 330,000,000 ordinary shares each with the nominal value of NOK 0.05. Only Andes Energia plc, company no. 5083946 of 2nd Floor Berkeley Square House, Berkeley Square, W1J 68D – London, UK, had the right to subscribe for shares.

The Extraordinary General Meeting also resolved to increase the Company's share capital by an amount of NOK 3,250,000 from NOK 29,095,157.25 to NOK 32,345,157.25 by issuance of 65,000,000 ordinary shares each with the nominal value of NOK 0.05. Only Nordic Trustee, company no. 963 342 642 of Haakon VII gt. 1, 0161 Oslo, Norway, had the right to subscribe for shares.

4.3 Subscription price and process

The subscription price in the Private Placement was NOK 0.11 per share. Total gross proceeds amounted to NOK 36.3 million.

On 21 January 2015, the Company issued 395,000,000 new shares under the Private Placement and the Restructuring, and the Company's nominal share capital increased by NOK 19,750,000 to NOK 32,345,157.25. The new shares constitute approximately 61% of the Company's share capital and votes following the implementation of the Private Placement and the Restructuring.

The new shares were issued pursuant to the Norwegian Public Limited Companies Act. The Company's registrar is DNB NOR Bank ASA, Verdipapirservice, Dronning Eufemias gate 30, 0191 Oslo, Norway.

4.4 Settlement

In anticipation of the publication of this Prospectus, the New Shares were delivered to the new investors on 21 January 2015 and registered on a separate ISIN NO 001 0729999 and ISIN NO 001 0730013 with the VPS in book-entry form. On or about 26 March 2015, following the publication of this prospectus, the New Shares issued under the Private Placement will assume the Company's ordinary ISIN NO 001 0284318 and be assumed for trading on Oslo Børs under the trading symbol of the Company´s Shares, being "IOX" whereas the New Shares issued under the Restructuring will assume the Company's ordinary ISIN NO 001 0284318 and be assumed for trading on Oslo Børs within 20 April 2015 as set out in the agreement in the Restructuring (date to be decided at the Company's discretion). The Private Placement Shares have not been tradable on Oslo Børs prior to the publication of this Prospectus.

4.5 Use of proceeds

The Private Placement was completed in conjunction with a Restructuring of the Company's balance sheet, to improve its position in Latin America and to mitigate the Company's liquidity constraints.

4.6 Dilution

The percentage of immediate dilution resulting from the Private Placement and Restructuring for Interoil's Shareholders who did not participate in the Private Placement and Restructuring was approximately 61%, as shown in the table below.

Old shares	New Shares	Total
251,903,145	395,000,000	646,903,145
39%	61%	100.0%

4.7 The rights conferred by the Private Placement Shares

The Private Placement Shares carry full shareholders' rights including the right to dividend from the time of subscription. See also section 9 for additional information on the rights conferred by the Shares.

4.8 Proceeds and costs from the Private Placement

The gross proceeds from the Private Placement were NOK 36.3 million. The costs and expenses in associated with the Private Placement, to be borne by the Company, were approximately NOK 3.5 million and relates primarily to fees paid to the Company's financial advisor in the Private Placement, Arctic Securities. As such, Arctic Securities had a material interest in the successful outcome of the Private Placement. Net proceeds from the Private Placement were approximately NOK 32.8 million. No expenses or fees were charged to the subscribers in the Private Placement. In addition the Company incurred advisory fees to Arctic Securities of approximately NOK 4 million in relating to the Restructuring.

4.9 Manager

Pareto Securities is acting as Manager in connection with listing of the Private Placement Shares.

4.10 Legal advisor

Advokatfirmaet Schjødt AS has acted as legal adviser in relation to Norwegian law in connection with listing of the Private Placement Shares.

5 Presentation of Interoil

5.1 Cautionary note regarding forward-looking statements

This Prospectus includes forward-looking statements that reflect our current views with respect to future events and financial and operational performance, including, but not limited to, statements relating to the risks arising from the current economic downturn, other risks specific to our business and the implementation of strategic initiatives, as well as other statements relating to our future business development and economic performance. The forward-looking statements are contained principally in Section 1 "Summary", Section 5 "Presentation of Interoil" and Section, 6 "Principal Markets. Such forward-looking statements and information are based on the beliefs of the Company's Management or assumptions based on information available to the Company. When used in this document, forward-looking statements can be identified by the use of forward-looking terminology, including the terms "assumes", "projects", "forecasts", "estimates", "expects", "anticipates", "believes", "plans", "intends", "may", "might", "will", "would", "can", "could", "should" and similar expressions or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. They appear in a number of places throughout this Prospectus and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, goals, objectives, financial condition and results of operations, liquidity, outlook and prospects, growth, strategies, impact of regulatory initiatives, capital resources and capital expenditure, return on capital, cost savings and dividend targets, and the industry trends and developments in the markets in which the Group operates.

Prospective investors in the shares are cautioned that forward-looking statements are not guarantees of future performance and that our actual financial position, operating results and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Prospectus. We cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve and are subject to known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements as a result of:

- the impact of the global economic downturn;
- changes in general economic and industry conditions;
- the competitive pressure and changes to the competitive environment in general;
- the growth of our operations through continued investments or otherwise;
- our ability to maintain our current market positions;
- our ability to comply with the financial covenants in our financing agreements;
- political, governmental and regulatory changes or changes in political or social conditions;
- dependence on and changes in Management and key-employees;
- deterioration in our relationship with employees and work interruptions through employee actions or otherwise;
- changes in legal and regulatory environment;
- changes and fluctuations in interest rates and exchange rates;
- changes in industry;
- access to financing; and
- legal proceedings.

Should one or more of these risks and uncertainties materialise, or should any underlying assumptions prove to be incorrect, our actual financial condition, cash flows or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected.

The information contained in this Prospectus, including the information set out under Section 2 "Risk Factors", identifies additional factors that could affect our financial position, operating results, liquidity and performance. Prospective investors in the shares are urged to read all sections of this Prospectus for a more complete discussion of the factors that could affect our future performance and the industry in which we operate.

Except as required by law, the Company undertake no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

The basis for any statement with regards to the Company's competitive position herein, is based on The Company's own assessment.

5.2 General

Interoil Exploration & Production ASA (sometimes shortened to "Interoil") is an independent oil & gas exploration and production company operating currently in Colombia and headquartered in Oslo. The Company is engaged in the acquisition, exploration, development and operation of oil and natural gas properties. Interoil serves as operator or active license partner in number of production and exploration assets in Colombia.

Interoil's portfolio consists of 2 producing licenses and 2 exploration licenses in Colombia. The licenses in Colombia have been acquired through company acquisitions and bid-round for licenses.

The Company has oil production in Colombia and will use this position to extract value from its exploration licenses in Colombia.

Interoil has offices in Oslo, Norway, and Bogota, Colombia.

The Company's shares are registered on the Oslo Stock Exchange and are traded under the ticker-code "IOX".

5.3 History

The Company was incorporated on 2 May 2005 as a Norwegian Private Limited Company ("AS"). It was transformed to a Norwegian Public Limited Company ("ASA") on 14 November 2005.

Date	Main Events
Q3 2005	• Interoil acquires all the Peruvian and Colombian assets of Mercantile International Petroleum Inc.
Q1 2006	• Interoil applied for two offshore blocks in Angolan licensing round.
Q2 2006	• Interoil was offered participation in Block 5 & 6 offshore Angola.
Q3 2006	• Interoil was listed on the Oslo Stock Exchange main list. • Interoil acquired Proseis AG, a Swiss oil & gas exploration and production consultancy group, with expertise in geology, geophysics, petro-physics and reservoir engineering.
Q4 2006	• Signing of Blocks 5 & 6 in Angola.
Q1 2007	• The Company signed farm-in agreement with Tullow Oil on Tano Shallow Water license in Ghana.
Q2 2007	• Interoil discovered the Mana oil Field in the Puli C License in Colombia.
Q3 2007	• Several successful wells drilled on the Mana field in Colombia, raising the total production in Colombia from 1,100 to 1,800 BOPD.
Q4 2007	• The first commitment exploration well drilled on the Tano Shallow Water license in Ghana. Oil was discovered, but non-commercial due to tight reservoir.

Date	Main Events
Q1 2008	• Interoil signed farm-in agreement with Sonangol P&P on the onshore Cabinda North Block in Angola. • Interoil awarded the Altair exploration license in Colombian licensing round.
Q2 2008	• Interoil discovered the new South Mirador field in Block III in Peru.
Q3 2008	• Several successful wells drilled on the South Mirador field in Peru
Q4 2008	• Second commitment well, Ebony-1, was drilled on the Tano Shallow Water license in Ghana. The Ebony-1 well was declared as a gas/condensate discovery. The Ebony prospect is limited to 80 km2 and the rest of the Tano Shallow license was relinquished.
Q1 2009	• Interoil reached total production of 10’000 bopd from Peru and Colombia.
Q2 2009	• Interoil farmed-out 10% of the Cabinda North Block in Angola to Petropars. • The Senior Secured Bond Loan was declared in default.
Q4 2009	• Interoil farmed-out 7.5% of the Cabinda North Block in Angola to Destin Ltd.
Q1 2010	• Successful farm-out of 10% of the Altair license in Colombia to the drilling contractor Erazo Valencia SA. • Interoil impaired all assets in Angola in the financial statement 2009 due to default notice from the operator.
Q2 2010	• The first commitment exploration well, Altair-1, discovered oil. • The second well on the Altair license was proven dry. • Altair-1 was set on Long Term Testing (LTT)
3Q 2010	• Interoil completed a larger refinancing where the Company raised USD 50 million in new equity and NOK 310 million in a secured bond. In that connection the Company also raised USD 90 million of bank debt in Colombia and Peru to fully refinance the debt.
4Q 2010	• During 2010, Interoil discovered oil in the San Luis field in Block 3 in Peru which added new production.
1Q 2011	• Interoil enters into a service agreement with Ecopetrol to operate the Totare Field located in the Armero license following license expiry December 31, 2011
2Q 2011	• Interoil is awarded 100 per cent operated WIs in exploration licenses COR-6 and LLA-47 in the 2010 Colombia Open Bid Round
1Q 2012	• Interoil won a court case regarding a tax payment of NOK 45 million which was reimbursed to Interoil. • Interoil entered into a service agreement with Ecopetrol to still operate the Toqui Toqui and the Puli B licenses following license expiry February 28, 2012

Date	Main Events
4Q 2012	• The board of directors called for an EGM to propose a new board with independent directors which was approved. Following the EGM a new management and governance structure was implemented with Mr. Thomas J. Fjell as CEO and Mr. Erik Sandøy as CFO. The new management team and board initiated a strategic re-focusing of Interoil which included a significant cost cutting program.
1Q 2013	• Interoil announced a sale of the Altair and COR-6 exploration blocks to Trayectoria Oil & Gas Sucursal Colombia for a consideration of USD 2 million, subject to bondholders and regulatory approvals. • Interoil completed a USD 35 million private placement in March 2013 and extended the maturity of the bond loan until 2016.
2Q 2013	• A new drilling program at Puli C in Colombia was initiated, and progressing as planned. The program is targeting mainly low risk in-fill wells to maximize the likelihood of drilling commercial wells. • Cost cutting program proceeding as planned.
3Q 2013	• The closing of the transaction with Trayectoria Oil & Gas Sucursal Colombia (announced in February 2013) was initially expected to be completed during Q3, but Trayectoria has requested an extension. • Considerable speculation in the Peruvian press regarding license extensions for various licenses, including those belonging to Interoil.
4Q 2013	• The intial 12 well drilling program at Puli C in Colombia was completed in early November, on time and on budget. On average, the wells had an initial production in-line with expectations, but with higher than expected decline rates.
1Q 2014	• Thorough evaluation of the first phase of the drilling program at Puli C showed that the existing 35 wells has significant potential for increased production and reduced declination. The next phase of the development program will therefore mainly focus on substantially increasing the recovery factor from existing wells through workovers and operational improvements. • In Peru, the key focus has been to maintain production on very limited investments until the license situation is resolved.
2Q 2014	• Interoil lost the arbitration case regarding the license rights to operate Block III and Block IV in Peru. The Company is however given a 12 month license contract for the blocks until 5 April 2015. • Interoil Colombia initiated legal action against Trayectoria Oil & Gas, for its failure to comply with the sales contract for Cor-6 and Altair. • Despite the ongoing development program, the overall production from Puli C decreased in 2Q 2014 due to system pressure restrictions, contract issues with Ecopetrol and the malfunctioning of operational equipment. • 3D seismic was acquired for the LLA-47 exploration license, confirming the value potential and Interoil’s risked reserve potential of more than 30 mmboe (Interoil estimate). To reduce investment commitments on LLA-47, Interoil are aiming to farm-down up to 50% of the license.

Date	Main Events
4Q 2014	• The National Agency of Hydrocarbons in Colombia (Agencia Nacional de Hidrocarburos or ANH) informed Interoil that it considers to terminate the two licenses LLA-47 and Cor-6 and impose penalties, unless necessary bank guarantees are provided for its existing exploration commitments on the two blocks. • As a consequence of negative developments in Peru and Colombia, together with its high leverage, Interoil experienced increasing difficulties in obtaining necessary funding and financial guarantees to support operations, and the board of directors decided to accelerate preparations for the planned refinancing of the company. Arctic Securities AS was mandated to provide support in this process as well as to explore other strategic options. • In November 2014 Interoil transferred ownership of its Peruvian operations to United Oilfield Colombia Inc. The transaction allowed Interoil to discontinue its business in Peru in an orderly fashion without any material impact on its liquidity or financial position. • In December 2014, a refinancing proposal of Interoil was proposed, whereby Interoil's NOK 310 million bond loan and debt to Proseis AG is to be restructured and Andes Energia is to subscribe NOK 36.3 million in new equity in Interoil, securing 51% ownership post transaction.
1Q 2015	• Both the extraordinary shareholder meeting and the bondholder meeting on 20 January 2015 approved the refinancing proposal announced in December 2014. In the debt Restructuring, the old NOK 310 million bond and the USD 6.2 million debt due to Proseis AG was replaced with a new USD 32 million bond loan, which resulted in Interoil reducing its debt by approximately NOK 120 million (equivalent to USD 16.2 million assuming a USD/NOK of 7.40). Holders of the old NOK 310 million bonds also accepted 65,000,000 new shares in Interoil in part settlement of the bond, equivalent to approximately 10 per cent of the shares outstanding after Restructuring. • Following the refinancing approval, a new board of Interoil was elected and subsequenlty a new management appointed with Mr. Alejandro Jotayan as CEO, Mr. Nigel Duxbury as General Manager and Mr. Pablo Arias as CFO. • Interoil satisfied the required ANH guarantee of USD 7.2 million for the LLA-47 license without posting cash collateral, and the Company is as a result in full compliance with the terms of the license. An additional USD 10.5 million in guarantee for LLA-47 is required by the end of April 2015, and the Company is working with a number of banks and expects that the guarantee will be in place in due time. In relation to the COR-6 license terms, Interoil is still in discussions with ANH regarding the environmental and community issues relating to the block and is currently in discussions with ANH to find a solution satisfactory to both parties. However, the procedure for termination of the license is still pending and may result in a decision to terminate the license by ANH if the on going discussions fail. • Interoil reached a settlement with Trayectoria Oil & Gas ("TOG") in relation to the Altair and COR-6 exploration licenses in Colombia. Interoil and TOG entered into an assignment agreement in February 2013 regarding the rights of the exploration and production contracts Altair and COR-6. A dispute arose under the assignment agreement, which was referred to arbitration in March 2014. Interoil and TOG have now agreed to settle the dispute and have entered into a settlement agreement under which TOG will pay Interoil USD 4.0 million.

5.4 Business idea and strategy

Business idea

The Company is engaged in the acquisition, exploration, development and operation of oil and natural gas properties.

Strategy

Interoil's strategy is firstly to develop its existing reserves and resource base in Colombia. Interoil is of the opinion that it has a large inventory of drillable prospects with a significant upside potential and has low risk development drilling, workover and gas re-injection targets within the Puli C license and exploration prospects in its exploration licenses. As an independent oil & gas exploration and production company operating globally, Interoil aims to explore for and produce oil & gas in an economically efficient, socially responsible and environmentally acceptable way, for the benefit of shareholders, employees, and co-venturers. The Company applies the same standards to activities in all regions in which it operates to satisfy both commercial and ethical requirements and continuously strives to improve performance and to act in accordance with good oilfield practice and high standards of corporate citizenship.

5.5 Assets and reserves overview

Asset overview

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

License	Interest	Operator	Partners	Field information
Puli C	70%	Interoil	Ecopetrol	Production onshore
Altair	90%	Interoil	Erazo Valencia SA	Production/Exploration onshore
LLA-47	100%	Interoil	-	Exploration onshore
COR-6	100%	Interoil	-	Exploration onshore

Reserves

The reserves of the Group are located in Colombia. As of 31 December 2014, Interoil's working interest net of royalty Proven oil and gas Reserves ("1P") are 4.1 million barrels of oil equivalent ("mmboe") and the Proven plus Probable ("2P") Reserves are 5.6 mmboe. This represents no variation of the 1P and a 0.1 mmboe decrease of the 2P compared with 31 December 2013. The reserve replacement ratio was 100% for the 1P reserves and 83% for 2P reserves. Natural gas reserves have been converted to barrels of oil equivalent based on the following formula: 5,590 cubic feet of gas = 1 barrel of oil equivalent. At the 2014 production level, the 2P reserves amounted to 9.6 years of production.

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, here after referred to as the "SPE PRMS"[1] and have been audited by the independent petroleum engineering firm of Gaffney, Cline & Associates Inc. (with address 5555 San Felipe St., Suite 550 Houston, Texas 77056). The most recent reserve statement from Gaffney, Cline & Associates was completed in February 2015. Interoil's annual statement of reserves, which are based on the Gaffney, Cline & Associates reserve statements, can be found at Interoil's website www.interoil.no. The Company does not regularly update estimates on contingent and Prospective Resources for its licenses in Colombia.

Quantitative Information

A summary of the 1P and 2P reserves per association contract and block as per 31 December 2014 is given in the table below. The reserves have been further subdivided into a Developed Producing, a Developed Non-Producing and a Undeveloped categories, in line with the SPE PRMS definitions of these categories. Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Reserves are considered undeveloped when future investments, such as drilling of new wells, are required to recover the reserves. Altair is a separate license whereas Ambrosia, Rio Opia and Mana are sub-areas in the Puli-C license.

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

Crude oil and natural gas reserves net to Interoil's interest (after royalty)									
Category	**Altair** Crude oil mbbl	**Ambrosia** Crude oil mbbl	**Rio Opia** Crude oil mbbl	**Mana** Crude oil mbbl	**Total** Crude oil mbbl	**Rio Opia** Natural gas mmcf	**Mana** Natural gas mmcf	**Total** Natural gas mmcf	**Total** Natural gas mboe
1P									
Developed Producing	42	62	82	1,585	1,771	197	6,031	6,228	1,114
Developed Non-Producing				9	9		1,480	1,480	265
Undeveloped		74	115	389	578	298	1,458	1,756	314
Total	**42**	**136**	**197**	**1,983**	**2,358**	**495**	**8,969**	**9,465**	**1,693**
2P									
Developed Producing	57	65	98	1,585	1,805	238	6,032	6,270	1,122
Developed Non-Producing				35	35		1,563	1,563	280
Undeveloped		190	255	1,074	1,519	661	3,921	4,582	820
Total	**57**	**255**	**353**	**2,694**	**3,359**	**899**	**11,516**	**12,415**	**2,221**

mbbl = thousands barrels of oil; mmcf = million cubic feet of natural gas; mboe = thousands barrels of oil equivalent

5.6 Colombia

Introduction to Interoil Colombia

Interoil Colombia is an active operator in the Colombian upstream oil and gas industry with a diversified portfolio of operated production, development and exploration assets. The Company is a limited liability corporation registered in the British Virgin Islands ("BVI") operating through the Colombian Branch. The Company is a 100 per cent ultimately owned subsidiary of Interoil Exploration & Production ASA.

Interoil Colombia has its main office in Bogotà with operations in the Middle Magdalena Valley, Upper Magdalena Valley and in the Llanos basin. Interoil Colombia is a fully integrated company and has a management, staff and technical team covering all aspects of operating oil and gas exploration and production. As of 31.12.2014, Interoil Colombia employs 98 staff of which 55 are operative within the Production and Operations department, handling the production and conducting field operations and maintenance. The exploration department consists of 4 employees and the technical department consist of 4 employees. In addition a total of 35 personnel are involved in administration and back office positions. As is customary in the industry, Interoil Colombia engages temporary personnel to supplement during peak workloads, and at year end 16 of the 55 personell in production were on fixed contracts.

The producing licenses cover a total area of approximately 57,000 acres and are located in the Middle Magdalena Valley and the Llanos Basin. The producing licenses are part of the Puli C block, which includes three active association contracts (Ambrosia, Mana and Rio Opia) and the Altair block. Corporate tax rate in Colombia is 34% in 2014 and 39% in 2015. From 2015 there is also an equity tax of 1.15%. There are no minimum production level requirements on the blocks. The produced oil is brought to market via trucks and pipelines.

Interoil expects to continue producing on its licenses until they expire in 2027, 2028 and 2036 (production licenses).

Status	Block	Association contract	Operator	Gross acres	Interoil WI	Expiration date	Oil royalty
Production							
	Puli C	Mana	Interoil	13,000	70%	Nov. 2028	8%
		Rio Opia	Interoil	998	70%	Jun. 2030	8%
		Ambrosia	Interoil	3,800	60%/70%[1)]	Dec. 2027	8%
	Altair	Altair	Interoil	39,500	90%	Jan. 2036	8%
Exploration							
	LLA-47	N/A	Interoil	110,500	100%	Oct. 2016 [2)]	8%[3)]
	COR-6	N/A	Interoil	110,500	100%	[4)]	8%[3)]

Notes: 1) Sismopetrol S.A. owns 14 per cent in the AMB-1 well, and 7 per cent in remaining existing wells in Ambrosia, through a revenue sharing agreement. For future wells in Ambrosia, Interoil Colombia holds a 70 per cent WI, however Sismopetrol have an option to participate with a

7 per cent WI. 2) Represents end of first exploration phase. The final exploration phase of LLA-47 ends on 3 February 2018. 3) In addition, LLA-47 / COR-6 carries an X Factor royalty of 15% / 32%, calculated net of royalty. 4) First exploration phase commitments of 150 km^2 of 3D seimsic and 2 exploration wells by November 2014. This has not been carried out as Interoil believes it is impossible to conduct E&P activites on the block due to social and environmental issues. Interoil does not hold all the necessary permits and licenses to operate and conduct exploration activity at COR-6. The final exploration phase at COR-6 ends on 14 July 2017.

Environmental and legal conditions

In general, exploration licenses in Colombia are awarded through open bid rounds, where interested parties bid based on a combination of investment commitments and royalty rates. To be awarded a license, government (ANH) approval is required. Such approvals are dependent on amongst other things, current production and activities in Colombia and bank guarantees for parts of the investment commitments. After ANH approval the company has to obtain all the environmental and landowners permit in order to execute the commited activities. Two ministers Minister of Mines and Minister of Government and Interior have to give the permision for the environmental and social aspects respectively.

Companies performing E&P activities must have either: (i) an association contract granted by Ecopetrol S.A.; or (ii) exploration and production contracts granted by the ANH. The main differences between these two type of contracts are presented in the table below. Any company that is assignee of an existing contract or awarded with a new contract, needs to fulfil the economic, legal, technical and operational requirements that are required for a company to perform E&P activities. Additionally, aside from the E&P contract activities, the operator needs to obtain the corresponding environmental permits (exploration and production environmental licenses among others).

Matter	**Association contracts**	**E&P Contracts**

Granting Authority	Ecopetrol S.A. ("ECP")	National Agency of Hydrocarbons ("ANH")
Supervising Authority	ECP	ANH
Bank guarantees for exploration commitments	Not applicable	The initial amount is of 50% of the additional exploration commitments and then the amount must be increased to 100% over time
Working Interest	ECP is a partner, hence participate in a %	The operator is the sole owner in the contract
Additional payments other than royalties	None	High prices right: it is applicable once production has exceeded a determined amount. X participation in production: At the time of the bid the operator offers a % of participation to the nation in production

In order for a company to be an E&P operator, it has to prove that it has operated production in Colombia or another country. The Company has to have constant interaction with 1) ANH or Ecopetrol, for issues related with management of the contracts and licenses; 2) ANLA, for issues related with environmental permissions; 3) Ministry of Interior, for issues related with communities; 4) Ministry of Mines, for issues related with exploration and production activities and management of contracts; 5) Ministry of Environment, for issues related with environmental permits; and 6) Army and Police and the Defence Ministry, for issues related with security.

A license or contract can be terminated if (a) the operator do not perform the activities committed in the contract, (b) the operator is in financial distress or bankruptcy, or (c) when other commitments like bank guarantees are not fulfilled. If the termination is done unilaterally, the operator will be banned to contract with the ANH for the next 5 years. Additionally, under the event of a termination (unilaterally of by mutual agreement), the minimum exploration commitments need to be paid to ANH in its economical equivalent.

For more information, see the website of Agencia Nacional de Hidrocarburos (ANH): www.anh.gov.co.

Interoil Colombia holds all the necessary permits and licenses to operate all the licenses apart from the Cor-6 license. In addition, the company has not yet secured permits to drill wells at parts of the LLA-47 license. Interoil Colombia has the license from the Minister of Environment to develop its licenses in Colombia.

Having an environmental license implies obligations, such as submitting reports, and water and air quality monitoring among others. If these obligations are not fulfilled, fines might be imposed, and if the fines are not paid the environmental license might be terminated.

For seismic acquisitions operators needs to prepare two studies; MMA (environmental management measures) and PMA (preparation of environmental management plans). These studies measure the actual status of the area and the measurements to handle operations in order to reduce the fingerprints of the exploration activities, and also includes communities consultations.

Before drilling, operators have to first do an EIA (environmental impact assessment). After the EIA has been completed, the environmental authority gives the license to operate (drill) in the area. After the license to drill in the area has been granted, the operator has to do a PMA for the drilling activity.

In October 2014, ANH issued termination resolutions for the two licenses LLA-47 and COR-6, unless the necessary bank guarantees were provided for the existing exploration commitments on the two blocks. In January 2015, Interoil satisfied the required ANH guarantee of USD 7.2 million for the LLA-47 license without posting cash collateral, and the Company is as a result in full compliance with the terms of the license related to guarantees. An additional USD 10.5 million in guarantee for LLA-47 is required by the end of April 2015. In relation to the COR-6 license terms, Interoil is still in discussions with ANH regarding the environmental and community issues on the block, and is working to find a solution satisfactory to both parties.

Economic conditions

In addition to the applicable royalties, as shown above, all taxable income in Colombia is charged with a corporate tax rate. In 2014 the corporate tax rate was 34% and in 2015 it is 39%. Tax on equity is 1.15% for 2015. Prior to a company is in tax postion, exploration costs are not tax refunded. Contracts with ANH are also subject to high price rights which are additional royalty payments which commences once an exploitation area has an accumulated production in excess of 5 MMbbl (gross).

During the exploration phase, there are economic rights that needs to be paid depending on the area and location of the license. Additionally during the production phase, there are additional economic rights to be paid like royalties as noted above.

After a commerical disocvery is declared during the exploration phase of a license, one automatically enters into the production phase. At Interoil's LLA-47 and COR-6 blocks, the production phase lasts for 24 years after a commercial discovery has been decleared.

After a discovery is made, production equipment and facilities (tanks, scrubbers, lines, engines, etc) are needed. The production equipment and facilities are typically rented during the test period, and once the operators declare that the discovery is commercial a decision is made in order to define whether to buy the facilities or continue renting them. This decision is made on the economics mainly.

At Puli C, most of the equipment (>95%) is owned by Interoil. Rented equipment is mainly related to equipment that occasionally is needed for shorter periods of time. At Altair, equipment has been rented, but Interoil is now in the process of acquiring 100% of it. This process should be finished in a few months and production costs will decrease as a result.

The difference between the two type of contracts described above (association contracts with Ecopetrol and E&P contracts with ANH) in terms of economic conditions relate to requirement of bank guarantees and potential for additional payments such as high price rights. These are only applicable to contracts with ANH (and non-existent in the association contracts).

Operational track-record in Colombia

During the term of Interoil Colombia's operations, between zero and 12 production wells have been drilled per year on the various licenses held by the Company. Targets have been selected based on 3D seismic and today 46 wells are in production in Puli (Mana, Rio Opia and Ambrosia) and 1 well in Altair.

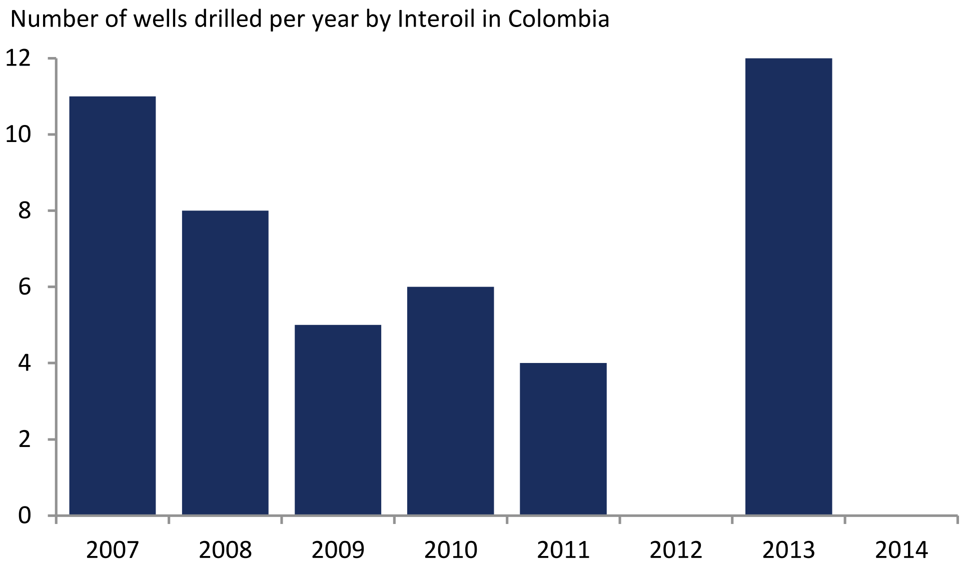
During 2006, Interoil Colombia successfully extended the Mana field towards the west with two exploration wells, thereby increasing recoverable volumes in the field by 9 MMboe. In 2010 the first exploration well in the Altair block in the Llanos Basin resulted in the discovery of the Altair field, which has since produced 0.2 MMbbl oil net to Interoil. Interoil has since drilled 2 wells on the Altair field, one of which was dry, and the other, drilled in 2012, was not commercial and has been suspended.

At the time of Interoil's acquisition of the Colombian assets from Mercantile in 2005, gross production was approximately 1,400 bbl/day (approximately 700 bbl/day net to Interoil Colombia). Through investments in drilling, and workovers and stimulation jobs (including hydraulic fracturing) mainly focused on the Mana contract area, production was increased to more than 4,000 bbl/day in late 2008 (approximately 2,500 bbl/day net to Interoil Colombia). Following relinquishment of the Armero license in 2011 and the Puli-B and Toqui Toqui licenses upon license expiry in March 2012, the January 2013 gross production was approx. 1,300 boe/day (968 boe/day net), a level which for the non-relinquished fields has been maintained through good reservoir management practices.

In 2013, a 12-well drilling program on Puli C was carried out on time and budget. Oil production increased by 66% from the start of the program until year-end 2013, with the new wells accounting for approximately 40% of total production. In addition, 735 Mboe were added to 2P reserves; 525 Mbbl oil and 1.1 BCF gas. On average, the wells had an initial production in-line with expectations and although the drilling program had been profitable on all metrics, the in-fill wells were affected by the depleted pressure in the reservoir and the initial declination rates were therefore higher than anticipated.

Following a thorough evaluation of the 2013 drilling program a revised development plan for 2014 was proposed with the main focus to reduce declination to increase production from the 35 producing wells. 80 jobs were planned in 2014, including re-perforations, stim jobs, gas treatments and flow optimization. In addtion, drilling of 2-3 strategic wells to increase reserves and delineate the reservoir were planned. However, due to contract issues with Ecopetrol, malfunctioning of operational equipment due to lack of maintenance, as well as increasing financial difficulties, the majority of the planned 2014 development program was not carried out.

Interoil uses conventional land rigs in its drilling operations.



Puli C production block

The Puli C block is located in the Middle Magdalena Valley basin in Colombia along the central Magdalena River, with several existing fields within the block. Within the block, Interoil Colombia holds an operated interest in three association contracts; Mana (70 per cent WI), Rio Opia (70 per cent WI) and Ambrosia (59.9 per cent WI), in addition to a 100 per cent WI in the exploration acreage outside the association contracts. Ecopetrol holds a 30 per cent WI in the three active association contracts. The Puli C block was originally part of the larger Puli Block which was awarded in March 1984, and Interoil Colombia acquired the block through its acquisition of Mercantile’s Colombian subsidiary in September 2005. Puli C contains the majority of Interoil Colombia’s production and reserves. The reservoirs are at 2,000 – 4,000 feet depth and the porosity is 8-14%.

Infrastructure is relatively well established at Puli-C. All the wells are connected to the main facility at Mana, where the oil is processed and stored in tanks before onward transport with trucks. There is a substantial network of roads through the field, which means that road accessibility is good with all the wells accessible by car.

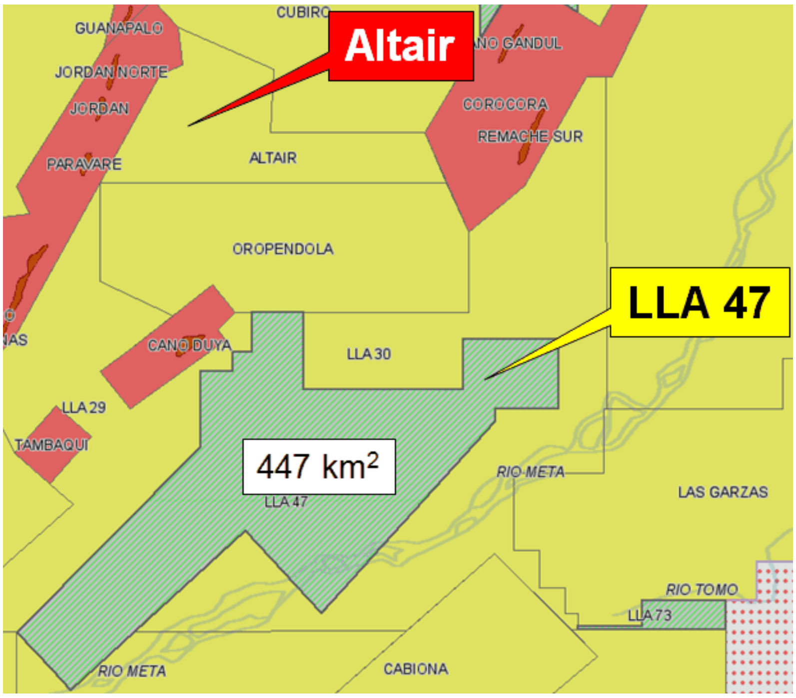
Other than to carry out the commitments (workovers etc.) that at any time has been agreed with Ecopetrol (30% partner), there are no economical obligations to sustain production at the block. Interoil estimates Prospective Resources at Puli-C to between 3 million barrels of oil and 18 million barrels of oil. Interoil is currently not doing any exploration activity at Puli C.

LLA-47 exploration block overview

Interoil Colombia is operator of the LLA-47 exploration block with a 100% working interest. The block was awarded in the 2010 Open Bid Round. In 2013-2014, Interoil spent USD 14 million to acquire and process 3D seismic. Based on the data and analysis, Interoil estimates that there are more than 100 million barrels of oil in place. Given the prevailing recovery factors in the Llanos basin, Interoil expects the resource potential to be more than 30 million barrels ("best" estimate of Prospective Resources). The potential of LLA-47 is further supported by the fact that the license is situated in an area with prolific neighboring fields. Interoil has commitments to drill eight wells by October 2016 (no interim deadlines) with estimated cost of USD 18-20 million. In January 2015 Interoil satisfied the ANH required guarantee of USD 7.2 million without posting cash collateral. An additional USD 10.5 million in guarantee is required by the end of April 2015, and the Company is working with a number of financial institutions and expects that the guarantee will be in place in due time. Other than the seismic acquistion, processing and analysis in 2014, Interoil has so far not conducted any material exploration activites on the block.

The final exploration phase at LLA-47 ends on 3 February 2018 and the production phase ends 24 years after a commercial declaration of a well is made before the ANH. To keep LLA-47 until the end of the exploration phase Interoil has to: (1) Do the activities committed for the first exploration phase (seismic and wells), (2) Have the bank guarantees in place when requested, for the amounts required, and (3) make the decision to continue into the next exploration phase.

There are enough roads to get into the block and into the exploration opportunities. These same roads can be used for trucking the crude in initial stages of the E&P activities. Once the identified production opportunities are big enough (economically and technically) to build a pipeline the company has to ask for environmental permits.



COR-6 exploration block overview

Interoil Colombia is the operator of the COR-6 exploration block with a 100% working interest. The block is located in the Upper Magdalena Valley Basin and was acquired by Interoil in the 2010 ANH open round. The ANH investment obligations on COR-6, totalling USD 22 million, were to be completed by November 2014. However, due to environmental and in particular community issues, the investment obligations were not met. Nor did Interoil provide the guarantee of USD 16.6 million which ANH requested. Interoil is currently in discussions with ANH regarding the future work on the block and its technical prospects and termination, on a mutually acceptable basis, of the pending procedure for termination of the license started by ANH in September 2014, which has been legally challenged by Interoil. With regards to the outcome of the on going discussions, there are reasonable expectations that Interoil may benefit from the implementation of new exploration policies that the Colombian Government is considering in order to maintain an adequate level of exploration investment in this time of reduced of oil prices, which has adversely affected exploration investment in the country.

Meanwhile, no investments will be carried out on the block. Interoil has so far not drilled a well on COR-6. The exploration phase at COR-6 ends on 14 July 2017, and the production phase ends 24 years after a commercial declaration of a well is made before the ANH. There is no estimate of reserves or resources at COR-6.

Altair block overview

Interoil Colombia is the operator of the Altair block with a 100% working interest The block is located in the Llanos Basin, and it is producing from one single well, Altair-1.

The reservoirs are at 5,000 – 5,200 feet depth and the porosity is 20-25%. Interoil is obligated to drill one well at Altair by 31 October 2015 and the estimated costs are between USD 2.5 million and USD 3 million. Interoil is further obligated to have in place a USD 300 000 bank guarantee for these commitments, which Interoil is compliant with. The Company is currently assessing the location of the well.

Interoil estimates Prospective Resources at Altair to between 0.2 million barrels of oil and 1 million barrels of oil in one single target. Additional upside exists in five other targets.

There are enough roads to get into the block and into the exploration opportunities. These same roads can be used for trucking the crude in initial stages of the E&P activities. Once the identified production opportunities are big enough (economically and technically) to build a pipeline theCompany has to ask for environmental permits.

Service contracts

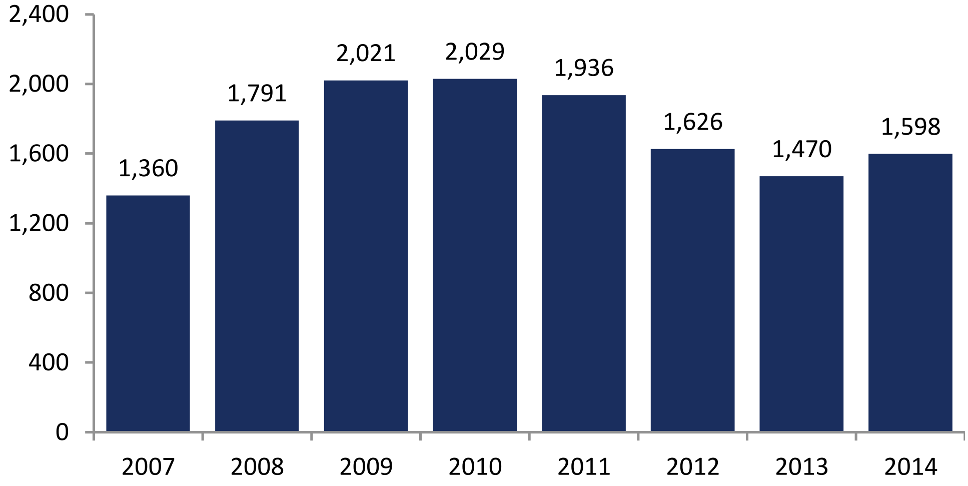
Interoil Colombia operates one service contract on behalf of Ecopetrol for the Toqui Toqui fields in the Middle Magdalena Basin. Interoil Colombia is responsible for the operations and production of the fields in return for a fixed fee per barrel produced.

Colombia oil & gas production

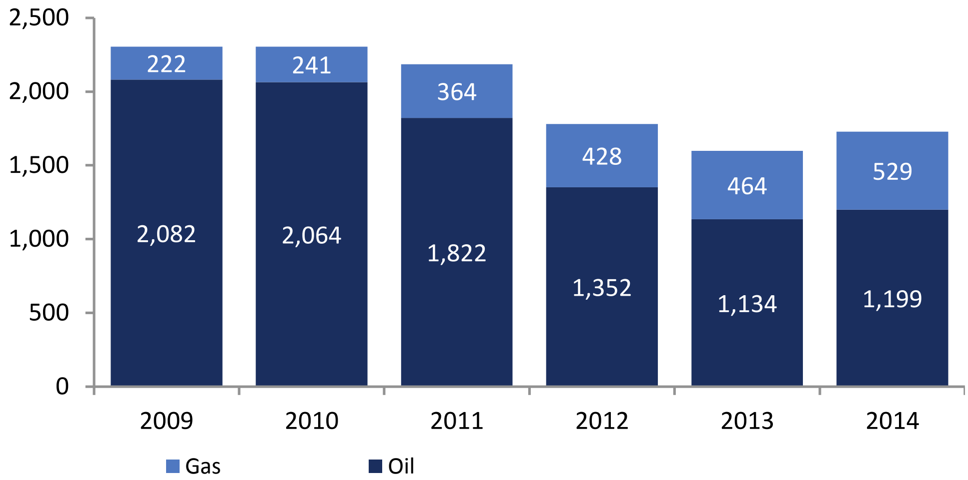
The development in Interoil Colombia's net oil & gas production (after royalties) in 2007-2014 is shown in the first figure below. In 2014, production averaged 1,598 boe/day, up 9% y/y on back of the full year contribution of the wells drilled in the 2013 drilling program. During 2014, the production however had a downward trend due to no new investments and averaged 1,484 boe/day in Q4 2014. Going forward, Interoil has a plan that considers many activities in order to sustain and potentially increase slightly the production level at Puli-C. Those activities include perforations and re-perforations, surface pressure restriction reduction, and maintenance. In addtion, new wells need to be drilled if the same level of production is to be sustained for more than one year.

In the second figure below, net production (before royalties) is shown for oil and gas from 2009 to 2014.

Interoil net average annual oil & gas production in Colombia, after royalties (boe/day)



Interoil net average oil & gas production in Colombia, before rolyalties (boe/day)



5.7 Patents and licenses, industrial, commercial and financial contracts and manufacturing processes

Interoil Colombia holds three association contracts at the Puli C block with Ecopetrol, whereby Interoil Colombia has 70% working interest and Ecopetrol has 30%. Participation in investments and production are distributed according the working interest split. The expiration date for each contract is as follows: Rio Opia June 24th 2030; Ambrosia Dec 28th 2027 and Mana Nov 12th 2028. Except for the expiration dates, the terms of the three contracts are mainly the same.

Interoil Colombia operates one service contract on behalf of Ecopetrol for the Toqui Toqui fields in the Middle Magdalena Basin. Interoil Colombia is responsible for the operations and production of the fields in return for a fixed fee per barrel produced. The contract was signed in August 2013 and expires on 31 December 2017. The tariff for each barrel produced was USD 17 in the first year, and is adjusted each year thereafter based on development in variables such as the oil price, PPI and GDP. In 2014, the tariff was USD 18.12 per bbl.

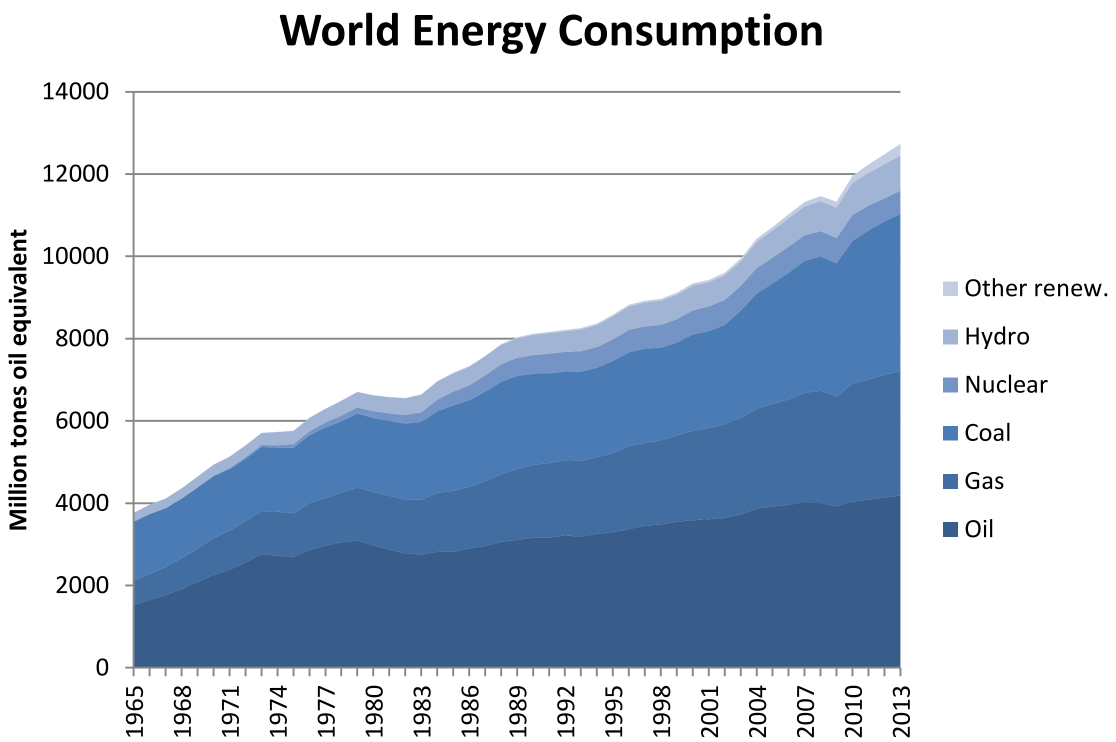
Except for the Group's oil and gas licenses, association contracts and service contracts (in general) in Colombia as described above and in Section 5.5 and 5.6 and the financing arrangements in section 8.13, the Company’s business is not dependent on any patents, licenses industrial, commercial or financial contracts or new manufacturing processes.

6 Principal markets

6.1 The global energy market

The world energy consumption has seen a steady increase since the industrial revolution, and is expected to continue to do so in the years to come. Fossil fuels continue to supply more than 86 per cent of the world's energy of which 33 per cent is oil[2].

The world consumption of primary energy – including oil, natural gas, coal, nuclear, hydro power and other renewable energy – increased by 2.0% in 2013[2]. Global oil consumption increased by 1.4 million barrels per day or 1.4% in 2013.



Source: BP Statistical Review of World Energy June 2014

6.2 The oil market

Oil is a common description for hydrocarbons in liquid form. Crude oil produced from different oil fields varies greatly in composition, and the composition and distribution of hydrocarbon components determines the weight of the oil, with light crude oil having a higher percentage of light hydrocarbons than heavier oil. Light oil requires less refinement to be usable, and is therefore more valuable than the heavy oil.

Oil is well suited for storage and transportation, and is transported over long distances in large crude oil tankers or pipelines. Because of this, oil is a commodity with a well-developed world market. The prices are determined on the world's leading commodities exchanges, with NYMEX in New York and the ICE in London as the most important markets for the determination of world oil prices. Relative oil price differentials are primarily determined by the weight of the oil and its sulphur content, with WTI, the main benchmark for NYMEX, as the lightest and sweetest (less sulphur) of the main benchmarks in oil pricing. Brent Crude, the main benchmark for ICE is slightly heavier.

Crude oil is used for a variety of purposes, the most important being the production of energy rich fuels, with 76 per cent of the hydrocarbons being used for gasoline, diesel, jet fuel and other fuel

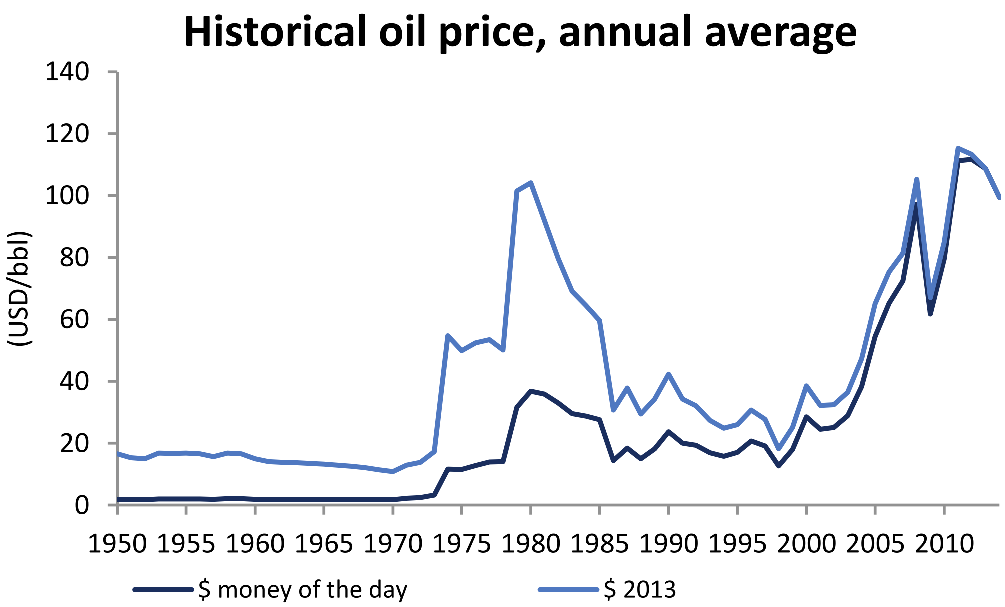
[2] Source: BP Statistical Review of World Energy June 2014

oils[3]. The remaining hydrocarbons are used as raw material for many chemical products, including pharmaceuticals, solvents, fertilisers, pesticides, and plastics.

6.3 The oil price

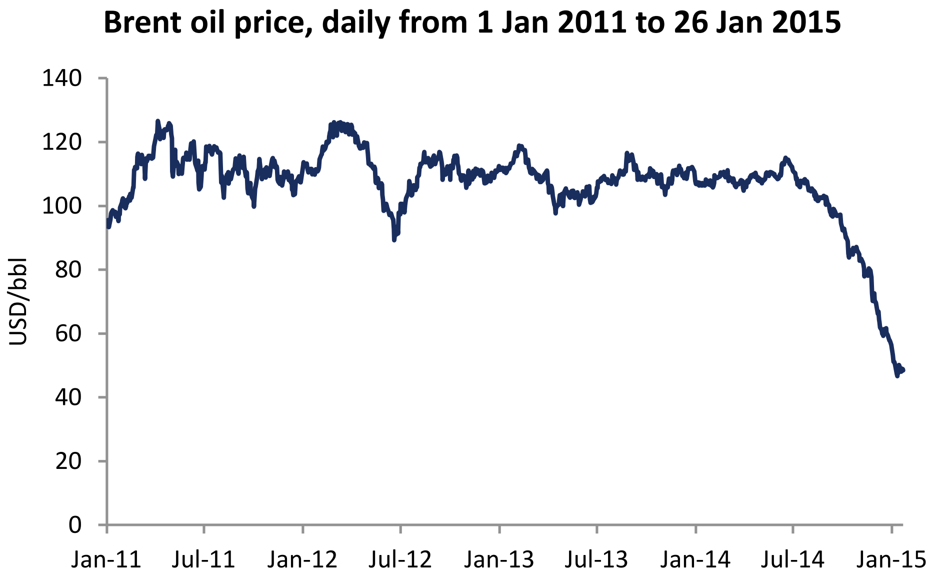
Oil prices traded at all-time high levels (in terms of annual average) for the most of 2011, 2012, 2013 and the first half of 2014, and the Brent oil price largely was in a USD 100-125/bbl range. Since the summer 2014 however, oil prices have declined steeply and Brent traded as of January 22 around USD 49/bbl. The recent price decline has been a result of an oversupplied market driven by weaker than expected global oil demand growth in the second half of 2014, strong growth in US oil production and recovering Libyan oil production. At the same time, the near term supply demand outlook (first half of 2015) has been weak and OPEC has shown no willingness to curtail production in order to support the oil price.

As evidenced by the recent decline, the oil price is highly dependent on the current and expected future supply and demand of oil, and is as such influenced by global macroeconomic conditions and may experience material fluctuations on the basis of economic indicators, material economic events and geopolitical events. Historically, oil prices have also been heavily influenced by organizational and national policies, most significantly the implementation of OPEC and subsequent production policies announced by the organization. The figures below shows the historical oil price development from 1950 to 2014, as well as the development in Brent prices from 2011 until today.



Source: BP Statistical Review of World Energy June 2014; Bloomberg

[3] Source: Annual Energy Review 2007, Energy Information Administration



Source: Bloomberg oil price data

6.4 Colombian oil market

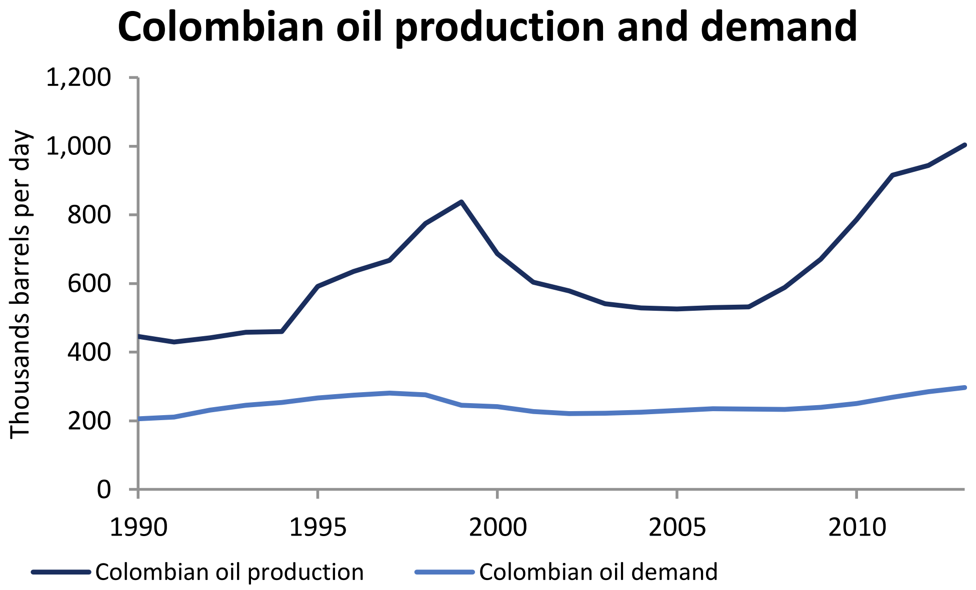
The enactment of a series of regulatory reforms to make the oil and natural gas sector more attractive to foreign investors have served as an incentive for rising production in recent years. In addition, the government has implemented a partial privatization of state oil company Ecopetrol in an attempt to revive its upstream oil industry. There is a large number of E&P companies active in Colombia; as an example, a total of 27 companies were awarded blocks in the December 2012 bid round.

Colombia is ranked as the 23rd largest oil producer and the 18th largest oil exporter in the world[4]. Production has surged in recent years, with an increase from 588,000 bbl/d in 2008 to 1,004,000 bbl/d in 2013[5]. Colombia had about 2.4 billion barrels of Proven oil reserves in 2013, up from 2.2 billion barrels in 2012 and 1.4 billion barrels in 2008. Colombia's increasing reserves are a result of the exploration of several new blocks that were auctioned in the last bidding round in 2010. Demand for oil in Colombia has stayed relatively stable since 1990, hovering between 220,000 and 300,000 bbl/d. Colombia is a net exporter of oil, exporting approximately 700,000 bbl/d net in 2013. The United States is the largest buyer with 432,000 bbl/d of the exported volume in 2012[6].

The oil service market in Colombia is relatively well developed. The country has an oil production of around 1 million barrels per day and in the past five years (since January 2010), the number of active oil & gas rigs have varied between 32 and 75 and averaged at 48, according to Baker Hughes data on its investor relations website (http://phx.corporate-ir.net/phoenix.zhtml?c=79687&p=irol-rigcountsintl) . As of January 2015, there were 36 active rigs. The access to rigs and services is therefore satisfactory, especially at the moment due to declining oil prices and lower activity levels. Over time the access varies of course driven by changes in oil prices and activity level.

It is a matter of public knowledge in Colombia that the Government and in particular the Agemcia Nacional de Hidrocarburos ("ANH") and the Ministry of Mines and Energy, are considering implementing a policy to stimulate exploration activities as the country is suffering a decrease in exploration investment and delays by companies in meeting their current obligations as a result of the substantial drop in global oil prices. The new policy may consider the transfer of investment commitments under existing licenses to other exploration areas under more favorable conditions.

[4] Source: CIA World Factbook (https://www.cia.gov/library/publications/the-world-factbook/geos/co.html)
[5] Source: BP Statistical Review of World Energy June 2014
[6] Source: EIA – www.eia.gov/countries



Source: BP Statistical Review of World Energy June 2014

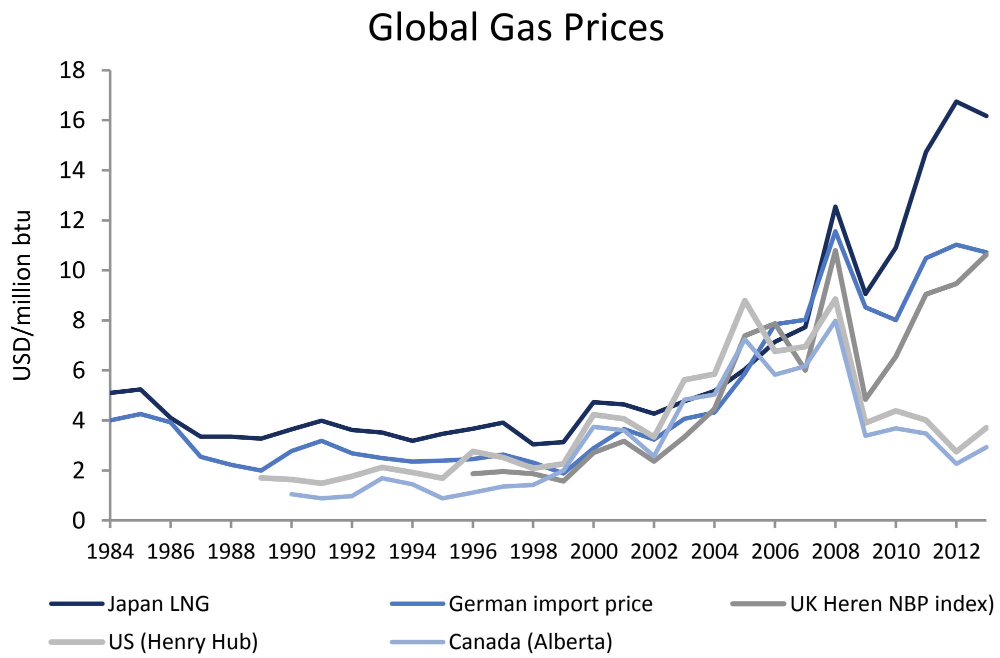
6.5 The gas market

Natural gas, for the most part, is colourless, odourless and non-toxic at ambient temperatures. It can be found in onshore and offshore reservoirs as associated gas in crude oil or condensate reservoirs, or in gas reservoirs. Natural gas is composed primarily of methane, but may also contain ethane, propane and heavier hydrocarbons. Small quantities of nitrogen, oxygen, carbon dioxide, sulphur compounds, and water can also be found in natural gas. It is often termed a premium commodity for its value as both an energy source and as a feedstock, and because it is relatively clean-burning. As a result, natural gas is relied upon for a wide variety of applications: direct use in home and business heating; electric power generation; the manufacture of petrochemical products ranging from plastics to fertilisers and intermediate materials; and as a vehicle fuel.

6.6 The gas price

The gas price is not determined by a world market place, as gas is not as easily transported as oil. The gas price is usually determined within different regional markets established by network of pipelines. Therefore, the different gas prices are much less correlated than the different oil types. The general trend for the gas price is nonetheless correlated to the oil price and other energy prices. The volatility for gas prices is also significantly larger than for the oil price. This is because gas is not as easy to store as oil, which causes gas prices to be determined by the immediate supply and demand situation at the pipeline system.

Over the last five years gas prices in different regions have started to differ significantly due to changes in supply. The North American market has experienced growth in gas supplies from shale gas which has resulted in low prices whereas Japanese LNG imports have experienced significantly higher prices due to large demand after the Tsunami disaster in 2011 which flooded and destroyed parts of Japan’s nuclear power stations.



Source: BP Statistical Review of World Energy June 2014

6.7 Supply and demand

Demand for natural gas has increased substantially since 1970, at a much higher pace than the demand for oil. Gas has become a very competitive source of energy, and as gas is a more environmental friendly source of energy compared to oil and coal, global gas consumption is expected to grow significantly. Projections made by the International Energy Administration in the World Energy Outlook 2014 foresee global consumption of natural gas growing by 1.6 per cent per annum on average from 2012 to 2040.This is significantly higher than corresponding growth rate projections for oil and coal consumption, both at 0.5 per cent per annum, and also well above the 1.1 per cent per annum forecasted growth rate for total primary energy consumption.

Much of the demand for natural gas is inelastic, meaning less responsive to variations in price, with residential heating being a good example. Industrial use of natural gas, however, is very sensitive to price, as is gas use for electric power generation. Despite being one of the most abundant energy sources on the planet, a large part of the world's discovered natural gas is considered stranded. Stranded gas refers to reserves that have been discovered, but have not been developed because, for whatever reason, they are uneconomic to deliver to market.

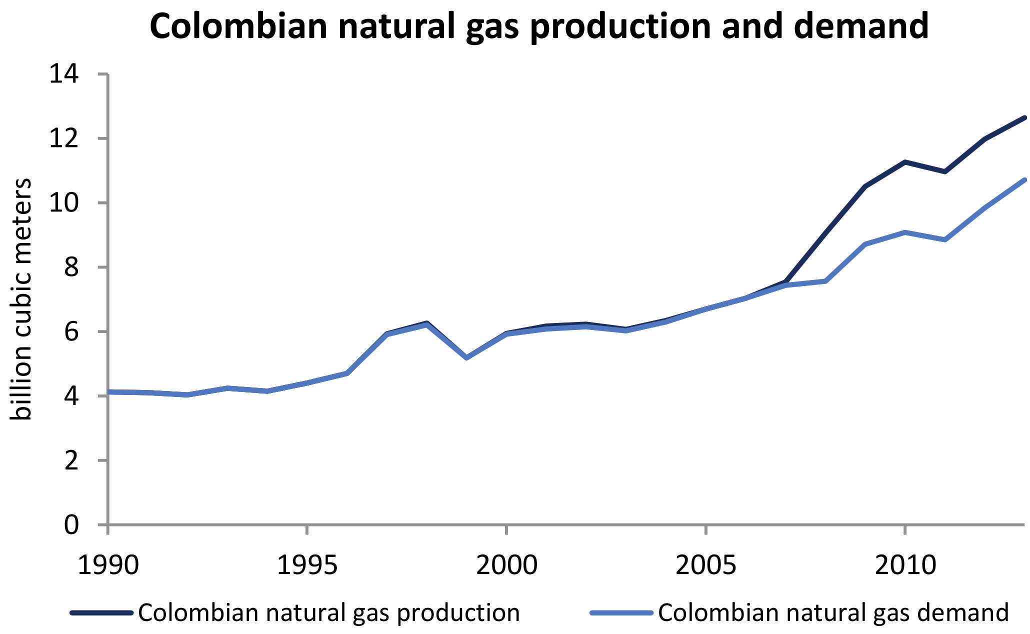
Gas is not as easy to store and transport as oil, and therefore the consumption and production of natural gas is more correlated than for oil. From the start of commercial gas production the only feasible, safe, reliable and economical method of transportation was through pipeline. However, since the first trials in the sixties, LNG has become an alternative method of transportation as technological improvements have made it economically more viable.

The pipeline transportation mode was ideally suited to the supply and market conditions of the twentieth century, when large reservoirs of gas could be found in accessible locations that provided the stability and long-term security that pipeline projects demand. Now, in the 21st century, the vast majority of the large, easily accessible gas plays have been tapped, and attention is shifting to stranded reservoirs that were previously considered to be too small, too remote, or too geographically harsh to develop. The majority of the offshore industry is geared toward the production of crude oil, which, being a liquid, can be easily transported by tanker to virtually any market in the world. The natural gas produced in association with the crude oil, however, presents a challenge. Pipelines are extremely expensive in all but the most ideal conditions, and with the current trend toward deepwater drilling, pipelines are often not technically or economically feasible. LNG requires large processing facilities in order to transport the gas which is technically challenging for many offshore discoveries far from shore.

6.8 Colombian gas market

According to the *BP Statistical Review of World Energy June 2014*, Colombia had Proven natural gas Reserves of 162 billion cubic meters (bcm) in 2013, up from 124 bcm in 2011. The bulk of Colombia's natural gas reserves are located in the Llanos basin, although the Guajira basin accounts for the majority of current production. Natural gas production, like oil production, has been rising substantially in the last few years owing to increasing international investment in exploration and development, rising domestic consumption, and new export opportunities.

Colombia produced 12.6 bcm of dry natural gas in 2013, while consuming 10.7 bcm. About 56 percent of the country's total gross natural gas production was reinjected to aid in enhanced oil recovery. In 2007, natural gas production began to exceed consumption, allowing for exports.[7]



Source: BP Statistical Review of World Energy June 2014

[7] Source: EIA – www.eia.gov/countries

7 Organisation, board, management and corporate governance

7.1 About the Company

Interoil is a public limited company incorporated in accordance with the Norwegian Public Limited Companies Act and subject to Norwegian law. The Company was incorporated on 2 May 2005. The Company's Shares are registered in VPS under ISIN NO 0010284318. The Company's account manager is DNB NOR Bank ASA, Verdipapirservice, Dronning Eufemias gate 30, 0191 Oslo, Norway.

The Company has the following contact details:

Interoil Exploration & Production ASA
Kronprinsensgate 17
0251 Oslo
Norway

Telephone: +47 6751 8650
Fax: +47 6751 8660
E-mail: info@Interoil.no
Website: www.Interoil.no

The Company is registered with the Norwegian Register of Business Enterprises under the organisation number 988 247 006 and its home county is Oslo.

As at 31 December 2014, the Group employed 102 employees of which 4 were employed in Norway and 98 in Colombia (2013: 245 of which 4 in Norway, 129 in Peru and 112 in Colombia, 2012: 285 of which 10 in Norway, 10 in Switzerland, 178 in Peru and 87 in Colombia, 2011: 281 of which 8 in Norway, 10 in Switzerland, 183 in Peru and 80 in Colombia).

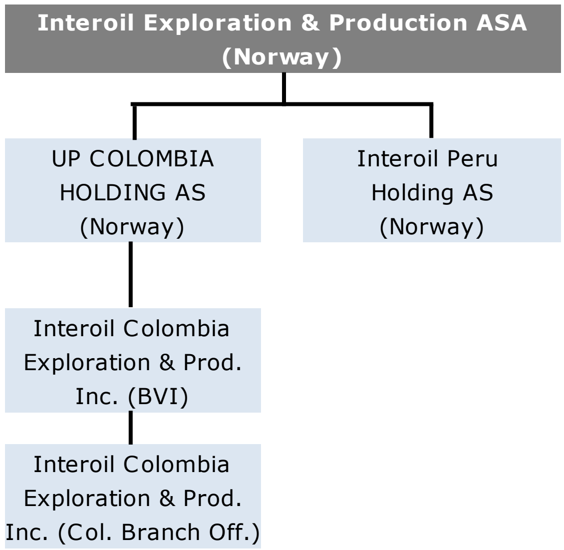
The Board of Directors of the Company consists of seven members who contribute in business development, complementing the capabilities of Interoil's staff.

7.2 Legal structure

The figure below shows The Company's legal structure as of the date of the Prospectus. Interoil Exploration and Production ASA is the parent company of the Group consisting of a total of 5 companies and is an operative company. The group companies are:

Company	Registered business Address	Direct and indirect share-holding and voting rights
UP Colombia Holding AS	Norway	100%
Interoil Peru Holding AS	Norway	100%
Interoil Colombia Exploration and Production Inc. (Branch office)	Colombia	100%
Interoil Colombia Exploration and Production Inc.	The British Virgin Islands	100%

The following chart illustrates the corporate structure of Interoil Exploration & Production ASA:



7.3 Organisational structure

Board of directors	
Chairman	Ricardo Nicolas Mallo Huergo
Board member	Alejandro Jotayan
Board member	Matthieu Milandri
Board member	Jose Francisco Chalela
Board member	Dolores Rivas
Board member	Maria Rosa Siles Moreno
Board member	Mimi K. Berdal

General Manager	CEO	CFO
Nigel Duxbury	Alejandro Jotayan	Pablo Arias

Colombia
General Manager Colombia
Carlos Guerrero Moreno

7.4 Corporate Governance

Interoil's corporate governance principles aims at contributing to value creation over time, benefiting shareholders as well as other stakeholders. As an international exploration and production company, Interoil aims to conduct business in an economically efficient, socially responsible and environmentally acceptable way. The Company is currently following the principles set forth in the Norwegian Code of Practice for Corporate Governance, as published on 30 October 2014. The last full Corporate Governance statement of the Board of Directors is presented in the 2013 Annual Report. A new statement will be included in the 2014 annual report.

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 always be confident that Interoil's business activities are characterized by reliability, control, transparency and high ethical standards. Interoil will in all material aspects follow the Norwegian Code of Practice for Corporate Governance and report the company's Corporate Governance in the annual report. Any deviations from the Code of Practice will be explained in the annual report.

Following the board election at the extraordinary general meeting on 20 January 2015, a majority of the board members are now not independent of the largest shareholder, which is a deviation from the Code of Practice.

The Code of Practice recommends the establishment of board committees, especially separate audit and remuneration committees when leading employees are also members of the board, as is the case in the Company. Following the election of the new board the Company has not yet established neither a separate audit committee nor a remuneration committee and has not yet made any evaluations as to the establishment of these.

7.5 Board of Directors

According to Norwegian law, the Board of Directors is responsible for administering the Company's affairs and for ensuring that the Company's operations are organized in a satisfactory manner. The Board of Directors are also the Company's audit committee, with a mandate to ensure that financial accounts are true and accurate. In the extraordinary general meeting held on 20 January 2015, the following members of the Board of Directors were elected for a period of two years.

Mr. Ricardo Nicolas Mallo Huergo, Chairman
Nicolas graduated from the Universidad Católica Argentina in 1993 with a law degree, and obtained a Master in Law (LLM.) with honours at Northwestern University School of Law, Chicago, U.S.A., in 1999.

Within his area of specialization, he has advice private and public international companies and organization, in connection with cross-border corporate and financial matters, including corporate matters, oil & gas transactions, debt restructurings, securities offerings, structured financing, unsolicited bids, tender offers, exchange offers and proxy fights for other companies, adoption of stock option plans, leveraged buy-outs, spin-offs, recapitalizations and other restructuring transactions, strategic investments and joint ventures, as well as mergers and acquisitions and joint ventures.

He has been a Director of local and foreign companies, enterprises, representing international companies, lenders, multilateral institutions and investors, telecom, water, transport and other infrastructure projects (debt and equity).

His professional activities focus on the field of business consulting, where he has applied his expertise in the energy sector, specifically in the areas of exploration, extraction, transportation and commercialization of oil and gas.

Mr. Huergo currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

Director of

- Andes Energia Plc
- Andes Energía Argentina S.A.
- MSO Andes Energía Argentina S.A.
- Andes Hidrocarburos Investment S.A.
- Andes Oil & Gas S.A.
- Andes Oil S.A
- Ketsal S.A.
- Kilwer S.A.
- Grecoil & Cia S.A.
- Integra Investment S.A.
- Patagonia Oil & Gas S.A.
- AEN Energy Argentina S.A.
- AEN Energy Mendoza S.A.
- CHPPC Andes S.R.L.
- Andes Electricidad S.A.
- Empresa Distribuidora de Electricidad S.A.
- SODEMSA

- Inversora Andina de Electricidad S.A.
- MENDINVERT S.A.
- Hidroeléctrica Ameghino S.A.
- Hidroeléctrica del Sur S.A.
- Patagonia Fly S.A.
- Integra Capital S.A.
- Integra Aura Constructions and Mandates S.A.
- Lanchas y Barcos S.A.
- Puro Diseño Argentino S.A.

Save for the above mentioned. Mr. Huergo has not held any directorships, supervisory or leading management positions during the last five years

Mr. Alejandro Oscar Jotayan, Board member and Chief Executive Officer
Alejandro Jotayan is an Industrial Engineer with a Masters Degree in Business administration. He has 20 years of experience in the oil and gas industry in the Americas and Europe. He was Head of Strategy and Business Development of YPF until leaving in 2012. Previously, Alejandro had held several managerial positions in the exploration and production departments of Repsol-YPF working on many exploration and development prospects in South America. Between 1995-2006 Alejandro has been held several planning, technical and commercial managing positions in Tenaris Group, the world leading steel tubes producer for oil and gas. Alejandro is currently the Chief Executive Officer of Andes Energia plc.

Mr. Jotayan currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- CEO Andes Energia, Board Member Andes Energia.

Save for the above mentioned. Mr. Jotayan has during the last five years held the following directorships, supervisory or leading management positions:

- Head of Strategy and Business Development – YPF
- General Manager Andes Argentina

Mr. Matthieu Milandri, Board member
Matthieu Milandri has been Investment Director at Mercuria Energy Trading SA ("Mercuria") since December 2011, with a particular focus on upstream oil and gas assets. Prior to joining Mercuria, Matthieu was CFO of Candax Energy Inc, a TSX-listed upstream company and Business Development and Financing Manager at Geopetrol, a private upstream group. Matthieu spent nine years with BNP Paribas in Frankfurt, Paris, New York, Houston and Geneva working in the oil and gas and commodities groups. He graduated from ESSEC Business School in 1998 with a degree equivalent to an MBA with a specialization in finance.

Mr. Milandri currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

Director of
- Andes Energia plc,
- Starc Holdings Ltd,
- Trefoil Holdings BV (Mercuria affiliate),
- Delta Hydrocarbons Hungary (Mercuria affiliate)
- Trefoil GmbH (Mercuria affiliate)

Save for the above mentioned. Mr. Milandri has during the last five years held the following directorships, supervisory or leading management positions:

- Director of Delta Hydrocarbons BV
- Director of Candax Energy Limited (Bermuda)
- CFO of Candax Energy Inc

Mr. Jose Francisco Chalela, Board member
Jose Chalela is presently Professor of Hydrocarbons Legislation of the School of Law of University of Rosario in Bogotá and the Director of the Specialization on Hydrocarbons Law of the Faculty. Dr.

Chalela is a graduate of the School of Law of Universidad del Rosario of Bogotá - Colombia in 1972 where he obtained a Juris Doctor title. He holds a title of Master in Civil Law from the Faculty of Law of Louisiana State University (U.S.A.) in 1975. He has more than 35 years experience in the Colombian oil and gas industry.

Mr. Chalela currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Board of Directors of Talisman (Colombia) Oil and Gas
- Member of the Board of Directors of INCA Fruehauff S.A
- Vice President and member of the Board of Directors of Anapoima Country Club in Colombia.
- Senior Partner and general manager of Gamboa & Chalela Abogados

Save for the above mentioned. Mr. Chalela has during the last five years held the following directorships, supervisory or leading management positions:

- Executive Secretary of Asociación Colombiana del Petróleo ("ACP")

Ms. Dolores Rivas, Board member
Dolores Rivas has been employed by Andes since 2007 and supported the CEO and CFO at the time of the reverse in 2007 and continues to provide support to senior executives in other merger and acquisition activity. Prior to 2007 Dolores was employed by the British Argentine Chamber of Commerce.

Ms. Rivas does not currently hold and has not held any directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries) for the last five years.

Ms. Maria Rosa Siles Moreno, Board member
Rosa Siles is Chief Strategy Officer of the A Leadership Foundation, an international organization developing the next generation of business, social and political leaders. Rosa has a Master of Arts in Political Science and Sociology from the University of Granada, a MBA from the EOI and a graduate of the Senior Management Program from the IE Business School in Madrid.

Ms Moreno currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Chief Strategy Officer - A Leadership Foundation

Save for the above mentioned. Ms Moreno has during the last five years held the following directorships supervisory or leading management positions:

- Business Development Director - Comunicacion Iberoamericana
- Senior Strategy Advisor – Bgrupo
- Advisor to the Vice-president of the Spanish Government - Ministry of Planning Policy
- Institutional Relations Director - Health Secretary Government of Spain

Ms. Mimi Berdal, Board member
Mimi Berdal runs an independent legal and corporate counseling business. She has extensive experience as board member of listed companies, including previous directorship in Rocksource ASA (Chairman), Renewable Energy Corporation ASA (Chairman) and Copeinca ASA . Ms Berdal currently holds the directorship in several companies, such as Itera ASA, Gassco AS, Gjensidige Pensjon og Sparing AS, REC Solar ASA and Intex Resources ASA. She has previously served as a legal advisor with Total Norge and partner in the Arntzen de Besche law firm. Ms Berdal holds a Cand.jur (law) degree from the University of Oslo and is admitted to the Bar, Norwegian Bar Association.

Ms Berdal currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

Director of

- Itera ASA- Chair of audit committee
- Gjensidige Pensjon og Sparing Holding AS
- Gassco AS - Deputy Chairman
- Intex Resources ASA
- REC Solar ASA
- EMGS- Electromagnetic Geoservices ASA

Save for the above mentioned. Ms Berdal has during the last five years held the following directorships supervisory or leading management positions:

Director of

- Infratek ASA, Chairman
- Camposol Holding PLC
- Copeinca ASA
- Q-Free ASA- Deputy Chairman and Chairman of the audit committee
- Renewable Energy Corporation ASA, Chairman
- Rocksource ASA, Chairman
  DnB NOR Eiendomsfond

The Company's business address Kronprinsensgate 17, 0251 Oslo, Norway, serves as c/o addresses for the members of the Board of Directors in relation to their directorship in the Company.

Fraudulent offences, bankruptcies, receiverships and liquidations
None of the members of the Board of Directors have been convicted in relation to fraudulent offences. None of them has been involved in any bankruptcies, receiverships or liquidations. Nor have they been given any public incrimination and/or sanctions by regulatory authorities (including designated professional bodies) or have ever been disqualified by a court from acting as a member in the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

7.6 Management

Alejandro Oscar Jotayan, Chief Executive Officer
Please see section 7.5

Nigel Duxbury, General Manager

Mr. Nigel J. Duxbury is Company Secretary, Non-Executive Director of Andes Energia Plc. Nigel has experience both as a finance director and senior executive in small and quoted and unquoted companies within Europe, Asia and the USA. He has a background in finance and accountancy, having qualified as a chartered accountant with Touche Ross, London.

Mr. Duxbury currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

Director of

- EP&F Capital plc
- EP&F Capital Advisory Ltd
- RCTW Services Ltd
- Andes Energia plc
- Andina plc
- Andes Energy Limited

Save for the above mentioned. Mr. Duxbury has during the last five years held the following directorships, supervisory or leading management positions:

- Director of Alba Mineral Resources plc

Pablo Arias, Chief Financial Officer

Mr Arias is also Financial Planning Manager in Andes Energia. Mr. Arias holds an International Economics and Affairs Bachelor degree and a Master in Finance degree from Universidad Torcuato Di Tella and a Master In Business Administration degree from New York University. His professional experience includes positions at the Argentinean Central Bank, JP Morgan and Integra Investment. He has a UK FSA approval for financial advising.

Mr. Arias currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- President/CEO of Integra Gas Distribution

Save for the above mentioned. Mr. Arias has not during the last five years held any directorships supervisory or leading management positions:

Carlos Guerrero, General Manager Colombia.
Mr Guerrero is a Geologist and Geophysicist and holds a PhD in Geophysics from the University of Leeds and an MBA from Thunderbird School of Global Management. He has more than 24 years of experience from the Latin American oil and gas industry. He has held various managerial positions with Ecopetrol prior to his current role in Gran Tierra Energy Colombia

Mr. Guerrero currently does not hold any directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

Mr. Guerrero has during the last five years held the following directorships supervisory or leading management positions:

- Ecopetrol S.A., Colombian NOC: Exploration Manager
- Ecopetrol S.A., Colombian NOC: Unconventional Reservoirs Manager
- GranTierra Energy: Exploration and New Ventures Manager

The Company's business address Klingenberggaten 7B, 0161 Oslo, Norway, serves as c/o addresses for the members of the management in relation to their employment in the Company.

None of the persons referred to in section 7.5 and 7.6 have service contracts with Interoil or any of its subsidiaries providing for benefits upon termination of employment.

Fraudulent offences, bankruptcies, receiverships and liquidations
None of the members of the management have been convicted in relation to fraudulent offences or have been involved in any bankruptcies, receiverships or liquidations. Nor have they been given any public incrimination and/or sanctions by regulatory authorities (including designated professional bodies) or have ever been disqualified by a court from acting as a member in the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

7.7 Conflicts of interest

All board members except for Mimi Berdal and Maria Rosa Siles Moreno as well as the CEO, CFO and the general manager are also employed or in other ways connected to the Company's largest shareholder, Andes. As such there can be no guarantee that no conflicts of interest may arise between these persons duties to the Company and their duties to Andes. Except for this, there are no potential conflicts of interests between any duties to the issuer, of the persons referred to in section 7.5 and 7.6, and their private interests and or other duties.

7.8 Remuneration and pension

The Board and management received the following remuneration and benefits in 2014:

Management compensation in 2014:

Amounts in USD 1 000		Period	Salary	Bonus related to 2014, paid 2015	Pension scheme	Expensed option cost	Other (company car)
T.J.Fjell	CEO	01.01-31.12	598	0	29	103	47
E.Sandøy	CFO	01.01-31.12	376	0	27	46	0

K.Kaugerud	COD	01.01-31-12	211	0	44	11	0

Group employees are entitled to a pension scheme. Total pension liabilities for the Company as of 31.12.14 was USD 150 000.

Board member compensation in 2014:
The board members that served for the period from July 2014 till December 2014 were entitled to remuneration in accordance with the following annual rates: Chairman of the Board: NOK 800 000, Board member : NOK 400 000 and deputy board members, NOK 50 000.

The board members that served for the period from January to June 2014 were entitled to remuneration in accordance with the following annual rates: Board chair: USD 100,000, Board member: USD 60,000
. Altogether the Board of Directors received a remuneration of USD 303,000 during the calendar year 2014.

Amounts in USD 1 000		Period	Board member fee	Board fee from subsidiary	Consultancy fee	Nomination /audit committee
Leif Salomonsen	Chairman	01.07-31.12	63	0	8	0
Mimi Berdal	Member	01.07-31.12	33	0	0	0
Ragnhild Wiborg	Member	01.07-31.12	33	0	0	3
Eystein Koppang	Member	01.07-31.12	33	0	0	4

Amounts in USD 1 000		Period	Board member fee	Board fee from subsidiary	Consultancy fee	Nomination /audit committee
A.G.Ellingsen	Chairman	01.01-30.06	54	0	0	0
T.K.Haunæss	Member	01.01-30.06	29	0	0	0
N.N. Trulsvik	Member	01.01-30.06	29	0	0	0
H. Sandby	Member	01.01-30.06	29	0	0	0
S K Jakobsen	N Committee					2
Elisa Palazzo	N Committee					2

Except for the severance payment to the former management of USD 1 million, no members of the administrative, management or supervisory bodies have any service contracts with the issuer or any of its subsidiaries providing for benefits upon termination of employment.

7.9 Shareholdings and stock options

Below is an overview of the board members' and members of management's share ownership and stock options.

Name	As of the date of the Prospectus	
Numbers in 1,000	Number of Shares	Total number of options
Ricardo Nicolas Mallo Huergo	0	0
Alejandro Oscar Jotayan	0	0
Matthieu Milandri	0	0
Dolores Rivas	0	0
Pablo Arias	0	0
Maria Rosa Siles Moreno	0	0
Jose Francisco Chalela	0	0

Mimi Berdal	0	0
Nigel Duxbury	0	0
Carlos Guerrero	0	1,500

In connection with a proposed share-related incentive scheme, the annual general meeting in 2013 resolved to authorise the board to grant a total of up to 15,000,000 options to management and key employees. 12,000,000 of the 15,000,000 options were issued. The options were free of charge, based on requirements of reduced salaries. The options cannot be exercised before 30 June 2015 and not later than 30 June 2016. The options are fully vested at 30 June 2015. Exercise price is NOK 1.68 per share for all options issued in 2013. The table gives an overview of the options awarded.

	Date awarded	Total options	Exercise price	Vesting period	Options vested	Options exercised
Thomas J. Fjell	21.June 2013	6,750,000	1.68	21.06.13->30.06.15	6,194,000	0
Erik Sandøy	21.June 2013	3,000,000	1.68	21.06.13->30.06.15	2,753,000	0
Kari Kaugerud	21.June 2013	750,000	1.68	21.06.13->30.06.15	688,000	0
Carlos Guerrero	2.December 2013	1,500,000	1.68	02.12.13->30.06.15	1,342,000	0

8 Financial information

You should read the following discussion of the financial condition and results of operations in conjunction with the financial statements included in this Prospectus. The following discussion contains forward-looking statements that are based on current assumptions and estimates by the Company's management regarding future events and circumstances. The Company's actual results could differ materially from those expressed or implied by the forward-looking statements as a result of many factors, including those described in Section 2 "Risk factors".

Historical financial information for the Company for the years 2011, 2012, 2013 and for the three and twelve months period ended 31 December 2014 is presented below. International Financial Reporting Standards (IFRS) as adopted by EU have been applied as the accounting principles for listed companies in Norway since the Company was established on 2 May 2005. The financial statements for the last three years are audited, whereas the 4th quarter figures for 2013 and 2014, and the twelve months period ended 31 December 2014, are unaudited.

For further comments regarding the Company's financial information and explanatory notes, see the annual and quarterly reports for 2013, 2012 and 2011. The figures for the three and twelve months period ended 31 December 2014 as included below have been prepared by the Company and are unaudited. The Company's annual reports for the years 2013, 2012 and 2011, including the auditor's reports, as well as the interim financial statements for the three and twelve month periods ended 31 December 2014 and 2013, are incorporated by reference into this Prospectus (ref Section 13.2 "Documents incorporated by reference"). The Company's financial statements are also available at the Company's website www.Interoil.no.

8.1 Accounting policies

The Company's accounting principles is included in the accounting principles section preceding the Notes in the annual report for 2013.

The consolidated financial statements include the Company and all its subsidiaries (together referred to as "the Group"). In 2014 the Group consists of the Company based in Norway, with subsidiaries incorporated in Norway and the British Virgin Islands, in addition to a branch in Colombia. For the years 2013, 2012 and 2011 the Group also consists of the subsidiaries in Peru and Switzerland, which is now divested or liquidated.

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 correspond with the interpretation of the International Accounting Standards Board. 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 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 2.19 in the Company's financial statement of 2013.

The revenues are booked according to the entitlement method, whereby revenue from sale of oil and gas in any period is distributed according to the working interest. The revenues are recognised when the ownership rights are transferred to the customer at the 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.

8.2 Consolidated income statements

Set out below is the consolidated income statement for the Group:

Amounts in USD 1 000	**For the 3 months period ended 31 Dec 2014**	**For the 3 months period ended 31 Dec 2013**	**For the 12 months period ended 31 Dec 2014**	**2013**	**2012**	**2011**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Audited)**	**(Audited)**	**(Audited)**
Sales	8 113	11 620	41 344	97 375	118 266	147 623
Cost of goods sold ex depreciation	-4 365	-3 226	-14 352	-28 388	-34 298	-32 739
Depreciation	- 549	-2 246	-4 920	-6 906	**-40 610**	-41 529
Gross profit	**3 199**	**6 148**	**22 072**	**62 081**	**43 358**	**73 354**
Exploration cost expensed	- 647	-3 349	-13 163	-3 930	-12 209	-11 264
Administrative expense	-2 831	-2 764	-8 997	-17 632	-13 382	-5 931
Other income / (expense)	247	4 951	972	5 789	10 638	953
Impairment oil and gas assets	0	0	0	0	-45 256	-2 342
Result from operating activities	**- 32**	**4 986**	**884**	**46 308**	**-16 851**	**54 770**
Finance income	7 435	1 048	12 412	9 359	27 178	23 624
Finance cost	-2 347	-2 586	-12 195	-16 548	-42 153	-48 269
Finance income/ (expense) – net	**5 088**	**-1 538**	**217**	**-7 189**	**- 14 975**	**- 24 645**
Profit / (loss) before income tax	**5 056**	**3 448**	**1 101**	**39 119**	**-31 826**	**30 125**
Income tax expense	- 394	- 57	-1 621	-19 999	7 869	-20 497
Profit / (loss) from continuing operations	**4 662**	**3 391**	**- 520**	**19 120**	**-23 957**	**9 628**
Profit/ (loss) for the period from discontinued operations	- 66	3 148	6 440	0	0	-564
Profit / (loss)	**4 596**	**6 539**	**5 920**	**19 120**	**-23 957**	**9 064**
Other comprehensive income	- 88	- 116	- 88	-116	0	0
Other comprehensive income for the period, net of tax	**- 88**	**- 116**	**- 88**	**-116**	**0**	**0**
Total comprehensive income for the period, net of tax	**4 508**	**6 423**	**5 832**	**19 004**	**-23 957**	**9 064**
Attributable to:						
Equity holders of the parent	**4 508**	**6 423**	**5 832**	**19 004**	**-23 957**	**9 064**
	4 508	**6 423**	**5 832**	**19 004**	**-23 957**	**9 064**
Earnings per share (expressed in USD)						
– basic and diluted – total	0.02	0.04	0.02	0.10	-0.50	0.19
– basic and diluted – continuing operations	0.02	0.02	0.00	0.09	-0.50	0.19

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 three reportable segments, as described below, which are the Group's strategic business units. The business is considered both from a geographic and development phase perspective. Geographically, management considers the performance of the activities in Colombia, Peru (discontinued) and Corporate. For each of the strategic business units, the management and other decision makers review internal management reports on a day to day basis. The following summary describes the operations in each of the Group's reportable segments:

- Colombia, consists of upstream activities including oil and natural gas exploration, field development and production from the Group's licenses in Colombia
- Peru, consists of upstream activities including oil and natural gas exploration, field development and production from the Group's licenses in Peru which is discontinued from 2014
- Other businesses and Corporate consist of corporate activities world wide

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 unrealized 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.

Segment information – business segments

For the 12 months period ended 31 December 2014

Amounts in USD 1 000	Colombia	Norway	Unall. / Elimin.	Group (continuing business)
Total Revenue	41 344	0	0	41 344
Cost of goods sold ex depreciation	-14 352	0	0	-14 352
Depreciation	-4 920	0	0	-4 920
Gross profit	**22 072**	**0**	**0**	**22 072**
Exploration cost expensed	-13 163	0	0	-13 163
Administrative expense	-4 661	-4 336	0	-8 997
Other income / (expenses)	972	0	0	972
Result from operating activities	**5 220**	**-4 336**	**0**	**884**
Finance income	2 606	11 241	-1 435	12 412
Finance costs	-3 996	-9 634	1 435	-12 195
Profit / (loss) before income tax	**3 830**	**-2 729**	**0**	**1 101**
Income tax expense	-1 621	0	0	-1 621
Profit / (loss) for the period	**2 209**	**-2 729**	**0**	**-520**
Other comprehensive income	**0**	**-88**	**0**	**-88**
Total comprehensive income for the period, net of tax	**2 209**	**-2 817**	**0**	**-608**

For the 12 months period ended 31 December 2013

Amounts in USD 1 000	Colombia	Peru	Other	Unall. / Elimin.	Group
Total Revenue	43 643	53 355	377	0	97 375
Inter-segment sales	0	0	1 103	-1 103	0
Cost of goods sold	-12 638	-15 682	-68	0	-28 388
Depreciation	-4 608	-2 299	0	0	-6 907
Gross profit	**26 397**	**35 375**	**1 412**	**-1 103**	**62 081**
Exploration cost expensed	-3 930	0	0	0	-3 930
Administrative expense	-3 660	-6 168	-7 804	0	-17 632
Other income / (expenses)	4 324	-2 812	4 277	0	5 789
Inter-segment cost	0	-1 021	-82	1 103	0
Impairment oil and gas assets	0	0	0	0	0
Result from operating activities	**23 131**	**25 374**	**-2 197**	**0**	**46 308**
Finance income	3 993	3 081	5 750	-3 465	9 359
Finance costs	-4 118	-2 227	-13 668	3 465	-16 548

Profit / (loss) before income tax	**23 006**	**26 228**	**-10 115**	**0**	**39 119**
Income tax expense	-8 940	-11 059	0	0	-19 999
Profit / (loss) before o. income	**14 066**	**15 169**	**-10 115**	**0**	**19 120**
Other comprehensive income	0	0	-116	0	-116
Profit/(loss) for the period	**14 066**	**15 169**	**-10 231**	**0**	**19 004**

For the 12 months period ended 31 December 2012

Amounts in USD 1 000	**Colombia**	**Peru**	**Ghana**	**Other**	**Unall. / Elimin.**	**Group**
Total Revenue	54 067	62 916	0	1 283	0	118 266
Inter-segment sales	0	0	0	10 287	-10 287	0
Cost of goods sold ex depr	-15 126	-18 543	0	-629	0	-34 298
Depreciation	-3 144	-37 466	0	0	0	-40 610
Gross profit	**35 797**	**6 907**	**0**	**10 941**	**-10 287**	**43 358**
Exploration cost expensed	-7 219	0	-1 225	-4 065	300	-12 209
Administrative expense	-1 850	-2 715	0	-8 817	0	-13 382
Other income / (expenses)	1 056	251	170	9 161	0	10 638
Inter-segment cost	-4 275	-5 610	0	-102	9 987	0
Impairment oil and gas assets	0	-45 256	0	0	0	-45 256
Result from operating activities	**23 509**	**-46 423**	**-1 055**	**7 118**	**0**	**-16 851**
Finance income	14 484	13 991	24	12 691	-14 012	27 178
Finance costs	-15 952	-9 691	-548	-31 754	15 792	-42 153
Profit / (loss) before income tax	**22 041**	**-42 123**	**-1 579**	**-11 945**	**1 780**	**-31 826**
Income tax expense	-5 859	13 731	0	0	-3	7 869
Profit / (loss) for the period	**16 182**	**-28 392**	**-1 579**	**-11 945**	**1 777**	**-23 957**

For the 12 months period ended 31 December 2011

Amounts in USD 1000	**Colombia**	**Peru**	**Ghana**	**Other**	**Unall. / Elimin.**	**Contin-uing operations**	**Angola (dis-continued)**	**Group**
Total Revenue	62 851	83 459	0	1 313	0	147 623	0	147 623
Inter-segment sales	0	0	0	11 572	-11 572	0	0	0
Cost of goods sold	-23 810	-50 090	0	-369	0	-74 269	0	-74 269
Gross profit	**39 041**	**33 369**	**0**	**12 516**	**-11 572**	**73 354**	**0**	**73 354**
Exploration cost expensed	-7 729	-5 583	-429	-8 967	11 444	-11 264	-288	-11 552
Administrative expense	-639	-1 153	0	-4 267	128	-5 931	0	-5 931
Other income / (expenses)	994	-125	0	84	0	953	0	953
Impairment oil and gas assets	0	0	-2 342	0	0	-2 342	0	-2 342
Result from operating activities	**31 667**	**26 508**	**-2 771**	**-634**	**0**	**54 770**	**-288**	**54 482**
Finance costs – net	-7 653	- 7025	0	-9 967	0	-24 645	276	-24 921
Profit / (loss) before income tax	**24 014**	**19 483**	**-2 771**	**-10 601**	**0**	**30 125**	**-564**	**29 561**
Income tax expense	-10 360	-7 692	0	-2 445	0	-20 497	0	-20 497
Profit / (loss) for the period	**13 654**	**11 791**	**-2 771**	**-13 046**	**0**	**9 628**	**-564**	**9 064**

8.3 Consolidated statements of financial position

Amounts in USD 1 000	As of 31 December 2014	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
	(Unaudited)	(Audited)	(Audited)	(Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	44 073	50 215	39 548	117 367
Intangible assets	-	-	-	2 609
Deferred income tax assets	751	2 981	2 105	0
Retirement benefit asset	-	-	67	52
Total non-current assets	**44 824**	**53 196**	**41 720**	**120 028**
Current assets				
Inventories	575	1 499	1 041	533
Prepaid taxes	2 047	-	-	-
Trade and other receivables	2 438	13 873	12 489	16 636
Cash and cash equivalents , non-restricted	10 887	11 575	4 641	9 996
Cash and cash equivalents, restricted	6 449	4 829	5 562	13 707
Total current assets	**22 396**	**31 776**	**23 733**	**40 872**
TOTAL ASSETS	**67 220**	**84 972**	**65 453**	**160 900**
EQUITY				
Share capital and share premium	123 901	123 901	90 985	90 985
Other paid-in equity	2 476	2 192	1 742	1 742
Retained earnings	-131 234	-137 066	-156 069	-132 112
Total equity	**-4 857**	**-10 973**	**-63 342**	**-39 385**
LIABILITIES				
Non-current liabilities				
Borrowings	-	54 977	16	731
Deferred income tax liabilities	-	-	-	19 049
Derivative financial instruments	-	-	-	5 336
Retirement benefit obligation	150	81	-	-
Provisions for other liabilities and charges	2 437	2 277	2 760	4 141
Total non-current liabilities	**2 587**	**57 335**	**2 776**	**29 257**
Current liabilities				
Current interest-bearing liabilities	60 503	10 467	74 617	98 760
Other financial liabilities	-	-	4 392	20 320
Trade and other payables	7 896	20 477	37 744	38 559
Income tax liabilities	-	4 284	4 059	7 132
Provisions for other liabilities and charges	1 091	3 382	5 207	6 257
Total current liabilities	**69 490**	**38 610**	**126 019**	**171 028**
TOTAL LIABILITIES	**72 077**	**95 945**	**128 795**	**200 285**
TOTAL EQUITY AND LIABILITIES	**67 220**	**84 972**	**65 453**	**160 900**

As of 31 December 2014, the Group held property, plant and equipment assets of USD 44 million, mainly related to oil production assets at the Puli-C block in Colombia, which is the company's main producing block. The oil and gas production capacity of the assets during a quarter or year can be considered as actual production during that period. In practise, the assets produce at full capacity with well productivity being the constraining factor.

8.4 Cash flow statements

Amounts in USD 1 000	2014	2013	2012	2011
	(Unaudited)	(Audited)	(Audited)	(Audited)
Cash generated from operations				
Total comprehensive income of the period	**5 832**	**19 004**	**-23 957**	**9 064**
Income tax expense	7 327	19 999	-7 869	20 497
Depreciation, amortization and impairment	5 009	7 231	91 684	43 911
Amortization of debt issuance cost	602	567	2 311	2 232
Fee regarding tax claim bond loan	-	-385	-1 441	-
Share based payment/Change in retirement benefit obligation	354	598	-14	-68
Interest income	- 26	-15	-105	-12
Interest expense	8 404	9 682	11 654	14 107
Unrealized exchange gain / (loss) from revaluation of long term borrowings	-10 078	-5 472	4 378	- 1 014
Gain from sale PP&E	-	294	0	-31
(Gain) / loss on disposal of subsidiary	3 670	-	-	-
Changes in assets & liabilities				
Inventories	703	-458	-508	741
Financial assets and liabilities at FVtPL	-	-4 393	-21 263	-10 615
Trade and other receivables	3 989	-1 757	4 147	-4 196
Trade and other payables and provision and other liabilities	-8 781	-13 303	-3 211	5 792
Taxes paid	-13 788	-20 650	-16 357	-14 337
Net cash generated from operating activities	**3 217**	**10 942**	**39 448**	**66 071**
Cash flows from investing activities				
Interest received	26	15	105	12
Investments in exploration, production and other assets	- 9	-18 192	-11 256	-15 994
Net cash used in investing activities	**17**	**-18 177**	**-11 151**	**-15 982**
Cash flows from financing activities				
Interest paid	-6 676	-9 682	-11 689	-13 983
Repayment of borrowings	-10 895	-18 342	-50 827	-44 742
Proceeds from new loans	15 269	8 545	20 720	11 100
Proceeds from issuance of ordinary shares	-	32 916	-	-
Net cash used in financing activities	**-2 302**	**13 437**	**-41 796**	**-47 625**
Net change in cash and cash equivalents	**932**	**6 201**	**-13 499**	**2 464**
Cash and cash equivalents at beginning of the period	16 404	10 203	23 702	21 239
Cash and cash equivalents at end of the period	**17 336**	**16 404**	**10 203**	**23 703**
Whereof cash and cash equivalents, non-restricted	10 887	11 574	4 641	9 996
Whereof cash and cash equivalents, restricted	6 449	4 830	5 562	13 707

The Group generated operating cash flows of USD 3.2 million in 2014, down from USD 10.9 million in 2013, driven by higher exploration expenses. Cash flow from investments amounted to USD 0 for the year, on the back of a reversal of past capex in Colombia of USD 1.4 million, offset by USD 1.4 million in capex relating to the operational improvement projects in Colombia. The limited amount of investments in 2014 was a result of the financial challenges the company was facing during the year driven by a heavy debt burden. In 2013, cash flow from investments amounted to USD 18.2 million as a result of the drilling program at Puli-C. Financing cash flows were negative USD 2.3 million in 2014, reflecting interest payments of USD 6.7 million offset by an increase in interest-bearing debt of USD 4.4. In 2013, financing cash flow amounted to USD 13.4 million as issuance of new shares more than offset a reduction in net debt and interest payments.

8.5 Changes in the consolidated shareholders' equity

For the period from 1 January 2013 to 30 December 2014 Amounts in USD 1 000	Share capital and share premium	Other paid-in equity	Retained earnings	Total equity
				(Audited)
Balance at 31 December 2012	**90 985**	**1 742**	**-156 069**	**-63 342**
Issue of share capital, cash increase	34 993	0	0	34 993
Share issuance cost	-2 077	0	0	-2 077
Share options	0	450	0	450
Total comprehensive income for the period – continuing operations	0	0	4 857	4 857
Total comprehensive income for the period – discontinued operations	0	0	14 147	14 147
Balance at 31 December 2013	**123 901**	**2 192**	**-137 066**	**-10 973**
				(Unaudited)
Share options	0	284	0	284
Total comprehensive income for the period – continuing operations	0	0	-608	-608
Total comprehensive income for the period – discontinued operations	0	0	6 440	6 440
Balance at 31 December 2014	**123 901**	**2 476**	**-131 234**	**-4 857**

8.6 Management discussion and analysis

4Q 2014 (unaudited)

The Group recorded an EBITDAx (EBITDA adjusted for exploration expenses) from continuing operations of USD 1.2 million in 4Q 2014 (4Q 2013: 10.6 million) on operating revenues of USD 8.1 million (4Q 2013: USD 11.6 million). The decrease in revenues and EBITDAx primarily results from the fall in the oil price and production and the recognition of one off income in 2013. Net income from continuing operations amounted to USD 4.7 million, and net loss from discontinued operations (Peru) amounted to USD 0.1 million. Comprehensive net income amounted to USD 4.5 million.

In 4Q 2014, the Group's oil production from continuing operations (Colombia) declined by 15% year on year to 1,484 boe/day, as no new wells were drilled in 2014. Including the Peru assets (discontinued operations), production was down 32% y/y in 4Q 2014.

Full year 2014 (unaudited)

Working interest oil & gas production after royalties fell from 2,811 barrels per day in 2013 to 2,593 barrels pr day in 2014. Production from Colombia (continuing operations) increased from 1,470 barrels per day in 2013 to 1,598 barrels pr day in 2014. The average oil price fell from USD 103 per barrel in 2013 to USD 95 in 2014. Interoil revenues from continuing operation fell from USD 44 million to USD 41 million.

In 2014, The Group recorded an EBITDA adjusted for exploration expenses of USD 19.0 million from continuing operations, exploration expenses of USD 13.2 million and a net loss of USD 0.5 million. Peru (discontinued operations) had a net contribution of USD 6.4 million, giving a comprehensive net income of USD 5.8 million. In 2013, comprehensive net income was USD 19.0 million, and the decline in 2014 was primarily a result of higher exploration costs and 26% lower production in Peru.

The Group generated operating cash flows of USD 3.2 million down from USD 10.9 million in 2013, driven by higher exploration expenses. Cash flow from investments amounted to USD 0 for the year, on the back of a reversal of past capex in Colombia of USD 1.4 million, offset by USD 1.4 million in capex relating to the operational improvement projects in Colombia. The limited amount of investments in 2014 was a result of the financial challenges the company was facing during the year driven by a heavy debt burden. In 2013, cash flow from investments amounted to USD 18.2 million as a result of the drilling program at Puli-C. Financing cash flows were negative USD 2.3

million in 2014, reflecting interest payments of USD 6.7 million offset by an increase in interest-bearing debt of USD 4.4 million. In 2013, financing cash flow amounted to USD 13.4 million as issuance of new shares and more than offset a reduction in net debt and interest payments. Net cash flow was USD 0.9 million positive for 2014.

All the exploration costs for 2014 were associated with activities on LLA-47 (seismic acquisition of 350 square kilometers, and studies for the licensing process in this same block).

The non-current assets of USD 44.8 mill relate to fixed assets in Colombia. The Group had USD 17.3 million in cash at the end of 2014, of which USD 6.5 million were restricted. Restricted cash related to the bond loan was USD 1.7 million, while the rest mainly relates to cash collateral for guarantees in Colombia. Total assets was USD 67.2 million at year end 2014, compared with USD 85.0 million at year end 2013. The decline was due to the sale of the Peru operations.

As of 31st December, the book equity was negative USD 4.9 million.

The Group's current liabilities of USD 69.5 million relates to current interest bearing liabilities of USD 60.5 million and trade and other payables/provisions of USD 9 million. The bond loan of USD 40.8 million, the debt to Proseis AG of USD 5.7 million and the secured bank loan in Colombia of USD 11.3 million were all classified as current. No default has been declared, but due to technical breaches of covenants as at 31 December 2014, the classification is in accordance with IFRS.

In November 2014 the Group transferred ownership of its Peruvian operations to United Oilfield Colombia Inc. The transaction allowed Interoil to discontinue its business in Peru in an orderly fashion without any material impact on its liquidity or financial position. As previously communicated, Interoil would not be qualified to continue as an operator in Peru or be able to repatriate any additional cash from Peru, and the business therefore did not represent any value for the company.

Following the sale in Peru, all Interoil’s exploration and production assets are in Colombia. Key assets include the Puli-C and Altair producing fields and the LLA-47 license, all in prolific onshore hydrocarbon provinces in the country. In December the Puli-C field produced around 1,550 barrels of oil equivalents per day net to the Group, but requires new investments to maintain output at current levels.

Full year 2013 (audited)

Working interest oil and gas production after royalties fell from 3,150 barrels per day in 2012 to 2,811 barrels pr day in 2013. With the average oil price also falling from USD 107 per barrel in 2012 to USD 103 in 2013, revenues fell from USD 118 million in 2012 to USD 97.

EBITDA adjusted for exploration expenses reached USD 57 million in 2013 against USD 69 million in 2012.

Depreciation charges reached USD 7 million in 2013, down from USD 41 million in 2012. In addition, an impairment charge of USD 45 million was recorded in 2012. The reduction in depreciation and impairment is explained by the full write down of all assets in Peru in 2012.

As a result, the Group recorded an operating profit of USD 46 million for 2013 against an operating loss of USD 17 million in 2012.

The Group recorded net financial expenses of USD 7 million, mainly caused by interest expenses of USD 10 million, offset by exchange rate gains.

The Group reported a net profit for the year of USD 19 million, against a net loss of USD 24 million in 2012.

All the exploration costs for 2013 were associated with activities on LLA-47.

Total assets amounted to USD 85 million, compared to USD 65 million in 2012. The increase is mainly a result of PP&E increasing on the back of higher capex spending, and a higher cash balance. Cash at end of the year was USD 16 million, of which USD 5 million was restricted under our loan agreements with bondholders and Colpatria Bank in Colombia.

As of end of the year 2013, the Group had interest-bearing debts of USD 65 million, of which USD 49 million was related to the NOK bond loan. USD 11 million was related to loans in Colombia while the Group had a debt of USD 6 million for the final installment on the Interoil E&P Switzerland AG acquisition, completed in 2006.

Operating cash flows for the year reached USD 11 million against USD 39 million in 2012. The reduction reflects improvements to working capital of USD 15 million and repayment of tax debt of USD 5 million.

Total capex for the year was USD 18 million, against USD 11 million in 2012.

Cash flows from financing activities amounted to USD 13 million. The net proceeds from the private placement of USD 33 million were offset by interest expenses of USD 10 million and debt repayments of USD 10 million.

Total change in cash for the year was USD 6 million, against USD 13 million in 2012.

Full year 2012 (audited)

Working interest oil and gas production after royalties fell from 4,028 barrels per day in 2011 to 3,150 barrels pr day 2012. This caused revenues to fall from USD 148 million in 2011 to USD 118 in 2012 in spite of increase in average oil price from USD 105 per barrel in 2011 to 107 per barrel in 2012.

EBITDA for the year reached USD 69 million against USD 99 million in 2011, a 30% decrease.

Depreciation and impairment increased by USD 42 million, to USD 86 million for the year, which was a direct result of the changes in Proven Reserves as per year end 2012. Interoil could not book reserves in Peru for the force majeure period until a final resolution was granted by the courts. As a consequence, Interoil Peru was required to write down all oil assets to zero as of year-end 2012. This resulted in a depreciation and impairment charge in Q4 of USD 54 million. As a result, operating profit was reduced from USD 55 million in 2011 to a loss of USD -17 million in 2012.

The Group recorded net financial expenses of USD 15 million, mainly caused by interest expenses of USD 12 million.

The Group reported a net loss for the year of USD 24 million, against a net profit of USD 9 million in 2011.

As of end of the year 2012, the Group had total debts of USD 97 million. Interest-bearing debt amounted to USD 75 million, down from USD 99 million one year prior. The Group had a debt of USD 6 million for the final installment on the Interoil E&P Switzerland AG acquisition, overdue supplier debt of approximately USD 12 million as well as other overdue liabilities of USD 5 million.

The Group also had a USD 4 million liability connected to the oil price hedge contract in Colombia, down from USD 26 million in 2011.

Operating cash flows for the year reached USD 39 million against USD 66 million in 2011. The reduction reflects a 25% decrease in production due to insufficient investments and adverse working capital changes. Total capex for the year was USD 11 million, down from USD 16 million in 2011.

Cash flows from financing activities included interest expenses of USD 12 million, debt repayments of USD 51 million off-set by new debts raised of USD 21 million.

Total cash for the year decreased by USD 13 million, against a USD 3 million increase in 2011.

The Group's total assets as of 31 December 2012 amounted to USD 65 million (2011: USD 161 million) after a depreciation and impairment charge in 2012 of USD 86 million. The Peruvian oil assets, which were based on reserves, were valued at zero, as no reserves can be booked until a formal license extension has been awarded. Total cash and cash equivalents were USD 10 million (2011: USD 24 million), of which USD 6 million was restricted (2011: USD 14 million). As at 31 December 2012 the Group’s book equity is negative USD 63 million (2011: USD -39 million negative).

However, Gaffney, Cline & Associates evaluated Interoil's Proven and Probable Reserves in Colombia and calculated that the net present value of the company's assets exceeded all liabilities in the group. In addition, Interoil Peru continued to operate under the force majeure court injunction, while working to secure a long term license extension, which would significantly increase reserves and asset values.

Furthermore, since year-end 2012, The Group's financial and equity position was strengthened, through the implementation of an overhead cost reduction program, targeting annual savings of USD 10 million, as well as the completed USD 35 million equity issue.

As of December 31, 2012 the Group's liquidity situation was stressed and total debt high compared to book equity and the market capitalization. This situation was remedied through the equity issue and extended bond loan maturities, completed in March 2013.

Full year 2011

Despite a flat production in 2011 compared to 2010, revenues increased by 41% to USD 148 million due to a higher realized oil price.

EBITDA for the year reached USD 99 million against USD 58 million in 2010, a 71% increase.

Depreciation & Amortization increased by USD 12 million, to USD 42 million for the year, which was a direct result of the changes in Proven Reserves as per year end 2011. The reduction in Proven Reserves was attributable to the lower than anticipated investments during the year. The Group also made a full impairment charge for the assets in Ghana, in the amount of USD 2 million. As a result, operating profit grew from USD 19 million in 2010 to USD 55 million in 2011.

The Group recorded net financial expenses of USD 25 million, mainly caused by interest expenses of USD 14 million and net expenses related to the oil price hedge contracts of USD 7 million.

The Group reported a net profit for the year of USD 9 million, against a net loss of USD 49 million in 2010.

Total assets amounted to USD 161 million, compared to USD 183 million in 2010. The decline was a result of PP&E falling from USD 143 million in 2010 to USD 117 million in 2011, on the back of lower capex spending and higher depreciation charges. Cash at end of the year was USD 24 million, of which USD 14 million was restricted under the Group's loan agreements with bondholders and Citibank in Peru and Colombia.

As of end of the year 2011, the Group had USD 99 million of interest-bearing debt, down from USD 130 million one year prior. The Group had a USD 26 million liability connected to the oil price hedge contracts, down from USD 36 million in 2010.

Operating cash flows for the year reached USD 66 million against USD 41 million in 2010. The increase was driven by a higher realised oil price. Total capex for the year was USD 16 million, down from USD 29 million in 2010 due to a reduction in the number of wells drilled from 16 in 2010 to 9 in 2011. As a result, the Group generated free cash flows of USD 50 million for the year, against USD 13 million in 2010.

Cash flows from financing activities included interest expenses of USD 14 million and net repayments of debt of USD 34 million.

Total change in cash for the year was USD 3 million, against USD 8 million in 2010.

8.7 Investments

Historical investments

The table below gives an overview of investments made during the last 4 accounting years. The investments are mainly connected to the drilling of wells, development of assets and expenditures for office and production facilities to develop and produce the reserves and resources described in section 5.5. The investments are represented as capital expenditures in the financial statements.

Amounts in USD 1 000	2014	2013	2012	2011
	(Unaudited)	(Audited)	(Audited)	(Audited)
Cash flows from investing activities				
Investments in exploration, production and other assets	-9	-18 192	-11 256	-15 994
Interest received	26	15	105	12
Net cash used in investing activities	**-17**	**-18 177**	**-11 151**	**-15 982**

No material investments have been made since the balance sheet date as of 31.12.14 till the date of the Prospectus.

Full year 2014
Investments for 2014 amounted to 0 for the year, on the back of a reversal of past capex in Colombia of USD 1.4 million, offset by USD 1.4 million in capex relating to the operational improvement projects in Colombia. Seismic acquisition cost and related studies for LLA-47 amounts to USD 14 million for 2013 and 2014, and is expensed as exploration cost.

Full year 2013
Investments/Capitalized expenditures in 2013 were USD 18.2 million, whereof the majority related to drilling of 12 wells at the Puli C block in Colombia.

Full year 2012
In Q2 2012, the company drilled one exploration well in Colombia and three production wells in Peru, all of which yielded unsatisfactory results. Interoil had total capital expenditures of USD 11.3 million for the full year, the lowest level since 2005.

Full year 2011
Investments/capitalized expenditures in 2011 were USD 15.9 million, whereof USD 9.4 million is related to work over projects and the drilling of new wells on the San Luis field in Block III in Peru. The remaining USD 6.5 million is mainly connected to the 2011 drilling campaign on the Mana license in Colombia.

Principal investments in progress

Interoil did not incur any principal investments in Q4 2014, and there are currently no principal investments in progress. Minor investments may be incurred in order to stabilize production in Colombia and certain investments related to the LLA-47 exploration license in Colombia may have to be incurred within the next months.

The investments in Colombia are financed by cash flow generated by the activities of the Group.

Principal future investments

The Group has investment commitments on the LLA-47 exploration license in Colombia, of approximately between USD 18 and 20 million, from 2015 until October 2016, which is related to drilling of 8 wells each costing approximately USD 2.5 million to USD 3 million. At the COR-6 license, Interoil had investment obligations of USD 22 million to be completed by November 2014. However, due to environmental and in particular community issues, the investment obligations were not met and the Group is currently in discussions with ANH regarding the future work on the block and its technical prospects. Meanwhile, no investments will be carried out on the block. At Altair, Interoil is obligated to drill one well by 31 October 2015 and the estimated costs are between USD 2.5 million and USD 3 million.

8.8 Significant changes after 31 December 2014

Other than as set out below, there have been no significant changes in the financial or trading position of the Group following 31 December 2014:

January 2015:

On 20 January the Group's bondholders approved the Restructuring and an extraordinary general meeting approved the Private Placement.

The Group announced that the required bank guarantee towards ANH in Colombia for USD 7.5 million was posted satisfactory without any need for cash collateral.

March 2015:
On 4 March 2015 a settlement agreement with Trayectoria regarding the assignment agreement for the rights of the exploration and production contracts for Altair and COR-6 was announced, and the arbitration process was terminated. Trayectoria will pay USD 4.0 million in four instalments as follows:

- 30 June 2015 US$ 500,000
- 30 September 2015 US$ 1,000,000
- 30 December 2015 US$ 1,000,000
- 30 March 2016 US$ 1,500,000

The payment is guaranteed by 5 tradable promissory notes.

8.9 Trend information

In 4Q 2014, the Group's oil production from continuing operations (Colombia) declined by 15% year on year to 1,484 boe/day. Including the Peru assets (discontinued operations), production was down 32% y/y in 4Q 2014. This, together with the decline in oil prices in 2H 2014, has had a substantial negative effect on revenues, profitability and cash flows. In 4Q 2014, revenues from continuing operations was down 30% y/y due to the lower production and oil price.

Since Q4 2014, production has decreased slightly (averaged 1,441 boe/day in January-February) and the realized oil price has increased slightly.

Besides the above, the Group has not experienced any changes or trends outside the ordinary course of business that are significant to the Group since 31 December 2014. The Company does not know of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company’s prospects for the current financial year. For information about the oil price development, please see Section 6.

8.10 Capitalization and indebtedness

Statement of capitalization and indebtedness

The table below discloses the Group’s consolidated capitalization and indebtedness as of 31 December 2014.

Capitalisation and indebtedness*	**As of 31 Dec 2014**
Amounts in USD 1 000	(Unaudited)
Current debt	
Guaranteed	
Secured(1)	52 002
Unguaranteed/ Unsecured	17 488
Total current debt	**69 490**
Non-current debt	
Guaranteed	
Secured(1)	
Unguaranteed/ Unsecured	2587
Total non-current debt	**2 587**
Shareholder's equity	
Share capital and share premium	123 901
Other paid-in equity	2 476
Retained earnings	-131 234
Total equity	**-4 857**
Total capitalisation and indebtedness	**67 220**

(1) The secured debt consists of a Senior Secured Bond Loan (2014: USD 41 million) with a pledge over the shares of UP Colombia Holding AS and a secured bank loan with Colpatria (2014: USD 11 million) with a pledge over the shares of Interoil Colombia Exploration and Production Inc. The Senior Secured Bond Loan and certain unsecured debt (2014: USD 6 million) were restructured in January 2015 with a portion of the debt converted into equity and a portion converted into a new bond of USD 32 million, maturing in January 2020.

** The company also has indirect or contingent indebtedness of USD 46.1 million related to litigation with PetroCarbon Investment SA (USD 40.5 million), environmental administrative investigations in Colombia (USD 1.6 million) and tax litigation procedures in Colombia (USD 4 million). Please see Section 11.1 for more details.*

Please see 8.11 for description of changes in capitalisation and indebtedness after 31 December 2014, following the Restructuring approved in January 2015.

The table below discloses the Group's consolidated net indebtedness in the short and medium long term:

Amounts in USD 1 000	As of 31 Dec 2014 (Unaudited)
A. Cash	17 336
B. Cash equivalent	
C. Trading securities	
D. Liquidity (A) + (B)+(C)	**17 336**
E. Current Financial Receivable	
F. Current Bank debt	14 069
G. Current portion of non current debt	
H. Other current financial debt - inclusive bonds	46 434
I. Current Financial Debt (F)+(G)+(H)	**60 503**
J. Net Current Financial Indebtedness (I)-(E)-(D)	**43 167**
K. Non current Bank loans	
L. Bonds Issued	
M. Other non current loans	
N. Non current Financial Indebtedness (K)+(L)+(M)	**0**
O. Net Financial Indebtedness (J)+(N)	**43 167**

The table below provides an overview of the sources and uses of funds for the Private Placement that has taken place after 31 December 2014. In addition to the numbers below and in conjunction with the private placement, the Group refinanced its debt whereby the debt was reduced by approximately NOK 120 million (equivalent to USD 16.2 million assuming a USD/NOK of 7.40) and the maturity was extended. The Group paid fees of approximately NOK 4 million related to this refinancing.

Amounts in 1000	**NOK**	**USD**
Sources		
Private Placement - cash	36 300	4 776
Total sources	**36 300**	**4 776**
Uses:		
Restructuring Private Placement fees	3 500	459
Increased working capital	32 800	4 317
Total uses	**36 300**	**4 776**

USD/NOK figures based on exchange rate of 7.6

The table below displays the repayment schedule for the Company's borrowings:

Amounts in USD 1000	**2015**	**2016**	**2017**	**2020**
Colpatria Loan USD 13,5 million	7 500	3 750		
Unsecured Loans Colombia*	2 819			
Senior Secured Bond Loan				32 000
TOTAL	**10 319**	**3 750**		**32 000**

* USD 2.8 million is a short term loan that Interoil expects to extended when it matures.*

As of 31.12.14 the group has bank deposits of USD 17.3 million, of which USD 6.5 million is classified as restricted. USD 1.7 million is placed as collateral for the bond loan, while most of the remaining amount is cash collateral for guarantees in Colombia. Bank deposits are mainly denominated in USD, NOK and COP. There are no material legal or economic restrictions on the ability to transfer funds within the Group in the form of cash dividends, loans or advances.

The company has no unused credit facilities.

The interest coverage ratio as of 31.12.14 is 2.3 (based on EBITDA adjusted for exploration expenses), and the equity ratio is negative 7.2% which is below the Group's objectives for managing capital. The equity issue and bond restructuring was initiated to improve the capital structure.

As of the date of the Prospectus, the Group has restricted cash of USD 4.5 million. In addition, the Group has approximately USD 11.8 million of cash on hand. The equity issue and Restructuring that were approved in January 2015 have strengthened the capital structure of the company and substantially improved liquidity.

8.11 Significant changes in capitalisation and indebtedness after 31 December 2014

As described in Section 4.2 Interoil has completed issuance of the Private Placement. The Private Placement is described in section 4. The company has no further capital needs other than the private placement. In addition to the Private Placement, the NOK 310 million bond loan and the USD 5.7 million debt due to Proseis were replaced with a new USD 32 million bond loan. This debt Restructuring resulted in Interoil reducing its debt by approximately NOK 120 million (equivalent to USD 16.2 million assuming a USD/NOK of 7.40).

8.12 Hedging

The Group did not hold any financial instruments for hedging purposes during 2014 or as of 31 December 2014, and does not hold any at the date of this Prospectus.

8.13 Borrowing requirements and funding structure

Senior Secured Bond Loan (ISIN NO 0010729908)**:**
A bondholder meeting held on 20 January 2015, approved a full refinancing of the old bond loan with ISIN NO 001 0584683 with the new Senior Secured Bond Loan as described in the Restructuring described in Section 4. The Restructuring was carried out to solve Interoil's financial challenges. Interoil is in compliance with the covenants in the new Senior Secured Bond Loan.

Interoil may redeem the bonds issued in the Senior Secured Bond Loan in whole or in part (on a pro rata basis) at any time from and including:

(i) the settlement date in January 2015 to, but not including, the Maturity date in January 2020 at a price equal to 105% plus accrued interest on redeemed amount.

All bonds, including but not limited to interests and expenses, are secured by:

(i) a first priority pledge over the shares (100%) held by Interoil in UP Colombia Holding AS;
(ii) unconditional and irrevocable guarantee from UP Colombia Holding AS;
(iii) a first priority assignment of Interoil's rights and receivables under intercompany loans made to any of its subsidiaries.

The loan agreement for the Senior Secured Bond Loan contains customary provisions with respect to matters such as covenants related to preservation of equity, security interst, restrictions on financial indebtedness, creation of security and provision of financial support, as well as covenants related to the hydrocarbon resources of Interoil.

The new Senior Secured Bond Loan has a size of USD 32.0 million and a fixed interest of 6.0% per annum.

Colpatria Loan USD 15.0 million

On 3 April 2014 the Group entered into a USD 15 million loan agreement with Banco Colpatria Cayman Inc. The loan bears an interest of LIBOR + 4.5 % per annum payable quarterly. The new loan matures in February 2016, and will be repaid in quarterly in-stalments ending on maturity date. The outstanding amount was USD 11.3 million as of 31 December 2014 and USD 9.4 million at the date of the Prospectus.

Interoil Colombia is in breach of the debt service coverage ratio at the end of 2014. The company has been informed by Colpatria that no default will be declared. Interoil is in discussions with Colpatria regarding refinancing the loan, including amending the covenants such that the company will be in compliance. The refinancing is not expected to raise any proceeds, but push the amortizations and maturity out in time.

Unsecured Loans Colombia
The Group has USD 2.8 million in short term unsecured debt raised through Banco de Occidente, maturing on 10 June 2015. The interest rate is DTF + 3.18%. DTF stands for Depósito a Término Fijo, and is calculated as the weighted averages of the interest rates on Certificates of Deposits offered by Colombian banks and financial institutions. As of 6 March 2015, the DTF rate was 4.5%.

8.14 Working capital statement

At the date of this Prospectus the Group does not have sufficient working capital for its present requirements for the next 12 months, nor for the foreseeable future. The Group's current estimate is that its current working capital will finance the Group until the end of 2015. For the sake of clarity, this assumes that none of the actions listed below are successfully completed.

The Group has to post a USD 10.5 million guarantee by the end of April 2015 related to investment commitments at LLA-47. Currently, the Group is in discussions with financial institutions regarding providing this guarantee without posting cash collateral and the Group has a high level of confidence that this can be achieved. If such a non-cash guarantee can be provided, the Group will be fully funded on a 12 month basis.

On a 19 month basis (by October 2016), the Group has commitments to drill 8 wells on the LLA-47 license with estimated cost of between USD 18 and 20 million. To partly fund these commitments and to be fully funded on a 19 month basis, the Group is analysing and pursuing available strategic options to secure additional financing including debt facilities and/or possible farm-out opportunities, which the Group is confident it will be able to secure. However, if additional financing cannot be secured, the Group estimates it faces a capital requirement of between USD 5 million and USD 10 million on a 19 month basis. In addition the Group will review and manage its current cost base.

In addition, the Group had investment obligations of USD22 million on the COR-6 license to be completed by November 2014. However, due to environmental and in particular community issues, it has not been possible for the Group to commence work on the license and is currently in discussions with ANH regarding these issues. Subject to the outcome of these discussions with ANH, which is uncertain at this point in time (both with respect to the result and timing), the Group may potentially be requested to put forward bank guarantees and carry out the USD22 million investment. In September 2014 ANH started a contract termination procedure that the Group has challenged on what it believes are valid legal grounds. This procedure is still on going and there is a possibility that ANH may make a decision to terminate the contract unless the Group puts forward the bank guarantee. However, the Group continues to engage in discussions with ANH and is reasonably confident that a satisfactory solution can be reached with ANH that will not require this commitment to be made in the immediate future.

If none of above mentioned actions can be completed, nor additional debt or equity or other form of finance secured, the Group may not be able to fund the committed investments on a 9-19 month basis in the event ANH requires the Group to fulfil its commitments following negotiations with the licensee. Accordingly, the Group may, subject to no other forms of financial support being made available, fall in default under these licenses.

8.15 The Company's auditor

The Company's auditor is Ernst & Young AS, Dronning Eufemias gate 6, Oslo Atrium, PO Box 20, 0051 Oslo. The audit partners of Ernst & Young AS are members of the Norwegian Institute of Public Accountants.

The Auditor's report for 2013 is included in the Company's Annual Report of 2013 as well as the Auditors reports for 2012 and 2011 are included in the respective Annual Reports, incorporated by reference in this Prospectus. See section 13.2 for documents incorporated by reference.

The audit reports for the 2013 and 2012 were clean with no emphasis of matters.

The auditor report of 2011 stated the following:

"Without qualifying out opinion, we draw attention to the Board of Directors Report and note 4 in the Group's financial statements, which indicate that there is significant doubt about the ability to continue as a going concern. We emphasise that the financial statements do not reflect the impairment charges or accruals for expenses that could occur if The Company is liquidated or assets are sold in a distressed situation."

In the company's opinion, the background for the above statements were, inter alia, the fact that the Group had negative equity as at 31 December 2010 and 2011, a stressed liquidity situation and was in breach of certain covenants under the loan agreements with Citibank in Peru and Colombia. The statement specifically refers to note 3 and 4 in the 2010 Annual Report and note 4 in the 2011 Annual Report.

8.16 Treasury policy

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to Shareholders, return capital to Shareholders or issue Shares. The Group can, due to covenants in loan agreements, currently not pay a dividend or purchase own shares. The Group is continuously evaluating the capital structure with the aim of having an optimal mix of equity and debt capital to reduce the Group's cost of capital, and is monitoring the capital on the basis of its book equity ratio. The Company's excess funds will be used to make repayments on the bond loan

9 Share capital and Shareholder matters

9.1 Current share capital and Shares

The Company's registered share capital is NOK 32,345,157.25 consisting of 646 903 145 Shares each with a nominal value of NOK 0.05 fully paid and issued in accordance with the Norwegian Public Limited Companies Act.

The Shares of the Company are listed on Oslo Børs (with the exception of the Private Placement Shares as mentioned in section 4.4). All issued Shares are vested with equal shareholder rights in all respects. There is only one class of Shares and all Shares are freely transferable, however so that there are some restrictions on the transferability and trading on the Private Placement Shares (please see section 4.4).

The Shares have been issued under the Norwegian Public Limited Liability Companies Acts, and registered in book-entry form in the VPS under ISIN NO 0010284318.

The registrar for the Shares is DNB Bank ASA, Verdipapirservice, Dronning Eufemias gate 30, 0191 Oslo, Norway.

9.2 Outstanding authorisations

There are currently no outstanding authorisations to increase the share capital.

9.3 Share capital development for the last three financial years

Share capital development for the last three financial years

Date of resolution	Type of change in share capital	Number of shares after change	Par value (NOK)	Subscription price (NOK)	Share capital after change (NOK)
31.12.2011	**Closing balance**	**47,765,000**	**0.05**		**2,388,250**
31.12.2012	**Closing balance**	**47,765,000**	**0.05**		**2,388,250**
20.03.2013	Private placement	247,765,000	0.05	1.00	12,388,250
18.04.2013	Subsequent offering	251,903,145	0.05	1.00	12,595,157
31.12.2013	**Closing balance**	**251,903,145**	**0.05**		**12,595,157**
31.12.2014	**Closing balance**	**251,903,145**	**0.05**		**12,595,157**
21.01.2015	Private placement	646,903,145	0.05	0.11	32,345,157
	Date of prospectus	**646,903,145**	**0.05**		**32,345,157**

9.4 Shareholder structure and major Shareholders

The table below shows the 20 largest shareholders in Interoil as of 23 March 2015.

Share	Own.ship	Shareholder
330,000,000	51.01 %	Andes Energia PLC
65,000,000	10.05 %	Nordic Trustee ASA
5,183,875	0.80 %	THUNDER INVEST AS
4,434,809	0.69 %	DANSKE BANK A/S 3887 OPERATIONS SEC.
4,270,798	0.66 %	NORDNET PENSJONSFORS
4,152,333	0.64 %	TECHNOLOGY & PROCESS
4,028,739	0.62 %	NORDNET BANK AB
4,000,000	0.62 %	J&J INVESTMENT AS

3,700,700	0.57 %	MSCO Equity Firm Acc Morgan Stanley & Co.
3,416,000	0.53 %	RØDSET JOAKIM
3,147,707	0.49 %	ARNE HELLESTØ AS
2,850,806	0.44 %	HOVLAND RUNE
2,595,506	0.40 %	AVANZA BANK AB MEGLERKONTO
2,401,000	0.37 %	SANDQUIST PATRICIA RODRIGUES D
2,300,000	0.36 %	BURGER KENNETH
2,200,000	0.34 %	SUNNFJORD INVEST AS
2,007,000	0.31 %	BAKKE-ERICHSEN EYOLF
1,992,927	0.31 %	SOLTVEDT BJØRN INGE
1,739,750	0.27 %	Nordea Bank Danmark S/A NORDEA (DK) CCA
1,500,001	0.23 %	HANSSEN-MEDÅS ROY EVEN
450,921,951	**69.70 %**	

Each Share represents one vote in the Company's General Meeting, and none of the Company's major Shareholders have different voting rights (see section 9.12 below for further details). The major Shareholders of the Company are defined as holding more than 5 per cent of the share capital.

Shareholders owning five per cent or more of the Company have a notifiable interest in the Company's share capital according to the Norwegian securities law.

Following the Private Placement the following shareholders have disclosed more than 5% of the share capital based on the new number of shares outstanding after the Private Placement:

- Andes holds 330,000,000 shares equal to 51% of the share capital.
- Nordic Trustee on behalf of bondholders holds 65,000,000 shares equal to 10% of the share capital.

As Andes controls approximately 51% of the shares and votes in the Company, they will inter alia, by exercising its voting powers at the Company's general meeting, be able to resolve matters that may be made by the vote of a simple majority of the votes cast pursuant to law and the Company's articles of association, including the appointment of directors of the board. There are no measures in place to ensure that such control is not abused.

The Company is not aware of any other arrangements that may result in, prevent, or restrict a change of control of the Company. See section 9.16 for further details.

9.5 Own Shares

The Company has no own Shares.

9.6 Dividends

Dividend policy

The Company has been and still is in a phase involving considerable investments. The Company has a high focus on value creation and will have a dividend policy that will preserve the interests of the Company and its shareholders.

Interoil will strive to follow a dividend policy favourable to shareholders. This will be achieved by sound development and continuous growth. The Company aims to give shareholders a competitive return on capital relative to the underlying risk. Interoil's existing dividend policy is to retain earnings in order to maintain a sound equity ratio, liquidity reserve and secure funding of product development projects. Due to this Interoil does not anticipate paying cash dividends on a regular basis in the foreseeable future. The payment of future dividends will, among other things, depend on the Group's earnings, financial condition, investment requirements and rate of growth.

Interoil did not pay any dividend in the last three financial years.

Legal constraints on distribution of dividends

Dividends may be paid in cash or in some instances in kind. The Norwegian Public Limited Companies Act provides several constraints on the distribution of dividends:

- Pursuant to Section 8-1 of the Norwegian Public Limited Liability Companies Act the Company may only distribute dividend to the extent that the Company's net assets following the distribution covers (i) the Company's share capital, (ii) the reserve for valuation differences and (iii) the reserve for unrealized gains. In the amount that may be distributed, a deduction shall be made for the aggregate nominal value of treasury shares that the Company has purchased for ownership or as security before the balance day. It shall also be made a deduction for credit and collateral etc. according to Sections 8-7 to 8-10 from before the balance day which after these provisions shall lie within the scope of the funds the Company may distribute as dividend. It shall however not be made a deduction for credit and collateral etc. that is reimbursed or settled before the time of decision, or credit to a shareholder to the extent that the credit is settled by a netting in the dividend.

- The calculation of the distributable equity shall be made on the basis of the balance sheet in the approved annual accounts for the last fiscal year, however so that the registered share capital as of the date of the resolution to distribute dividend shall apply. Following the approval of the annual accounts for the last fiscal year, the General Meeting may also authorise the Board of Directors to declare dividend on the basis of the Company's annual accounts.

- Dividend may also be distributed by the General Meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date not further into the past than six months before the date of the General Meeting's resolution.

- Dividend may only be distributed to the extent that the Company after the distribution has a sound equity and liquidity.

The amount of dividends the Company can distribute is calculated on the basis of the parent Company's financial statements.

According to the Norwegian Public Limited Companies Act, there is no time limit after which entitlement to dividends lapses. Further, said Act contains no dividend restrictions or specific procedures for non-Norwegian resident shareholders. For a description of withholding tax on dividends that is applicable to non-Norwegian residents, see Section 10.

9.7 Warrants and other rights to acquire Shares

The Company has not issued any warrants or other rights to acquire Shares.

9.8 Bonus and Share scheme

Interoil has an incentive scheme for the Management and key personnel. The program is based on individual performance targets and key performance indicators. The collective and individual bonus schemes may in total constitute to around 50% of the base salary. The compensation structure and guidelines for executive Management and key employees are subject to annual review and approval by the Board of Directors.

The Group has a share-based payment agreement with the members of the Group Management or other key employees.

The stock option program has been designed to align the interest of the Group Management and other key personnel with those of the Company's stakeholders. Further, the Group Management and other key personnel is vital for the further development of the Company

9.9 Shareholder agreements and share options

The Company is not aware of any shareholder agreements between shareholders of the Company.

9.10 Transactions with related parties

Identification of related parties

The related parties of the Group are comprised of subsidiaries and members of the Board of Directors and key employees. Other related parties are defined by their ability, directly or indirectly, to control the other party or exercise significant influence over the other party in the decision making process. Furthermore parties under common control or common significant influence are defined as related. All transactions between the related parties are based on the principle of "arm’s length" (estimated market value).

Historically the Company had consultancy agreements with board members and management. Descriptions are made in group note 10 to the Annual Report for 2013. Transactions with subsidiaries are mentioned in parent company note 13 and in the paragraph below, whilst the table below gives an overview.

As of 31 December 2014, intercompany receivables of USD 16.3 million (2013: 16.0 million, 2012: USD 3.4 million) were tested for impairment. For 2014 and 2013, no impairment charges were recognized at year end. Nevertheless impairment charges related to receivables from Interoil Exploration and Production AG, which was liquidated during 2013, USD 0.3 million were recognized. For 2012, the amount of provision was related to Interoil Exploration and Production Africa AS, USD 1.3 million and Interoil Exploration and Production Ghana AS, USD 0.7 million, in total USD 2.0 million. The increase in receivables from 31 December 2013 to 31 December 2014 is related to interest.

The Company received dividends of USD 10.0 million from Interoil Exploration and Production Latin America AS during 2014. Interoil Exploration and Production Latin America AS was sold in November 2014, and is no longer part of the Group.

The Company received group contribution of USD 11.3 million from Up Colombia Holding AS and USD 25.3 million from Interoil Exploration and Production Latin America AS for 2013. Shares in Interoil Colombia BVI and debt amounting to net USD 25.3 million were transferred to UP Colombia Holding AS as kind contribution as part of a restructuring of the Group. Thereafter the shares in UP Colombia Holding AS was transferred to the Company as a group contribution. The Company received group contribution of USD 91.4 million from Interoil Exploration and Production Latin America AS as of 31 December 2012.

Non-current intercompany receivables

Period ended 31 December, Amounts in USD 1 000

	2014	**2013**	**2012**
Interoil Switzerland Exploration and Production AG	0	0	201
Interoil Colombia Exploration and Production Inc.	707	707	1 186
Interoil Peru SA	0	336	0
Interoil Exploration and Production Africa AS	0	0	1 308
Interoil Exploration and Production Ghana AS	0	0	665
Interoil Peru Holding AS	3	4	0
Up Colombia Holding AS	15 633	14 950	0
Less; impairment of intercompany receivables	0	0	-1 972
Total non-current intercompany receivables	**16 343**	**15 997**	**1 388**

Non-current intercompany payables

Period ended 31 December, Amounts in USD 1 000

	2014	**2013**	**2012**
Interoil SA	0	0	109
Interoil LatinAmerica AS	0	0	18
Interoil Exploration and Production Latin America AS	0	0	15 126

Total non-current intercompany payables	**0**	**0**	**15 253**

For information on related party transaction for the years 2011 and 2012, reference is made to group note 11 and 12 and also parent company note 13 in the annual reports. All management contracts with former main shareholders, board members etc. were terminated as of 25 April 2013 (most of them terminated in 2012). As from 25 April 2013 and to the date of the Prospectus, there have been no related party transactions apart from inter-company transactions as described above.

9.11 General meetings

Under Norwegian law, a company's shareholders exercise supreme authority in the company through the general meeting.

A shareholder may attend the general meeting either in person or by proxy. Interoil has included a proxy form with summons to general meetings.

In accordance with Norwegian law, the annual general meeting of Interoil's shareholders is required to be held each year on or prior to 30 June. The following business must be transacted and decided at the Company's annual general meeting:

- Approval of the annual accounts and annual report, including the distribution of any dividend.
- Election of the Board of Directors.
- Any other business to be transacted at the general meeting by law or in accordance with Interoil's Articles of Association.

Norwegian law requires that written notice of general meetings are sent to all shareholders whose addresses are known at least three weeks prior to the date of the meeting, unless a company's articles of association stipulate a longer period. The Company's Articles do not include any such provision. The notice must set forth the time and date of the meeting and specify the agenda of the meeting. It must also name the person appointed by the Board of Directors to open the meeting.

A Shareholder is entitled to have an issue discussed at a general meeting if such Shareholder provides the Board of Directors with notice of the issue so that it can be included in the written notice of the general meeting.

In addition to the Company's annual general meeting, extraordinary general meetings of Shareholders may be held if deemed necessary by Interoil's Board of Directors. An extraordinary general meeting must also be convened for the consideration of specific matters at the written request of Interoil's auditors or Shareholders representing a total of at least 5 per cent of the share capital.

9.12 Voting rights

Unless a company's articles of association say otherwise, Norwegian law provides that each outstanding share shall represent a right to one vote. All of Interoil's Shares have an equal right to vote at general meetings. No voting rights can be exercised with respect to any treasury Shares held by a company.

In general, decisions that shareholders are entitled to make under Norwegian law or Interoil's Articles of Association may be made by a simple majority of the votes cast. In the case of elections, the persons who obtain the most votes cast are elected. However, certain decisions, including, but not limited to, resolutions to:

- Increase or reduce Interoil's share capital.
- Waive preferential rights in connection with any share issue.
- Approve a merger or demerger.
- Amend Interoil's Articles of Association.

Must receive the approval of at least two-thirds of the aggregate number of votes cast at the general meeting at which any such action is before the Shareholders for approval, as well as at least two-thirds of the share capital represented at the meeting. There are no quorum requirements for general meetings.

In general, in order to be entitled to vote, a Shareholder must be registered as the owner of Shares in the share register kept by the Norwegian Central Securities Depository, VPS, or, alternatively, report and show evidence of the Shareholder's Share acquisition to Interoil prior to the general meeting. Under Norwegian law, a beneficial owner of shares registered through a VPS-registered nominee is probably not able to vote for the beneficial owner's shares unless ownership is re-registered in the name of the beneficial owner prior to the relevant general meeting.

9.13 Amendments to Interoil's Articles of Association

The affirmative vote of two-thirds of the votes cast at a general meeting as well as at least two-thirds of the share capital represented at the meeting is required to amend Interoil's Articles of Association. Certain types of changes in the rights of Interoil's Shareholders require the consent of all Shareholders or 90 per cent of the votes cast at a general meeting.

9.14 Additional issuances and preferential rights

If Interoil issues any Shares, including bonus share issues (involving the issuance of Shares by a transfer from Interoil's share premium reserve or distributable equity to the share capital), Interoil's Articles of Association must be amended, which requires a two-thirds majority of the votes cast at a general meeting of shareholders. In connection with an increase in Interoil's share capital by a subscription for Shares against cash contributions, Norwegian law provides Interoil's Shareholders with a preferential right to subscribe for the Shares on a pro rata basis in accordance with their then current shareholdings in Interoil.

The preferential rights to subscribe to an issue may be waived by a resolution in a general meeting passed by a two-thirds majority of the votes cast at a general meeting.

The general meeting may, with a vote as described above, authorise the Board of Directors to issue Shares. Such authorisation may be effective for a maximum of two years, and the par value of the Shares to be issued may not exceed 50 per cent of the nominal share capital as at the time the authorisation was granted. The preferential right to subscribe for Shares in consideration against cash may be set aside by the Board of Directors only if the authorisation includes such possibility for the Board of Directors.

During the issue of Shares to Shareholders who are citizens or residents of the United States in a preferential rights issue, Interoil may be required to file a registration statement in the United States under U.S. securities laws. If Interoil decides not to file a registration statement, these holders may not be able to exercise their preferential rights.

Under Norwegian law, bonus shares may be issued, subject to shareholder approval and provided that, amongst other requirements, the company does not have an uncovered loss from a previous accounting year, by transfer from the company's distributable equity or from the company's share premium reserve. Any bonus issues may be affected either by issuing shares or by increasing the par value of the shares outstanding. If the increase in share capital is to take place by shares being issued, these shares must be allotted to the shareholders of the company in proportion to their current shareholdings in the company.

9.15 Minority rights

Norwegian law contains a number of protections for minority shareholders against oppression by the majority, including but not limited to those described in this and preceding paragraphs. Any shareholder may petition the courts to have a decision of Interoil's Board of Directors or general meeting declared invalid on the grounds that it unreasonably favours certain Shareholders or third parties to the detriment of other Shareholders or Interoil itself. In certain grave circumstances, Shareholders may require the courts to dissolve the Company as a result of such decisions. Shareholders holding in the aggregate 5 per cent or more of Interoil's share capital have a right to demand that Interoil holds an extraordinary general meeting to discuss or resolve specific matters. In addition, any Shareholder may demand that Interoil places an item on the agenda for any general meeting if Interoil is notified in time for such item to be included in the notice of the meeting.

9.16 Change of control

There are no provisions in the Articles of Association which would have an effect of delaying, deferring or preventing a change of control of Interoil, or which require disclosure of ownership above any thresholds. In section 9.21 is a description of the requirements under the Securities Trading Act for mandatory take-over bids.

It should be noted that the issued bond contain a change of control provision.

9.17 Public takeover bids

Following the Private Placement, Andes launched on 18 February 2015 a mandatory offer for all outstanding shares in the Company. The offer price was NOK 0.11 and following the expiry of the offer period on 18 March 2015, Andes announced that they had received acceptances for 42 176 Shares equal to 0.01% of the total share capital. Other than that, there has been no public takeover bid by a third party during the last financial year and the current financial year.

9.18 Rights of redemption and repurchase of Shares

The Company has not issued redeemable shares (i.e., shares redeemable without the shareholder's consent). The Company's share capital may be reduced by reducing the par value of the Shares. Such a decision requires the approval of two-thirds of the votes cast at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.
A Norwegian company may purchase its own shares if an authorisation for the board of directors of the company to do so has been given by the shareholders at a general meeting with the approval of at least two-thirds of the aggregate number of votes cast at the meeting. The aggregate par value of treasury shares so acquired and held by the Company is not permitted to exceed 10 per cent of the Company's share capital, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the shareholders at the general meeting cannot be given for a period exceeding 18 months.

9.19 Distribution of assets on liquidation

Under Norwegian law, a company may be wound-up by a resolution of the company's shareholders in a general meeting passed by the same vote as required with respect to amendments to the articles of association. The shares rank equally in the event of a return on capital by the company upon a winding-up or otherwise.

9.20 Articles of Association

The Company's Articles of Association are incorporated by reference in this Prospectus. The following is a summary of provisions of the Articles of Association some of which have not been addressed in the preceding discussions.

The Company's purpose according to its articles is 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, cf. article 3. The Company has one class of shares.

The Board of Directors consists of up to seven members. The articles of association do not provide for any rights, preferences and restrictions attaching to the Shares and do not lay down more significant conditions necessary to change the rights of shareholders than required under Norwegian law. The rights, preferences and restrictions attaching to the Shares are set out in the Public Limited Companies Act.

All Shares entitles the holder to one vote at the annual or extraordinary shareholders meeting. A shareholder may attend and vote in person or by proxy.

The articles of association do not lay down more significant conditions necessary to change the rights of shareholders than required by the Public Limited Companies Act. Under the Public Limited Companies Act, general meetings must be convened by written notice to all shareholders whose address is known. The notice must be sent at the latest two weeks before the date of the general meeting. The notice must set forth the time and date of the meeting and specify the agenda of the meeting. It must also name the person appointed by the Board of Directors to open the meeting. All shareholders who are registered in the register of shareholders maintained by the VPS, or have otherwise reported and proved an acquisition of Shares, are entitled to admission provided pre-registration has been received by the Company four days prior to the general meeting.

The articles of association do not contain any provisions as to the manner in which general meetings of the Company are called or as to the conditions of admission to general meetings.

There are no provisions in the articles of association which would have an effect of delaying, deferring or preventing a change of control of the Company, or which require disclosure of ownership above any thresholds.

The articles of association do not impose more stringent conditions for changing the capital of the Company than required by law.

9.21 Mandatory Offer Requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group who becomes the owner of shares representing more than 1/3 of the voting rights of a Norwegian company listed on a Norwegian regulated market to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in such company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares which together with the party's own shareholding represent more than 1/3 of the voting rights in the Company and the Oslo Stock Exchange decides that this must be regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation shall immediately notify the Oslo Stock Exchange and the Company accordingly. The notification shall state whether an offer will be made to acquire the remaining shares in the Company or whether a sale will take place. As a main rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by the Oslo Stock

Exchange before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. However, if it is clear that the market price was higher when the mandatory offer obligation was triggered, the offer price shall be at least as high as the market price. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, the Oslo Stock Exchange may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the Company, such as voting in a general meeting of shareholders, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise the right to dividend and his/her/its pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duties to make a mandatory offer, the Oslo Stock Exchange may impose a cumulative daily fine which runs until the circumstance has been rectified.

Any person, entity, or shareholder or consolidated group who has passed the relevant threshold for a mandatory offer obligation without triggering such an obligation, and who consequently has not previously made an offer for the remaining shares in the Company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the Company (subsequent offer obligation).

Any person, entity or consolidated group who represents more than 1/3 of the votes in a Norwegian company listed on a Norwegian regulated market is obliged to make an offer to purchase the remaining shares of the Company (repeated offer obligation) where the shareholder through acquisition becomes the owner of shares representing 40% or more of the votes in the Company. The same applies correspondingly where the shareholder through acquisition becomes the owner of shares representing 50% or more of the votes in the Company. The mandatory offer obligation ceases to apply if the shareholder sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Pursuant to the Norwegian Securities Trading Act and the Norwegian Securities Regulation of 29 June 2007 No. 876, the above mentioned rules also apply in part or in whole to acquisitions of shares in certain non-Norwegian companies whose shares are listed on a Norwegian regulated market.

9.22 Compulsory Acquisition

Pursuant to the Norwegian Public Limited Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing more than 90% of the total number of issued shares in a Norwegian public limited company, as well as more than 90% of the total voting rights, has a right, and each remaining minority shareholder of the Company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90 percent of the total number of issued shares, as well as more than 90% of the total voting rights, through a voluntary offer in accordance with the Norwegian Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer:

The compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer

The price offered per share is equal to or higher than what the offer price would have been in a mandatory offer

The settlement is guaranteed by a financial institution authorized to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90 percent of the voting shares of the offeree company and a corresponding proportion of the votes that can be cast in the general meeting, and the offeror pursuant to Section 4–25 of the Norwegian Public Limited Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price, absent specific reasons indicating another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

10 Norwegian taxation of Shareholders

10.1 Introduction

This subsection presents a brief outline of certain tax aspects under Norwegian law related to holding and disposal of shares in the Company. The presentation is based on Norwegian tax regulations in force as of the date of this Prospectus and describes the tax situation for Norwegian shareholders (shareholders with Norwegian tax domicile) and withholding tax for non-Norwegian shareholders (shareholders not having Norwegian tax domicile). The presentation does not concern tax issues for the Company.

The presentation does not include any information with respect to taxation in any other jurisdiction than Norway, and the presentation only focuses on the shareholder categories explicitly mentioned below. Hence, the presentation does i.a. not exhaustively cover the tax situation for non-Norwegian shareholders holding or disposing off shares in the Company through a Norwegian permanent establishment. Further, special rules, which are not mentioned below, may apply to shareholders which are transparent entities for tax purposes and for shareholders that have moved or will move out of Norway.

The presentation is of general nature and is not intended to be an exhaustive analysis of all possible tax aspects relating to shares in or dividends paid from the Company. Accordingly, prospective holders of shares in the Company should consult and rely upon their own tax advisors as to the consequences under the tax regulations of Norway and elsewhere.

The presentation is subject to any amendments to tax laws and regulations that may occur after the date of this Prospectus, including any retroactive enforcement.

Please note that for the purpose of this subsection, a reference to a Norwegian or foreign shareholder refers to the tax residency and not the nationality of the shareholder.

10.2 Norwegian shareholders

10.2.1 Taxation of dividends – Norwegian personal shareholders

Dividends distributed from the Company to Norwegian personal shareholders are taxable as ordinary income at a current rate of 27 per cent. However, this will only apply for dividends exceeding a calculated risk-free return on the investment (tax-free return), which thus is tax exempt.

The tax-free return is calculated annually for each share and is allocated to the owner of the share at the end of the year. The tax-free return is calculated on the basis of the shareholder's cost price on the share multiplied with a statutory risk-free interest. The risk-free interest is determined on the basis of interest on 3-months Treasury bills (Norwegian: "statskasseveksler"), as published by the Central Bank of Norway (Norwegian: Norges Bank), adjusted downwards by 27 per cent (i.e. after tax interest rate). The risk-free interest rate is calculated and announced by the Norwegian Tax Directorate in January in the year after the income year; i.e. the risk-free interest rate for 2014 was decided January 2014. For the income year 2014, the risk-free interest rate is set to 0,9 per cent.

If the actual distributed dividends for one year are less than the calculated tax-free return (calculated for each share), the surplus tax-free return can be carried forward to be set-off against dividends or capital gains on the same share for subsequent years (any surplus tax-free return on one share cannot be set-off against dividends or capital gains on other shares). Furthermore, any such surplus tax-free return will be added to the basis for calculating the annual tax-free return on the share for subsequent years.

10.2.2 Taxation of capital gains – Norwegian personal shareholders

Sale, redemption or other disposal of shares is considered as a realization for Norwegian tax purposes.

A capital gain or loss generated by a Norwegian personal shareholder through a realization of shares in the Company is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for computation of ordinary income in the year of realization. Ordinary income is taxable at a rate of 27 per cent. Gains are taxable and losses are deductible irrespective of the duration of the ownership and the number of shares owned and/or disposed of.

The gain or loss is calculated as net consideration for the share less the cost price (including cots related to the acquisition and disposal of the share) on the share and any surplus tax-free return on the share (as a result of non-utilization of the calculated annual tax-free returns at the time of disposal). However, any surplus tax-free return may only be deducted in order to reduce a capital gain, and not to produce or increase a loss, i.e. any unused allowance exceeding the capital gain upon the realisation of a share will be annulled. Further, any surplus tax-free return on one share cannot be set-off against gains on another share. Expenses and broker's commission at both the purchase (including the subscription for shares) and the sale of shares are deductible when calculating the capital gain or loss.

A FIFO (First in First Out) principle applies if shares are not acquired simultaneously.

10.2.3 Taxation of dividends and capital gains – Norwegian corporate shareholders

Capital gains generated by Norwegian corporate shareholders (limited liability companies and certain similar entities) through a realization of shares in the Company, are subject to the Norwegian participation exemption. Losses upon realisation and costs incurred in connection with the purchase and realisation of shares are not deductible for tax purposes. The participation exemption also applies to dividends distributed from the Company to Norwegian corporate shareholders. However, dividend distributed within a tax group is fully exempt.

3 per cent of the dividend that qualifies for the participation exemption will be included in the tax base and taxable at a rate of 27 per cent, implying a 0.81 per cent effective tax rate for Norwegian corporate shareholders on such dividend. Net losses on shares in the Company are not tax deductible for Norwegian corporate shareholders.

10.2.4 Net wealth tax

Norwegian corporations are exempt from net wealth taxation.

Norwegian personal shareholders are subject to net wealth tax. The marginal net wealth tax rate is currently 0.85 per cent. When calculating the net wealth tax base, shares in listed companies are valued to the shares' quoted value as of 1st of January in the assessment year, i.e. the year following the income year.

10.3 Foreign shareholders – Norwegian taxation

10.3.1 Withholding tax on dividends

Dividends distributed from the Company to non-Norwegian shareholders (personal and corporate shareholders) not resident in Norway for tax purposes, are generally subject to Norwegian withholding tax. The general withholding tax rate on dividends is 25 per cent, but the rate may be reduced if a tax treaty applies.

Dividends distributed to non-Norwegian shareholders that are regarded as equivalent to Norwegian limited liability companies (and certain other entities) and resident within the EEA for tax purposes, are exempt from Norwegian withholding tax, provided that the shareholder is the beneficial owner of the shares and that the shareholder is actually established and carries on genuine economic activities within an EEA member state. Special documentation requirements may apply in this respect.

Personal shareholders resident in an EEA member state may claim that a tax-free return is calculated and applied in the same way as for Norwegian personal shareholders, cf. above. However, the tax-free return does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower withholding tax on the dividends than the withholding tax rate of 25 per cent less the tax-free return. Any tax-free return is only available upon application, and any refund is given after the end of the income year.

Non-Norwegian shareholders that have been subject to a higher withholding tax than set out in an applicable tax treaty or the Norwegian Tax Act may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Different provisions apply if shares in the Company are held by non-Norwegian shareholders in connection with a business (e.g. a permanent establishment) liable to taxation in Norway..

10.3.2 The Company's responsibility for the withholding of taxes

Non-Norwegian shareholders subject to withholding tax on dividends from the Company are subject to advance tax payment. The Company is responsible for the withholding of all tax that is levied on dividends to foreign shareholders and to report and pay in the withholding tax.

10.3.3 Capital gains

Non-Norwegian personal and corporate shareholders are not subject to Norwegian tax on capital gains generated through realization of shares in the Company. However, tax liability in Norway may arise if (i) the shares are held in respect of a business (e.g. a permanent establishment) liable to taxation in Norway; or (ii) in the case of personal shareholders, the person has previously been tax domiciled in Norway.

10.3.4 Net Wealth Tax

Non-Norwegian shareholders are, at the outset, not subject to Norwegian net wealth tax. Foreign personal shareholders may, however, be subject to net wealth tax if holding the shares in connection with a business (e.g. a permanent establishment) liable to taxation in Norway.

10.4 Duties on transfer of shares

No stamp duty or similar duties are currently imposed in Norway on the transfer or issuance of shares in the Company, neither on acquisition nor disposal.

10.5 Inheritance tax

As of 1 January 2014, the inheritance tax ceased in Norway. Hence, transfer of shares is not subject to inheritance tax. However the receiver of the shares is taxed in the same manner as transferor on disposal of shares.

11 Legal matters

11.1 Legal proceedings

Except as described below, there are no and there have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware), during a period covering at least the previous 12 months which could have, or have had in the recent past, significant effects on the Company and/or the Group and/or our financial position or profitability.

Litigation – PetroCarbon Investment SA

On 11 June 2013, the Company received a payment claim of USD 40.5 million on behalf of PetroCarbon Investment SA ("**PetroCarbon**"), a company owned by Jamie Mur Campoverde, the former director and acting general manager of Interoil Peru. On 13 June 2013, the Company filed a writ to Oslo District Court disputing the claim. PetroCarbon submitted a promissory note related to an intercompany loan agreement between Interoil Peru SA (as borrower) and Interoil Exploration and Production Latin America AS ("**LATAM**"), which allegedly transferred the loan from Interoil Peru to PetroCarbon Invest, and the Company allegedly acted as guarantor for the claim. The promissory note had the State of New York as legal venue. The Company and LATAM disputed the existence of the promissory note, and claimed that PetroCarbon is unauthorized to dispose of or recover the claim against LATAM. On 14 February 2014, the Oslo District Court concluded that Norwegian courts are the correct legal venue for the dispute. The court concluded preliminarily that there is a clear presumption that the promissory note is invalid/false. The ruling has not been appealed. The main hearing, where the Oslo District court will address the validity of the promissory note, is expected to take place in April 2015.

Tax audit - Norway

Norwegian tax authorities have completed an audit of LATAM. The report concludes that Norwegian tax authorities shall tax all dividends paid from Interoil Colombia Exploration and Production Inc (BVI) for the years 2007-2008 and 2012. The Company has challenged the authorities position, and intends to evidence that dividend paid from the BVI-entity is directly linked to the profit and taxes in the Colombian branch, where Interoil has already paid 33% tax on the dividend paid. The Company will continue to handle the case, despite the sale of LATAM (see below under 11.2). If taxes are levied, the Company expects that it can be offset against loss carried forward in the Company, and will thus have no tax effect.

Environmental administrative investigations

The environmental authorities in Colombia, Cortolima, is currently reviewing a case against Interoil Colombia regarding alleged contamination of the Opia river due to washing a water vehicle and oil spots. The sanction may vary between verbal sanction to a USD 1.6 million fine. As Interoil Colombia does not have previous environmental sanction record, it is low probability that there will be any material sanctions. Further, Interoil is of the opinion that the oil spots are due to natural hydrocarbons swipe.

Arbitration – Trayectorya Oil & Gas

In February 2013, Interoil Colombia signed an assignment agreement with Trayectoria Oil & Gas ("TOG"), to sell Interoil's interest Altair and Cor-6 exploration licenses in Colombia. TOG was in breach of the contract and Interoil initiated an arbitration process against TOG to claim damages. The parties reached a settlement in March 2015 and the parties have requested that the arbitration proceedings are terminated. Interoil and TOG have entered into a settlement agreement under which TOG will pay Interoil USD 4,000,000 in four instalments as follows:

30 June 2015	USD 500,000
30 September 2015	USD 1,000,000
30 December 2015	USD 1,000,000
30 March 2016	USD 1,500,000

The payment is guaranteed by 5 tradable promissory notes totalling US$ 5,200,000. Interoil can in the event one or more instalments are not paid execute the promissory notes.

Tax Litigation Procedures – Colombian tax department

The Colombian tax authorities, DIAN, has opened an audit of 2011 related to income tax submitted by Interoil Colombia. DIAN does not accept the transfer pricing principles used. Interoil Colombia has previously chosen to settle a similar claim from DIAN related to 2006-2008, based on legal advice given by tax counsel and an amnesty granted by the Colombian government. No formal claim related to 2011 has been presented by DIAN, and Interoil Colombia has disputed DIAN's position. If DIAN chose to confirm its claim, Interoil will appeal DIAN's decision. The contingency related to this matter is USD 4 million (included potential fines).

Termination resolutions – Colombia

In October 2014, Interoil Colombia received notice from the National Agency of Hydrocarbons in Colombia ("**ANH**") that it is considering to terminate the two licenses LLA-47 and Cor-6, unless the necessary bank guarantees are provided for its existing exploration commitments on the two blocks.

In relation to Cor-6, Interoil Colombia is committed to acquire 150 km² of 3D seismic and to drill two exploration wells during the initial exploration phase of 36 months. Estimated cost is USD 10 million and USD 12 million respectively. Additionally, the Colombian branch is obligated to have in place a USD 16.6 million bank guarantee for the investment commitments. The company currently has a USD 600,000 bank guarantee in place for these commitments. According to the license contract, the seismic and wells should have been finalized within November 2014. Interoil is thus not compliant with the guarantee commitments nor the work program under the license agreement. However, the Company is in negotiations with ANH about the environmental and community issues on the block. Meanwhile, Interoil will not make any investments under the Cor-6 license.

In relation to LLA-47, Interoil has completed its obligation to acquire 350 km² of 3D seismic. Interoil is still obligated to drill eight exploration wells before October 2016. The estimated cost is between USD 18 and 20 million. Interoil Colombia is further required to have in place a bank guarantee amounting to USD 10.8 million for investment commitments in LLA-47. In January 2015, the required guarantee was provided, and thus Interoil considers itself to be compliant with the license terms for LLA-47. In April 2015, Interoil Colombia will be required to post an additional of USD 10.5 million bank guarantee. From the drilling of the second well in LLA-47, the guarantee will be reduced with amount corresponding to the investment commitments per well.

Labor proceedings

In Colombia there are also a couple of claims from third party employees regarding certain social security contributions and indemnification for disability by virtue of work accidents. As there is a lack of legal relationship between the plaintiff and the company. There are also certain claims from former employees against Interoil Colombia, however, the claims are of limited size.

11.2 Material contracts

The Company has not entered into any material contract, other than contracts entered into in the ordinary course of business, to which we are party, for the three years immediately preceding publication of this Prospectus as well any other contract (not being a contract entered into in the ordinary course of business) entered into by us which contains any provision under which we have any obligation or entitlement that is material to us as at the date of this Prospectus.

Divestment of Interoil Peru SA

In November 2014, the Company divested its Peruvian assets by selling the Norwegian holding company, LATAM to United Oilfield Colombia Inc. ("**UOC**"). The Company still have an exposure to a parent company guarantee issued to secure certain work obligations under the license agreements for blocks III and IV. These obligations are secured under a back-to-back arrangement with UOC. Interoil and LATAM will both continue to be parties to a litigation against PetroCarbon Investment SA (see above under 11.1). LATAM is also involved in a tax case (see above under 11.1) against LATAM's tax obligations in Norway. Although not expected to have any cash effects, these tax issues may have an impact on IOX by that carried forward tax losses could be reduced. The Company will manage both the tax case and the case against PetroCarbon Investment SA and cover costs related to advisors involved with these cases.

Loan agreements

In addition, the loan agreements discussed in section 8.13 are material to the Company.

12 Definitions and glossary of terms

Andes	Andes Energia Plc
Articles of Association	Interoil Exploration and Production ASA's articles of association
Barrel	159 litres, a measuring unit for volume
Bbl	Barrels of oil
Bboe	Billion barrels of oil equivalent
Bcf	Billion cubic feet
Board of Directors or Board	Board of Directors in Interoil
boe	Barrels of oil equivalent
boepd	Barrels of oil equivalent per day
COP	Colombian peso
Company	Interoil Exploration and Production ASA
EBITDA	Earnings before interest, tax, depreciation and amortisation
E&P	Exploration and production
GDP	Gross domestic product
Group	Interoil Exploration and Production ASA with subsidiaries
HSE	Health, safety and environment
IEA	International Energy Agency
IFRS	International Financial Reporting Standards, issued by the IASB
Interoil or the Company	Interoil Exploration and Production ASA, registered with the Norwegian Register of Business Enterprises under the organisation number 988 247 006
ISIN	International Securities Identification Number
Manager	Pareto Securities
mmbbl	Million barrels of oil
mmboe	Million barrels of oil equivalent
mmcf	Million cubic feet of gas
NOK	Norwegian kroner
NYMEX	New York Mercantile Exchange
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of Petroleum Exporting Countries
Oslo Børs	Oslo Børs ASA (Oslo Stock Exchange)
Parent Company	Interoil Exploration and Production ASA
PDO	Plan for development and operations
PEN	Peruvian Nuevo Sol (Peruvian currency)
Prospectus	This Prospectus dated 25 March 2015
Private Placement	The Private Placement of 395,000,000 Shares directed towards Andes Energia plc and Nordic Trustee ASA on behalf of bondholders.
Private Placement Shares	395,000,000 Shares issued in the Private Placement
Probable Reserves:	As approved by the Society of Petroleum Engineers (SPE) and the World Petroleum Congress (WPC) in March 1997, probable reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should at least be 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves.
Prospective Resources	As approved by the Society of Petroleum Engineers (SPE), the World Petroleum Congress "(WPC)" and the American Association of Petroleum Geologists (AAPG), prospective resources are those quantities of petroleum, which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations.
Proven Reserves:	As approved by the Society of Petroleum Engineers (SPE) and the World Petroleum Congress (WPC) in March 1997, proved reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic

	methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.
Restructuring	The restructuring of the Company's NOK 310 million bond loan and the USD 6.2 million debt relating to Proseis AG
Senior Secured Bond Loan	Bond loan issued by the Company under ISIN NO 0010729908
Shareholder	A shareholder in Interoil
Shares	"Shares" means shares of Interoil and "Share" means any one of them
US	United States of America
USD	US dollars
VPS	Verdipapirsentralen (Norwegian Central Securities Depository)
VPS account	An account with VPS for the registration of holdings of securities.
WTI	West Texas Intermediate oil price
1P	Proven reserves
2P	Proven and Probable reserves

13 Appendices and Documents on Display

13.1 Documents on Display

For the life of the Prospectus, the following documents (or copies thereof where applicable), may be inspected during usual business hours at the offices of the Company at Kronprinsens gate 17, 0251 Oslo, Norway. The documents are also available on the Company's website www.Interoil.no

- the Articles and Memorandum of Association of the Company
- Interoil's annual reports for 2013, 2012 and 2011
- Interoil's interim financial reports for the period 2011-2014
- Annual reports for 2013, 2012 and 2011 for major subsidiaries (not available on the website)
- 2014 Annual Statement of Reserves (including reserve statements from Gaffney, Cline & Associates) and
- the Company's Articles of Association

The Prospectus has been made publicly available at the below addresses:

The Company:

Interoil Exploration and Production ASA
Kronprinsens gate 170251 Oslo

13.2 Documents incorporated by reference

Section in Prospectus	Reference	Reference document and link	Page (P) in reference document
Section 9	Articles of Association	Articles of Association: http://www.interoil.no/?page_id=492	
Section 8	Unaudited interim report	Interim report for the three and twelve month periods ended 31 December 2014: http://hugin.info/137537/R/1897811/673783.pdf	
Section 8	The Company's audited annual report for 2011, 2012 and 2013 including an overview of the Company's accounting policy, explanatory notes, report on corporate governance and auditor's report.	Annual report 2011: http://hugin.info/137537/R/1613441/513786.pdf Annual report 2012: http://www.interoil.no/?page_id=492 Annual report 2013: http://hugin.info/137537/R/1781212/609363.pdf	
Section 5	Annual Statement of Reserves 2014 (including reserve statements from Gaffney, Cline & Associates)	Annual Statement of Reserves: http://www.newsweb.no/newsweb/attachment.do?name=Annual+Statement+of+Reserves+2014.pdf&attId=133263	

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