PROSPECTUS

Interoil Exploration and Production ASA

(a public limited liability company incorporated under the laws of Norway)

Listing of 15,821,851 Consideration Shares

Listing of 9,962,328 Consideration Shares II

This prospectus (the "**Prospectus**") relates to, and has been prepared by Interoil Exploration and Production ASA ("**Interoil**" or the "**Company**", and together with its subsidiaries, the "**Group**") in connection with i) the listing on Oslo Børs, a stock exchange operated by Oslo Børs ASA (the "**Oslo Stock Exchange**") of the 15,821,851 out of the 22,221,851 new Shares of the Company issued in connection with the Company's acquisition of petroleum concessions in Argentina, pursuant to a resolution by the Company's Board of Directors on 29 April 2019 (the "**Consideration Shares**"), which have not already been listed; ii) the listing on the Oslo Stock Exchange of 9,962,328 new Shares which will be issued pursuant to a resolution by the Company's Board of Directors on 25 June 2019 (the "**Consideration Shares II**")

This Prospectus does not constitute an offer or an invitation to buy, subscribe or sell the securities being admitted to trading described in the Prospectus and the Prospectus relates solely to the listing of the Consideration Shares and the Consideration Shares II.

Investing in the Company's shares (the "**Shares**"), involves a high degree of risk. See section 2 "Risk Factors".

The date of this Prospectus is 18 July 2019

IMPORTANT INFORMATION

This Prospectus has been prepared solely in connection with the listing of the Consideration Shares and the Consideration Shares II. 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, including Commission Regulation (EC) no. 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses, as amended, and as implemented in Norway (the "**Prospectus Directive**"). This Prospectus has been prepared solely in the English language. The Financial Supervisory Authority of Norway (*Norwegian: Finanstilsynet*) (the "**Norwegian FSA**") has reviewed and approved this Prospectus in accordance with Sections 7-7 and 7-8 of the Norwegian Securities Trading Act. The date of approval of the Prospectus is 18 July 2019. The Norwegian FSA has not controlled or approved the accuracy or completeness of the information included in this Prospectus. The approval by the Norwegian FSA only relates to the information included in accordance with pre-defined disclosure requirements. The Norwegian FSA has not verified or approved any corporate matters described in or referred to in this Prospectus.

For definitions of certain terms used throughout this Prospectus, see Section 16 "Definitions and Glossary of Terms".

The information contained in this Prospectus is current as at the date hereof and subject to change, completion and amendment without notice. In accordance with Section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment by investors of the Consideration Shares or the Consideration Shares II between the time of approval of this Prospectus by the Norwegian FSA and the listing of the Consideration Shares and the Consideration Shares II on the Oslo Stock Exchange, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus shall under any circumstances imply that there has been no change in the Company's affairs or that the information in this Prospectus is correct as at any date subsequent to the date of this Prospectus.

No person is authorised to give information or to make any representation concerning the Company or in connection with the listing of the Consideration Shares and Consideration Shares II, other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by the Company or by any of its affiliates, representatives or advisers.

No action has been or will be taken in any jurisdiction other than Norway by the Company that would permit the possession or distribution of this Prospectus, any documents relating to the Prospectus, or any amendment or supplement to the Prospectus, in any country or jurisdiction where this is unlawful or specific action for such purpose is required. The distribution of this Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus may come are required by the Company to inform themselves about and to observe such restrictions. The Company shall not be responsible or liable for any violation of such restrictions by prospective investors. The restrictions and limitations listed and described in the Prospectus are not exhaustive and other restrictions and limitations in relation to this Prospectus that are not known or identified at the date of this Prospectus may apply in various jurisdictions. This Prospectus serves as a listing prospectus as required by applicable laws and regulations only.

This Prospectus does not constitute an offer to buy, subscribe or sell any of the securities described in the Prospectus and no securities are being offered or sold pursuant to it.

The securities described herein have not been and will not be registered under the US Securities Act of 1933 as amended (the "**U.S. Securities Act**"), or with any securities authority of any state of the United States. Accordingly, the securities described in the Prospectus may not be offered, pledged, sold, resold, granted, delivered, allotted, taken up, or otherwise transferred, as applicable, in the United States, except in transactions that are exempt from, or in transactions not subject to, registration under the U.S. Securities Act and in compliance with any applicable state securities laws.

This Prospectus is subject to Norwegian law unless otherwise indicated in the Prospectus. Any dispute arising in respect of this Prospectus is subject to the exclusive jurisdiction of the Norwegian courts with Oslo District Court as legal venue in the first instance.

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) below. 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 an introduction to the Prospectus. 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 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	The Company is an independent oil & gas exploration and production company currently operating in Colombia and Argentina and headquartered in Oslo. The Company is engaged in the acquisition, exploration, development and operation of oil and natural gas properties. Interoil serves either as an operator or as an active license partner in a number of production and exploration assets in Colombia and Argentina. Interoil's portfolio consists of two producing licenses and two exploration licenses in Colombia and one exploration and two production concessions in Argentina. The licenses in Colombia have been acquired through company acquisitions and bid-rounds for licenses. The licences in Argentina were acquired through a share purchase agreement with the previous owner. The Company has oil production in Colombia and part of the Group's strategy is to use this position to extract value from its exploration licenses in Colombia and develop its recent acquisition in Argentina.
B.4a	Recent trends	By March 31 2019, the Group's oil working interest production from continuing operations (Colombia) decreased on average by 37% year on year to 785 boe/day[1]. Production of gas decreased 19.5% during the same period and sales of gas have decreased accordingly. Since 2014, oil prices declined to an absolute minimum in the beginning of 2016 and since then prices have recovered up to a level above USD 70 bbl during 2018, however the decrease in production, has had a negative effect on revenues, profitability and cash flows. During the 3 months period ended March 31 2019, revenues from continuing operations were 38% lower compared with same period of 2018 due to production declination and Vikingo operational difficulties. Besides the above, the Group has not experienced any changes or trends outside the ordinary course of business that are significant to the Group. 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 7.3.
B.5	Group	The Company is the parent company of the Group.

[1] New IFRS 15 requirements, from January 2018 requires partners participation not paid in kind to be recognized as revenue and cost separately (before net cost) this also effects comparability of net working production and sales figures with previous periods

B.6	Interests in the issuer's capital or voting rights	Each Share represents one vote at the Company's General Meeting and all of the Company's major Shareholders have the same voting rights. The major Shareholders of the Company are defined as those holding more than five 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. As of 16 July 2019, the Company has a total of 2472 registered shareholders in the VPS, of which the top 10 registered shareholders are listed below:

#	Shareholders	Number of Shares	Percent
1	Magnus Capital S.A	8,791,217	10.11506
2	Integra Oil and Gas S.A	7,777,648	8.94886
3	SIX SIS AG	6,700,155	7.70911
4	International Capital Markets Group	5,555,463	6.39204
5	NORDNET LIVSFORSIKRING AS	2,456,299	2.82619
6	Nordnet Bank AB	2,275,529	2.61819
7	Brie International Development Cor	2,222,185	2.55682
8	Citibank, N.A.	1,449,415	1.66768
9	Danske Bank A/S	1,012,980	1.16552
10	Saxo Bank A/S	801,015	0.92164

B.7 | Selected historical key financial information

Historical financial information for the Company for the years 2016, 2017, 2018 and for the three-months period ended 31 March 2019 and 2018 is presented below. The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and International Financial Reporting Interpretations Committee ("**IFRIC**") interpretations as adopted by the European Union (EU). The consolidated financial statements are presented in USD and 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 annual financial statements for the three years 2016, 2017 and 2018 are audited whereas the interim reports for first quarter of 2019 and 2018 are unaudited.

The Company's annual reports for the years 2018, 2017 and 2016, including the auditor's reports, as well as the interim financial statements for the three month periods ended 31 March 2019 and 2018, are incorporated by reference in section 15 of this Prospectus. The consolidated financial statements include the Company and all of its subsidiaries (together referred to as the "**Group**").

In 2018, 2017 and 2016 the Group comprised the Company based in Norway, the Company's subsidiaries incorporated in Norway and the British Virgin Islands and a branch in Colombia.

Consolidated Income Statement

Amounts in USD 1000	For the 3 months period ended 31 March 2019	For the 3 months period ended 31 March 2018	For the 12 months period ended 31 Dec 2018	For the 12 months period ended 31 Dec 2017	For the 12 months period ended 31 Dec 2016
Sales	3.826	6.156	21.318	16.602	15.083
Coat of goods sold	- 1.516	- 2.531	- 9.195	- 5.618	- 5.753
Depreciation	- 1.922	- 2.273	- 9.438	- 5.756	- 6.208
Gross Profit	**388**	**1.352**	**2.685**	**5.228**	**3.122**
Exploration Cost expensed	- 23	- 181	- 903	- 1.914	- 601
Adminitrative expense	- 902	- 766	- 5.702	- 4.230	- 4.863
Other Income	46	390	681	- 606	7
Result from operating activities	**- 491**	**795**	**- 3.239**	**- 1.522**	**- 2.335**
Finance income	235	40	1.337	651	1.906
Finance costs	- 1.186	- 1.267	- 4.280	- 4.008	- 5.070
Net Finance income (expense)	**- 951**	**- 1.227**	**- 2.943**	**- 3.357**	**- 3.164**
Profit (loss) before income tax	**- 1.442**	**- 432**	**- 6.182**	**- 4.879**	**- 5.499**
Income tax expense	- 218	153	- 983	- 825	787
Profit of the year	**- 1.660**	**- 279**	**- 7.165**	**- 5.704**	**- 4.712**
(Loss)/profit from discontinued operations	-	-	-	-	-
Profit of the period	**- 1.660**	**- 279**	**- 7.165**	**- 5.704**	**- 4.712**
Other comprehensive loss	-	-	- 7	15	- 32
Other comprehensive loss for teh period	**-**	**-**	**- 7**	**15**	**- 32**
Total comprehensive income for teh year	**- 1.660**	**- 279**	**- 7.172**	**- 5.689**	**- 4.744**
Attributable to:					
Equity holders of the parent	- 1.660	- 279	- 7.172	- 5.689	- 4.744
	- 1.660	**- 279**	**- 7.172**	**- 5.689**	**- 4.744**

Consolidated Statements of Financial Position

Amounts in USD 1000	As of 31 March 2019	As of 31 March 2018	As of 31 December 2018	As of 31 December 2017	As of 31 December 2016
ASSETS					
Non-current assets					
Propierty, plant and equipment	28.149	32.805	27.194	32.431	34.259
Other non-current assets	-	-	1.590	916	
	28.149	**32.805**	**28.784**	**33.347**	**34.259**
Current assets					
Inventories	840	618	606	480	546
Prepaid taxes	-	-	-	-	793
Trade and other receivables	3.148	4.030	2.021	3.263	2.310
Cash and cash equivalents, non-restricted	2.691	1.895	4.057	3.688	6.813
Cash and cash equivalents, restricted	4.653	4.800	3.655	3.836	4.655
Total current assets	**11.332**	**11.343**	**10.339**	**11.267**	**15.117**
TOTAL ASSETS	**39.481**	**44.148**	**39.123**	**44.614**	**49.376**
EQUITY					
Share capital and share premium	129.135	129.135	129.135	129.135	129.135
Other paid- in equity	4.744	4.744	4.744	4.744	4.744
Retained earnings	-149.365	-140.812	-147.705	-140.533	-134.844
Total equity	**-15.486**	**-6.933**	**-13.826**	**-6.654**	**-965**
LIABILITIES					
Non-current liabilities					
Borrowings	578	37.781	38.553	38.235	36.015
Deferred tax liability	1.831	1.771	1.614	2.500	3.293
Retirement benefit obligation	689	768	673	707	706
Provisions for othe liablities and charges	1.993	1.702	1.951	1.553	1.477
Total non-current liabilities	**5.091**	**42.022**	**42.791**	**42.995**	**41.491**
Current liabilities					
Borrowings/current interest-bearing liabilities	40.131	5.020	2.498	3.022	5.261
Trade and other payables	6.665	2.962	6.911	4.545	3.180
Provision for other liabilities and charges	3.080	1.077	749	706	409
Total current liabilities	**49.876**	**9.059**	**10.158**	**8.273**	**8.850**
TOTAL LIABILITIES	**54.967**	**51.081**	**52.949**	**51.268**	**50.341**
TOTAL EQUITY AND LIABILITIES	**39.481**	**44.148**	**39.123**	**44.614**	**49.376**

Cash flow statements

Amounts in USD 1000	For the 3 months period ended 31 March 2019	For the 3 months period ended 31 March 2018	As of 31 December 2018	As of 31 December 2017	As of 31 December 2016
Cash Generated from Operations					
Total Comprehensive Income of the Period	**-1.660**	**-279**	**-7.172**	**-5.689**	**-4.744**
Income tax expense	218	-153	983	825	-787
Depreciation, amortization and impairment	1.922	2.325	9.623	5.973	6.538
Amortization of debt issuance cost	-	17	-	-	-321
Share based payment and change in retirement	16	61	-35	1	62
Interest income	-4	-3	-25	-87	-196
interest expense	744	792	3.160	2.767	3.433
Unrealized exchange (gain)/loss from revaluation of borrowings	-	-	-493	-115	-15
Gain on sale of PP&E	-	-	-	-72	-
Other net financial expense	652	438	347	524	263
Impairment loss on PP&E				510	
Changes in Assets & Liabilities					
Inventories	-234	-138	-126	66	889
Trade and other receivables	-1.127	148	1.241	-1.868	-34
Trade and other Payables and provision for other liabilities	3.033	649	311	912	-1.704
Taxes paid	-	-	280	-	-705
Net Cash generated in operating activities	**3.560**	**3.857**	**8.094**	**3.747**	**2.679**
Cash Flows From Investing Activities					
Purchase of PP&E	-2.877	-2.699	-4.385	-5.917	-1.253
Interest received	-	-	-	-	196
Retirements ans sales of PP&E	-	-	-	1.334	
Net Cash Used in Investing Activities	**-2.877**	**-2.699**	**-4.385**	**-4.583**	**-1.057**
Cash Flows from Financing activities					
Interest paid	-1.117	-1.075	-2.496	-1.608	-589
Repayment of borrowings	-1.474	-912	-1.066	-8.107	-6.022
Expenses new bond	-	-	-	-	-
Proceeds from new loans	1.540	-	714	6.607	899
Changes in restricted and long term cash	-	-	-673	-	-
Net Cash used in financing activities	**-1.051**	**-1.987**	**-3.521**	**-3.108**	**-5.712**
Net (decrease)/increase in cash and cash equivalents	**-368**	**-829**	**188**	**-3.944**	**-4.090**
Cash and cash equivalents at beginning of the period	7.712	7.524	7.524	11.468	10.776
Cash and cash equivalents at end of the year	7.344	6.695	7.712	7.524	11.468
Whereof cash and cash equivalents, non-restricted	2.691	1.895	4.057	3.688	6.813
Whereof cash and cash equivalents, restricted	4.653	4.800	3.655	3.836	4.655

B.8	Selected key pro forma financial information	The Prospectus does not contain pro forma financial information.
B.9	Profit forecast or estimate	Not applicable. The Prospectus does not contain any profit forecasts or estimates.
B.10	Qualifications in audit report	Not applicable. There are no qualifications in the audit reports.
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 or for the foreseeable future.

Section C – Securities		
C.1	Type and class of security	The Consideration Shares are ordinary shares of the Company, issued in accordance with the Norwegian Public Limited Liability Companies Act, each with a nominal value of NOK 0.50, and have been issued electronically in registered form in accordance with the Norwegian Public Limited Liability Companies Act. The Consideration Shares II are ordinary shares of the Company, each with a nominal value of NOK 0.50, and will be issued electronically in registered form accordance with the Norwegian Public Limited Liability Companies Act.
C.2	Currency of the securities issue	NOK
C.3	Number of shares and par value	At the date of this Prospectus, the Company has a total of 86,912,166 Shares, each with a nominal value of NOK 0.50. After the issuance of the Consideration Shares II, the Company will have a total of 96,874,494 Shares, each with a nominal value of NOK 0.50.
C.4	Rights attached to the securities	The Consideration Shares and the Consideration Shares II rank pari passu in all respects with the existing Shares, and thus carry full and equal shareholder rights in the Company from the time of registration of the share capital increase with the Norwegian Register of Business Enterprises, including rights to dividends. All Shares, including the Consideration Shares and the Consideration Shares II, will have the voting rights and other standard rights and obligations pursuant to the Norwegian Public Limited Liability Companies Act and are governed by Norwegian law.
C.5	Transferability	All Shares of the Company, including the Shares comprised by this prospectus, are freely transferable, subject to any local regulatory transfer restrictions.

C.6	Admission to trading	6,400,000 of the Consideration Shares were issued on the Company's regular ISIN NO 0010284318 on 4 June 2019, and were listed on the Oslo Stock Exchange immediately after delivery. The remaining 15,821,851 Consideration Shares were delivered on a separate ISIN NO 0010856453 on 4 June 2019, and will be listed and tradeable on the Oslo Stock Exchange under the Company's regular ISIN (i.e. ISIN NO 0010284318) immediately after the publication of this Prospectus. The Consideration Shares II will be listed and tradeable on the Oslo Stock Exchange under the Company's regular ISIN (ISIN NO 0010284318). 7,354,554 of the 9,962,328 Consideration Shares II will become listed and tradeable after registration of the share capital increase pertaining to the issuance of these shares with the Norwegian Register of Business Enterprises and delivery to the sellers in the Acquisition, expected to take place in late July 2019. The remaining 2,607,774 Consideration Shares II will become listed and tradeable after registration of the share capital increase pertaining to the issuance of these shares with the Norwegian Register of Business Enterprises, and delivery to Fedmul S.A., pending the establishment of a VPS account for Fedmul S.A, expected to take place in late August 2019.
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 Group's earnings, financial condition, investment requirements and rate of growth. Interoil did not pay any dividends 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

Company, 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 Company 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 Company’s net production revenue and overall value and could result in write-downs.

The Company'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 Company may not be able to discover new reserves

The Company’s future oil and gas reserves, production and cash flows are highly dependent on the Company successfully identifying new discoveries.

The Company'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 Company's production or if actual reserves associated with any one of the Company's producing fields are less than estimated, the Company's results of operations and financial condition could be adversely affected

Licenses and authorisations

Interoil’s operations depend and will continue to depend on authorisations and licenses by Colombian and Argentinean regulatory agencies. Interoil’s exploration and production operations are also subject to inter alia Colombian and Argentinian laws and regulations, which may change from time to time.

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.

D.2	Key risks specific to the securities	**Volatility of share price** The price of the Company's Shares may experience substantial volatility. **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.**

Section E – Offer		
E.1	Proceeds and expenses	The Consideration Shares were issued as part of the consideration for Company's acquisition of oil concessions in Argentina, and will therefore not give any cash proceeds to the Company. The Consideration Shares II will be issued in connection with the Company's conversion of supplier debt and debt to the sellers of the Argentinian assets in the Acquisition, and as further compensation to the sellers of the Argentinian assets in accordance with the anti-dilution mechanism in the contract, and will therefore not give any cash proceeds to the Company.
E.2a	Reasons for the offer and use of proceeds	Not applicable. No offering is comprised by the Prospectus.
E.3	Terms and conditions	Not applicable. No offering is comprised by the Prospectus.
E.4	Interest material to the issue/offer	Not applicable. There are no material interests relating to the issuance of the Consideration Shares.
E.5	Selling shareholders and lock-up	Not applicable. There are no selling shareholders.
E.6	Dilution	The percentage of immediate dilution for Interoil's Shareholders who do not receive Consideration Shares or Consideration Shares II is approximately 33.2%.
E.7	Estimated expenses charged to the investor	Not applicable. Expenses related to the Consideration Shares and the Consideration Shares II will not be charged to the investor by the Company.

2. RISK FACTORS

An investment in the Shares involves risks. Before making an investment decision with respect to the Shares, investors should carefully consider the risk factors set forth below and all information contained in this Prospectus, including the Financial Statements and related notes. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. If any of the following risks were to materialise, individually or together with other circumstances, they could have a material and adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects, which could cause a decline in the value and trading price of the Shares, resulting in the loss of all or part of an investment in the Shares.

The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group's business, results of operations, financial condition, cash flows and/or prospects. The risks mentioned herein could materialise individually or cumulatively. Furthermore, risks that the Company currently believe are not material could in the future be significant to the Group.

2.1 Market risks

2.1.1 Strong competition

Competition in the oil and natural gas industry is intense, particularly 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 companies that have larger technical staffs and more extensive financial and operational resources. Many such companies carry out refining operations and produce market refined products and not only engage in the acquisition, exploration, development, and production of oil and natural gas reserves;
- 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; and
- 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.

2.1.2 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 due to dependence on the operator.

2.1.3 Commodity price volatility

Both oil and natural gas prices are unstable and subject to fluctuation. Any material decline in prices could result in a reduction of the Group's net production revenue and overall value, potentially leading to write-downs. The economics of producing from some wells and assets may change as a result of lower prices which may result in a reduction in the volumes of the Group's reserves. Interoil may 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 be 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.

2.1.4 Political and regulatory risk

The Group's operations are subject to a number of risks inherent in any business operating in multiple jurisdictions, 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 are 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 place the Group in a disadvantageous position 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 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 of these, may 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 may 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, and enforcement, of such arrangements 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, the British Virgin Islands, Panama and Argentina. However, future international business development opportunities might increase political risk for the Group.

Further, the Group is faced with increasingly complex tax laws. The amount of tax paid by the Group may 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 may review and question the Group's tax returns leading to additional taxes and penalties, which may 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 implemented. 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.

2.1.5 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 are 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 from 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 may have a material adverse effect on the Group's financial condition or results of operations.

2.2 Operational risks

2.2.1 The Group's oil and natural gas production may 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 the Oslo Stock Exchange 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. Generally, 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 funds and its financial position in general. Contingent resources, if reported, 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 may change with time. There is no guarantee that the Group will be able to develop these resources commercially.

2.2.2 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.

2.2.3 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.

2.2.4 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 lower than estimated, the Group's results of operations and financial condition could be adversely affected.

2.2.5 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.

2.2.6 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.

2.2.7 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.

2.2.8 Licenses and authorisations

Interoil’s operations depend, and will continue to depend, on authorisations and licenses from Colombian and Argentinian regulatory agencies. Interoil’s exploration and production operations are also subject to inter alia Colombian and Argentinian 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.

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.

2.2.9 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.

2.2.10 Weather conditions

Weather conditions such as increasing temperatures, rising sea levels, heavy rain and intense floods and winds may affect the Group's drilling operations, exposing the Group to, amongst other things, the risk of reduced production. For example, increasing temperatures may impact on production capacities at rigs due to the need to comply with worker safety regulations and intense flooding and winds could result in infrastructure damage, severely disrupt oil distribution and/or delay drilling campaigns. All of these factors may adversely affect the Group's financial condition and results of operations.

2.2.11 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 9.15 for further information about recent transactions with related parties.)

2.2.12 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.

2.2.13 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.

2.2.14 Legal proceedings, disputes and investigations

The Group is presently involved in tax litigation, arbitration disputes (of a contractual nature) and a labour law dispute and may, from time to time, be involved in other disputes and proceedings. The tax litigation, arbitration disputes and labour law dispute may have negative outcomes for the Group, potentially resulting in a material adverse effect on the Group's business, financial condition, operating results and/or cash flows

Other legal proceedings/disputes or investigations the Group may become involved in include criminal or civil proceedings relating to, among other things, product liability, environment, health and safety, anti-competition, 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 13.

2.3 Risk factors relating to the Shares

2.3.1 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.

2.3.2 Limited liquidity

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

2.3.3 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.

2.3.4 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.

2.3.5 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.

2.3.6 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

2.4.1 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.

2.4.2 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.

2.4.3 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.

2.4.4 Currency, interest rate, credit and liquidity risk

The Group operating activities are currently based in Colombia and in Argentina, and is, to some extent, exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the following currencies; NOK, USD, ARS 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 BP Latin America and Ventas Vitol, two private companies in Colombia. The credit risk for these customers is considered to be low due to the credit worthiness and experience with these customers and the fact that BP Latin America pays in advance.

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 analysed 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

This Prospectus has been prepared in connection with the listing of the Consideration Shares and the Consideration Shares II.

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.

18 July 2019

The Board of Directors of Interoil Exploration & Production ASA

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

4. GENERAL INFORMATION

4.1 Forward-looking statements

This Prospectus includes forward-looking statements that reflect the Company's 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 6 "Presentation of Interoil" and Section 7, "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 Company 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 Company 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.

4.2 Third-party information

This Prospectus contains 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 the Company cannot assure their accuracy. Thus, the Company does 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.

4.3 Non-IFRS and non-NGAAP financial measures

In this Prospectus, the Group presents the following non-IFRS and non-NGAAP financial measures and ratios:

- "**EBITDAX**" represents EBITDA corrected by exploration costs and extraordinary items
- "**EBITDA**" represents earnings before interest, tax, depreciation and amortisation
- "**Equity ratio**" represents total shareholders' equity divided by total assets

The non-IFRS and non-NGAAP financial measures presented herein are not recognised measurements of financial performance or liquidity under IFRS and NGAAP, but are used by Management to monitor and analyse the underlying performance of the Group's business and operations. In particular, non-IFRS and non-NGAAP financial measures should not be viewed as substitutes for profit/(loss) for the period, profit/(loss) before tax from continuing operations, operating income, cash and cash equivalents at period end or other income statement or cash flow items computed in accordance with IFRS and NGAAP. The non-IFRS and non-NGAAP financial measures do not necessarily indicate whether cash flow will be sufficient or available to meet the Group's cash requirements and may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results. These non-IFRS and non-NGAAP measures have not been audited or reviewed by any third party.

Management has presented these non-IFRS and non-NGAAP measures in this Prospectus because it considers them to be important supplemental measures of the Group's performance and believes that they are widely used by investors in comparing performance between companies. Because companies calculate the non-IFRS and non-NGAAP financial measures presented herein differently, the non-IFRS and non-NGAAP financial measures presented herein may not be comparable to similarly defined terms or measures used by other companies. The non-IFRS and non-NGAAP financial measures presented herein are also classified as alternative performance measures under the guidelines of the European Securities and Markets Authority.

5. THE CONSIDERATION SHARES AND THE CONSIDERATION SHARES II

5.1 The Consideration Shares

5.1.1 The acquisition of petroleum concessions in Argentina

5.1.1.1 Background

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

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

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

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

5.1.1.2 Work program related to the acquired concessions

The initial short-term work program involves work-over operations in existing wells in the Mata Magallanes Oeste and La Brea licenses. Work over program in Mata Magallanes will require an estimated initial investment of approximately USD 500,000 to recover gas-stream to fuel the oil production in the field. Management expects that production levels will reach 150 bopd from existing wells by year end.

In the La Brea Este the estimated initial investments required would also amount to around USD 500,000 to evaluate behind casing oil layers through a workover program in LBE-x1. Management believes production could reach by year end at least 70 bopd. That would prove the existence of hydrocarbon accumulation within La Brea Este structure and help to improve the geological hydrocarbon potential in El Oculto structure.

During 2019, the Cañadón Ramírez block work will focus on gathering all geological and geophysical (G&G) data and integrate them into a geology model to further understand the hydrocarbon potential in each of the different prospects identified within the boundaries of the block.

5.1.2 Transaction details

The licences comprised by the Acquisition are owned by Oil Investment Inc., a holding company registered in Panama. The Acquisition was carried out through the acquisition of Oil Investment Inc. by a wholly owned Norwegian subsidiary of Interoil.

The total agreed consideration amounts to USD 13 million, of which 3.9 million was settled in cash. Of this amount 0.3 million was paid at closing, while the rest will be paid in three annual installments.

The remainder of the consideration, USD 9.1 million, was settled through issuance of a total of 22,221,851 Consideration Shares in Interoil at a subscription price of NOK 3.55 and a USD/NOK conversion rate of 1:8.68. The number of Consideration Shares was calculated based on a 20 percent discount of the volume-weighted average market price for the Interoil share in the 120-day period immediately preceding closing.

5.1.3 Resolution regarding the issue of Consideration Shares

Based on the authorisation granted by the Company's Annual General Meeting of 2018, the Company's Board of Directors passed the following resolution on 29 April 2019 to increase the Company's share capital, through the issuance of Consideration Shares:[2]

1. *The Company's share capital is increased by NOK 11,110,925.50 through issuance of 22,221,851 new shares, each with a par value of NOK 0.50.*
2. *The subscription price per share is NOK 3.55.*
3. *The shares shall be subscribed for by such subscribers as set out in Appendix 1 to these minutes, with the number of shares per subscriber as set out in the appendix. As set out in Appendix 1, the shares are issued in two tranches, where the shares issued in tranche 1, in aggregate 6,400,000 shares, will be issued to the Company's regular ISIN and be listed on Oslo Børs immediately following their issuance, while the shares issued in tranche 2 will be placed on a separate ISIN pending approval and publication of an information document or a prospectus which will form the basis for listing of the shares on Oslo Børs.*
4. *The share contribution shall be settled by each subscriber transferring to the Company a receivable against the Company's subsidiary, Interoil Argentina AS, in such amount as set out in Appendix 1, in aggregate receivables in the amount of USD 9,100,000*
5. *The existing shareholders shall not have preferential rights to the new shares cf. Norwegian Public Limited Liability Companies Act Section 10-4.*
6. *Subscription of the shares shall be done on a separate subscription form no later than one month from the date of this resolution.*
7. *Payment for the shares through transfer of the receivables as set out above takes place automatically as a consequence of the subscribers' execution of the subscription form.*
8. *The new shares give full shareholder rights in the Company, including the right to dividends, from registration of the share capital increase in the Norwegian Register of Business Enterprises.*
9. *The Company's expenses in connection with the share capital increase are estimated to amount to approximately NOK 20,000.*
10. *The Company's Articles of Association § 4 is amended to reflect the new share capital and number of shares after the share capital increase.*

---

[2] English unofficial translation of the board resolution.

5.1.4 Issuance, delivery and listing of the Consideration Shares

6,400,000 of the Consideration Shares were issued on the Company's regular ISIN NO 0010284318 on 4 June 2019, and were listed on the Oslo Stock Exchange immediately after delivery. The remaining 15,821,851 Consideration Shares were delivered on a separate ISIN NO 0010856453 on 4 June 2019, and will be listed and tradeable on the Oslo Stock Exchange under the Company's regular ISIN (i.e. ISIN NO 0010284318) immediately after the publication of this Prospectus.

5.1.5 Dilution

The immediate dilutive effect for the Company's shareholders who do not receive Consideration Shares or Consideration Shares II is approximately 33.2%.

5.1.6 The rights attached to the Consideration Shares

The Consideration Shares are ordinary shares of the Company, issued in accordance with the Norwegian Public Limited Liability Companies Act, each with a nominal value of NOK 0.50, and have been issued electronically in registered form in accordance with the Norwegian Public Limited Liability Companies Act.

The Consideration Shares rank pari passu in all respects with the existing Shares and thus carry full and equal shareholder rights in the Company from the time of registration of the share capital increase with the Norwegian Register of Business Enterprises, including rights to dividends. All Shares, including the Consideration Shares, will have the voting rights and other standard rights and obligations pursuant to the Norwegian Public Limited Liability Companies Act and are governed by Norwegian law. Refer to Section 11 "Shareholder matters and Norwegian Company and Securities law" for a description on the rights pertaining to the Shares.

5.1.7 Transferability of the Consideration Shares

Subject to any applicable securities laws, the Consideration Shares are freely transferable.

5.1.8 The Company's share capital following the issuance of Consideration Shares

Following the registration of the share capital increase on 4 June 2019 in connection with the issuance of Consideration Shares with the Norwegian Register of Business Enterprises, Interoil's share capital was increased to NOK 43,456,083, divided into 86,912,166 shares, each with a par value of NOK 0.50.

5.2 The Consideration Shares II

5.2.1 Background and transaction details

On 26 June 2019, the Company announced that it had resolved to settle USD 1,009,112 of supplier debt by issuing 2,607,774 new Shares at NOK 3.305 per Share as payment to Fedmul S.A., a geology and geophysical specialist that has provided services to Interoil.

The abovementioned transaction triggered an anti-dilution mechanism obliging the Company to pay further compensation to the sellers of the Argentinian assets in the Acquisition. The compensation accounts for the difference between the price of the new Shares which will be issued to Fedmul S.A. and the price of the Shares of Interoil previously paid to the sellers of the Argentinian assets. Consequently, 1,294,607 new Shares will be issued to the sellers of the Argentinian assets.

Interoil further announced, on June 26, that the Company had negotiated an agreement by which Interoil will pay part of the pending debt and accrued interest from the acquisition of the

Argentinian assets in the Acquisition. The payment amounts to USD 2.35 million which will be settled through the issuance of 6,059,947 new Shares to the sellers of the Argentinian assets.

5.2.2 Resolution regarding the issue of Consideration Shares II

5.2.2.1 Resolution to issue new shares to Fedmul S.A.

Based on the authorisation granted by the Company's Annual General Meeting of 2018, the Company's Board of Directors passed the following resolution on 25 June 2019 to increase the Company's share capital, through the issuance of 2,607,774 new Shares to Fedmul S.A:[3]

1. *The Company's share capital is increased by NOK 1,303,887 through issuance of 2,607,774 new shares, each with a par value of NOK 0.50.*
2. *The subscription price per share is NOK 3.305.*
3. *The shares shall be subscribed for by Fedmul S.A., with address with address Enrique Burnet esq. Acuña de Figueroa Ed. Campus-Ap 904, Maldonado, Uruguay.*
4. *If the shares are issued before a prospectus has been approved for listing of the shares on Oslo Børs (or an exemption from the prospectus obligation is available), the shares will be placed on a separate ISIN pending approval and publication of such prospectus.*
5. *The share contribution shall be settled by set-off of receivables in the amount of USD 1,009,112 related to geological services.*
6. *The existing shareholders shall not have preferential rights to the new shares cf. Norwegian Public Limited Liability Companies Act Section 10-4.*
7. *Subscription of the shares shall be done on a separate subscription form no later than one month from the date of this resolution.*
8. *Payment for the shares through set-off of receivables as set out above takes place automatically as a consequence of the subscribers' execution of the subscription form.*
9. *The new shares give full shareholder rights in the Company, including the right to dividends, from registration of the share capital increase in the Norwegian Register of Business Enterprises.*
10. *The Company's expenses in connection with the share capital increase are estimated to amount to approximately NOK 20,000.*
11. *The Company's Articles of Association § 4 is amended to reflect the new share capital and number of shares after the share capital increase.*

5.2.3 Resolution to issue new shares to the sellers of the Argentinian assets

Based on the authorisation granted by the Company's Annual General Meeting of 2018, the Company's Board of Directors passed the following resolution on 25 June 2019 to increase the Company's share capital, through the issuance of 7,354,554 new Shares to the sellers of the Argentinian assets: [4]

1. *The Company's share capital is increased by NOK 3,677,277 through issuance of 7,354,554 new shares, each with a par value of NOK 0.50.*
2. *The subscription price per share is NOK 3.305.*
3. *The shares shall be subscribed for by such subscribers as set out in Appendix 1 to these minutes, with the number of shares per subscriber as set out in the appendix. As set out in Appendix 1, the shares are issued in two tranches, where the shares issued in tranche 1, in aggregate 6,059,947 shares, are issued against set-off of debt incurred in connection with the share purchase agreement dated 29 April 2019, while the shares issued in tranche 2, in aggregate 1,294,607*

---

[3] English unofficial translation of the board resolution.
[4] English unofficial translation of the board resolution.

shares, are issued against set-off of the Company's obligation to compensated the sellers in said share purchase agreement as a result of dilution.

4. *If the shares are issued before a prospectus has been approved for listing of the shares on Oslo Børs (or an exemption from the prospectus obligation is available), the shares will be placed on a separate ISIN pending approval and publication of such prospectus.*
5. *The share contribution shall be settled by each subscriber setting off receivables against the Company in such amount as set out in Appendix 1, in aggregate receivables in the amount of USD 2,854,940.*
6. *The existing shareholders shall not have preferential rights to the new shares cf. Norwegian Public Limited Liability Companies Act Section 10-4.*
7. *Subscription of the shares shall be done on a separate subscription form no later than one month from the date of this resolution.*
8. *Payment for the shares through set-off of receivables as set out above takes place automatically as a consequence of the subscribers' execution of the subscription form.*
9. *The new shares give full shareholder rights in the Company, including the right to dividends, from registration of the share capital increase in the Norwegian Register of Business Enterprises.*
10. *The Company's expenses in connection with the share capital increase are estimated to amount to approximately NOK 20,000.*
11. *The Company's Articles of Association § 4 is amended to reflect the new share capital and number of shares after the share capital increase.*

5.2.4 Issuance, delivery and listing of the Consideration Shares II

The Consideration Shares II will be listed and tradeable on the Oslo Stock Exchange under the Company's regular ISIN (ISIN NO 0010284318). 7,354,554 of the 9,962,328 Consideration Shares II will become listed and tradeable after registration of the share capital increase pertaining to the issuance of these shares with the Norwegian Register of Business Enterprises and delivery to the sellers in the Acquisition, expected to take place in late July 2019. The remaining 2,607,774 Consideration Shares II will become listed and tradeable after registration of the share capital increase pertaining to the issuance of these shares with the Norwegian Register of Business Enterprises, and delivery to Fedmul S.A., pending the establishment of a VPS account for Fedmul S.A, expected to take place in late August 2019.

5.2.5 Dilution

The immediate dilutive effect for the Company's shareholders who do not receive Consideration Shares or Consideration Shares II is approximately 33.2%.

5.2.6 The rights attached to the Consideration Shares II

The Consideration Shares II are ordinary shares of the Company, each with a nominal value of NOK 0.50, and will be issued electronically in registered form accordance with the Norwegian Public Limited Liability Companies Act.

The Consideration Shares II rank pari passu in all respects with the existing Shares and thus carry full and equal shareholder rights in the Company from the time of registration of the share capital increase with the Norwegian Register of Business Enterprises, including rights to dividends. All Shares, including the Consideration Shares II, will have the voting rights and other standard rights and obligations pursuant to the Norwegian Public Limited Liability Companies Act and are governed by Norwegian law. Refer to Section 11 "Shareholder matters and Norwegian Company and Securities law" for a description on the rights pertaining to the Shares.

5.2.7 Transferability of the Consideration Shares II

Subject to any applicable securities laws, the Consideration Shares II will be freely transferable.

5.2.8 The Company's share capital following the issuance of Consideration Shares II

Following the registration of the share capital increase in connection with the issuance of Consideration Shares II with the Norwegian Register of Business Enterprises, Interoil's share capital will increase to NOK 48,437,247 divided into 96,874,494 shares, each with a par value of NOK 0.50.

6. PRESENTATION OF INTEROIL

6.1 General

Interoil is an independent oil & gas exploration and production company, currently operating in Colombia and Argentina and headquartered in Oslo. Interoil is involved in the acquisition, exploration, development and operation of oil and natural gas properties. Interoil serves either as an operator or as an active license partner in a number of production and exploration assets in Colombia and Argentina.

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

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

Interoil has a legal address at Schjodt's offices in Oslo, Norway, and leases offices in Bogota, Colombia. The Bogotá office has an area of 330 square meters for a monthly lease fee of approximately USD 13,700.

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

6.2 History

The Company was incorporated on 2 May 2005 as a Norwegian private limited liability company (*Norwegian: "aksjeselskap"*) and converted to a Norwegian public limited liability company (*Norwegian: "aksjeselskap"*) on 14 November 2005.

An overview of selected events in the Company's history is set out below:

Date	Main Events
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 financial statement 2009 due to a default notice from the operator.
Q2 2010	• First commitment exploration well, Altair-1, discoveres oil. • Second well on the Altair license was proven dry. • Altair-1 was set on Long Term Testing ("LTT").
Q3 2010	• Interoil completed a large refinancing where the Company raises USD 50 million in new equity and NOK 310 million in a secured bond. The Company also raised USD 90 million of bank debt in Colombia and Peru to fully refinance the debt.
Q4 2010	• Interoil discovered oil in the San Luis field in Block 3 in Peru which added new production.
Q1 2011	• Interoil entered into a service agreement with Ecopetrol S.A. ("**Ecopetrol**") to operate the Totare Field located in the Armero license following license expiry on 31 December 2011.
Q2 2011	• Interoil is awarded 100 per cent operated WIs in exploration licenses COR-6 and LLA-47 in the 2010 Colombia Open Bid Round.
Q1 2012	• Interoil wins court case regarding a tax payment of NOK 45 million which was reimbursed to Interoil. • Interoil entered into a service agreement with Ecopetrol to continue operating the Toqui Toqui and the Puli B licenses following license expiry on 28 February 2012.
Q4 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 initiate a strategic re-focus of Interoil which included a significant cost cutting program.
Q1 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 secured bond loan until 2016.
Q2 2013	• A new drilling program at Puli C in Colombia was initiated, and is progressing as planned. The program targeted low risk in-fill wells to maximize the likelihood of drilling commercial wells. • Cost cutting program proceeded as planned.

Q3 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 requested an extension. • Considerable speculation in the Peruvian press regarding license extensions for various licenses, including those belonging to Interoil.
Q4 2013	• The intial 12 well drilling program at Puli C in Colombia was completed in early November, on time and within budget. On average, the wells had initial production in-line with expectations, but with higher than expected decline rates.
Q1 2014	• Evaluation of the first phase of the drilling program at Puli C showed that the existing 35 wells have 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 on maintaining production on very limited investments until the license situation is resolved.
Q2 2014	• Interoil did not succeed in the arbitration case in respect of the license rights to operate Block III and Block IV in Peru. However, the Company was awarded a 12 month license for the blocks from 5 April 2014 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 Q2 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).
Q4 2014	• The National Agency of Hydrocarbons in Colombia (Agencia Nacional de Hidrocarburos or ANH) informed Interoil that it is considering termination of 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 enabled 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 put forth.

Q1 2015	• Both the extraordinary shareholder meeting and the bondholder meeting held on 20 January 2015 approved the refinancing proposal (including debt deferrals, debt to equity swaps and a private placement) 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 conversion rate of 7.40). Holders of the old NOK 310 million bonds accepted 65,000,000 new shares in Interoil as part of the settlement of the bond, equivalent to approximately 10 per cent of the shares outstanding after the debt restructuring. • Following the refinancing approval, a new board of Interoil was elected and subsequenlty a new management team was 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 therefore became fully compliant with the terms of the license. An additional guarantee of USD 10.5 million for LLA-47 was required by the end of April 2015, and the Company expected the guarantee to be in place within the required time frame. In relation to the COR-6 license terms, Interoil continued discussions with ANH regarding the environmental and community issues relating to the block and a solution satisfactory to both parties. • Interoil and Trayectoria Oil & Gas agreed to settle the dispute and entered into a settlement agreement pursuant to which TOG was due to pay Interoil USD 4.0 million.
Q2 2015	• The Company's annual general meeting on 26 June 2015 resolved to approve a reverse split (amalgamation) of the Company's shares. The Company's shares had traded below NOK 1 since September 2014. In order to ensure adequate pricing and compliance with section 2.4 of the continuing obligations of stock exchange listed companies issued by the Oslo Børs, the Company's shares were consolidated (reverse split) in the ratio 10:1, such that 10 shares, each with a nominal value of NOK 0.05, were replaced by 1 new share with a nominal value of NOK 0.5 each. • In connection with and as part of the reverse split, the Company's annual general meeting resolved to increase the Company's share capital so that the Company's aggregate number of shares prior to the reverse split was divisible by 10. The Company's share capital was increased by NOK 0.25 through the issue of 5 new shares, each with a par value of NOK 0.05. Andes Energia subscribed for the 5 shares. • Following completion of the reverse split the Company had a share capital of NOK 32,345,157.50 divided amongst 64,690,315 shares, each with a nominal value of NOK 0.50. • The obligation to drill 1 well in Altair was extended by 9 months until July 2016.

Q3 2015	• The dispute regarding the claim of USD 40.5 million from PetroCarbon Investment SA ("**Petrocarbon**") was resolved in favour of Interoil by the Oslo District Court in April 2015. The court concluded that PetroCarbon did not have any claims against Interoil and Interoil was awarded full compensation for legal costs. • COR-6 Contract: ANH accepted the reconsideration petition filed by Interoil and decided that it will make a determination based on evidence to be gathered during the review period.
Q4 2015	• ANH established new regulations, and the guarantee for the second segment of the current exploration phase was set to 20 % of the commitment of USD 24 million, equivalent to USD 4.8 million • Andes and Canacol entered into a collaboration agreement, and Canacol acquired 49 % of Andes 51 % interest in Interoil. Canacol provided the USD 4.8 million guarantee.
Q1 2016	• In April 2016, the ANH issued a new resolution confirming that it reiterates the decision taken under the 2014 resolution that Interoil is in breach of the COR-6 Contract, claiming it is entitled to recover from Interoil, in the form of damages, the amount committed by Interoil under the contract. Interoil continues to believe it has a strong argument to defend the reasons for being unable to fulfil its obligations under COR-6 Contract and in view of such limitations beyond its control, offered to transfer its commitments to another license.
Q2 2016	• The obligation to drill 1 well on Altair was extended by 6 months until January 2017. • An agreement to transfer the USD 22 million assigned exploration commitments on COR-6 to Altair and LLA-47 was signed with the ANH and confirmed by the Attorney's General's office, subject to court approval. The obligations include high density geochemical sampling of 10,000 surface points to be taken on Altair and 20,000 on LLA-47, both to be completed by March 2017, in addition to drilling 1 stratigraphic well on the Altair license and 2 exploratory wells on the Altair license; all wells to be completed by April 2018. The Company is required to have in place standby letters of credit for an amount equal to 20 % of the remaining commitments. • Market conditions are very challenging. Prices remained low, and the Group has substantial obligations. The Group considered several financial solutions and potential farm-outs, and sought to extend the drilling commitments on the license areas until the projects can be economically justified.
Q3 2016	• The Court did not approve the COR-6 Contract and the Company filed a motion for reconsideration.

Q4 2016	• The Company decided to combine phases 1 and 2 under the Altair license agreement, subject to ANH approval. The commitment involves drilling 2 wells before 31 January 2019. • Agreement entered into with SLS Energy ("**SLS**") pursuant to which SLS assumed 90 % of the capex for the Turaco well in Altair. In consideration SLS will initially receive 85 % of the net operating income after taxes from the well, and 36 % once the cost of the investment has been recovered. • Agreement entered into with SLS pursuant to which SLS assumed 60 % of the capex for 3 wells in LLA-47. In consideration SLS will initially receive 43 % of the net operating income after taxes from the well and 22 % of the net operating income after taxes from the well after the cost of the investment is recovered.
Q1 2017	• Drilling of Turaco well in Altair • The Company combined phases 1 and 2 under the LLA-47 license agreement with a commitment to drill 10 exploration wells before 7 February 2021. • COR-6 reconsideration petition was rejected and payment request notice was received from ANH.
Q2 2017	• Vikingo well was successfully drilled and tested with a steady flow of 744 bopd on a natural flow. • Andes made a decision to focus on Argentina. Pablo Creta was appointed CFO/General manager and Leandro Carbone was appointed CEO. Three new board members were appointed. • COR-6 Contract arbitration process commenced.
Q3 2017	• Vikingo discovery resulted in new geological hard data and, as a result of this, 3D seismic acquisition field data is being reprocessed. • Mana's Geological Static Model validation and dynamic reservoir modelling commenced. It aims to improve the recovery factor and the feasibility of water flooding for restoring reservoir pressure.
Q4 2017	• LLA-47 and Puli-C environmental impact studies for licence upgrades commenced. • Turgas gas selling contract and Toqui-Toqui operation and maintanance contract were extended until December 2018 and 2019, respectively.
Q1 2018	• Vikingo facilities were finalised. • Seismic reprocessing has been concluded and the Company commenced interpretation of the areas of interest.
Q2 2018	• On July 5th, Vikingo went out of production due to a pump failure. • Settlement agreement with ANH reached in relation to COR-6 Contract dispute.
Q3 2018	• On November 6th Vikingo's workover operation successfully finished. The company will continue testing and evaluating the lower C7 formation. • The Arbitration Tribunal acting in the controversy between Interoil Colombia and the ANH to settle all the claims and disputes concerning the Exploration and Production Contract No. 68, Block COR-6 approved the conciliation agreed to by Interoil Colombia and the ANH. As a result, Interoil is released from any liability, penalty or responsibility relating to the COR-6 Contract.

Q4 2018	• The comprehensive efficiency improvement program started in 2017 reflected an administrative and indirect costs reduction of 28% in 1.6 million during 2018. • Vikingo well shut in due to the impossibility of accesing the location.
Q1 2019	• On February 5th, Vikingo well was put back on stream. • New export route established for Vikingo. Production is now being transported through Perenco´s pipeline at Oropendola station 15 km east from the well site, allowing a significant reduction in the road maintenance expenses.
Subsequent events	• On the 29th of April 2019, IOX acquired new Assets in Argentina. • Due to the delays suffered for reasons outside Interoil's control, the ANH granted a 362-day extension on the LLA-47 contract. As a result, the exploration contract now runs until February 7th, 2021. • Due to the delays suffered for reasons outside Interoil's control, the ANH granted an extension on the Altair contract. As a result, the exploration contract now runs until August 26th, 2019. An additional extension for the term of one year is pending resolution by the ANH. • On 25 June 2019, the Board of Interoil resolved to issue 9,962,328 new Shares in connection with the Company's conversion of supplier debt and debt to the sellers of the Argentinian assets in the Acquisition, and as further compensation to the sellers of the Argentinian assets in accordance with the anti-dilution mechanism in the contract.

6.3 Business idea and strategy

6.3.1 Business idea

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

Interoil's strategy is to grow into a key E&P player in Latin-America through acquisition, exploration, development and operation of its existing reserves and resource base in Colombia and Argentina. 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 and Mata Magallanes Oeste licenses and exploration prospects in its exploration licenses. As an independent oil & gas exploration and production company, Interoil aims to explore and produce oil & gas in an economically efficient, socially responsible and environmentally acceptable manner, for the benefit of shareholders, employees and co-venturers. The Company applies these 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.

6.3.2 Interoil's Energy Transition – An unequivocal and irreversible commitment

Despite the fact that we simply cannot predict the future, our analysis of multiple industry sources, trends and economic outlook examinations, as well as consultations with world experts and comprehensive consideration of their insights have all helped shape our strategic thinking. We have considered how policy, consumer behavior as well as present and future technological advances are affecting the pace of energy transition in the world and as a result, our board has launched our firm in a new path to develop our own energy transition strategic plan.

According to most experts, the planet will increase temperature by more than the 2 degree limit that was set by the Paris Agreement, and these same experts also agree the nature of the energy transition will also result in more capital being available for extraordinary measures which will have to be aimed at reducing carbon emissions. We expect that energy efficiency, renewables and energy storage will all be ramped up to combat climate change and accelerate the world´s new transition to a low emissions economic model. The capitalization of these efforts will undoubtedly result unprecedented economic and business opportunities for our industry

As money and policy increasingly favor gas and renewables, the rapidly electrifying energy system will move the world towards a faster and undeniable transition that is already taking place. Last year, more gigawatts of renewable energy were added than those from fossil fuels and this has happened primarily due to the exponential increase by lenders new priorities for where they invest their money.

The energy transition strategy is part of this company´s overall long term strategy and the entire board of Interoil is firmly and decidedly ready to accelerate our efforts in this respect. To us, this is simply an issue of speed but most certainly not of direction. We are set on accelerating our efforts to diversify our sources of energy beyond gas and oil and help build the world of tomorrow, by working on and pursuing the present opportunities that now unfold in a new low emissions economy and world. Our board views our energy transition plans as a pivotal part of our present operations and growth strategy and recognizes that all Interoil stakeholders must be fully committed to this irrevocable strategy.

The scale of our energy transition is unparalleled in the history of our company and will affect all areas of the firm and some, even dramatically. Now more than ever our company sees the opportunities: innovation and efficiency have helped put the green energy business case on our present and future road map – and this will have far reaching effects in our business plans.

Our industry is under relentless competitive pressure, with sustainable innovations often requiring significant investments, or being difficult to implement across the entire company. Executing our plans for energy transition is no trivial task, and to succeed it is crucial to take a holistic approach – across the company, in which the energy transition is not seen as a series of separate measures, but as an interconnected whole. Operations, employees, shareholders, board members, suppliers and contractors and in sum, all stake holders, must work together to have our departments, units and teams become more sustainable, and at the same time, transform our entire company. Our firm is fully committed to the idea of distributing the burdens and benefits so that each stakeholder's contribution creates optimal value to eventually create a cleaner and more competitive Interoil.

As our energy transition plans are revealed internally later on this year, and subsequently gains momentum, it will become clear that whilst the challenges are many, so too are the opportunities. Our company can and will look forward to jointly growing new markets, backing our pioneering role with solid new investments.

In all of our market scenarios, we see a growing gas and oil production but doing it with increasing efficiency. We also see our own increased bet on innovative practices and use of new technologies, as well as with advanced strategic partnerships with all internal and external parties involved in our operations. While our main focus will continue to be oil and gas, we will also promote a specific venturing strategy and a low carbon energy strategy. This means a pursue of new opportunities to incorporate evolving technology and understand better our clients preferences and policy trends. We will also, work to modernizing the whole company by simplifying our processes and enhance our productivity through digital solutions that will promote greater sustainability. Thanks to digitization and innovation, our energy transition strategy will result in profitable growth, operational excellence and capital optimization

More specifically our new energy transition strategic plan, will create value for our stakeholders in numerous ways:

We will work on improving health and safety operations by promoting greater innovation, digitization and excellence on all quality procedures and processes. Interoil will also base its actions paying special attention at how they help combat climate change and protect of biodiversity. Our strategy is designed to meet this challenge while at the same time we recognize that oil and gas will continue to play the prominent role over the next two decades, despite the fact that our projections see renewables growing at a very impressive pace. Therefore, our portfolio depicts our main growth as primarily a significant increase in oil and gas investments, a stable diversification trend into renewables and in parallel a clear and wide range of low carbon businesses.

We have defined as a priority to set and achieve clear targets for emissions in our operations so that as our business grows to meet growing demand, our net carbon emissions will not. We'll deliver this through greater acquisition of proven new technologies and processes which can be implemented rapidly in companies of our size and scope. We are also planning to diversify our sources of energy from all fuels now to adding solar and wind energy sources to create a new renewables businesses portfolio. Some of our most exciting work is in searching for and investing in a range of smart technologies and improving processes that will make us both more efficient and sustanaible. While the energy landscape is evolving very quickly, we will be ready to incorporate the most capable sustainable innovations and even make modest bets on new and viable new businesses as the future becomes clearer. Low carbon power and storage

Nearly two thirds of the projected growth in world energy demand over the coming decades could come in the form of electricity and Interoil is looking at ways to meet customers' power and storage needs. In that effort we are actively exploring the possibility of developing in partnership with an outside group, which focuses on the acquisition of rare earth reserves, a large-scale lithium consolidated play of approximately 440,000 hectares in the north of Argentina. In this project we are bringing our deep understanding of the Argentinian market, as well as long rooted, relationships and capabilities to drive further growth of this project and initiate our new growth and diversification drive into new sustainable sources.

In essense, we believe that our company in order to become a world class and more competitive company we must use our energy transition strategy to our advantage. We must make sustainability a fully-fledged earning model and securing an enduring competitive advantage beyond 'business as usual'. This will help us attract young talent, become more attractive to investors, government and partners and out-innovate rivals. Our company will start our own transition for our self, but our activities will impact other players, creating a new network of sustainable partnerships - and a positive feedback loop.

On a final note on this issue, we are full aware of the fact that our energy transition strategy cannot be taken lightly nor can it be perceived as a standalone effort by a particular department in the company. Its success will be guaranteed by the embracing, support and leadership of our active board as well as the entire management team and its execution across the entire company. Our Energy Transition Strategy is sound and balanced, will be consistently followed-through, it is clear and will be supported by public corporate declarations, and the involvement of all employees and stake holders.

6.3.3 Competition

Exploration market

The table below sets out the Company's predominant competitors as well as the participation quotas of the Company and its main competitors in the hydrocarbons exploration market in Colombia.

Participation in the hydrocarbons exploration market in Colombia – February 2019

Company	**Ha. Awarded**	**Participation %**
Anadarko Colombia Company Sucursal Colombia	5,622,089	17.72%
Ecopetrol S.A.	4,648,962	14.65%
Repsol Exploracion Colombia S.A.	2,442,924	7.70%
Talisman Colombia Oil & Gas Ltd	2,430,939	7.66%
Shell Exploration And Production Colombia	2,076,730	6.55%
Hocol S.A.	1,828,746	5.76%
Petrobras International Bv Sucursal Colomiba	1,300,434	4.10%
Interoil Colombia Exploration And Production	59,963	0.19%
Total Colombia	**31,724,737**	**100%**

Source: http://www.anh.gov.co/Asignacion-de-areas/Paginas/Mapa-de-tierras.aspx.

The above table illustrates that the Company's competitors in Colombia have a larger number of hectares in exploration than the Company.

Production market

The table below sets out the Company's predominant competitors as well as the participation quotas of the Company and its main competitors in the hydrocarbons production market

Participation in the hydrocarbons production market in Colombia 2018

Company	**Oil production – M3**	**Participation %**
Ecopetrol S.A.	5,633,033	54.26%
Frontera Energy Colombia Corp	910,231	8.77%
Geopark Colombia S.A.S.	737,364	7.10%
Occidental De Colombia Llc	560,703	5.40%
Equion Energía Limited	485,508	4.68%
Gran Tierra Energy Colombia Ltd	411,209	3.96%
Interoil Colombia	11,292	0.11%
Total Colombia	10,382,291	100%

Source: http://www.anh.gov.co/Operaciones-Regalias-y-Participaciones/Sistema-Integrado-de-Operaciones/Paginas/Estadisticas-de-Produccion.aspx

Participation in the hydrocarbons production market in Argentina 2018

Company	**Oil production – M3**	**Participation %**
YPF S.A.	13,136,912	46.25%
Pan American Energy (Sucursal Argentina) Llc	5,901,431	20.78%
Pluspetrol S.A.	1,569,402	5.52%
Sinopec Argentina Exploration And Production, Inc.	1,250,090	4.40%
Tecpetrol S.A.	805,066	2.83%
Compañías Asociadas Petroleras S.A.	706,311	2.49%

Interoil Argentina	0.00%	0.00%
Total Argentina	870 319	100%

Source: http://www.iapg.org.ar/web_iapg/sectores/estadisticas/productos/listados/listado_todos_los_productos.htm

Interoil often competes with the large players listed above in bidding rounds for new oil and gas exploration and production licences.

6.4 What is unconventional Oil and Gas[5]

Unconventional oil and gas differ from conventional from their position underground thus the unusual nature of where the hydrocarbon is produced from, their reservoirs. These conditions require the use of new, often state of the art technology, extraction methods.

Hydrocarbon deposits (oil and gas) take millions of years to form. The process starts when organic material (vegetation and animals) is gradually buried and decompose through time (thousands of millions of years) in an anaerobic system with high temperature and pressure. Hence, oil and gas form very deep underground in “source rock”. Then they begin their “migration” to the surface (oil and gas are lighter than water), then sometimes they are being accumulating in porous and permeable media, the “reservoir rock”, when sequestration conditions are favorable, a sealing layer on top stops the migration, “seal rock”, to start the filling in the reservoir .

Initially, oil and gas companies have first focused their exploration on developing activity on the "easy", thus conventional, hydrocarbon reservoirs with the greatest porosity and permeability, followed by reservoirs located deeper underground or in hard-to-reach areas,” as technologies was developed. In recent years, new advance and state of the art technologies have allowed the production of hydrocarbon directly from the “source rock”, hence “unconventional” development is possible, efficient and environmentally friendly

The breakdown below divides liquid and gaseous hydrocarbon, distinguishing which hydrocarbon comes from reservoir and from source rock.

Conventional: Oil and Gas found in reservoir rock

Tight oil: oil found within reservoirs of very low porosity and permeability and often small size. Exploitation requires the use of special techniques, such as “hydraulic fracturing” and “horizontal drilling” due to the low permeability of the rocks, the oil does not easily flow up to the surface hence more reservoir rock should be connected to the wellbore to increase fluidity.

Heavy oil: oils found in reservoirs with reasonable porosity and permeability properties; however, the high density and viscosity of the hydrocarbon makes it difficult to produce using conventional methods. More often than not, these deposits over geological time has degraded due to intense bacterial activity. The vast majority of heavy oil deposits are exploited by applying heat aimed at allowing the oil in the reservoir rock to flow to the wellbore. The main heavy oil deposits are located in Venezuela

Oil sands: a mixture of sand and bitumen (extra heavy oil) that is highly viscous, becoming solid at room temperature. Oil sands are found in conventional deposits that have risen to the surface due to tectonic activity. The bacterial degradation of oil sands is even more significant than in heavy oil. Hence, surface mining or in-situ methods involving steam injection are used for segregating sand and bitumen. The main oil sand reserves are located in Canada.

Unconventional: Oils found in source rock

While reservoir rock is usually porous, source rock is more often clayey with a plate-like appearance, hence the name "shale".

---

[5]IFP & Planete Energies

Oil shale: oil found in source rock that has not been buried deep enough for the organic matter to turn into oil. Oil shale is extracted using surface or underground heated techniques to reach high temperature (450°C) to obtain the oil – picking up where nature left off. The disadvantage is that a lot of water and energy is needed to "heat" the rock, resulting in a yield similar to oil sand production and lower than that of conventional oil.

Shale oil: oil that is trapped in source rock and has not been able to migrate toward the surface. Horizontal drilling and hydraulic fracturing techniques must be used to move the oil. Shale oil production quickly grew following "shale gas" production in some basins in Texas and North Dakota, and fueled the recent growth of U.S. oil production

Unconventional Gas found in source rock

Tight gas: gas found in the same type of reservoir rock as tight oil, i.e., with low porosity and permeability. The same methods – hydraulic fracturing and horizontal drilling – are used for extraction.

Shale gas: gas trapped in clayey source rock buried at varying depths below the surface, with high organic matter content. If the gas is buried deeply, it is known as "dry gas" (methane). If it is less deeply buried, it is known as "wet gas" (ethane, butane, propane and gasoline) where production is possible by hydraulic fracturing, Shale gas production revolutionized markets in the United States, reducing coal-fired electricity generation and prompting the beginning of liquefied natural gas (LNG) exports.

Coalbed gas (also known as coalbed methane): natural gas that is adsorbed in coal seams. Adsorption (not to be confused with "absorption") traps gases on the surfaces of solids. Coal has significant adsorption capacity. The release of adsorbed gas on coal produces firedamp, which causes mine explosions. Coalbed gas is extracted by pumping off water in the fracture spaces, which decreases the pressure in the coal bed. Coalbed gas is produced in more than a dozen countries worldwide.

6.5 Unconventional Development in the US6

In the US, unconventional production has grown rapidly after a long-term effort by the industry in partnership with the US Department of Energy. The development of large shale gas reserves was possible by applying new technologies in hydraulic fracturing and horizontal drilling, hence, the development of new unconventional fields has offset production declines from conventional reservoirs, and has led to major increases in hydrocarbon reserves.

US milestone in unconventional development

1970. Federal price controls on natural gas led to shortages and faced with declining domestic natural gas production.

1975 The Department of Energy partnered with private gas companies to complete the first successful air-drilled multi-fracture horizontal well in shale in 1986. US government invested in many supply alternatives, including the Eastern Gas Shales Project from 1976 to 1992.

1976 two engineers for the federally funded Morgantown Energy Research Center (MERC) patented an early technique for directional drilling in shale. The Eastern Gas Shales Project concentrated on extending and improving recoveries in known productive shale gas areas, particularly the greater Big Sandy Gas Field of Kentucky and West Virginia.

1980 The federal government also provided tax credits and rules benefiting the industry in the 1980 Energy Act: "Gas production from Devonian shales was exempted from federal price controls, and Section 29 tax credits were given for unconventional gas, including shale gas, from 1980 to 2000"

[6] Energy Information Administration (EIA)

1990 Although the work of the Gas Research Institute and the Eastern Gas Shales Project had increased gas production in the southern Appalachian Basin and the Michigan Basin, shale gas was still widely seen as marginal to uneconomic without tax credits.

2000 Shale gas provided only 1.6% of US gas production when the tax credit expired.

2005 Gas Resource Institute partnered with Mitchell Energy in drilling horizontal wells in the Barnett Shale becoming highly successful and outnumbered vertical wells.

+2007 Advances in technology led to greater productivity. The Energy Information Administration has reported that drilling for shale gas and light tight oil became much more efficient, i.e.:

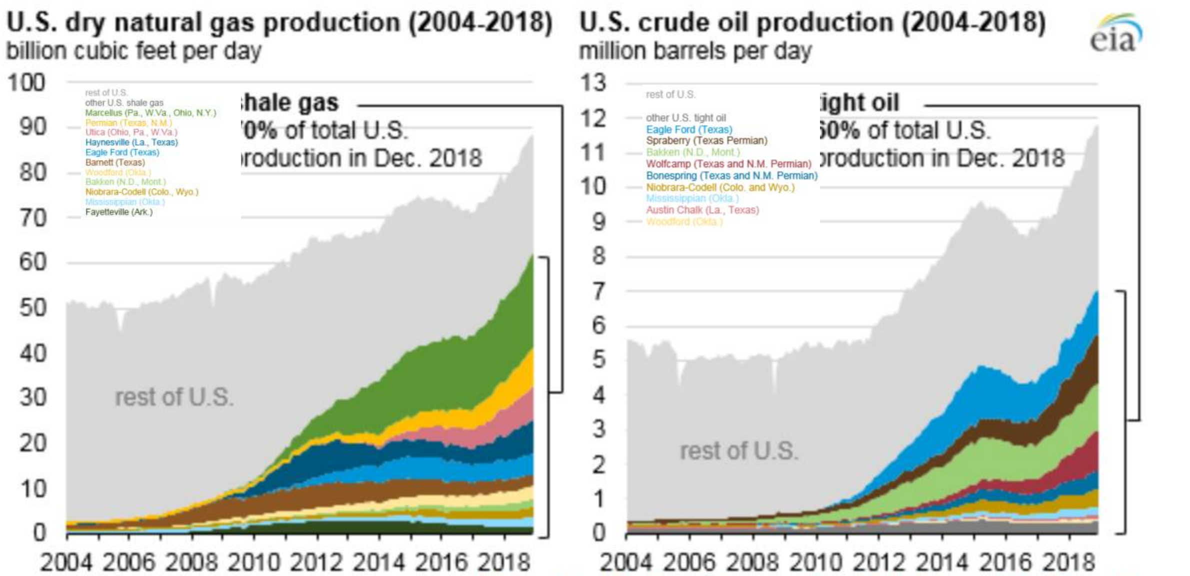
Bakken wells produced 4 times as much oil as those drilled five years earlier

Marcellus wells drilled produced more than 9 times as much gas per day of those drilled five years previously

Then these unconventional improvement techniques have yield hydrocarbons production (natural gas, condensates, and crude oil) be produced from a variety of source rocks spread-out in many unconventional basins within the US i.e: Barnett, Haynesville, Marcellus, Eagle Ford, Fayetteville, Woodford, Bakken, Niobrara, Horn River, Permian Basin, and Utica.

Source: U.S. Energy Information Administration based on data from various published studies. Canada and Mexico plays from ARI.
Updated: May 9, 2011

Figure above highlights unconventional developments by basin in North America (Canada, US and Mexico)



Source: U.S. Energy Information Administration, *Natural Gas Monthly*, *Petroleum Supply Monthly*, and *Short-Term Energy Outlook*, and DrillingInfo

The graph above highlights unconventional versus conventional production in time by basin in US

In December 2018, U.S. shale and tight plays produced 70% of total US natural gas and 60% of total US crude oil where a decade ago, in December 2008, shale gas and tight oil accounted for only 16% of total U.S. gas production and about 12% of U.S. total crude oil production.

As a summary, the main reasons that underpinned the US unconventional revolution are:

i. favorable fiscal regime,
ii. knowledge of the geology,
iii. investment in research and technology,
iv. upstream key players involvement,
v. political support and
vi. public acceptance, especially with the fracking technique.

The economic success of unconventional developments in the United States has led to rapid expansion of unconventional in Canada, and, more recently, has spurred interest in Europe, Australia and Argentina.

6.6 Unconventional Development in Argentina[7]

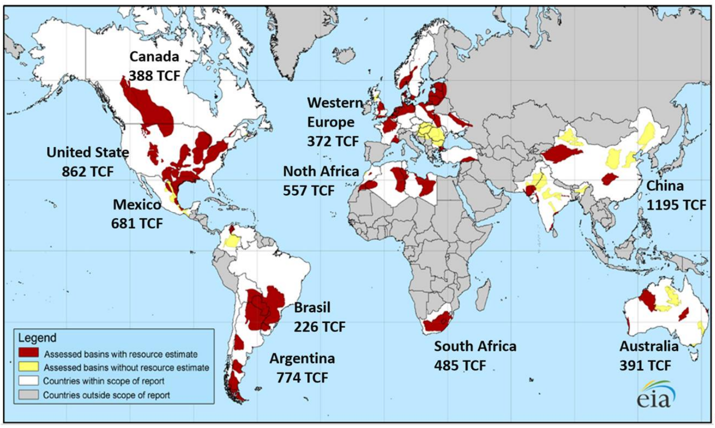
Argentina's economy is largely dependent on fossil fuels, where gas represents more than 50% of its energy consumption. Thus, there is a well-established oil and gas industry span throughout the entire country with open access transportation trunk lines and gas intensive industries, plus gas-fire power generation units with aeroderivative type of technology.

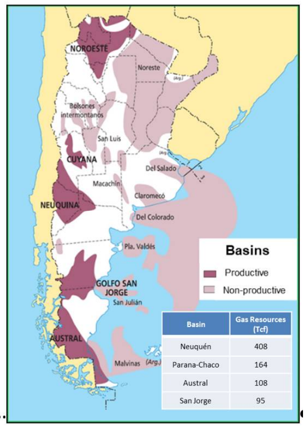
Until the mid-2000s, Argentina generated significant surplus hydrocarbon production which was exported to nearby countries: Chile, Brazil Uruguay and elsewhere. However, and especially after the economic crisis of 2001, the public policies that prevailed had an increasing governmental interventionism with "controlled" energy pricing and widespread subsidies that led to a drastic decline in hydrocarbon reserves and production. Hence, Argentina became a net hydrocarbons importer (both oil and gas) by mid-2008 where natural gas – through Liquefied Natural Gas (LNG)- diesel and fuel oil where imports requirement to cope with power generation demand.

After a decade of declining conventional production and the increasing awareness of unconventional resource, especially tight-sands gas and shale located in the Neuquén basin, the government started promoting domestic gas prices aimed at attracting investment to accelerate the unconventional

[7]The Oxford Institute of Energies - Unconventional Gas In Argentina

production. Based on EIA report, Argentina possesses world-class unconventional resources estimated at 774 Tcf of risked shale gas and 27 billion barrels of risked shale oil positioned below US shale gas player worldwide; where the Neuquina Basin has the most promising unconventional formation "Vaca Muerta" with thickness from 50-450 metres.

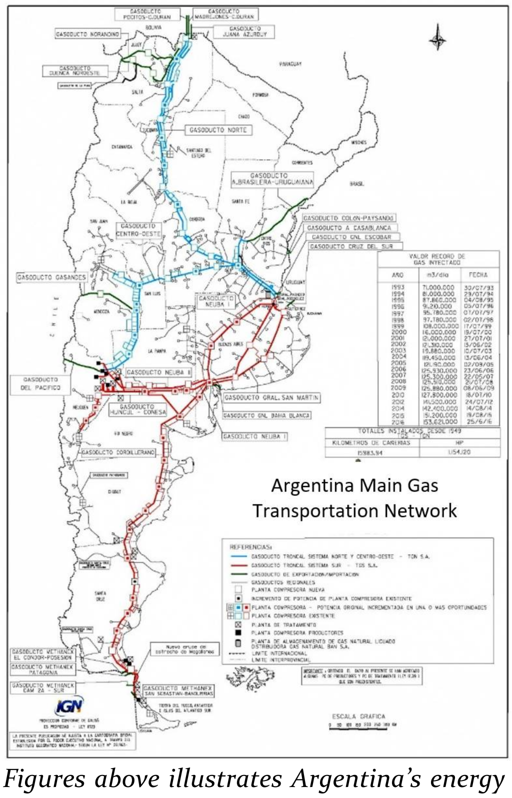


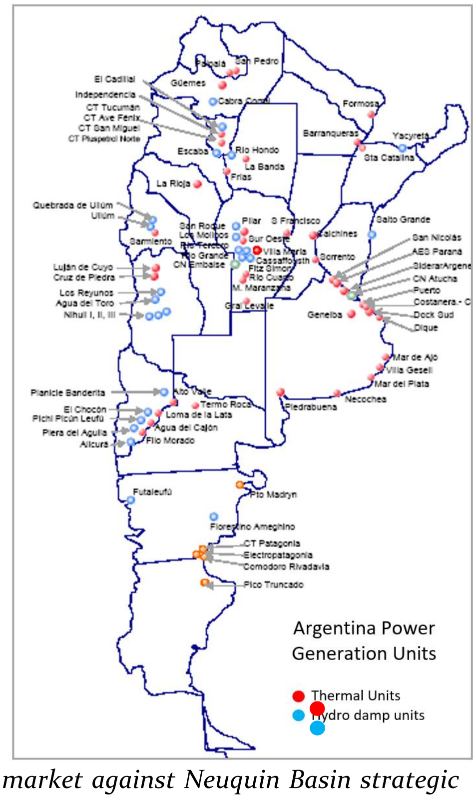


Figures above illustrates the significant Argentina's unconventional resources plays worldwide and also the importance of the Neuquina basin among other basin in the country, four of which are currently productive (Noroeste, Neuquina, Golfo San Jorge and Austral), whereas the Chaco-Paranaense is not an active shale oil and gas resources yet.

Unconventional shale resources have generated great expectation in Argentina where the most relevant unconventional shale activities have been in Vaca Muerta, Los Molles and Agrio formations in Neuquén Basin, and D-129 Formation in Golfo San Jorge Basin.

The Neuquina Basin is strategically placed in the heart area with a well developed oil and gas infrastructure transportation system connecting to the main industrial centers and main economic activities in Argentina.





Figures above illustrates Argentina's energy market against Neuquin Basin strategic position to supply competitive unconventional resources to both domestic and export hydrocarbon demand.

6.7 Argentina against US unconventional growth8

The Neuquén basin currently is the most active unconventional basin in Argentina where the Vaca Muerta formation lays on; followed by the Golfo San Jorge Basin with its Mata Siete or D-129 formation. This unconventional development is in an earlier stage, called as "pilot stage", where some unconventional wells are being evaluated with very promising results. Regardless their development stage either basin has attractive unconventional characteristics when compared to any US one, as can be seen in the table below.

		Vaca Muerta	Mata Siete or D-129	Barnett	Haynesville	Marcellus	Eagle Ford	Bakken
TOC	[%]	6	2	5	2	12	4	12
Thickness	[m]	450	250	91	76	61	65	30
Depth	[m]	3.000	2.500	2.300	3.700	2.100	2.300	1.900
Area	[km2]	67.000	45.000	1.700	24.000	245.700	5.200	5.200
Reservoir Pressure	[psi]	9.000	3.000	3.500	10.800	3.400	4.500	4.200

The table above illustrates Vaca Muerta and D-129 unconventional petrophysics characteristics with those once most representative in the US.

Vaca Muerta milestone in unconventional development

Following the unconventional development in the US, YPF started technical unconventional studies on Vaca Muerta knowing its unique unconventional potential:

2007 YPF started lab and research studies on Vaca Muerta in Loma La Lata Field

2009 First unconventional well drilled in Loma La Lata Field by YPF did not reach target formation, Vaca Muerta

2010. Second unconventional well in Vaca Muerta and first one to be declared as economical viable in Loma La Lata for shale gas
Third unconventional well in Vaca Muerta and first unconventional well in Vaca Muerta declared as economical viable in Loma La Lata for shale oil

2011 Additional unconventional pilot drilling performed by YPF in Bajada de Añelo, Loma Campana and Northern Loma La Lata as appraisals are declare as commercial developments

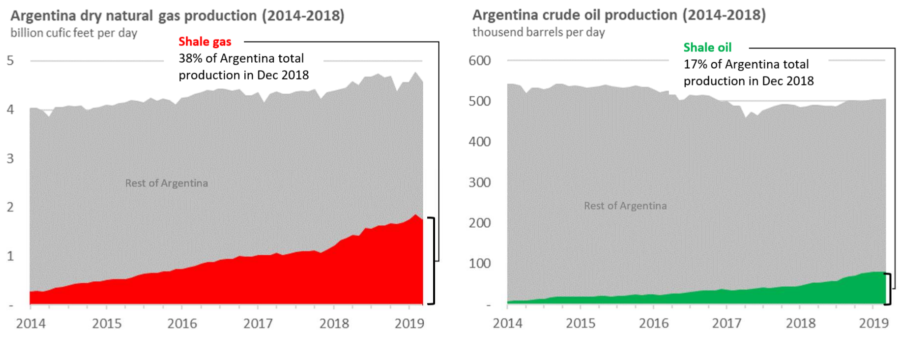
2012 Total, EOG, BP declared unconventional development in region within the Neuquina Basin.
YPF drilled three unconventional pilot wells in the Golfo San Jorge basin targeting D-129 formation.

2014 Unconventional gas developments started to supply domestic demand in Argentina

+2018 Many operating companies i.e.: YPF, Chevron, Total, Pluspetrol, EOG, VIsta Oil & Gas, Shell alone or in partnership with Dow Petronas, Statoil, ExxonMobil, Sinopec, Gazprom and several smaller local and international companies are actively investing in unconventional developments.

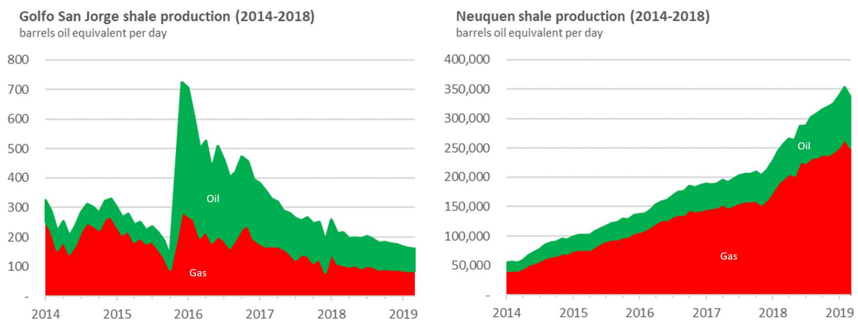
At current international oil prices and domestic gas prices, the expansion of Argentina's hydrocarbon production has come mainly from unconventional and it is expected to increase its participation in the short term.

[8] Argentina Minister of Energy



The graphs above highlights unconventional versus conventional production in time Argentina

The results obtained to date in unconventional developments confirm the vast potential for shale oil and gas, In Argentina. In particular Vaca Muerta in the Neuquina Basin, is a proven real "game changer" where Mata Siete, in the Golfo San Jorge Basin, is steadily following behind in an earlier development stage with encouraging results.



The graphs above highlights unconventional production in the Golfo San Jorge and Neuquina basins

6.8 Assets and reserves overview

6.8.1 Asset overview

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

License	Country	Interest	Operator	Partners	Field information
Puli C	Colombia	70 %	Interoil	Ecopetrol	Production onshore
Altair	Colombia	90 %	Interoil	Erazo Valencia SA	Production/Exploration onshore
LLA-47	Colombia	100 %	Interoil	SLS Energy	Production/Exploration onshore
Mata Magallanes Oeste	Argentina	80 %	Interoil*	Petrominera Selva María Oil	Production/Exploration onshore
Cañadon Ramirez	Argentina	80 %	Interoil*	Petrominera Selva María Oil	Exploration onshore
La Brea	Argentina	80 %	Interoil*	JEMSE Selva María Oil	Production/Exploration onshore

*once approved by local regulators

6.8.2 Reserves

The Group's reserves are located in Colombia. As at 31 December 2018, Interoil's working interest net of royalty Proven oil and gas Reserves ("**1P**") were 1.2 million barrels of oil equivalent ("**mmboe**") and the Proven plus Probable ("**2P**") Reserves were 1.5 mmboe. This represents a decrease of 0.9 mmboe on the 1P and a 1.4 mmboe decrease of the 2P compared to reserves as at 31 December 2017. The reserve replacement ratio was 24% for the 1P reserves and 9% 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.

The reserves have been estimated and classified according to the "Petroleum Resources Management System", developed and approved in March 2007 jointly by the Society of Petroleum Engineers, World Petroleum Council, American Society of Petroleum Geologists and Society of Petroleum Evaluations Engineers, hereafter referred to as the "SPE PRMS"[9] and have been audited by the independent petroleum engineering firm, 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 January 2017. Interoil's annual statement of reserves, which is based on the Gaffney, Cline & Associates reserve statements is available on Interoil's website www.interoil.no. The scope of the certification by Gaffney and Cline includes only reserves.

6.8.3 Quantitative Information

A summary of the 1P and 2P reserves per association contract and block as at 31 December 2018 is provided in the table below.[10] The reserves have been further subdivided into a Developed Producing, a Developed Non-Producing and an Undeveloped category, in accordance 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.

Reserves net to Interoil's interest are calculated as working interest minus royalties and minus ANH participation.

[9] For a full description of the "SPE PRMS", please refer to the Society of Petroleum Engineers website: www.spe.org.
[10] Table taken from Gaffney, Cline & Associates, Reserves and Resource Statement for Ambrosia, Rio Opis, Mana and Altair Areas, Colombia as at December 31, 2017 dated March 2018. For the avoidance of doubt, LLA-47 is not included in the table and only the reserves in the Puli-C license are included.

Statement of Remaining Hydrocarbon Volumes
Ambrosía, Río Opia, Maná, Llanos 47 and Altair Areas, Colombia
as of December 31, 2018

Reserves	Gross (100%) Volumes		Interoil's Working Interest volumes		Reserves Net to Interoil's Interest	
	Liquids (MMBbl)	Gas (Bcf)	Liquids (MMBbl)	Gas (Bcf)	Liquids (MMBbl)	Gas (Bcf)
Proved						
Developed	0.94	2.87	0.66	2.01	0.62	1.88
Undeveloped	0.22	0.92	0.16	0.64	0.14	0.60
Total 1P	1.16	3.79	0.82	2.65	0.76	2.48
Total 2P	1.42	4.63	1.01	3.24	0.94	3.03
Total 3P	1.84	6.20	1.30	4.34	1.21	4.06

Note: Totals may not add due to rounding

6.9 Colombia

6.9.1 Introduction to Interoil Colombia

Interoil Colombia is an active operator in the Colombian upstream oil and gas industry with a diversified portfolio of production, development and exploration assets. Interoil Colombia is a limited liability corporation registered in the British Virgin Islands operating through the Colombian branch. Interoil Colombia is a 100 per cent ultimately owned subsidiary of the Company.

Interoil Colombia's main office is 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 team, employees and a technical team covering all aspects of operational oil and gas exploration and production. As at 31 March 2019, Interoil Colombia had 49 employees of which 39 are in the production and operations department which handles production and conducts field operations and maintenance. The exploration department has 2 employees and the technical department has 3 employees. 8 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. As at 31 March 2019, 48 % of the personell in production were on fixed contracts.

The Company's 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), LLA-47 and the Altair block. The corporate tax rate in Colombia was 40 % in 2017 and 2016 and an additional equity tax of 1.15 % applied during these years. There are no minimum production level requirements for the blocks. The produced oil is brought to market via trucks and pipelines.

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

	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 %[6)]	Jan. 2019[3)]	8 %
Exploration						
	LLA-47	N/A	Interoil	110,500	100 %[5)]	Feb. 2021 [2)]	8 %[4)]

Notes: 1) Sismopetrol S.A. owns 14 % of the AMB-1 well and 7 % of the remaining existing wells in Ambrosia through a revenue sharing agreement. For future wells in Ambrosia, Interoil Colombia holds a 70 % WI. However, Sismopetrol has an option to participate with a 7 % WI. 2) Represents end exploration phase 1 and 2 which is unified. 3) Represents end of phase 1 and 2 of the subsequent exploratory program. 4) In addition, LLA-47 carries an X Factor royalty of 15 %, calculated net of royalty. 5) SLS will assume 60 % of the capex for 3 wells in LLA-47 (one already drilled), and will receive a consideration of 43 % of the net operating income from the wells and 22 % once the cost of the investment has been recovered. 6) SLS assumed 90 % of the capex for the Turaco well drilled in Altair. Consideration agreed to 85 % of the net operating income from the wells and 36 % once the cost of the investment has been recovered.

6.9.2 Environmental and legal conditions

Generally, 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 approval is dependent on, amongst other things, current production and activities in Colombia and bank guarantees for parts of the investment commitments. Following ANH approval, companies are required to obtain an environmental and landowners permit in order to execute the commited activities. Permission for the environmental and social aspects must be sought from two ministers, the Minister of Enviroment and the Minister of Government and Interior, respectively.

Companies performing E&P activities must have either: (i) an association contract granted by Ecopetrol or (ii) exploration and production contracts granted by the ANH. The main differences between these two types of contracts are presented in the table below. Any company that is an assignee of an existing contract or awarded a new contract, must satisfy 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	ANH
Supervising authority	Ecopetrol	ANH
Bank guarantees for exploration commitments	Not applicable	The initial amount is 50 % of the additional exploration commitments which amount must be increased to 100 % over time
Working Interest	Ecopetrol is a partner, hence participates in % terms	The operator is the sole owner of the contract
Additional payments other than royalties	None	High prices right: it is applicable once production has exceeded a predetermined 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, a company is required 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 relating to management of contracts and licenses; 2) The National Environmental Agency (ANLA), for issues relating to environmental permissions; 3) Ministry of Interior, for issues relating to communities; 4) Ministry of Mines, for issues relating to exploration and production activities and management of contracts; 5) Ministry of Environment, for issues relating to environmental permits; and 6) Army and Police and the Defence Ministry, for issues relating to security.

A license or contract can be terminated if (a) the operator does not perform the activities committed to in the contract or remains inactive for more than 6 months (b) the operator is in financial distress or bankruptcy or (c) other commitments such as bank guarantees are not fulfilled. If a licence or contract is terminated unilaterally, the operator will be banned to contract with the ANH or any other governmental authority for a period of 5 years from such termination. Additionally, in the event of a termination (unilaterally), the minimum and additional exploration commitments for the current phase need to be paid to ANH in its economical equivalent.

For more information, see the website of ANH: www.anh.gov.co.

Interoil Colombia holds all necessary permits and licenses to operate all of its licenses. Interoil Colombia has the enviromental license from ANLA to develop its exploration acitivities in Colombia.

An environmental license imposes obligations such as report submission, water and air quality monitoring, etc. If these obligations are not satisfied, fines may be imposed and, if the fines are not repaid, the environmental license may be terminated.

For seismic acquisitions, operators need to prepare two studies; an MMA (environmental management measures) and a PMA (preparation of environmental management plans). These studies measure the actual status of the area and the operations in order to reduce the fingerprints of the exploration activities. Community consultations are also required.

Before drilling, operators must first conduct an EIA (environmental impact assessment). Following completion of the EIA, the environmental authority may grant a license to operate (drill) in a relevant area. Once the license to drill in the area has been granted, the operator has to conduct a PMA for the drilling activity.

ANH has approved Interoil's request to combine phase 1 and phase 2 of the LLA-47 and phase 1 and phase 2 of the subsequent exploratory program of the Altair exploration license. The Company is currently in discussions with ANH on the structure of a guarantee scheme that will fulfill ANH's requirements based on the Company's opportunities under the current market conditions.

Due to community issues, and to some extent also environmental issues, it has not been possible for the Group to commence work on the seismic and wells pursuant to its Exploration and Production Contract No. 68, Block COR-6 with the ANH dated 3 May 2011 (the "**COR-6 Contract**"), which work was due to be finalised by November 2014. In March 2017, the ANH sought damages of USD 22 million from Interoil for alleged breach of the COR-6 Contract, being the amount that Interoil had committed, but failed, to invest in the COR-6 Contract. On June 2018, Interoil and the ANH finally reached an agreement to settle all outstanding claims and disputes in relation to this Exploration and Production Contract No. 68, Block COR-6. The settlement included a termination of the COR-6 Contract by mutual agreement and a mutual waiver and definitive release of the parties to make any claim with regard to the COR-6 Contract. By means of the resolution of the Arbitration Tribunal dated October 2, 2018, the tribunal has approved the Conciliation Agreement giving full effects to its provisions and terminating the dispute.

6.9.3 Economic conditions

In addition to the applicable royalties, as shown above, all taxable income in Colombia is charged a corporate tax rate. In 2017 and 2016, the corporate tax rate was 40% which was reduced to 37% in 2018 and again reduced to 33% in 2019. Tax on equity was 1.15% for 2016 and 2017. Exploration costs are not tax refunded until a company is in a tax position. Contracts with ANH are also subject to high price rights which are additional royalty payments that commence once an exploitation area has an accumulated production in excess of 5 MMbbl (gross).

During the exploration phase, there are economic rights that need to be paid depending on the area and location of the license. Additionally, during the production phase, there are additional economic right payments such as royalties.

The production phase commences automatically following the declaration of a commercial discovery by the ANH during the exploration phase of a license. In LLA-47, the production phase is to continue for 24 years following the declaration of a commercial discovery.

After a discovery is made, production equipment and facilities (tanks, scrubbers, lines, engines, etc) are required. The production equipment and facilities are typically leased 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 with leasing arrangements. This is predominately a decision based on the finances of a company.

At Puli C and Altair, most of the facilities equipment (>95 %) is owned by Interoil. This includes tanks, pipelines, compresors, trucks and production related equipment. Rented equipment is mainly related to equipment that is occasionally required for shorter periods of time.

The difference between the two types of contracts described above (association contracts with Ecopetrol and E&P contracts with ANH) in terms of economic conditions is that contracts with ANH involve the requirement for bank guarantees and the potential for additional payments such as high price rights, which requirements are not present in association contracts.

6.9.4 Operational track-record in Colombia

During the term of Interoil Colombia's operations, between 0 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, 50 wells are in production at Puli C (Mana, Rio Opia and Ambrosia), and 1 well is in production at LLA47.

During 2006, Interoil Colombia successfully extended the Mana field towards the west with two exploration wells, increasing recoverable volumes in the field by 9 Mmboe. In 2010, at the first exploration well in the Altair block in the Llanos Basin, the Altair field was dicovered which has produced 4.2 thousand bbl net oil for Interoil. In addition to this well, Interoil has drilled 3 other wells on the Altair field, one of which was dry and the other, drilled in 2012, was not commercial and was therefore suspended. The third well, drilled in 2017, has been completed and tested in the upper section of the C7 formation where oil and water is flown 17 bopd and 131 bwpd respectively.

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 for Interoil Colombia). Through investments in drilling, 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).

In 2013, a 12-well drilling program was carried out at Puli C 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 of reducing 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, the majority of the planned 2014 development program was not carried out due to contractual issues with Ecopetrol, malfunctioning of operational equipment as a result of its lack of maintenance and increasing financial difficulties.

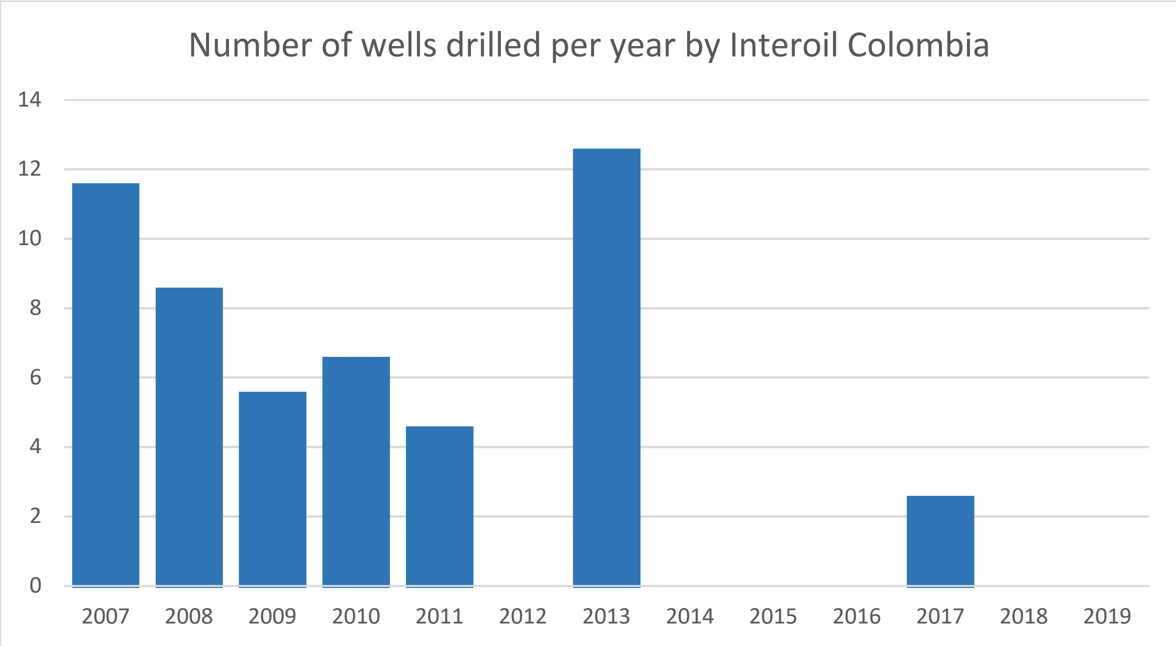
During 2015, Interoil assessed the previously proposed "3 phase multiyear Field Development Plan" at Puli-C and terminated this activity due to the higher than expected declination rate obtained from the first phase of the plan. Instead, the Company's focused on improving the production reliability of producing wells by applying work over interventions after a detailed study in the field. Interoil implemented a strong maintenance program including pump changes, paraffin cut, etc., in order to diminish the deferred production due to malfunction in the subsurface and surface equipment. The results obtained from those activities were positive.

In 2016, the technical team worked on a new static model to generate the dynamic model that will aid understanding the behaviour of the main producer reservoirs (Doima and Chicoral formations). The tasks included redefinition of a geological framework, stratigraphic sequences zonation and generation of a petro physical model that could honour all the existing information of logs (not considered before) and cores as well as geophysical reinterpretation of 3D seismic volume and creation of the static model for the two reservoir operational units.

On Altair exploration block, Interoil successfully drilled and tested the Turaco exploration well in the beginning of 2017. This well was completed and tested in the upper section of the C7 formation where oil and water flown was 17 bopd and 131 bwpd respectively.

Challenging weather conditions during the rainy season in Colombia have delayed the 3 well drilling campaign in LLA-47. However, Vikingo-1 was the first well on LLA-47 successfully drilled and tested with a steady flow of 744 bopd on a natural flow. Interoil has installed temporary production facilities and the well is on stream at around 550 bopd. Seismic reprocessing has been concluded and the interpretation of the areas of interest has commenced. Drilling will resume after seismic reinterpretation is finalised. During 2018 no wells were drilled.

Interoil uses conventional land rigs in its drilling operations.



6.9.5 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 2,000 – 4,000 feet in 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 transportation through trucks. There is a substantial network of roads through the field which means that road accessibility is good with all the wells being accessible by car.

Other than to carry out the commitments (workovers etc.) that have, at any time, been agreed with Ecopetrol (Interoil Colombia's 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 building the dynamic reservoir model and setting up a development plan for Puli-C.

6.9.6 LLA-47 exploration block overview

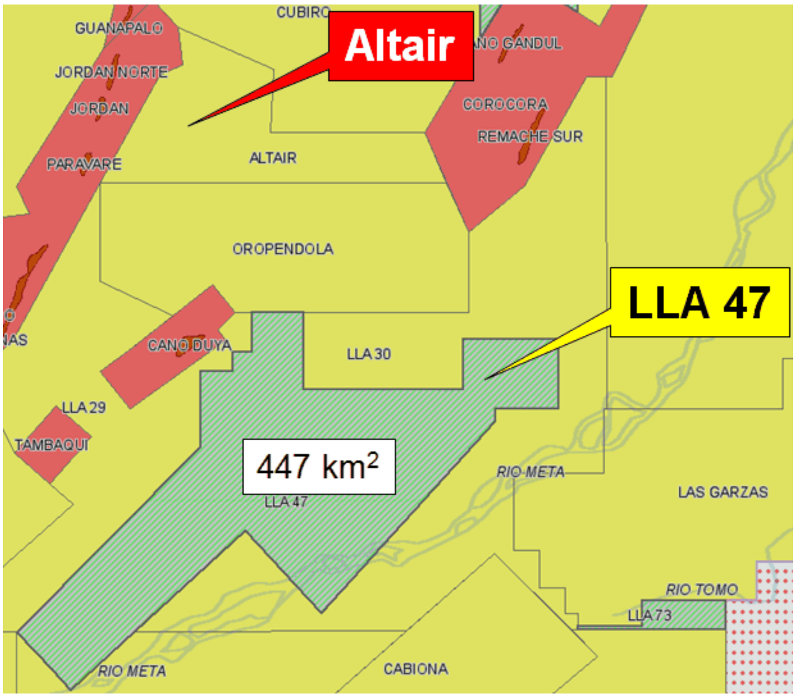
Interoil Colombia is the operator of the LLA-47 exploration block with a 100 % working interest. The block was awarded in the 2010 open bid round. In 2013-2014, Interoil spent USD 14 million to acquire and process 3D seismic. Based on the data and analysis, Interoil estimates that there are more than 65 million barrels of oil in place. Given the prevailing recovery factors in the Llanos basin, Interoil expects the resource potential to be more than 20 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 combined phase 1 and phase 2 of the licence agreement and has commitments to drill 10 wells by February 2020 (no interim deadlines) with estimated costs of USD 30 million. In addition to the seismic acquistion, processing and analysis in 2014. In 2017, Interoil sucessfully drilled Vikingo the first of the commited exploration well on the block.

The combination of the phase 1 and 2 necessitates an increase of the existing USD 4.8 million bank guarantee. Hence, Interoil is in constant conversation with the ANH in respect of structuring a guarantee scheme that would fulfil the ANH requirement based on Interoil's possibilities under current market circumstances. The ANH has agreed to change the work requirements to 10 wells (one of which has already been drilled) and 4,098 geochemistry samples in replacement of well coring and other well activities.

The final exploration phase at LLA-47 ends on 7 February 2021 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 must: (1) Conduct the activities committed for the first and second exploration phase (seismic and wells), and (2) Have in place bank guarantees when requested in respect of the required amounts.

The building of the roads for access to the block has been and is challenging work. The Meta river floods the area and the rainy season creates challenges for construction work. The same roads will be used for trucking the crude in initial stages of the E&P activities. Once the identified production opportunities are significant (economically and technically) to build a pipeline, the Company will be required to seek environmental permits.



6.9.7 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 a 2010 ANH open bid round. Due to community and environmental issues, the Group was not able to develop the COR-6 block and therefore failed to comply with its obligation pursuant to the COR-6 Contract which involved an investment of USD 22 million in the block. Further, Interoil failed to provide ANH's requested guarantee in the amount of USD 16.6 million. When an agreement between Interoil and the ANH for the transfer of the USD 22 million exploration commitments for COR-6 to Altair and LLA-47 was not ratified by the Court, the ANH in March 2017 sought damages of USD 22 million for breach of the COR-6 Contract. In June 2018, Interoil and the ANH finally reached an agreement to settle all outstanding claims and disputes in relation to this Exploration and Production Contract No. 68, Block COR-6. The settlement included a termination of the COR-6 Contract by mutual agreement and a mutual waiver and definitive release of the parties to make any claim with regard to the COR-6 Contract. By means of the resolution of the Arbitration Tribunal dated October 2, 2018, the tribunal has approved the Conciliation Agreement giving full effects to its provisions and terminating the dispute.

6.9.8 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 is currently producing from one single well, Altair-1.

Interoil has combined phase 1 and phase 2 of the subsequent exploratory program of the licence agreement and is obliged to drill two wells at Altair by January 2019. The Turaco exploration well was successfully drilled in the first half of 2017. The well was completed and tested in the upper section of the C7 formation where oil and water flow was 17 bopd and 131 bopd, respectively. The remaining commitment has an estimated cost of USD 3 million to USD 3.5 million and includes a geological description of 90 feet of core samples taken from wells within the Altair exploration license and stored in the ANH geological laboratory in Bogota.

The current guarantee provision for Altair is in compliance with the ANH requirements.

Building of the road to gain access to the block has been challenging due to the flooding of this area from the Meta river and the rainy seasons. The same roads will be used for transportation of the crude in the initial stages of the E&P activities. Once the identified production opportunities are of a substantive size (economically and technically) to support the construction of a pipeline, the Company will seek environmental permits.

6.9.9 Service contract and gas selling contract

Interoil Colombia operates one service contract on behalf of Hocol for the Toqui Toqui fields, Puli C and Totare in the Middle Magdalena Basin. Pursuant to the contract, Interoil Colombia is responsible for the operations and production of the fields in return for a fixed fee plus a variable fee per barrel produced.

The Company has succesfully extended a gas selling contract with Turgas until 31 December 2019. Turgas' treatment facility is located next to the Mana field.

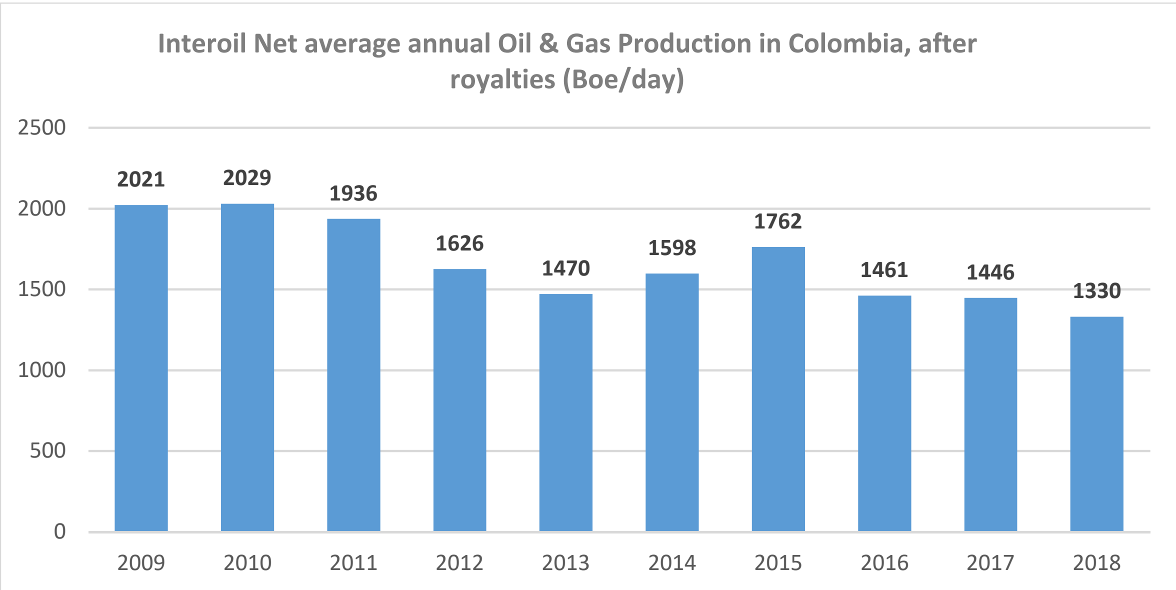
6.9.10 Colombia oil & gas production

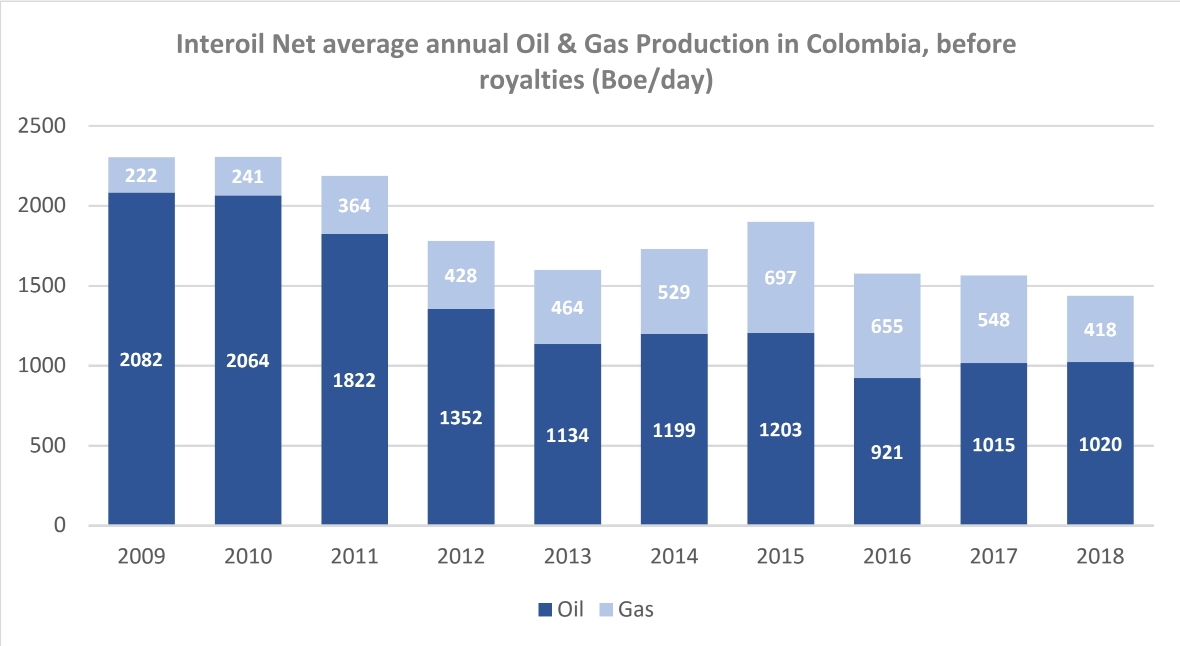
The development in Interoil Colombia’s net oil & gas production (after royalties) in 2009-2018 is shown in the first figure below. In 2016, production averaged 1,091 boe/day, down 18 % y/y due to low investments on the field after the increased production resultuing from the wells drilled in the 2013 drilling program. During 2018, working interest production of oil and gas increased by 1.8% to 1,048 boe/day. During the firt quarter of 2019 working interest production of oil and gas was 803 boe/day. Interoil intends to implement a plan that considers various activities aimed at sustaining and potentially increasing the production level at Puli-C. These 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.

The Company has a project to install a new gas treatment plant in Mana to take all the rich components (mixture of propane, butane and natural gasoline) leaving dry gas under commercial specification according to the Colombian gas market. The plant was transferred from Louisiana to Houston, Texas for commissioning. This work has been delayed for reasons outside Interoil's control. Current investment in respect of the gas plant acquisition, transportation and commissioning is USD 2.0 million.

The Company is currently implementing measures to meet the requirements for an upgrade of the environmental license incorporating the gas treatment facilities but is unable to accurately estimate how long this process may take. Furthermore, the Company has successfully extended the contract with Turgas until December 2019 on the same conditions. The Company shall evaluate alternatives to the project with the view of maximizing efficiencies.

In the second figure below, net production (before royalties) is shown for oil and gas from 2009 to 2018.





6.10 Argentina overview

There have been significant structural reforms in the Argentinian market following December 2015 with the election of the new pro-business government which has opened opportunities for investments in the country.

Argentina is a key target market for the Group and the Company intends to commence operations in Argentina through the acquisition of a majority interest in a joint venture agreement (*unión transitoria*) set up for the exploration, development and exploitation of La Brea, a field located in the Province of Jujuy in the northwest basin in Argentina.

	Block	Operator	Gross acres	Interoil WI	Expiration date	Oil royalty
Production						
	Mata Magallanes Oeste	Selva Maria Oil[1)]	11,930.25	80%	Apr. 2043	12%
	La Brea	Selva Maria Oil[1)]	27,831	80%	Feb. 2042	12%
Exploration						
	Cañadón Ramirez	Selva Maria Oil[1)]	81,930,26	80%	Apr. 2024	12%

Notes: 1) Until Interoil is registered and accepted as an operator by Argentinean Authorities.

The concession system in Argentina

A concession system is operated in Argentina for areas that are to be used for exploration and production. Concessions are managed by the different provinces and while there are local differences, the basic terms of each concession are substantially the same. Non-exploited blocks are put on tender by the respective provinces, offering five year period contracts for exploration and 25 year period contracts for conventional exploitation following a commerciality declaration. Exploitation contracts for unconventional resources are offered for a 35 year period.

At the end of a contractual period, operator companies have the right to extend the contract indefinitely by ten year periods, subject to renegotiating royalty, investment commitments and bonuses. Provinces can increase royalties on the concession contracts by 3 per cent for each extension up to a maximum of 18 per cent.

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

Argentina Environmental and legal conditions

Generally, exploration licenses in Argentina 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, local provincial governmen approval is required. Such approval is dependent on, amongst other things, current track record and guarantees for parts of the investment commitments. Following government approval, companies are required to obtain an environmental and landowners permit in order to execute the commited activities. Permission for the environmental and social aspects must be sought from two ministers, the Minister of Enviroment and the Minister of Hydrocarnons, respectively.

On the other hand, it should be noted that the Argentine legal regime regarding the granting of exploration permits and concessions for the exploitation of hydrocarbons, results from the regulatory plexus of national and provincial regulations in force at the time of granting. In the case of Argentina, according to art. 124 of the National Constitution, the domain of the existing natural resources in a territory corresponds to each province. That is to say, the provinces have the domain of the gas and oil deposits existing in their territory.

In order for a company to be an E&P operator, a company is required to prove that it has operated production in Argetina or another country. The company has to have constant interaction with 1) Provincial Oil Companies , for issues relating to management of contracts and licenses (JEMSE and Petrominera S.E in the case of the provinces of Jujut and Chubut, respectively); 2) The National Energy Secretariat (Seccretaría de Energía de la Nación), for issues relating to permits; 3) Provincial Hydrocarbon’s Ministry, for issues relating to exploration and production activities and management of contracts; 4) Provincial Ministry of Environment, for issues relating to environmental permits; and 5) Police, for issues relating to security.

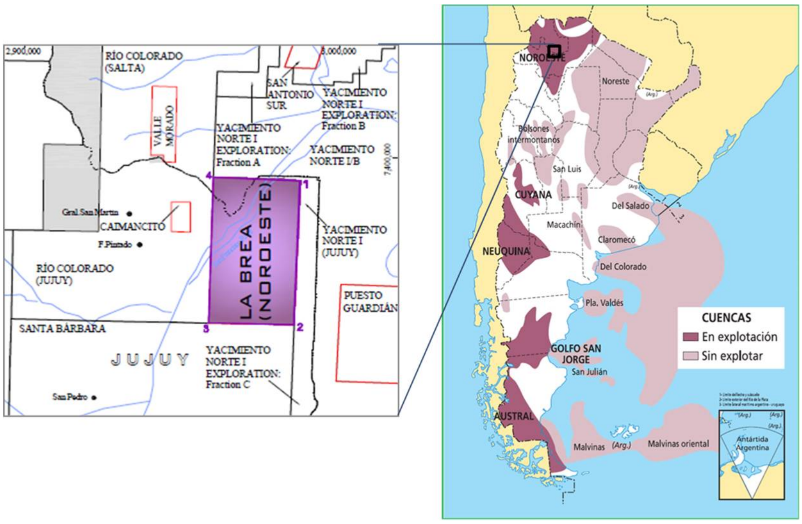
A license or contract can be terminated if (a) the operator does not perform the activities committed to in the contract (b) the operator is in financial distress or bankruptcy or (c) other commitments are not fulfilled.

Interoil is currently preparing all documentation required to file the operatorship licence request.

At Matamagallanes oeste and Cañadon Ramirez, most of the facilities equipment is owned by the joint venture. This includes, tanks, pipelines, compresors, trucks and production related equipment. Rented equipment is mainly related to equipment that is occasionally required for shorter periods of time.

At the begeining of the concession, operators must first conduct an EIA (environmental impact assessment). Following completion of the EIA, the environmental authority may require a remediation programme. An annual environmental update report is requierd by most provinces.

6.10.1 *The La Brea field*



The La Brea field has an extension of 112.6 km² – equivalent to 27,824 acres, of which just 297 acres were previously in production. There are 11 wells on the field, drilled[11] decades ago by YPF, of which five accumulated 30ºAPI oil production with minor quantities of associated natural gas[12]. The targeted producing reservoir is the Yacoraite formation, which lies at 2,000 metres – 6,560 ft. with two exploration wells drilled in sectors of the field where Yacoraite lies deeper. The field is located 130 km from San Salvador de Jujuy, the provincial capital and 140 km from Refinor's closest refinery through paved roads allowing for oil trucking.

The La Brea field was awarded to private sector companies under a concession scheme by the Federal Government of Argentina prior to the 2007 amendment to the Argentine Hydrocarbons law by the so-called "Short Law" whereby ownership of the hydrocarbons fields located in provincial territory was vested upon the provinces where such fields are located. Since 2007 and following the enactment of the Short Law, the Governor of the Province of Jujuy approved the transfer of the concession awarded over La Brea.

---

[11] Los Berros 1, La Brea Este 1, Laguna La Brea 1, Jujuy Estructural 1, Jujuy Brea 9, Jujuy Brea 7, Jujuy Brea 3, Jujuy Brea 1, El Oculto x-1001, El Oculto x-2, El Oculto x-1.

[12] Gas-to-Oil ratio at 285 m^3oil/m^3gas

On 24 October 2014, the concession holder of La Brea at that time filed its resignation of the concession over the La Brea field with the Provincial authority of Jujuy. In accordance with section 81 of the Argentine Hydrocarbons Law, the aforementioned resignation by the concession holder extinguished the concession awarded over the field.

The field was then transferred to Jujuy Energía y Minería Sociedad del Estado ("**JEMSE**"), the Province of Jujuy state-owned energy and mining company that is the instrumentality of the Province of Jujuy in the oil, gas and mining sectors. The La Brea field was transferred to JEMSE in accordance with Provincial Decree No. 327/2012 dated 5 March 2012, whereby all hydrocarbon fields reverted to the Province of Jujuy by holders of concessions (reserved for JEMSE, amongst others). Since this time, JEMSE has been vested with the right to explore, develop and exploit the La Brea field.

The La Brea joint venture agreement

On 24 February 2017, JEMSE entered into a joint venture agreement (*unión transitoria*) with Selva María Oil S.A. ("**SMO**") and ATM Oil and Gas S.A. ("**ATM**") for the exploration, development, exploitation, transportation, disposition and sale of hydrocarbons located in the La Brea field (the "**UT Agreement**"). Both SMO and ATM are *sociedades anónimas* (corporations) organised and existing under Argentine law.

The execution of the UT Agreement was ratified by the Ministry of Economic Development and Production of the Province of Jujuy by means of Resolution No. 140-DEyP/17, dated 26 May 2017. Furthermore, the UT Agreement was approved by Decree of the Governor of the Province of Jujuy No. 6482/18 dated 23 April 2018 pursuant to the provisions of Section 98, g of the Argentine Hydrocarbons Law No. 17319, as amended. Section 98, g) of the Argentine Hydrocarbons Law grants to the Executive Branch the power to approve agreements entered into between government-owned companies and third parties for the exploitation of the fields reserved to the former entities.

Pursuant to the UT Agreement, JEMSE is required to make the La Brea field available to the joint venture for its exploration, development and exploitation as well as to facilitate, amongst other things, the exercise of transport rights and rights of way.

SMO and ATM are, pursuant to the UT Agreement, required to present a work and investment plan and to conduct the investments contemplated in such work and investment plan. Following commercial declaration of the field and the initiation of the commercial exploitation, but after recovery of 100% of the investments made in the La Brea field and pursuant to the work and investment plan, SMO and ATM must pay JEMSE, on a monthly basis, a 6% cash royalty on the production of liquid hydrocarbons calculated at the wellhead price. In addition, following commercial declaration and the start of commercial exploitation of the field, the parties to the UT Agreement are required to pay the Hydrocarbons Law royalty of 12% of the production value calculated at the wellhead price, on a monthly basis, to the Provincial Government of Jujuy. SMO and ATM have also committed to put the well, La Brea Este x-1, to production provided its technical condition enables this at the time of having access to the La Brea field.

On the expiration of the UT Agreement, SMO and ATM are required to transfer to JEMSE all wells located on the La Brea field together with all equipment and facilities, constructions and works, either movable or fixed, permanently incorporated on the La Brea field, in addition to all exploration studies, at no cost.

JEMSE holds a 5% participating interest in the joint venture (such participating interest being in addition to the 6% royalty referred to above), SMO holds a 15% participating interest in the joint venture and the remaining 80% participating interest in the joint venture was held by ATM and now acquired by Interoil, who will become the operator once the approval from local regulators is granted. Notwithstanding its participating interest, JEMSE is exempt from advancing funds for the exploration of the field. As a result, all exploration and development costs must be borne by SMO and Interoil, in proportion to their participating interests. Once production of the exploitation phase commences, the portion of such costs that should have been contributed by JEMSE will be deducted from JEMSE's share of the production until the funds invested in the exploration phase by SMO and Interoil are fully recovered. Thereafter, the production from the field will be allocated to the parties in accordance with their respective participating interests.

Pursuant to the UT Agreement, SMO and Interoil will acquire ownership of the production at the La Brea field in accordance with their respective participating interests. If SMO and/or Interoil opt/s to receive their production share in kind by giving notice to that effect at least two months in advance, the operator of the La Brea field shall be entitled to dispose and to sell all the production on the La Brea field on behalf of SMO and ATM. In such case, the proceeds from the sale will first be applied to pay the operating costs for the La Brea field accrued during the relevant period of hydrocarbons production.

The UT Agreement provides that neither SMO nor Interoil will be held responsible for, or be required to remediate, any environmental liability in respect of the La Brea field that arose at, or prior to, the time of the transfer of possession of the La Brea field to SMO and ATM.

The UT Agreement will remain in force for a period of 25 years from its execution date, i.e. until 24 February 2042, date on which the licence expires.

Pursuant to the UT Agreement, SMO was appointed as operator of the La Brea field and is the representative of the La Brea joint venture in respect of third parties. In addition to the payment of royalties, the operator of the La Brea field also is required to pay the relevant surface fee with a charge on the common accounts to the Provincial Government of Argentina. SMO will remain as operator until Interoil is granted the operator's licence from local regulators. In the meantime, SMO will act as operator and execute Interoil's directives.

The operator is required to prepare all relevant accounts and make all relevant calculations and pay to SMO and Interoil their relevant share of the profits from the joint venture (oil sales) on a quarterly basis and on a monthly basis in the case of JEMSE.

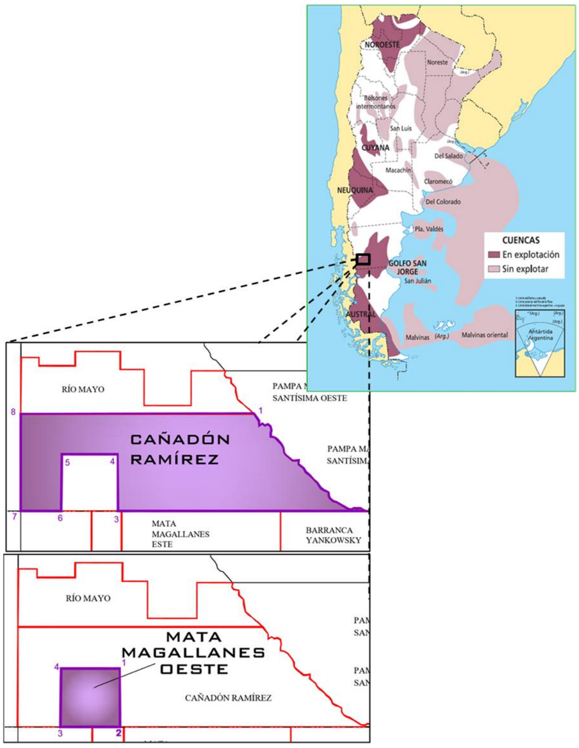
The UT Agreement provides that SMO and ATM are entitled to assign, in whole or in part, their rights pursuant to the UT Agreement with the prior written consent of JEMSE, which consent shall not be required if an assignment is to an affiliate or partner of the assignor.

La Brea field holds 150 thousand barrels of certified proved reserves[13] and currently there is no production in the field.

Contractual commitments – La Brea field

Pursuant to the UT Agreement, the contract was awarded subject to the obligation to perform one well work over. This obligation will be transferred to Interoil together with the participation in the UT agreement.

6.10.2 The Mata Magallanes Oeste Field



Mata Magallanes Oeste is an oil and gas exploitation concession located at the Western Flank of the prolific Golfo de San Jorge basin in Argentina. The closest town to the field is Rio Mayo, 42 km away through a gravel road while the provincial capital is 300 km from the field. The closest delivery point is located 140 km from the field through gravel and paved roads suitable for oil trucks. The field was discovered by YPF in 1972 within its exploration campaign to assess the potential of the western flank of the basin.

Royalties are applicable on oil and gas production in Argentina, and these royalties range from 12.0 to 15.0% on gross revenues derived from actual oil and gas production. Under the terms of the concessions, the applicable royalties to be paid to the province of Chubut is 12%.

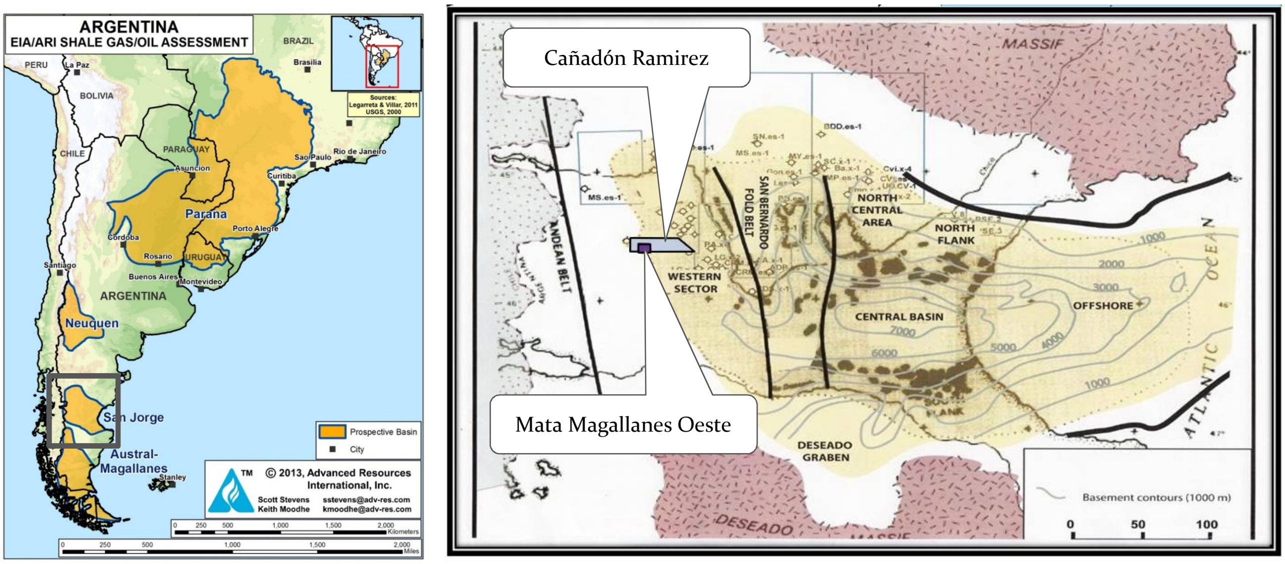
The Mata Magallanes Oeste, concession has recently been extended until April 2043 and the Cañadón Ramirez consession runs until April 2024.

[13] Certified proven reserves, audited by the independent expert Francisco Gulisano.

Pursuant to the Mata Magallanes Oeste UT Agreement, the contract was awarded subject to the obligation to perform twelve well work-over, two new wells and convert 5 wells into water injectors, the first work-over is scheduled for July/August this year depending on equipment availability.

Pursuant to the Cañadón Ramirez UT Agreement, the contract was awarded subject to the obligation to perform 20,000 samples of geochemistry (15,000 samples are under analysis) and the reprocessing of the 3D seismic.

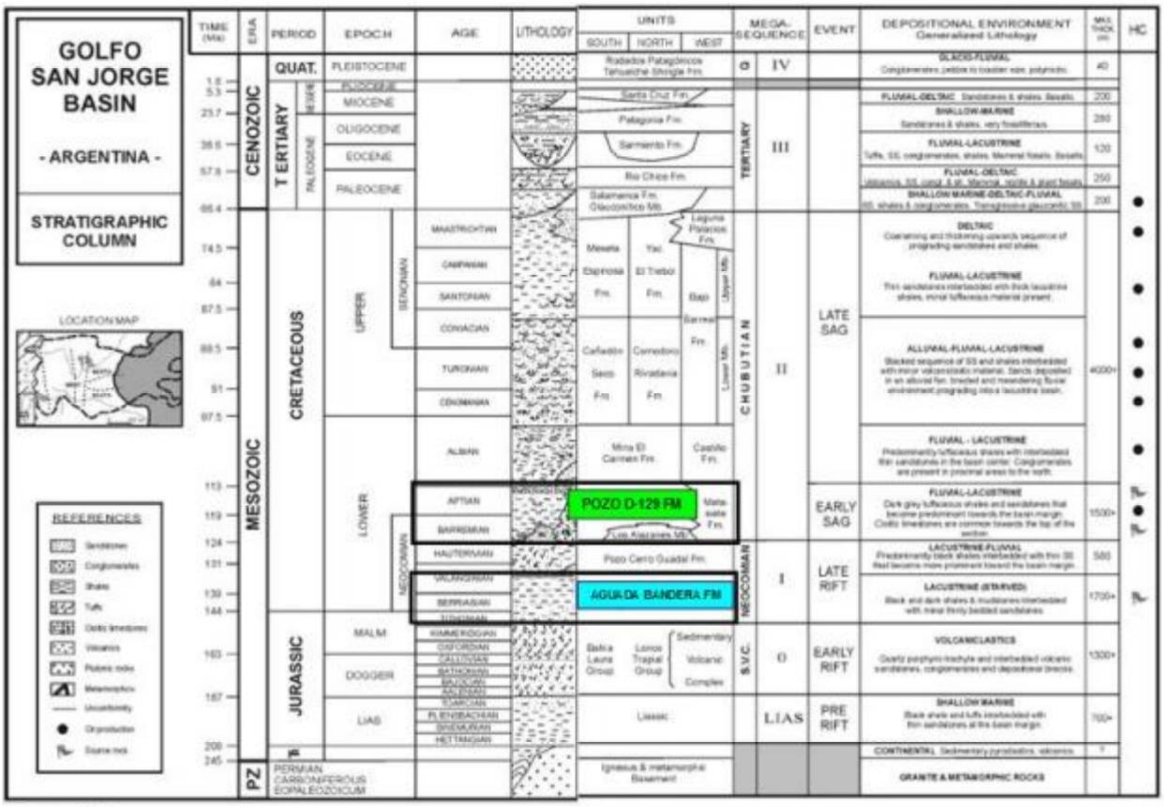
The Mata Magallanes Oeste holds approximately 500 thousand barrels of certified proved reserves.[14] The block is currently producing 19 bopd and there is no production or certified reserves in the Cañadón Ramírez block.



The maps above highlight the Golfo San Jorge basins and its subsection

Golfo San Jorge has good unconventional potential in the Cretaceous shales play located in central Patagonia with 67,000-mi^2 accounting for about one-quarter of Argentina's conventional oil and gas production. The San Jorge Basin extends across the width of southern Argentina, from the Andean foothills on the west to the offshore Atlantic continental shelf in the east. Excluding its small offshore extent, the onshore Golfo San Jorge Basin covers approximately 46,000 mi^2. The basin is bordered by the Deseado Graben and Massif to the south, by the Somuncura Massif to the north, and the Andes Mountains in the west. Compressional structures of the San Bernardo Fold Belt transect the west-central region. Extensional faults are widespread in the northeastern and southern flanks, while the northwestern edge of the basin is less faulted. The region subsided by the end of the Jurassic and extensive, mainly lacustrine deposits formed, including the thick black shale and mudstone source rocks of the Neocomian Aguada Bandera and Mata Siete Formations.

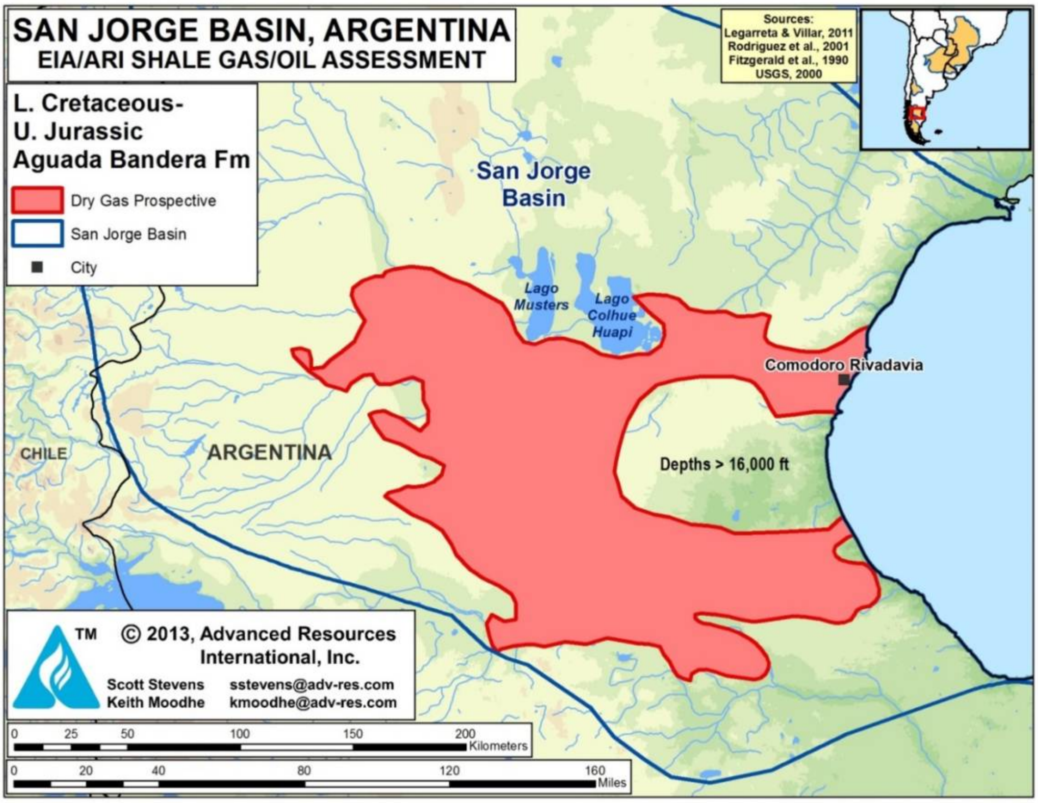
[14] Certified proven reserves, audited by the independent expert Francisco Gulisano



The table above highlight Aguada Bandera and Mata Siete fromations in the Golfo San Jorge stratigraphic column

Aguada Bandera Shale. this formation comprises fine gray sandstones that grade upward into a tuffaceous matrix, with black shales and mudstones increasing towards its base. Much of the formation is lacustrine in origin, although foraminifera found in western areas suggest possible marine sources in particular beds.26 Towards the north, other biota indicative of an outer marine platform depositional environment. The Aguada Bandera Formation is a heterogeneous unit comprising shale, sandstone, and occasional limestone. Total formation thickness varies widely, from more than 15,000 ft thick in the southwest to 2,000 ft thick about 60 miles offshore in the east. A similar thickness variation also is seen in the west. The Aguada Bandara Formation generally has high-quality organic shale. Only two available wells have TOC and Ro data, both located in the basin's western area. Average TOC ranged from 1.44% to 3.01% at depths of 12,160 ft and 11,440 ft, respectively. Petroleum basin modeling indicates that the minimum gas generation threshold (Ro = 1.0 to 1.3%) is typically achieved across the basin at depths below about 6,600 ft. Thus, the Aguada Bandera Formation appears to be mature for gas generation across most of the basin. The Aguada Bandera Shale covers approximately 8,380 mi^2 of the onshore Golfo San Jorge Basin.

Technically recoverable shale gas resources for the Aguada Bandera Formation in the Golfo San Jorge Basin are estimated at 51 Tcf of natural gas. The play has a high net average resource concentration of 152 Bcf/mi^2.

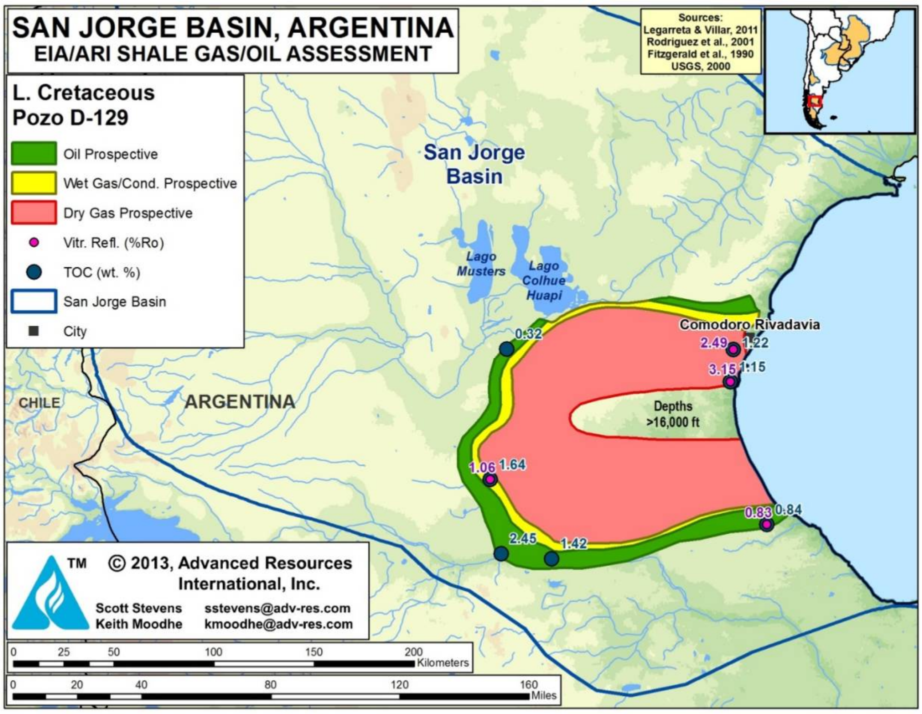


The maps above highlight Aguada Bandera dry gas window in the Golfo San Jorge basins

D-129 Shale. The Early Cretaceous D-129 Formation comprises a wide range of lithologies, with the deep lacustrine sediments - organic black shales and mudstones – considered most prospective for hydrocarbon generation. The D-129 Shale is consistently thicker than 3,000 ft in the central basin, with local maxima exceeding 4,500 ft thick. Along the northern flank the interval is typically 1,000 to 2,000 ft thick. A locally thick deposit occurs in the western part of the basin but thins rapidly from about 1,000 ft thick to absent.

Available data indicates organic richness in the southwest, 1.42% to 2.45% TOC, with a corresponding early gas maturity of 1.06% Ro. In the north-central region a low 0.32% TOC was recorded, with slightly higher 0.5% Ro near Lago Colhue Huapi.31 Towards the basin center in the east, organic carbon (TOC) rises to around 1.22%. The thermal maturity in this deep setting is correspondingly high, 2.49 to 3.15% Ro. In the south, thermal maturity drops to oil-prone levels, 0.83% Ro with a measured TOC here of about 0.84%, excluding this area from the resource assessment.

The D-129 Formation has technically recoverable shale resources estimated at 35 Tcf of shale gas and 0.5 billion barrels of shale oil and condensate. The D-129 has moderate to high net resource concentrations of 41 to 163 Bcf/mi2 of shale gas and 20 to 64 million bbl/mi2 of shale oil and condensate, depending on the thermal maturity window.



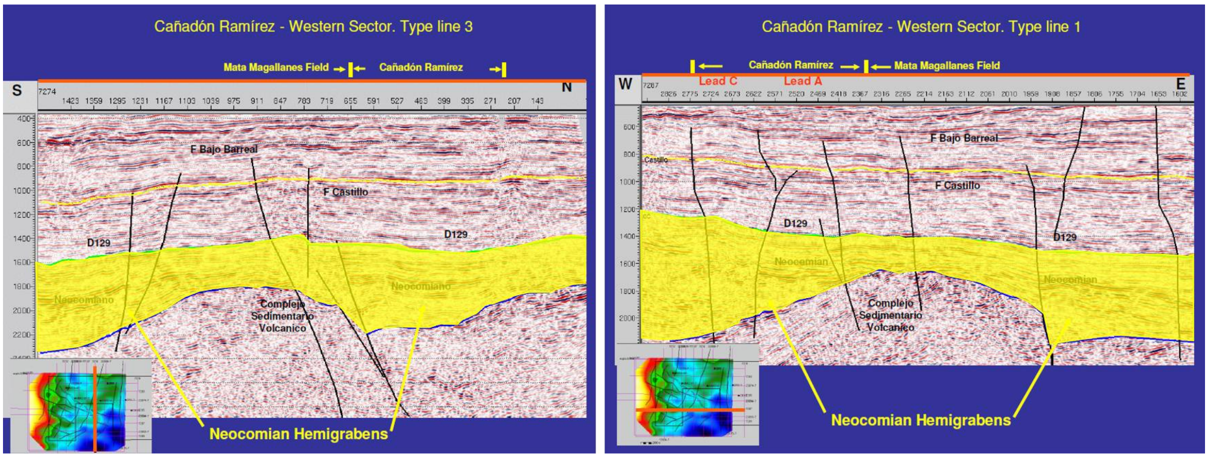
The maps above highlight Mata Siete dry gas to oil window in the Golfo San Jorge basins

The concession is located at the Southwest of the province of Chubut at the western section of the Golfo de San Jorge basin. The concession has 48.28 km2 – equivalent to 11,930 acres -, with one oil production field.

The basin has been in active exploration and production phase since early in the 20th century. It is still the largest oil producing basin in Argentina, averaging It comprises three main sectors with different qualities of oil: Northern Flank at the province of Chubut, Southern Flank at the north of the province of Santa Cruz, and so-called Western Flank at the west of both the province of Chubut and Santa Cruz.

The western sector of the Golfo de San Jorge basin was initially explored through several wells in the 1970s by former state-owned company YPF. Several oil discoveries were made at this sub-basin, none of which became commercial at the time. However, development of several oilfields took place in past decades when oil prices are high enough and cost structure are kept under control, allowing for profitable drilling and investment.

The main source rock in this section of the basin are Anticlinal Aguada Bandera and D-129 or Mata Siete formation source rocks with high organic content, formed by continental sediments deposited in a lacustrine environment.



The maps above highlight D-129 formation presence all across Cañadón Ramirez and Mata Magallaes Oeste blocks in the Golfo San Jorge basins

Mata Magallanes Oeste and Canadon Ramirez blocks contain lacustrine shale source rocks of both Aguada Bandera and Mata Siete (D-129) fromations, these unconventional plays have not been tested yet; nevertheless, they are very prospective, primarily shale gas in a structurally simple setting.

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

<u>*Colombia*</u>

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

Interoil Colombia operates one service contract on behalf of Hocol 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 extended on new terms and expires on 31 December 2020. The tariff consists of a fixed premium of USD 450,000 per year plus a variable fee of USD 7 for each barrel produced.

Interoil has a participation account agreement with SLS pursuant to which Interoil and SLS will share the funding of the drilling of four wells in the Altair and LLA-47 E&P contracts as described below.

Altair License

SLS will assume responsibility for 90% of the capex for the Altair well (Turaco-1 already drilled). In consideration, SLS will initially receive 85% of the net operating income from the well and 36% of the net operating income from the well once the cost of the investment has been recovered.

LLA-47 License

SLS will assume responsibility for 60% of the capex for the Vikingo 1, Frison 1 and Jaca 1 wells. In consideration, SLS will initially receive 43% of the net operating income from the wells and 22% of the net operating income from the wells once the cost of the investment has been recovered.

Except for the Group's oil and gas licenses, association contracts and service contracts (in general) in Colombia as described above and in Sections 6.9.5-6.9.10 and the financing arrangements described in Section 9.13 “Borrowing requirements and funding structure”, the Company’s business is not dependent on any patents, licenses industrial, commercial or financial contracts or new manufacturing processes.

Argentina

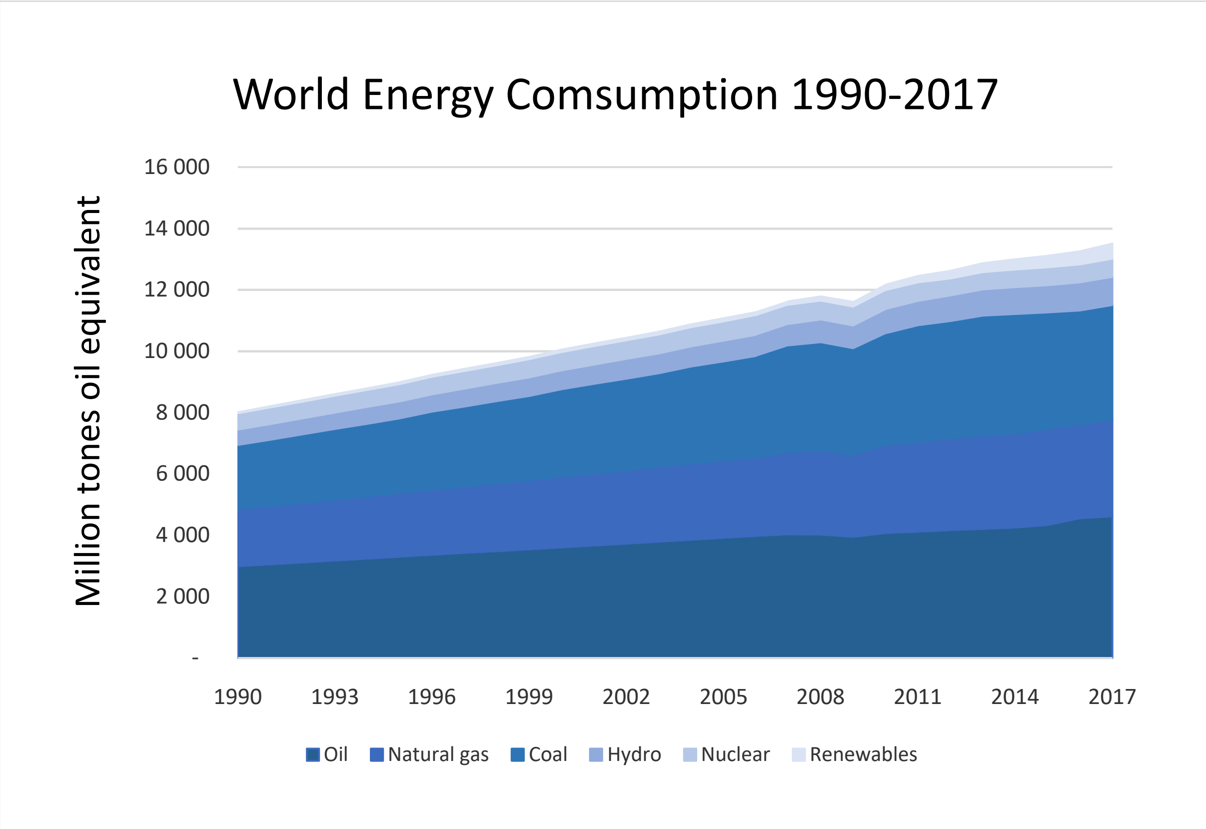
Interoil holds association contracts at the Mata Magallanes and Cañadon Ramirez blocks with Selva María Oil and Petrominera, whereby Interoil has a 80% working interest, Selva María Oil has a 8% working interest and Petrominera has a 12% working interest. Interoil also holds an association contract at the La Brea block with Selva María Oil and Jemse, whereby Interoil has a 80% working interest, Selva María Oil has a 15% working interest and Jemse has a 5% working interest. Participation in investments and production are distributed according to the working interest split.

7. PRINCIPAL MARKETS

7.1 The global energy market

The world energy consumption has experienced a steady increase since the industrial revolution and is expected to continue to do so in the coming years. The consumption growth rate has increased during the last decade. Fossil fuels continue to supply over 86 per cent of the world's energy of which 38 per cent is oil[15].

The world consumption of primary energy – including oil, natural gas, coal, nuclear, Hydroelectricity and other renewable energy increased by 18 per cent during the decade ended in 2017[2]. Global oil consumption increased by 1.7 million barrels per day or 1.8 per cent in 2017.



Source: BP Statistical Review of World Energy June 2018

7.2 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. Light crude oil has a higher percentage of light hydrocarbons than heavier oil. Light oil requires less refinement to be usable and is therefore more valuable than heavy oil.

Oil is well suited for storage and transportation and is transported over long distances in large crude oil tankers or through pipelines. As such, oil is a commodity with a well-developed world market. Oil prices are determined on the world's leading commodities exchanges, NYMEX in New York and the ICE in London which are the most important markets for the determination of world

[15] Source: BP Statistical Review of World Energy June 2017

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 77 per cent of the hydrocarbons being used for light and middle destilates and fuel oil such as gasoline, diesel and jet fuel[16]. The remaining hydrocarbons are used for lubricants, solvents and as raw materials in many chemical products, including pharmaceuticals, solvents, fertilisers, pesticides and plastics.

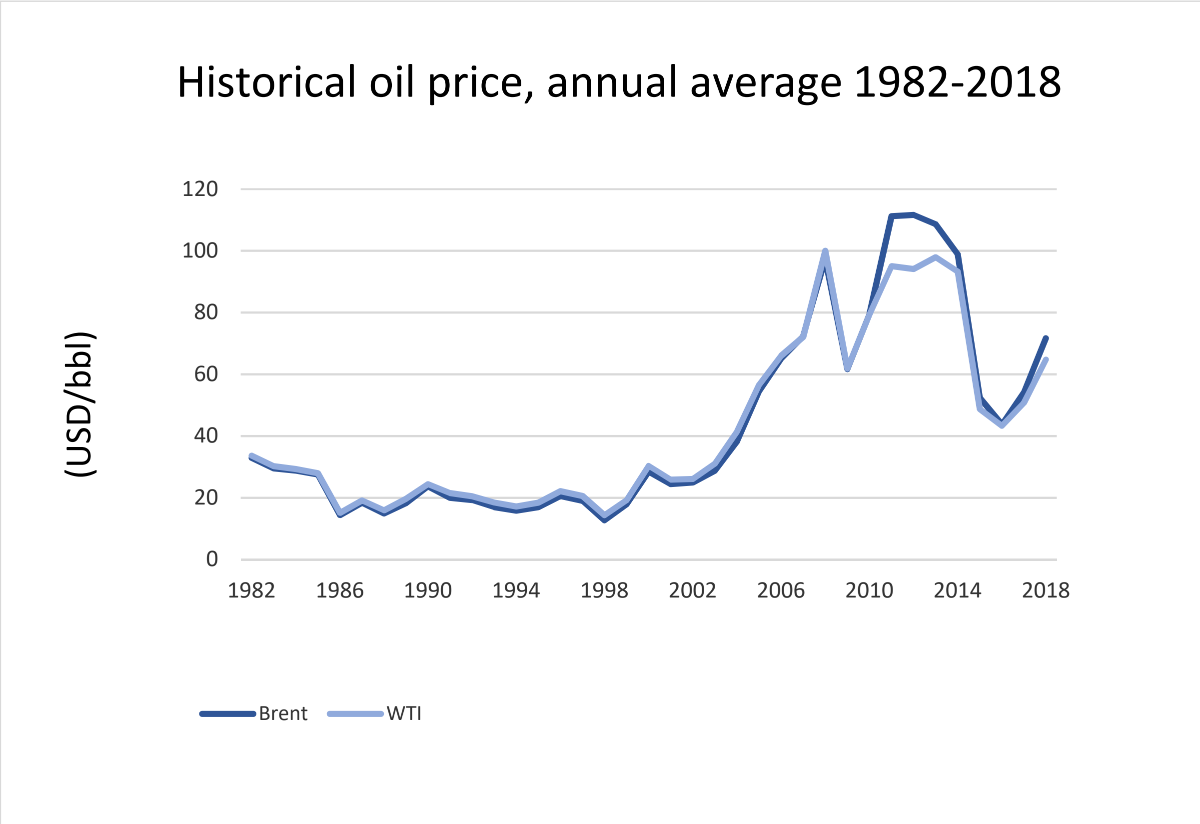
7.3 The oil price

Oil prices traded at all-time high levels (in terms of annual average) for the most part of 2011 until the first half of 2014. Brent oil prices were largely in a USD 100-125/bbl range. Global liquid fuel production exceeded consumption in the beginning of 2014 and reached 95 million b/d in 2015. Oil markets are expected to remain oversupplied in the short term. EIA's forecast for annual average prices is USD 62/b throughout 2018.

In previous instances of oil market oversupply, OPEC members have cut production to stabilize or increase prices. However, Saudi Arabia, the only member with substantial spare capacity, is no longer willing to bear the burden of production cuts alone and, since prices began to fall in mid-2014, OPEC members have not acted together to cut production. Thus, OPEC production has remained stable and even increased, as OPEC members have attempted both to maximize revenue in the near term and to preserve market share. The national economies of many OPEC members are largely dependent on oil revenues, which already have been cut by the price drop, and OPEC producers have so far been unwilling to risk further revenue losses by decreasing production. Four main factors could provide incentives for a sustained increase in world liquids production: (1) competition among OPEC member countries for market share; (2) revenue requirements of liquids-exporting countries; (3) decreasing service costs; and (4) further technology advances that lower costs and increase recovery rates for tight oil development[17].

As at April 2018, Brent traded at approximately USD 70 bbl. The figures below illustrate the historical oil price development from 1981 to 2016 with a comparison of WTI and Brent prices.

[16] Source: Annual Energy Outlook 2017, U.S. Energy Information Administration
[17] Source: ergy Outlook 2016, U.S. Energy Information Administration



Source: BP Statistical Review of World Energy June 2018; *Bloomberg*

7.4 Colombian oil market

Colombia is South America's third-largest oil producer after Brazil and Venezuela and is ranked as the 22nd largest oil producer in the world, the 18th largest oil exporter in the world and the seventh-largest crude oil exporter to the United States in 2017.

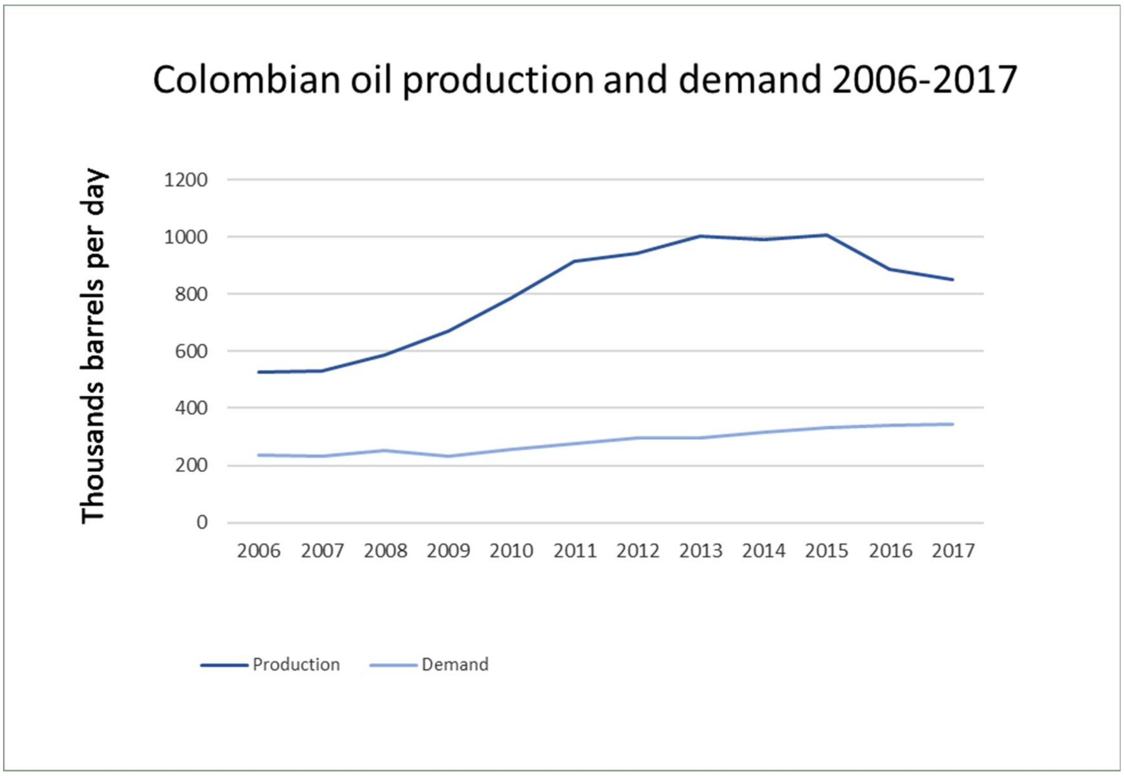
Colombia had about 1.8 billion barrels of Proven oil Reserves in 2017, 2.2 billion barrels in 2012 and 1.4 billion barrels in 2008. Colombia's increasing reserves are a result of the exploration of several new blocks that were auctioned in the last bidding rounds in 2010, 2012 and 2014. There is a large number of E&P companies active in Colombia. For example, a total of 38 companies were qualified to obtain blocks in the 2014 bid round.

Favourable investment terms led to Colombia's crude oil production doubling in the last 10 years, reaching 1 million barrels per day (b/d) in 2013. However, the drop in global crude oil prices since mid-2014 has led to a slowdown in drilling activity and in new investments. As a result, Colombia's oil production has been stagnant at 1 million b/d in recent years and its production is expected to remain flat in the coming years[18]. A series of regulatory reforms enacted in 2003 make the oil and natural gas sector more attractive to foreign investors and led to an increase in Colombian oil and natural gas production. The Colombian government implemented a partial privatisation of state oil company Ecopetrol (formerly known as Empresa Colombiana de Petróleos S.A.) in an attempt to revive its upstream oil industry.

[18] Source: CIA World Factbook (https://www.cia.gov/library/publications/the-world-factbook/geos/co.html)

Demand for oil in Colombia has grown from 234.000 bbl/day in 2007 to 344.000 bbl/d in 2017. Colombia is a net exporter of oil, exporting approximately 500,000 bbl/d net in 2017. The United States is the largest buyer with 362,000 bbl/d of the exported volume in 2017[19].

The oil service market in Colombia is relatively well developed. Besides its oil production of around 0.95 million barrels per day, during the 5 years period between 2012 and 2017, the number of active oil & gas rigs was on average 48 and, in 2016, with the drop in global crude oil prices this average dropped to 8 but during 2017 there was an average of 20 active rigs[20]. Access to rigs and services is therefore satisfactory, especially at present, due to declining oil prices and lower activity levels. Over time, access varies due to changes in oil prices and activity levels.



Source: BP Statistical Review of World Energy June 2018

7.5 Argentina oil market

Argentina has a long history of oil and gas production dating back to the start of the 20th century, with the first discovery made in 1907. The country currently produces a little over 500,000 bpd of oil. This represents around 75 per cent of domestic oil consumption.

During Argentina's more than a century old oil and gas industry track record, approximately 67,000 exploration and production wells have been drilled across its various basins. As is the case with many countries, hydrocarbons are a strategic resource and control over access has therefore been the subject of significant political involvement over the years. The state majority-owned oil company, YPF S.A., is the largest industry player in the country. However, there are more than fifty other oil and gas companies, ranging from industry giants to small and medium sized local players.

---

[19] Source: EIA – Petroleum and other liquids data - https://www.eia.gov

[20] Source: Baker Hughes – International Rig count report 08/07/2017 - http://phx.corporate-ir.net

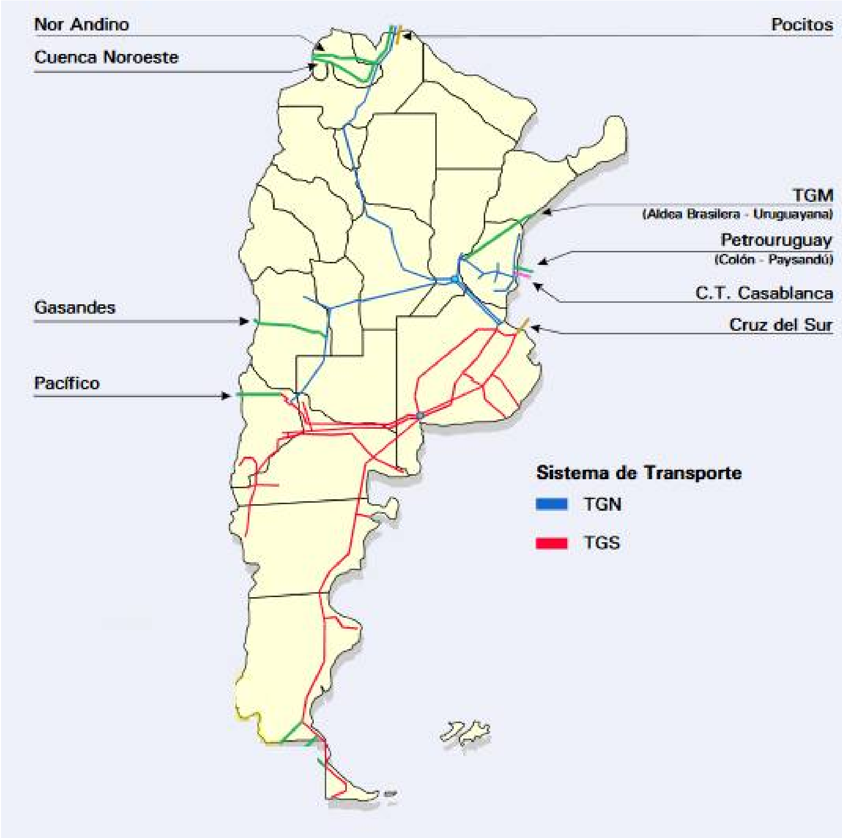
The largest players by reserves include PanAmerican Energy, TOTAL, Wintershall, Shell, ExxonMobil, Chevron and Pluspetrol.

The election of the Macri government in December 2015 has heralded another cycle of opening the industry to foreign investment which has involved the dismantling of a number of regulations, the most significant of which was the removal of currency and dividend controls that had been hampering investment. The new government has a focused and clear strategy to bring investment into the country and in particular to the energy sector.

Argentina is comprised of eighteen sedimentary basins, most of which are located onshore. Hydrocarbons are currently produced from the following basins in the country: Noroeste (Northwest), Cuyo, Neuquén, San Jorge and Austral (Magallanes) basins. From the remaining non-producing basins, only the larger ones have undergone significant exploration (e.g. the Paraná (Noreste), Salado, Colorado, Rawson and Malvinas basins). Blocks with exploration licences only exist in the Colorado, Lavalle, Macachín, Malvinas, Nirihuau and Paraná (Noreste), Rawson and Salado basins. The Colorado, Malvinas, Rawson and Salado basins are all offshore.

Key basins are shown in the illustration below:

As a mature oil province, Argentina has a well-developed service market and infrastructure network.



The country has extensive infrastructure in place including over 3,171 km of oil and 17,884 km of gas pipelines, 10 oil refineries with 639,000 bpd total refining capacity and a nascent unconventional infrastructure framework. The country also has a very developed service industry with the presence of large key international players including Schlumberger, Baker Hughes and Halliburton.

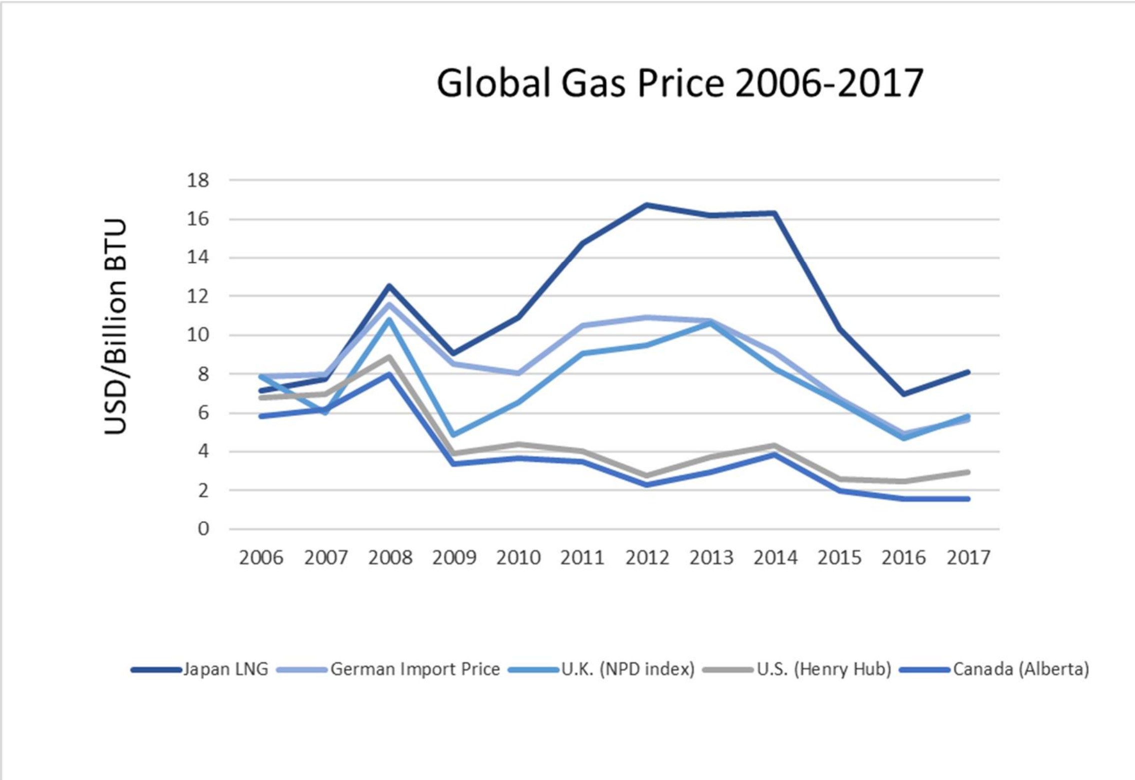
7.6 The gas market

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 household use and business heating; electric power generation; the manufacture of petrochemical products ranging from plastics to fertilisers and intermediate materials; and as a vehicle fuel.

7.7 The gas price

Gas price is not determined by a world market place as gas is not as easily transportable as oil. Gas price is usually determined within different regional markets established by a network of pipelines. Therefore, the different gas prices are less correlated than the different oil types. The general trend for gas prices is nonetheless correlated with oil prices and other energy prices. The volatility for gas prices is also significantly larger than for oil prices. 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 in the pipeline system.

In recent years, gas prices in different regions have started to differ significantly due to changes in supply. At the begininng of this decade, the North American market has experienced growth in gas supplies from shale gas which has resulted in lower gas prices whereas Japanese LNG imports experienced significantly higher prices due to large demand following the Tsunami disaster in 2011. After 2015, with the drop in global crude oil prices, gas prices have illustrated corresponding behaviour.



Source: BP Statistical Review of World Energy June 2018

7.8 Supply and demand

Demand for natural gas increased substantially since 1970 at a much faster pace than the demand for oil. Gas has become a very competitive source of energy and given that gas is a more environmentally 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 International Energy Outlook 2016 predict global consumption of natural gas for industrial uses to increase by an average of 1.7 %/year and natural gas consumption in the electrical power sector to increase by 2.2 %/year from 2016 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 making it less responsive to variations in price. Residential heating is a good example. Industrial use of natural gas, however, is very sensitive to price, as is gas use for electrical 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 pipelines. However, since the first trials in the 1960s, LNG has become an alternative method of transportation as technological improvements have made it economically more viable.

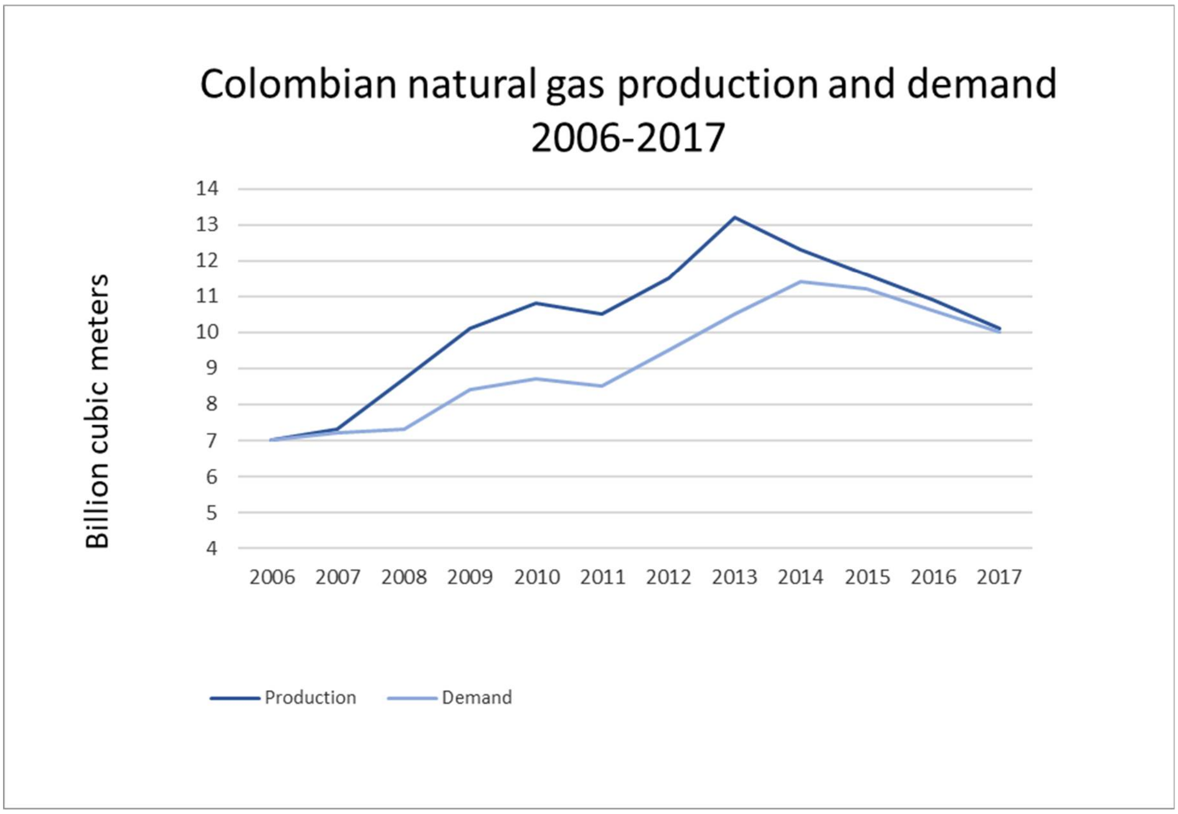
The pipeline transportation mode was ideally suited to the supply and market conditions of the twentieth century, when large reservoirs of gas could be found in accessible locations that provided the stability and long-term security that pipeline projects demand. Now, in the 21st century, the vast majority 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 tankers 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.

7.9 Colombian gas market

According to the EIA, Colombia had Proven natural gas Reserves of 1.1 trillion cubic meters (Tcm) in 2017, down from 1.4 Tcm in 2014. 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 due to increasing international investment in exploration and development, rising domestic consumption and new export opportunities.

In 2007, natural gas production began to exceed consumption, opening opportunitues for export. However during the last years production has been steadily decreasing as a consequence of natural maturing decline of the fields. In 2016 the trend reverted to a major consumption than production of gas. Colombia produced 10.2 Billion of cubic meters (Bcm) of dry natural gas in 2017, while consumption was 10.4 Bcm. About 50 per cent of the country's total gross natural gas production is reinjected to aid the enhanced oil recovery.[21]

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



Source: BP Statistical Review of World Energy June 2018

7.10 Argentina gas market

Argentina is the largest producer of natural gas and the fourth largest producer of crude oil in Central and South America, based on 2016 production, according to the 2017 edition of the BP Statistical Review of World Energy published in June 2017.

In response to the economic crisis in 2001 and 2002, the Argentinean government, pursuant to the Public Emergency Law, established export taxes on certain hydrocarbon products. In subsequent years, in order to satisfy growing domestic demand and abate inflationary pressures, this policy was supplemented by constraints on domestic prices, temporary export restrictions and subsidies on imports of natural gas and diesel.

In 2003, Argentina's net exports of diesel amounted to approximately 1,349 mcm, while in 2016, its net imports of diesel amounted to approximately 2,186 mcm, according to preliminary information provided by the Argentine Secretariat of Energy. Significant investments in the energy sector are being carried out and additional investments are expected to be required in order to support continued economic growth as the industry is currently operating near full capacity.

Since the Macri administration commenced in office in December 2015, several structural reforms have taken place to increase the country's competitiveness. Exchange rate and capital controls have been lifted and an ambitious infrastructure plan is being executed to reduce transport and export costs. Furthermore, a labour reform has been implemented in Vaca Muerta to increase employee competitiveness.

As part of these reforms, domestic oil price constraints have been reduced and will be removed on 31 December 2018. Gas price deregulation was announced and is going to be implemented in several stages with import parity expected by 2020.

8. BOARD OF DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE

8.1 Introduction

The general meeting of the shareholders (the "**General Meeting**") is the highest authority of the Company. All shareholders of the Company are entitled to attend and vote at General Meetings of the Company and to table draft resolutions for items to be included on the agenda for a General Meeting.

The overall management of the Company is vested in the Board of Directors and the Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business, ensuring proper organisation, preparing plans and budgets for its activities, ensuring that the Company's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Board of Directors also acts as the Company's audit committee. In addition, the Articles of Association provide for a nomination committee.

The Management is responsible for the day-to-day management of the Company's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Company's general manager, is responsible for keeping the Company's accounts in compliance with prevailing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner. In addition, the general manager must, according to Norwegian law, brief the Board of Directors about the Company's activities, financial position and operating results at least once a month.

8.2 Board of Directors

The below named members of the Board of Directors were elected for a period of two years at the Company's annual general meeting on 27 June 2019.

Hugo Quevedo, Chairman

Mr Quevedo graduated from Universidad de Buenos Aires in 1987 with a law degree and holds a Master of Laws (LLM.) from the London School of Economics and Political Sciences, London, UK, from 1995. He also attended courses on regulation of financial markets at the King's College, London, financial law at Queen Mary & Westfield College, London and energy law at the Centre of Petroleum of Energy, Petroleum and Mineral Law and Policy of the University of Dundee, Dundee, Scotland.

Mr Quevedo has extensive experience in both the private and public sectors. He has advised several important public and private companies, banks and organisations in connection with cross-border and domestic corporate, energy and financial transactions, matters and litigation. He has represented companies in M&A transactions and financings in a wide range of industries, including oil & gas, power generation and distribution, natural gas transport and distribution, mining, forestry, fishing, pharmaceutical and retail, among others. Mr Quevedo has also acted as an arbitrator and as an expert witness in international investment treaty arbitrations. In the public sector, he held various positions at the office of the President of Argentina, including Director General of Organisation and was advisor to several public officers, including the Argentinean Secretary of Energy.

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

- Andes Oil S.A.
- Andes Hidrocarburos Investment S.A.
- MSO Andes Energía Argentina S.A.
- Andes Energía Argentina S.A.
- Kilwer S.A.
- Ketsal S.A.
- Grecoil y Cía. S.A.
- CHPPC Andes S.R.L
- Tower 3 S.A.
- Evolution Technology S.A.

Other than the above mentioned positions, Mr. Quevedo has not held any directorships, supervisory or leading management positions during the last five years.

Nicolas Acuña, Board member
Mr. Acuña serves as vice president of Finance at Canacol Energy Ltd. Mr Acuña has over 20 years of experience in the oil and gas industry in Colombia, within the finance and administration. He was previously finance, administration and IT manager at Cepsa Colombia and has held various senior management positions in Petrocolombia S.A., including finance and administration manager and general manager of an affiliated operating company. Mr Acuña holds an MBA from Inalde, an MSc in Engineering-Economic Systems from Stanford University and a BSc in Civil Engineering from the Universidad de los Andes.

Mr. Acuña is currently vice president of finance at Canacol Energy Ltd. During the last five years, Mr. Acuña has not held any directorships other than in Interoil.

Ms Mimi Berdal, Board member
Ms Berdal runs an independent legal and corporate consulting business. She has extensive experience as board member of listed companies, including directorships at Rocksource ASA (Chairman), Renewable Energy Corporation ASA (Chairman) and Copeinca ASA. Ms Berdal
Is currently director of Itera ASA, Gassco AS and EMGS ASA. She has previously served as a legal advisor of Total Norge and partner at Arntzen de Besche law firm. Ms Berdal holds a Cand.jur (law) degree from the University of Oslo and is admitted to the 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):

- Chairman of audit committee of Itera ASA
- Chairman of board of directors of Gassco AS
- Director of EMGS (Electromagnetic Geoservices ASA)
- Director of Vistin Pharma ASA
- Director of Goodtech ASA
- Director of Energima AS

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

- Director of Intex Resources ASA
- Director of REC Solar ASA
- Chairman of board of directors of Infratek ASA
- Director of Gjensidige Pensjon og Sparing AS
- Director of Norske Skogindustrier ASA

German Ranftl, Board member

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

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

- Director of Integra Capital S.A
- Director of Inversiones Familiares S.A
- Alternate Director of Integra Recursos Naturales S.A
- Alternate Director of Integra Recursos Naturales Minerales S.A
- Alternate Director of Integra la Victoria S.A.
- Alternate Director of Integra Retiro Real Estate S.A.
- Director of Integra Oil and Gas S.A.
- President of Integra Oil and Gas SAS

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

- Vice-president of Andes Energía S.A
- Vice-president of Ketsal S.A
- Vice-president of Kilwer S.A

- Director of Grecoil y Cia S.A.
- Alternate Manager of CHPP Andes
- Vice-president of MSO Andes Energía S.A
- Director of Andes hidrocarburos Investment S.A.
- Vice-president of Integra investments S.A.
- Alternate Director of Andes Oil & Gas S.A.
- Vice-president of Andes Oil S.A.
- President Class B of AEN Energy Argentina S.A.
- President Class B of AEN Energy Mendoza S.A.
- CFO Andes PLC

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

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

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

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

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

The Company's business address, c/o Advokatfirmaet Schjødt AS Ruseløkkveien 14, 0251 Oslo, Norway serves as the address for the members of the Board of Directors in relation to their directorship with the Company.

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.

8.3 Management

The following persons are considered part of the Management of Interoil:

Leandro Carbone, Chief Executive Officer

Mr Carbone is the Chief Executive Officer and brings over 20 years of experience in leading oil and gas projects. He commenced his career as a field engineer working for TOTAL during a 10 year period in Europe, North Sea and Latin America. In recent years Mr Carbone has been a Latin American Executive Director for many private and public companies. He has extensive experience across Latin America and has been involved in a number of significant discoveries and transactions across Argentina, Peru, Bolivia and Colombia. Mr Carbone is a Petroleum Engineer from Instituto Tecnologico de Buenos Aires.

Mr Carbone is currently the president of Vasmol Corporation SA. Mr Carbone has during the last five years been a director of Andes Energia PLC.

Pablo Creta, General Manager/ Chief Financial Officer

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

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

Juan Verde, Vice-President Energy Transition and Strategy

Juan holds Master´s Degree in Public Administration from Harvard University and a Bachelor of Political Science and International Relations from Boston University. During the administration of President Obama, Juan served as Deputy Assistant Secretary for Europe and Eurasia at the United States Department of Commerce. In the private sector, Juan has advised multiple prestigious companies, such as Google, Cisco, SAS, Santander Bank in the United States, etc. Additionally, Juan has collaborated with diverse world renowned institutions such as the Inter-American Development Bank, Harvard University and the World Bank.

As a passionate defender of environmental causes, sustainability and the fight against climate change, Juan Verde collaborated with former Vice President Al Gore to establish and lead subsidiaries for his foundation "Climate Reality Project" in Spain and Argentina.

Juan currently presides over the Advanced Leadership Foundation, a non-profit American institution whose mission is to empower the next generation of leaders by developing professional skills to enhance their competitiveness as agents for change in society.
The Company's business address c/o Advokatfirmaet Schjødt AS Ruseløkkveien 14, 0251, 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 8.2 and 8.3 have service contracts with Interoil or any of its subsidiaries providing for benefits upon termination of employment, except the General Manager.

No member of the Management has been convicted of fraudulent offences or 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.

8.4 Conflicts of interest

Mr Acuña is currently vice president of finance at Canacol and was previously a director of Canacol, a competitor of the Group. A conflict of interest may therefore arise with respect to his position as member of the Board of Directors.

Other than the above, the Company is not aware of any current or potential conflicts of interest between any duties to the Company of the persons named in sections 8.2 and 8.3 and their private interests and / or other duties.

8.5 Remuneration and pension

The Board and management received the following remuneration and benefits in 2018:

Amounts in USD 1 000		Period	Salary	Bonus	Pension scheme	Expensed option cost	Other
Leandro Carbone	CEO	01.01-31.12	156				
Pablo Creta	CFO/ GM	01.01-31.12	68				

* The CEO and the CFO have signed agreements with Interoil Exploration and Production Colombia Inc. BVI is responsible for all taxes.

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

The employment contract for the General Manager can be terminated on three months' notice with payment of salary during the notice period. The General Manager is entitled to a severance pay of nine months' salary.

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

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

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

Board member compensation in 2018:

Annual Board member remuneration for 2018 and 2017 was set at NOK 400,000 for the Chairman of the Board and NOK 200,000 for all other Board members. No additional remuneration will be provided for Board members serving on the audit committee or the nomination committee.

USD 1 000		Period 2018	Board member fee	Board fee from subsidiary	Consultancy fee	Nomination /audit committee
Hugo Quevedo	Chairman	01.01-31.12	24*	0	0	0
Maria R. S. Moreno**	Member	01.01-31.12	24	0	0	0

Nicolas Acuña	Member	01.01-31.12	23*	0	0	0
Mimi Berdal	Member	01.01-31.12	24	0	24***	0
Natalia E. Mariani	Member	01.01-31.12	24	0	0	0
Jorge Brown Cortina	Member	01.01-31.12	24	0	0	0

*) The Chairman of the Board, Hugo Quevedo and Board member, Nicolas Acuña, receive their remuneration from Interoil Exploration and Production Colombia Inc.
**) Maria R. S. Moreno resigned the position on March 2019.
***) Mimi Berdal has a consultancy agreement with the Company. She will provide assistance and advice to the Company on a current and stand-by basis on matters pertaining to Norwegian markets and relations.

8.6 Shareholdings and stock options

As at the date of this Prospectus, none of the members of the Board of Directors or the Management hold any Shares or options to subscribe for Shares.

8.7 Corporate Governance

Interoil's corporate governance principles aim to contribute to value creation over time, benefiting its shareholders and its other stakeholders. As an international exploration and production company, Interoil aims to conduct business in an economically efficient, socially responsible and environmentally acceptable manner. The Company is currently following the principles set forth in the Norwegian Code of Practice for Corporate Governance, published on 17 October 2018. The latest full Corporate Governance statement of the Board of Directors is presented in the 2018 Annual Report.

Interoil's Board of Directors strongly believes that 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 characterised 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 its annual reports.

The Code of Practice recommends the establishment of board committees, particularly separate audit and remuneration committees when key employees are also members of the board, as is the case for the Company. Following election of the new six-member Board, the Company has not established a separate audit committee or remuneration committee.

8.8 Employees

As at the date of this Prospectus, the Group employs 46 employees of which 1 is employed in Norway and 45 are employed in Colombia.

As at 31 March 2019, the Group employed 46 employees of which 1 was employed in Norway and 45 in Colombia (2017: 53 employees of which 1 were in Norway and 51 in Colombia , 2016: 72 employees of which 3 were in Norway and 69 in Colombia, 2015: 71 employees of which 3 were in Norway and 68 in Colombia, 2014: 102 employees of which 3 were in Norway and 98 in Colombia).

8.9 Shareholdings and stock options

As at the date of this Prospectus, none of the members of the Board of Directors or the Management hold any Shares or options to subscribe for Shares.

8.10 Retirement benefit

Interoil Exploration & Production ASA (Norway) had until 2018 a defined benefit plan for employees in the Norwegian parent company. The Norwegian company meets the Norwegian requirements for mandatory occupational pension. As of December 31, 2018, Interoil Exploration & Production ASA (Norway) has no employees.

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

As at 31 December 2018, the Groups retirement benefit obligation liability amounted to USD 673,000.

9. 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 2016, 2017, 2018 and for the three months period ended 31 march 2019 and 2018 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 annual financial statements for the three years 2016, 2017 and 2018 are audited whereas the interim reports for first quarter of 2019 and 2018 are unaudited.

For further comments on the Company's financial information and explanatory notes, refer to the annual reports for 2018, 2017, and 2016. The figures for the three months period ended 31 March 2019 and 2018 as included below, have been prepared by the Company and are unaudited. The Company's annual reports for the years 2018, 2017 and 2016, including the auditor's reports, as well as the interim financial statements for the nine month period ended 31 March 2019 and 31 March 2018, are incorporated by reference in this Prospectus (see Section 15.2 "Documents incorporated by reference"). The Company's financial statements are also available on the Company's website at www.interoil.no.

9.1 Accounting policies

A summary of the Company's significant accounting policies is included in note 2 of the 2018 annual financial statements.

The consolidated financial statements include the Company and all of its subsidiaries (together referred to as the "Group"). In 2018, 2017 and 2016 the Group comprised the Company based in Norway, the Company's subsidiaries incorporated in Norway and the British Virgin Islands and a branch in Colombia.

9.1.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union (EU). The consolidated financial statement is presented in USD and is rounded up to thousands (1,000). The consolidated financial statements have been prepared under the historical cost convention, except for financial assets and liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.17 of the Company's financial statements for 2017. Due to new IFRS 15 requirements, from January 2018, partners participation not paid in kind is recognised as revenue and cost separately (previously it was only net cost). The applying of the new standard also effects net working production and sales figures.

9.2 Consolidated income statements

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

Amounts in USD 1000	For the 3 months period ended 31 March 2019	For the 3 months period ended 31 March 2018	For the 12 months period ended 31 Dec 2018	For the 12 months period ended 31 Dec 2017	For the 12 months period ended 31 Dec 2016
Sales	3.826	6.156	21.318	16.602	15.083
Coat of goods sold	-1.516	-2.531	-9.195	-5.618	-5.753
Depreciation	-1.922	-2.273	-9.438	-5.756	-6.208
Gross Profit	**388**	**1.352**	**2.685**	**5.228**	**3.122**
Exploration Cost expensed	-23	-181	-903	-1.914	-601
Adminitrative expense	-902	-766	-5.702	-4.230	-4.863
Other Income	46	390	681	-606	7
Result from operating activities	**-491**	**795**	**-3.239**	**-1.522**	**-2.335**
Finance income	235	40	1.337	651	1.906
Finance costs	-1.186	-1.267	-4.280	-4.008	-5.070
Net Finance income (expense)	**-951**	**-1.227**	**-2.943**	**-3.357**	**-3.164**
Profit (loss) before income tax	**-1.442**	**-432**	**-6.182**	**-4.879**	**-5.499**
Income tax expense	-218	153	-983	-825	787
Profit of the year	**-1.660**	**-279**	**-7.165**	**-5.704**	**-4.712**
(Loss)/profit from discontinued operations	-	-	-	-	-
Profit of the period	**-1.660**	**-279**	**-7.165**	**-5.704**	**-4.712**
Other comprehensive loss	-	-	-7	15	-32
Other comprehensive loss for teh period	**-**	**-**	**-7**	**15**	**-32**
Total comprehensive income for teh year	**-1.660**	**-279**	**-7.172**	**-5.689**	**-4.744**
Attributable to:					
Equity holders of the parent	-1.660	-279	-7.172	-5.689	-4.744

9.2.1 Segment information

The Group's organisational 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 two reportable segments, Norway and Colombia, of which only the Colombian segment is operational. The Colombian segment consists of upstream activities including oil and natural gas exploration, field development and production from the Group's licenses in Colombia, which is the Group's strategic business unit. The business unit is considered both from a geographic and development phase perspective. Geographically, management considers the performance of the activities in Colombia. For the strategic business unit, the management and other decision makers review internal management reports on a day to day basis.

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

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

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

Corporate/unallocated consists of other business and corporate activities.

Segment information – business segments

For the 3 month period ended 31 March 2019:

Amounts in USD 1 000	**Colombia**	**Norway**	**Unall / Elimi**	**Group (continuing business)**
Total Revenue	3,826	154	-154	3,826
Cost of goods sold ex depreciation	-1,516	0	0	-1,516
Depreciation oil and gas assets (2)	-1,922	0	0	-1,922
Gross profit	**388**	**154**	**-154**	**388**
Exploration and evaluation cost expensed (3)	-23	0	0	-23
Administrative expense	-902	-154	154	-902
Other operating income / expenses	46	0	0	46
Profit / (loss) from operating activities (1)	**-491**	**0**	**0**	**-491**
Finance income	234	597	-596	235
Finance costs	-520	-1,262	596	-1,186
Profit / (loss) before income tax	**-777**	**-665**	**0**	**-1,442**
Income tax expense	-218	0	0	-218
Net profit / (loss)	**-995**	**-665**	**0**	**-1,660**
Other comprehensive loss	0	0	0	-
Total comprehensive (loss) Income, net of tax	**-995**	**-665**	**0**	**-1,660**
EBITDA (Earnings before interest, tax, depr. and amort.) (1) - (2)	1,431	0	0	1,431
EBITDAX (Ebitda asjusted for exploration expeneses) (1) - (2) - (3)	1,454	0	0	1,454

For the 3 month period ended 31 March 2018:

Amounts in USD 1 000	**Colombia**	**Norway**	**Unall / Elimi**	**Group (continuing business)**
Total Revenue	6,156	276	-276	6,156
Cost of goods sold ex depreciation	-2,531	0	0	-2,531
Depreciation oil and gas assets (2)	-2,273	0	0	-2,273
Gross profit	**1,352**	**276**	**-154**	**1,352**
Exploration and evaluation cost expensed (3)	-181	0	0	-181
Administrative expense	-398	-644	276	-766
Other operating income / expenses	390	0	0	390
Profit / (loss) from operating activities (1)	**1,163**	**0**	**0**	**795**
Finance income	39	597	-596	40
Finance costs	-601	-1,262	596	-1,267
Profit / (loss) before income tax	**601**	**-665**	**0**	**-432**
Income tax expense	153	**0**	**0**	153
Net profit / (loss)	**754**	**-665**	**0**	**-279**
Other comprehensive loss	-	0	0	-
Total comprehensive (loss) Income, net of tax	**754**	**-665**	**0**	**-279**
EBITDA (Earnings before interest, tax, depr. and amort.) (1) - (2)	3,436	0	0	3,068
EBITDAX (Ebitda asjusted for exploration expeneses) (1) - (2) - (3)	3,617	0	0	3,249

For the 12 month period ended 31 December 2018:

Amounts in USD 1 000	**Colombia**	**Norway**	**Unall / Elimi**	**Group (continuing business)**
Total Revenue	21.318	869	-869	21.318
Cost of goods sold ex depreciation	-9.195	0	0	-9.195
Depreciation oil and gas assets (2)	-9.438	0	0	-9.438
Gross profit	**2.685**	**869**	**-869**	**2.685**
Exploration and evaluation cost expensed (3)	-903	0	0	-903
Administrative expense	-5.722	-849	869	-5.702
Other operating income / expenses	681	0	0	681
Profit / (loss) from operating activities (1)	**-3.259**	**20**	**0**	**-3.239**
Finance income	1.326	2.384	-2.373	1.337
Finance costs	-2.421	-4.232	2.373	-4.280
Profit / (loss) before income tax	**-4.354**	**-1.828**	**0**	**-6.182**
Income tax expense	-983	0	0	-983
Net profit / (loss)	**-5.337**	**-1.828**	**0**	**-7.165**
Other comprehensive loss	-7	-	-	-7
Total comprehensive (loss) Income, net of tax	**-5.344**	**-1.828**	**0**	**-7.172**
EBITDA (Earnings before interest, tax, depr. and amort.) (1) - (2)	6.179	20	0	6.199
EBITDAX (Ebitda asjusted for exploration expeneses) (1) - (2) - (3)	7.082	20	0	7.102

For the 12 month period ended 31 December 2017:

Amounts in USD 1 000	**Colombia**	**Norway**	**Unall / Elimi**	**Group (continuing business)**
Total Revenue	16,602	659	-659	16,602
Cost of goods sold ex depreciation	-5,618	0	0	-5,618
Depreciation oil and gas assets (2)	-9,438	0	0	-9,438
Gross profit	**1,546**	**659**	**-659**	**1,546**
Exploration and evaluation cost expensed (3)	-903	0	0	-903
Administrative expense	-5,491	-870	659	-5,702
Other operating income / expenses	1,081	-400	0	681
Profit / (loss) from operating activities (1)	**-3,767**	**-611**	**0**	**-4,378**
Finance income	1,625	1,491	-2,465	651
Finance costs	-3,762	-2,711	2,465	-4,008
Profit / (loss) before income tax	**-5,904**	**-1,831**	**0**	**-7,735**
Income tax expense	-983	0	0	-983
Net profit / (loss)	**-6,887**	**-1,831**	**0**	**-8,718**
Other comprehensive loss	-10	25	-	15
Total comprehensive (loss) Income, net of tax	**-6,897**	**-1,806**	**0**	**-8,703**
EBITDA (Earnings before interest, tax, depr. and amort.) (1) - (2)	5,671	-611	0	5,060
EBITDAX (Ebitda asjusted for exploration expeneses) (1) - (2) - (3)	6,574	-611	0	5,963

For the 12 month period ended 31 December 2016:

Amounts in USD 1 000	**Colombia**	**Norway**	**Unall / Elimi**	**Group (continuing business)**
Total Revenue	15,083	462	-462	15,083
Cost of goods sold ex depreciation	-5,753	0	0	-5,753
Depreciation oil and gas assets	-6,208	0	0	-6,208
Gross profit	**3,122**	**462**	**-462**	**3,122**
Exploration and evaluation cost expensed	-601	0	0	-601
Administrative expense	-4,067	-1,258	462	-4,863
Other operating income / expenses	7	0	0	7
Profit / (loss) from operating activities	**-1,539**	**-796**	**0**	**-2,335**
Finance income	1,893	2,257	-2,244	1,906
Finance costs	-3,427	-3,887	2,244	-5,070
Profit / (loss) before income tax	**-3,073**	**-2,426**	**0**	**-5,499**
Income tax expense	787		0	787
Net profit / (loss)	**-2,286**	**-2,426**	**0**	**-4,712**
Other comprehensive loss	-19	-13	-	-32
Total comprehensive (loss) Income, net of tax	**-2,305**	**-2,439**	**0**	**-4,744**
EBITDA (Earnings before interest, tax, depreciation and amortisation)	4,669	-796	0	3,873
EBITDAX (Ebitda asjusted for exploration expeneses)	5,270	-796	0	4,474

9.3 Consolidated statements of financial position

Amounts in USD 1000	As of 31 March 2019	As of 31 March 2018	As of 31 December 2018	As of 31 December 2017	As of 31 December 2016
ASSETS					
Non-current assets					
Propierty, plant and equipment	28.149	32.805	27.194	32.431	34.259
Other non-current assets	-	-	1.590	916	
	28.149	**32.805**	**28.784**	**33.347**	**34.259**
Current assets					
Inventories	840	618	606	480	546
Prepaid taxes	-	-	-	-	793
Trade and other receivables	3.148	4.030	2.021	3.263	2.310
Cash and cash equivalents, non-restricted	2.691	1.895	4.057	3.688	6.813
Cash and cash equivalents, restricted	4.653	4.800	3.655	3.836	4.655
Total current assets	**11.332**	**11.343**	**10.339**	**11.267**	**15.117**
TOTAL ASSETS	**39.481**	**44.148**	**39.123**	**44.614**	**49.376**
EQUITY					
Share capital and share premium	129.135	129.135	129.135	129.135	129.135
Other paid- in equity	4.744	4.744	4.744	4.744	4.744
Retained earnings	-149.365	-140.812	-147.705	-140.533	-134.844
Total equity	**-15.486**	**-6.933**	**-13.826**	**-6.654**	**-965**
LIABILITIES					
Non-current liabilities					
Borrowings	578	37.781	38.553	38.235	36.015
Deferred tax liability	1.831	1.771	1.614	2.500	3.293
Retirement benefit obligation	689	768	673	707	706
Provisions for othe liablities and charges	1.993	1.702	1.951	1.553	1.477
Total non-current liabilities	**5.091**	**42.022**	**42.791**	**42.995**	**41.491**
Current liabilities					
Borrowings/current interest-bearing liabilities	40.131	5.020	2.498	3.022	5.261
Trade and other payables	6.665	2.962	6.911	4.545	3.180
Provision for other liabilities and charges	3.080	1.077	749	706	409
Total current liabilities	**49.876**	**9.059**	**10.158**	**8.273**	**8.850**
TOTAL LIABILITIES	**54.967**	**51.081**	**52.949**	**51.268**	**50.341**
TOTAL EQUITY AND LIABILITIES	**39.481**	**44.148**	**39.123**	**44.614**	**49.376**

As at 31 March 2019, the Group held property, plant and equipment assets of USD 28.1 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 produced at less than full capacity. Well productivity was the constraining factor.

In 2016, ICEP acquired the Bogotá office for USD 835,000 and in 2017, it made a leaseback with the western bank for the same office and for the same value.

9.4 Cash flow statements

Amounts in USD 1000	For the 3 months period ended 31 March 2019	For the 3 months period ended 31 March 2018	As of 31 December 2018	As of 31 December 2017	As of 31 December 2016
Cash Generated from Operations					
Total Comprehensive Income of the Period	**-1.660**	**-279**	**-7.172**	**-5.689**	**-4.744**
Income tax expense	218	-153	983	825	-787
Depreciation, amortization and impairment	1.922	2.325	9.623	5.973	6.538
Amortization of debt issuance cost	-	17	-	-	-321
Share based payment and change in retirement	16	61	-35	1	62
Interest income	-4	-3	-25	-87	-196
interest expense	744	792	3.160	2.767	3.433
Unrealized exchange (gain)/loss from revaluation of borrowings	-	-	-493	-115	-15
Gain on sale of PP&E	-	-	-	-72	-
Other net financial expense	652	438	347	524	263
Impairment loss on PP&E				510	
Changes in Assets & Liabilities					
Inventories	-234	-138	-126	66	889
Trade and other receivables	-1.127	148	1.241	-1.868	-34
Trade and other Payables and provision for other liabilities	3.033	649	311	912	-1.704
Taxes paid	-	-	280	-	-705
Net Cash generated in operating activities	**3.560**	**3.857**	**8.094**	**3.747**	**2.679**
Cash Flows From Investing Activities					
Purchase of PP&E	-2.877	-2.699	-4.385	-5.917	-1.253
Interest received	-	-	-	-	196
Retirements ans sales of PP&E	-	-	-	1.334	
Net Cash Used in Investing Activities	**-2.877**	**-2.699**	**-4.385**	**-4.583**	**-1.057**
Cash Flows from Financing activities					
Interest paid	-1.117	-1.075	-2.496	-1.608	-589
Repayment of borrowings	-1.474	-912	-1.066	-8.107	-6.022
Expenses new bond	-	-	-	-	-
Proceeds from new loans	1.540	-	714	6.607	899
Changes in restricted and long term cash	-	-	-673	-	-
Net Cash used in financing activities	**-1.051**	**-1.987**	**-3.521**	**-3.108**	**-5.712**
Net (decrease)/increase in cash and cash equivalents	-368	-829	188	-3.944	-4.090
Cash and cash equivalents at beginning of the period	7.712	7.524	7.524	11.468	10.776
Cash and cash equivalents at end of the year	7.344	6.695	7.712	7.524	11.468
Whereof cash and cash equivalents, non-restricted	2.691	1.895	4.057	3.688	6.813
Whereof cash and cash equivalents, restricted	4.653	4.800	3.655	3.836	4.655

During the first quarter of 2019, the Group generated net operating cash flows of 3.6 million (USD 3.9 million – March 31 2018), the Company had financing cash outflows of USD 1.1 million (USD 2.0 million – March 31 2018) and cash outflows from investing activities of USD 2.9 million (USD 0.1 million – March 31 2018). During the same period, the Company repaid net debt of net USD 1.5 million (USD 1.0 million – March 31 2018) and paid interest of USD 1.1 million (USD 1.1 million – March 31 2018). The Group had a net cash outflow of USD 0.4 million (USD 0.8 million outflow – March 31 2018). Interest paid during 2018 are most related on the outstanding corporate bond.

There have not been any significant changes to the Group's liquidity since the Q1 2019 financial report.

9.5 Changes in the consolidated shareholders' equity

Amounts in USD 100	Share Capital and Share Premium	Other paid-in Equity	Retained Earnigs	Other Comprehensive	Total Equity
Balance at 31 December 2016	129.135	4.744	- 134.812	- 32	- 965
Total comprehensive income for the period-continuing operations	-	-	- 5.704		- 5.704
Comprehensive loss for the year				15	15
Balance at 31 December 2017	129.135	4.744	- 140.516	- 17	- 6.654
Total comprehensive income for the period-continuing operations	-	-	- 7.165		-
Comprehensive loss for the year				- 7	
Balance at 31 December 2018	129.135	4.744	- 147.681	- 24	- 13.826
Total comprehensive income for the period-continuing operations	-	-	- 1.660		- 1.660
Balance at 31 March 2019	129.135	4.744	- 149.341	- 24	- 15.486

9.6 Management discussion and analysis

9.6.1 First quarter 2019 (Unaudited)

Average net working interest production decreased from 1,262 boepd in Q1 2018 to 785 boepd in Q1 2019. Production decreased by natural decline of the Mana field and the Vikingo well being shut in during most of the quarter, due to circumstances outside Interoil´s control. In addition, the average oil price decreased from USD 63.2/boe in Q1 2018 to USD 62/boe in Q1 2019 with revenues decreasing from USD 6.1 million in Q1 2018 to USD 3.8 million in Q1 2019.

Interoil recorded a gross profit of USD 0.4 million in Q1 2019, lower from USD 1.4 million in Q1 2018. There were no exploration expenses in Q1 2019 while there was USD 0.2 million in Q1 2018. Administrative expenses have been maintained relatively stable from USD 0.8 million in Q1 2018 to USD 0.9 million in Q1 2019 continuing the benefit of cost cutting programs.

Interoil recorded a net financial loss of USD 1.0 million for Q1 2019, lower than USD 1.2 million for Q1 2018. Income tax expense was USD 0.2 million for 1Q 2019 compared to a credit of 0.2 million for Q1 2018.

The Group reported a net loss for the quarter of USD 1.6 million, compared to the net loss for the Q1 2018 of USD 0.3 million.

Total assets amounted to USD 28,1 million in Q1 2019, compared to USD 32,8 million in Q1 2018. This decrease results primarily from depreciation of property, plant and equipment.

Cash and cash equivalents at end of the quarter was USD 7.3 million, of which USD 4.6 million was restricted relating to cash collaterals for guarantees and loans in Colombia.

EBITDA adjusted for exploration and other non-recurring expenses was USD 1.4 million in Q1 2019 compared to USD 3.2 million in Q1 2018. Depreciation decreased from USD 2.3 million in Q1 2018 2018 to USD 1.9 million in Q1 2019.

Interest-bearing debt increased from the amount of USD 40.0 million at the end of Q1 2018 to the amount of USD 40.7 million at the end of Q1 2019. The USD 40.7 million in Q1 2019 includes the bond loan of USD 37.5 million and bank loans in Colombia of USD 2.6 million.

Net cash generated from operating activities during the quarter was USD 3.6 million compared to USD 3.9 million in Q1 2018.

Cash outflows from investing activities were USD 2.9 million in Q1 2019, compared to USD 2.7 million in Q1 2018.

Cash outflows from financing activities amounted to USD 1.0 million in Q1 2018 lower than USD 2.0 million during 1Q 2018.

9.6.2 Full Year 2018

Average net working interest production increased from 1,019 boepd in 2017 to 1,048 boepd in 2018[22]. In addition, the average oil price increased from USD 51/boe in 2017 to USD 66/boe in 2018 with revenues growing from USD 16.6 million in 2017 to USD 21.3 million in 2018.

Interoil recorded a gross profit of USD 2.7 million for 2018, lower from USD 5.2 million in 2017. Exploration expenses came in at USD 0.9 million for 2018 and USD 1.9 million for 2017. Administrative expenses have been reduced from USD 4.2 million in 2017 to USD 5.7 million in 2018 (excluding extraordinary COR6 legal fees expenses), reflecting the benefit of cost cutting programs.

Interoil recorded a net financial loss of USD 3.0 million for 2018, compared to net financial loss of USD 3.4 million for 2017

Income tax expense was USD 1.0 million for 2018 compared to an expense of USD 0.8 million for 2017. The numbers include deferred income tax expense of USD 0.3 million, compared to a deferred income tax expense of USD 0.8 million in 2017, which primarily relates to the effect of changes in the exchange rate of non-monetary assets and liabilities of entities whose functional currency is different from the local currency.

The Group reported a net loss for the year of USD 7.2 million, compared to the net loss for the year 2017 of USD 5.7 million.

Total equity for the Group as at 31 December 2018 amounted to USD -13.8 million, compared to USD -6.7 million as at 31 December 2017, this negative trend is caused by cumulative losses during the recent periods.

Total assets amounted to USD 39,1 million in 2018, compared to USD 44,6. million in 2017. This decrease results primarily from depreciation of property, plant and equipment.

Cash and cash equivalents at end of the year was USD 9.3 million, of which USD 4 million was restricted relating to cash collaterals for guarantees and loans in Colombia.

[22-15] New IFRS 15 requirements, from January 2018 requires partners participation not paid in kind to be recognized as revenue and cost separately (before net cost) this also effects comparability of net working production and sales figures with previous periods.

Interest-bearing debt remained stable in the amount of USD 41.1 million at the end of 2018 (USD 41.3 in 2017). The USD 41.1 million in 2018 includes the bond loan of USD 38 million and bank loans in Colombia of USD 2.4 million.

Net cash generated from operating activities was USD 8.1 million in 2018 compared to USD 3.7 million in 2017.

Cash outflows from investing activities were USD 4.4 million in 2018, compared to USD 4.6 million in 2017 reflecting the activity in LL47.

Cash outflows from financing activities amounted to USD 3.7 million in 2018, which include net repayment of debt of USD 1.1 million and interest payments of USD 2.5 million. In 2017 the cash outflow was USD 2.3 million, which include net repayment of debt of USD 8.1 million and interest payments of USD 1.6 million.

EBITDA adjusted for exploration and other non-recurring expenses was USD 9.7 million in 2018 compared to USD 6.1 million in 2017. Depreciation increased from USD 5.6 million in 2017 to USD 9.2 million in 2018.

9.6.3 Full year 2017

Average net working interest production increased from 1,011 boepd in 2016 to 1,019 boepd in 2017. In addition, the average oil price increased from USD 37/boe in 2016 to USD 51/boe in 2017 with revenues growing from USD 15.1 million in 2016 to USD 16.6 million in 2017.

Interoil recorded a gross profit of USD 5.2 million for 2017, up from USD 3.1 million in 2016.
Exploration expenses came in at USD 1.9 million for 2017 and USD 0.6 million for 2016. Administrative expenses have been reduced from USD 4.9 million in 2016 to USD 4.2 million in 2017, reflecting the benefit of cost cutting programs.

Interoil recorded a net financial loss of USD 3.4 million for 2017, compared to net financial loss of USD 3.2 million for 2016.

Income tax expense was USD 0.8 million for 2017 compared to an income tax income of USD 0.8 million for 2016. The numbers 2017 including deferred income tax expense of USD 0.8 million, compared to a deferred income tax credit of USD 2.1 million in 2016, which primarily relates to the effect of changes in the exchange rate of non-monetary assets and liabilities of entities whose functional currency is different from the local currency.

The Group reported a net loss for the year of USD 5.7 million, compared to the net loss for the year 2016 of USD 4.7.

Total assets amounted to USD 44.6 million, compared to USD 49.4. million in 2016. This decrease results primarily from depreciation of property, plant and equipment.

Cash and cash equivalents at end of the year was USD 8.4 million, of which USD 3.8 million was restricted relating to cash collaterals for guarantees and loans in Colombia.

EBITDA adjusted for exploration expenses was USD 6.1 million in 2017 compared to USD 4.5 million in 2016. Depreciation decreased from USD 6.2 million in 2016 to USD 5.8 million in 2017.

Interest-bearing debt remained stable in the amount of USD 41.3 million at the end of 2016 and 2017. The USD 41.3 million in 2017 includes the bond loan of USD 37.5 million and bank loans in Colombia of USD 3.7 million.

Net cash generated from operating activities was USD 3.7 million in 2017 compared to USD 2.7 million in 2016.

Cash outflows from investing activities were USD 4.6 million in 2017, compared to USD 1.1 million in 2016 reflecting the drilling activity in LL47.

Cash outflows from financing activities amounted to USD 3.1 million in 2017, which include net repayment of debt of USD 1.5 million and interest payments of USD 1.6 million. In 2016 the cash outflow was USD 5.7 million, which include net repayment of debt of USD 5.1 million and interest payments of USD 0.6 million.

9.6.4 Full year 2016

Average net working interest production decreased from 1,234 boepd in 2015 to 1,011 boepd in 2016. In addition, the average oil price fell from USD 47/boe in 2015 to USD 37/boe in 2016 with revenues falling from USD 18,9 million in 2015 to USD 15.1 million in 2016.

EBITDA was USD 4.2 million in 2016 compared to USD 5.8 million in 2015. Depreciation increased from USD 4.9 million in 2015 to USD 6.5 million in 2016.

Interoil recorded an operating profit of USD 3.1 million for 2016, down from USD 7.2 million in 2015. Exploration expenses came in at USD 0.6 million for 2015 and 2016. Administrative expenses have been reduced from USD 6.8 million in 2015 to USD 4.9 million in 2016, reflecting the benefit of cost cutting programs.

Other income was USD 0 for 2016 compared to USD 1 million in 2015.

Interoil recorded a net financial loss of USD 3.2 million for 2016, compared to net financial income of USD 9.1 million in 2015. This difference primarily results from the recognition of a net gain of USD 11.6 million arising from the restructuring of the debt in 2015.

Income tax credit was USD 0.8 million for 2016 compared to an income tax expense of USD 4.4 million in 2015. The numbers 2016 including deferred income tax credit of USD 2.9 million, compared to a deferred income tax expense of USD 2.5 million in 2015, which primarily relates to the effect of changes in the exchange rate of non-monetary assets and liabilities of entities whose functional currency is different from the local currency.

The Group reported a net loss for the year of USD 4.7 million, compared to a profit of USD 5,5 million for 2015.

Total assets amounted to USD 49.4 million, compared to USD 60.6 million in 2015. This decrease results primarily from depreciation of property, plant and equipment.

Cash at end of the year was USD 11.5 million, of which USD 4.7 million was restricted relating to cash collaterals for guarantees and loans in Colombia.

Interest-bearing debt fell from USD 43.9 million at the end of 2015 to USD 41.3 million at the end of 2016. The USD 41.3 million includes the bond loan of USD 36 million and bank loans in Colombia of USD 5.3 million. For more details, see note 25 to the 2016 annual report.

Net cash generated from operating activities was USD 2.7 million in 2016 compared to USD 0.4 million in 2015.

Cash outflows from investing activities were USD 1.1 million in 2016, compared to USD 0.3 million in 2015 reflecting the impact of the cost of the new Bogota office in 2016.

Cash outflows from financing activities amounted to USD 5.7 million in 2016, which include net repayment of debt of USD 5.1 million and interest payments of USD 0.6 million. In 2015 the cash outflow was USD 1.9 million, which included USD 4.3 million of proceeds from an equity raise.
Total decrease in cash for the year was USD 4.1 million compared to decrease of USD 1.8 million in 2015.

9.7 Investments

9.7.1 Historical investments

The table below gives an overview of investments made since 1 January 2015 and up until March 30st 2019. 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 6.8. The investments are represented as capital expenditures in the financial statements.

Amounts in USD 1000	1Q 2019	2018	2017	2016	2015
Cash Flows from investing activities					
Purchase of PP&E	-2.877	-4.385	-5.917	-1.253	-367
Interest received	4	25	87	196	107
Retirements ans sales of PP&E	-	-	1.334		
Net Cash used in investing activities	**-2.873**	**-4.360**	**-4.496**	**-1.057**	**-260**

9.7.2 Three months of 2019

During the quarter Geochemistry works were performed in the Company's fields for an amount of USD 2 million.

9.7.3 Full year 2018

Investments made during this year were mainly related to the Vikingo well in LLA-47 area USD 2.1 million, the facilities in Vikingo for USD 1.1 million, and gas plant project for USD 0.7 million.

9.7.4 Full year 2017

Main investments made during 2017 were related to gas plant project for USD 1.4 million, the drilling of Turaco well in Altair area totalling USD 0.57 million and Vikingo well in LLA-47 area USD 2.99 million, in addition to sale and leaseback of the office in Bogota.

9.7.5 Full year 2016

Investments for 2016 mainly reflect the cost of the new Bogota office.

9.7.6 Full year 2015

No material investments were made in 2015.

9.8 Principal investments in progress

The company has started the process of buying and installing a gas plant in the Mana field. Current investment related to the gas plant acquisition and commissioning is USD 2.0 million. The gas plant is currently in Houston, commissioning is being finalized and shipment to Colombia will start once environmental licences upgrades are approved by the ANLA (National Environmental Agency). The Company is also working to meet the requirements for an upgrade of the environmental license incorporating the gas treatment facilities, but it is unable to accurately estimate how long this process may take. Furthermore, the Company has successfully extended the contract with Turgas until December 2019 under the same conditions. The Company shall evaluate alternatives to the project with the view of maximizing efficiencies.

Minor investments may be made in order to stabilize production in Colombia. During 2019 these include the perforations of 6 wells in the Puli-C block totalling an amount of USD 660.000.

These investments will be financed by cash flow generated by the activities of the Group, and the renewal of the credit lines of Mana's prepaid oil sales to BP for up to USD 1.5 million. The ongoing drilling campaign is an agreement between SLS and Interoil, where SLS has assumed 90 % of the capex for Turaco, and 60 % of the capex for Vikingo, and will assume 60 % of the capex for 2 more wells in LLA-47, once the drilling campaign is resumed.

Principal future investments

The Group has investment commitments on the LLA-47 exploration license in Colombia, of between approximately USD 25 million and USD 30 million, from October 2016 until February 2021. This is in relation to drilling of 10 wells each costing approximately USD 2.5 million up to approximately USD 3 million. As at the date of this Prospectus, in respect of the LLA47 licence, the Group has invested: i) USD$14.02 million on seismic acquisition, processing and interpretacion of 350km2; and ii) USD$5.45 million on drilling of the Vikingo exploration well. Plans for following prospects are to be put in place after seismic reprocesing is completed. As the date of this prospectus 9 wells are pending.

At Altair, Interoil is obliged to drill two wells by August 2019, of which wells one has already been drilled. The estimated costs for the next well are between USD 3 million and USD 3.5 million. Given the force majeure events in the Llanos area an additional extension of the Altair contract for a term of one year is pending resolution by the ANH. This additional extension has been requested by Interoil on the basis of events of force majeure that affected the Altair contract. Such events are the same facts that constituted the basis of the request by Interoil of an extension of the LLA-47 license which was accepted by the ANH. As a result, the pending well will be scheduled depending on the resolution of the agency aiming at the dry season if possible to reduce infrastructure cost.

Part of these investments will be financed by additional financing including debt facilities and/or possible farm-in opportunities.

At the Mata Magallanes Oeste and La Brea block two work overs will be performed during 2019, these will be financed whith the current wotking capital of the company.

9.9 Significant changes after 31 March 2019

Other than as set out below, there have been no significant changes in the financial or trading position of the Group following 31 March 2019:

Constructive discussions are ongoing with SLS Energy regarding continued cooperation for drilling of further wells in the LLA 47 block, although the parties have yet to agree on an exact drilling schedule, responsive to seasonal possibilities and equipment restrictions.

Interoil is actively pursuing enhanced recovery opportunities in the complex geological structures in the Puli C license. In the first quarter 2019, reperforation of certain wells in the Mana field has produced encouraging results, which the company will now seek to verify through further testing.

On the 29th of April IOX entered into an agreement to acquire majority interests in one exploration and two production concessions in Argentina for a total consideration of USD 13 million. The acquisition price is payable in new Interoil shares plus cash.

In April 2019, due to the delays suffered for reasons outside Interoil's control, the ANH granted a 362-day extension on the LLA-47 contract. As a result, the exploration contract now runs until February 7th, 2021.

9.10 Trend information

By March 31 2019, the Group's oil working interest production from continuing operations (Colombia) decreased on average by 37% year on year to 785 boe/day[23]. Production of gas decreased 19.5% during the same period and sales of gas have decreased accordingly. Since 2014, oil prices declined to an absolute minimum in the beginning of 2016 and since then prices have recovered up to a level above USD 70 bbl during 2018, however the decrease in production, has had a negative effect on revenues, profitability and cash flows. During the 3 months period ended March 31 2019, revenues from continuing operations were 38% lower compared with same period of 2018 due to production declination and Vikingo operational difficulties.

Besides the above, the Group has not experienced any changes or trends outside the ordinary course of business that are significant to the Group. 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 7.3.

9.11 Capitalization and indebtedness

9.11.1 Statement of capitalization and indebtedness

The table below discloses the Group's consolidated capitalization and indebtedness as at 31 March 2019:

---

[23] New IFRS 15 requirements, from January 2018 requires partners participation not paid in kind to be recognized as revenue and cost separately (before net cost) this also effects comparability of net working production and sales figures with previous periods

Capitalization and indebtedness Amounts in USD 1 000		As of 31 March 2019
Current debt		
Guaranteed		
Secured (1)		39.381
Unguaranteed/Unsecured (2)		750
Total current debt		40.131
		-
Non - current debt		
Guaranteed		
Secured (1)		-
Other secured (2)		578
Total non - current debt		578
Shareholder´s equity		
Share capital and share premium		129.135
Other paid-in equity		4.744
Retained earnings	-	149.365
Total equity	-	15.486
Total capitalization and indebtedness		25.223

(1) The secured debt consists of a Senior Secured Bond Loan USD 37.4 million (2018: USD 37.9 million) with a pledge over the shares of UP Colombia Holding AS, a bank loan USD 1.8 million (2018: USD 1.7 million) secured with a USD 1 million cash collateral.
(2) Include leaseback of the office in Bogota
** This Table excludes non-interest-bearing liabilities like trade payables, taxes and operational accruals USD 9.3 million (2017: 12.4 million). There has been no material change since 31 March 2019. The company also has indirect or contingent indebtedness of USD 4 million related to tax litigation procedures in Colombia. Please see Section 13.2 for more details.*

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

Amounts in USD 1 000	As of 31 March 2019
A. Cash	7.344
B. Cash equivalen	-
C. Trading securities	-
D. liquidity (A) + (B)+ (C)	7.344
E. (Current Financial Receivable)	3.148
F. Current Bank debt	1.897
G. Current portion of non current debt	-
H. other current Financial debt - inclusive bonds	38.234
I. Current Financial Debt (F)+(G)+(H)	40.131
J. Net Current Financial Indebtedness (I)-(E)-(D)	29.639
K. Non current Bank Loans	578
L. Bonds Issued	-
M. Other Non Current loans	
N. Non Current Financial Indebtedness (K)+(L)+(M	578
O. Net Financial Indebtedness (J)+(N)	30.217

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

Amounts in USD 1 000	2019	2020	2021	2022	2023	2024**
Secured loans Colombia *	1.802					
Unsecured loans Colombia **	750					
Leasing Bogotá Office	95	127	127	127	127	71
Bond loan	37.484	-	-	-	-	-
Total	**40.131**	**127**	**127**	**127**	**127**	**71**

As of 31 March 2019 the group has bank deposits of USD 7.3 million (December 2018: USD 9.3 million) of which USD 5.6 million is classified as restricted or non current (December 2017: USD 4.7 million). USD 0.7 million is placed as collateral for the corporate bond, USD 1 million is a collateral for the short term debt in Colombia, and 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 (based on Adjusted EBITDA – adjusted for exploration expenses) as of 31 March 2019 is 2.0 (Year 2018: 2.3), and the equity ratio is negative 39,2% (Year 2018 negative 35,3%) which is below the Group's objectives for managing capital.

As of the date of the Prospectus, the Group has restricted cash of USD 4.6 million. In addition, the Group has approximately USD 2.1 million of cash on hand.

9.12 Hedging

The Group did not hold any financial instruments for hedging purposes during 2018 or as of March 31, 2019, and does not hold any at the date of this Prospectus.

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.

9.13 Borrowing requirements and funding structure

9.13.1 Bank loan Colombia

The Colombian branch has, as at 31 March 2019, USD 1.8 millions of short term debt (for renewable annual periods) raised through *Banco de Occidente (December 2018:* as USD 1.7 million) which loan is secured with a USD 1 million cash collateral. This loan was extended in May 2019 until November 2019. The interest rate is IBR + 4 -4.5 %. IBR stands for a fixed term deposit, and is calculated as the weighted averages of the interest rates on Certificates of Deposits offered by Colombian banks and financial institutions. As at 31 March 2019, the IBR rate was 4.108 %.

9.13.2 Prepaid oil sales

In December 2018 the Colombian branch and Goam 1 CI S.A.S, a BP-company, have entered into a pre-sales agreement with an aggregate price of USD 1,5 million. Crude will be delivered over the next 6 months, with an average daily delivery estimated to 400 bbls based in Brent Price

9.13.3 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. Interoil is in compliance with the covenants in the 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: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:

- a first priority pledge over the shares (100 %) held by Interoil in UP Colombia Holding AS;
- unconditional and irrevocable guarantee from UP Colombia Holding AS;
- 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 bond loan matures on 22 January 2020. The bond loan shall be repaid at the final maturity date at 100 % of par value, plus accrued and unpaid interest. The bonds have a nominal value of USD 1, and carry a fixed rate interest of 6,0 % payable semi-annually in arrears. The issuer may make the interest payment in kind (PIK) up to the interest payment date in January 2017. The PIK interest will be capitalised at an effective rate of interest of 8,0% per annum. As of March 31. 2019 the bond loan value including accrued interest is USD 39.4 million.

9.14 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. For the sake of clarity, this assumes that none of the actions listed below are successfully completed.

The Group is required to agree with the ANH on guarantees in relation to the combination of phase 1 and 2 under the license agreement for LLA-47. Currently, there is a guarantee of USD 4.8 million in place and an additional guarantee of USD 6.6 million will have to be sought in the next 6 months. The Company is in discussions with the ANH to structure a guarantee scheme that will fulfill ANH's requirements based on the Company's opportunities under current market conditions. If such an insurance guarantee can be provided, the Group will be fully funded on a 12-month basis.

The Group has committed to drill 10 wells on the LLA-47 license prior to February 2021 with estimated costs of between USD 25 and USD 30 million. Interoil is in conversations with the ANH about delays suffered due to the different conflicts in the LLA-47 licence and how this might affect the committed work program and the eligibility for a time extension. Interoil and SLS have an agreement in regards to SLS will cover 60 % of the capex for 3 wells on the license, 1 well already drilled. To partly fund these commitments and to be fully funded before the unified phase termination, the Group is analysing and pursuing available strategic options to secure additional financing including debt facilities and/or possible farm-in 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 10 million and USD 15 million on an 18-month basis.

The bond loan matures in January 2020 and at the moment the company does not hold the required liquidity to repay it. The Board are in advanced discussion with the bondholders on several alternatives, however no final decision or agreement have been reached at this stage. If not finalized within the timeframe of maturity, there is uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

If the above action is not completed and if additional debt or equity or other form of finance are not secured by the Group, the Group may not be able to fund the committed investments on a 3-12 month basis in the event ANH requires the Group to fulfil its commitments following negotiations on the license. Accordingly, the Group may, subject to no other forms of financial support being made available, default on the license.

9.15 Transactions with 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).

Remuneration to board members and management, in addition to consultancy agreements are described in group note 5 and 11 of the Annual Report for 2018. Transactions with subsidiaries are mentioned in parent company note 10 and, in the paragraph, below, whilst the table below gives an overview.

As of March 31, 2019, intercompany receivables of USD 20.9 million (December 31, 2018: USD 21.7 million) were tested for impairment. As of March 2019, 2018, 2017 and 2016, no impairment charges were recognized at year end. The majority of the intercompany receivables as of 31 March 2019 was related to a receivable of USD 20 million from UP Colombia Holding AS. (December 2018: USD 20.9 million) most of the period on period increase being related to interest.

Non-current Intercompany receivables **Amounts in USD 1 000**	**As of 31 March 2018**	**As of 31 December 2018**	**As of 31 Dec. 2017**	**As of 31 Dec. 2016**
	(Unaudited)	(Audited)	(Audited)	(Audited)
Interoil Colombia Exploration and production Inc - Branch	-	-	-	707
Interoil Colombia Exploration and production Inc.	924	869	617	1.106
UP Colombia SAS Hoilding	20.041	20.905	21.134	19.755
Total current debt	20.965	21.774	21.751	21.568

For information on related party transaction, reference is made to group note 11 and 12 and also parent company note 11 in the annual reports. Consultancy contracts with board members and management are described in note 11.

9.16 The Company's auditor

PricewaterhouseCoopers AS, with business registration number 987 009 713, and registered address at Dronning Eufemias gate 8, N-0191 Oslo, Norway, is the Company's auditor. PricewaterhouseCoopers AS is a member of Den Norske Revisorforeningen (The Norwegian Institute of Public Accountants).

10. CORPORATE INFORMATION AND DESCRIPTION OF SHARE CAPITAL

10.1 Corporate information

The Company with registered name Interoil Exploration & Production ASA is a public limited company incorporated in Norway on 2 May 2005 in accordance with the Norwegian Public Limited Companies Act and operates pursuant to the Norwegian Public Limited Companies Act. The Company is registered with the Norwegian Register of Business Enterprises under the organisation number 988 247 006 and has its registered office in the municipality of Oslo. 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:

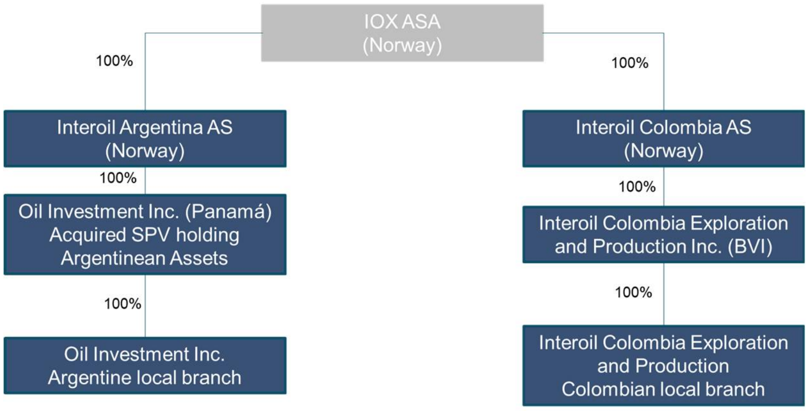
Interoil Exploration & Production ASA
c/o Advokatfirmaet Schjødt AS
Ruseløkkveien 14
P.O. Box 2444 Solli
N-0201 Oslo

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

10.2 Legal structure

The table below sets out the Company's subsidiaries (being all of the entities in the Company's group) and the structure diagram below shows the Company's corporate structure, as at the date of the Prospectus. Interoil Exploration and Production ASA is the parent company of the Group consisting of a total of 4 companies and one operative company.

Company	Country of incorporation	Direct and indirect shareholding and voting rights
UP Colombia Holding AS	Norway	100%
Interoil Argentina AS	Norway	100%
Interoil Colombia Exploration and Production Inc. (Branch office)	Colombia	100%
Interoil Colombia Exploration and Production Inc.	The British Virgin Islands	100%



10.3 Current share capital and Shares

The Company's registered share capital is NOK 43,456,083 consisting of 86,912,166 Shares each with a nominal value of NOK 0.50 fully paid and issued in accordance with the Norwegian Public Limited Companies Act.

The Shares of the Company are listed on Oslo Børs. 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.

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

10.4 Outstanding authorisations

Pursuant to resolution by the Company's Annual General Meeting on 27 June 2019, the Board of Directors is authorized to increase Interoil's share capital by up to a total amount of NOK 21,728,041.50. The authorisation may be used for i) consideration in acquisitions and strategic investments, ii) capital increases done to provide financing for the Company's business; and/or other share capital increases which are considered by the Board of Directors to be in the Company's best interest. The Board may derogate from the shareholders' pre-emptive rights pursuant to the Norwegian Public Limited Liability Companies Act Section 10-4. The authorisation comprises capital increases by contributions in kind or with rights to charge the Company with special obligations, as well as share capital increases in connection with mergers, and may be used one or more times. The authorisation is valid until the Annual General Meeting of Interoil in 2020, but maximum until 30 June 2020. The subscription price in connection with share capital increases shall be determined by the Board in connection with each issuance.

10.5 Share capital development in the last three financial years

The following table shows the Company's share capital development from 31 December 2015 up until the date of the Prospectus.

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)
31.12.2015	**Closing balance**	**64,690,315**	**0.50**		**32,345,157**

31.12.2016	**Closing balance**	**64,690,315**	**0.50**		**32,345,157**
31.12.2017	**Closing balance**	**64,690,315**	**0.50**		**32,345,157**
31.12.2018	**Closing balance**	**64,690,315**	**0.50**		**32,345,157**
29.04.2019	**Issuance of the Consideration Shares**	**86,912,166**	**0.50**	**3.55**	**43,456,083**
25.06.2019	**Issuance of the Consideration Shares II**	**96,874,494**	**0.50**	**3.305**	**48,437,247**
Date of prospectus		**86,912,166**	**0.50**		**43,456,083**

Pursuant to a resolution by the Board of Directors on 29 April 2019 the Consideration Shares were issued against the conversion of a receivable in the amount of USD 9.1 million as part of the payment for the exploration and production concessions acquired in the Acquisition. The Consideration Shares II were resolved issued by the Board of Directors on 25 June 2019, in connection with the Company's conversion of supplier debt and debt to the sellers of the Argentinian assets in the Acquisition, and as further compensation to the sellers of the Argentinian assets in accordance with the anti-dilution mechanism in the contract. Consequently, more than 10% of the Company's share capital has been subscribed for through contribution in kind.

10.6 Shareholder structure and major Shareholders

The table below shows the 20 largest shareholders of Interoil as at 16 July 2019.

#	Shareholders	Number of Shares	Percent
1	Magnus Capital S.A	8,791,217	10.11506
2	Integra Oil and Gas S.A	7,777,648	8.94886
3	SIX SIS AG	6,700,155	7.70911
4	International Capital Markets Group	5,555,463	6.39204
5	NORDNET LIVSFORSIKRING AS	2,456,299	2.82619
6	Nordnet Bank AB	2,275,529	2.61819
7	Brie International Development Cor	2,222,185	2.55682
8	Citibank, N.A.	1,449,415	1.66768
9	Danske Bank A/S	1,012,980	1.16552
10	Saxo Bank A/S	801,015	0.92164
11	S FJORD INVEST AS	800,000	0.92047
12	RYGG, KJELL	788,839	0.90763
13	OLSEN, TERJE	788,000	0.90666
14	GENIPABU INVESTMENTS LLC	787,775	0.9064
15	Nordea Bank Abp	727,849	0.83745
16	MEYERLØKKA AS	698,500	0.80368
17	ENDRESEN, SIGURD	647,500	0.74501
18	WELLE, SVEIN ERIK	600,000	0.69035

19	TECHNOLOGY & PROCESS	425,233	0.48927
20	THUNDER INVEST AS	418,388	0.48139

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 11 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.

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 11.6 for further details.

10.7 Treasury Shares

As of the date of this Prospectus, the Company does not own any treasury shares.

10.8 Dividends

10.8.1 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 dividends in the last three financial years.

10.8.2 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 amounts of dividends the Company may distribute are 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 12.

10.9 Warrants and other rights to acquire Shares

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

10.10 Shareholder agreements and share options

The Company is not aware of any shareholder agreements between shareholders of the Company and the Company is not aware of any option agreements in respect of the capital of the Company.

11. SHAREHOLDER MATTERS AND NORWEGIAN COMPANY AND SECURITIES LAW

11.1 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 is 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.

11.2 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.

11.3 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.

11.4 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.

11.5 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.

11.6 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 11.11 is a description of the requirements under the Securities Trading Act for mandatory take-over bids.

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

11.7 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.

11.8 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.

11.9 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.

11.10 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.

11.11 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.

11.12 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.

12. NORWEGIAN TAXATION OF SHAREHOLDERS

12.1 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.

12.2 Norwegian shareholders

12.2.1 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 22 percent. 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 basis is adjusted upwards by a factor of 1.44 before taxation which means that dividends exceeding the tax-free return are effectively taxed at a rate of 31.68 percent.

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 with the tax 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 2019 is decided in January 2020. For the income year 2018, the risk-free interest rate is set to 0,8 per cent.

Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer.

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.

12.2.2 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 current rate of 22 per cent. The tax basis is adjusted upwards by a factor of 1.44 before taxation/deductions which means an effective taxation at a rate of 31.68 percent

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.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Special rules apply to Norwegian Private Shareholders that cease to be tax-residents in Norway.

12.2.3 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, and hence, generally exempt from tax. Losses upon realisation and costs incurred in connection with the purchase and realisation of shares are not deductible for tax purposes. Special rules apply for Norwegian Corporate Shareholders that cease to be tax-resident in Norway

The participation exemption also applies to dividends distributed from the Company to Norwegian corporate shareholders, who are limited liability companies (and certain similar entities). 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 22 per cent, implying a 0.66 per cent effective tax rate for Norwegian corporate shareholders on such dividend.

However, dividend distributed within a tax group is fully exempt.

12.2.4 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 75 percent of the shares' quoted value as of 1st of January in the assessment year, i.e. the year following the income year.

12.3 Foreign shareholders – Norwegian taxation

12.3.1 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.

Non-Norwegian Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments, including the possibility of effectively claiming a refund of withholding tax.

12.3.2 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.

12.3.3 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 with unsettled/postponed exit tax.

12.3.4 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.

12.4 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.

12.5 Inheritance tax

Inheritance tax ceased to have effect from 1 January 2014 in Norway. Hence, transfer of shares is not subject to inheritance tax. However, the heir continues the giver's tax positions, including the input values, based on principles of continuity.

13. LEGAL MATTERS

13.1 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.

13.2 Tax Litigation Procedures – Colombian tax department

Tax administrative proceeding. The Colombian tax authority DIAN opened an audit of 2011 income tax requiring that a higher amount be paid regarding transfer pricing. DIAN issued on June 5th, 2015 an official tax liquidation demanding payment of additional amount for income tax (DIAN disavowed costs paid to affiliates). Interoil filed a reconsideration petition. On April 29th DIAN confirmed its initial position, finishing any administrative recourse. Interoil filed a complaint against DIAN´s decision before administrative court on March 2017. In October 3, 2018 the Tribunal sentence against Interoil pretentions. On march 9, 2019 Interoil appealed and presented its arguments to the second stage court. The contingency related to this matter may be up to USD 4 million (included potential fines).

13.3 Labour proceedings

In Colombia, there are certain 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 is low probability for success for the plaintiff. These claims are of limited size.

13.4 Arbitration – Trayectorya Oil & Gas

The Trayectoria dispute regarding the assignment agreement for the rights of the exploration and production contracts for Altair and COR 6 was settled in March 2015. Under the settlement agreement, Trayectoria agreed to pay USD 4 million in four instalments. The first instalment of USD 0,5 million was received in July 2015. The following instalments of USD 3,5 million, were not paid, and are still outstanding. In consequence, and in accordance with the settlement agreement, Interoil decided to cancel the settlement agreement. The Group is considering different legal alternatives, but has currently suspended the case.

13.5 Arbitration – PeruPetro

PeruPetro has started an arbitration lawsuit in regards to a parent company guarantee given under the 12 months license agreement signed in April 2014 for blocks III and IV in Peru. In November 2014, the Company divested its Peruvian assets by selling the Norwegian holding company, LATAM to United Oilfield Colombia Inc. ("**UOC**"). The guarantee was secured under a back to back guarantee with UOC. See further description in note 28, annual accounts 2014. As the arbitration is advanced and participation is expensive, a settlement will be negotiated. A provision of USD 400 000 is included in the Q2 report 2017.

13.6 Material contracts

Other than the contracts described in section 6.9 and 6.11, including the service contract further described in section 6.9.9, the Company has not entered into any material contract, other than contracts entered into in the ordinary course of business, to which the Company is a 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 the Company which contains any provision under which the Company has any obligation or entitlement that is material to the Company as at the date of this Prospectus.

13.7 Loan agreements

In addition, the loan agreements discussed in section 9.13 are material to the Company.

14. TRANSFER RESTRICTIONS

14.1 General

No actions have been taken, and no actions are intended to be taken, to register the Consideration Shares or the Consideration Shares II in any other jurisdiction than in Norway. The transfer of any of these securities in or into various jurisdictions may be restricted or affected by law in such jurisdictions.

No securities of the Company are being offered by means of this Prospectus. This Prospectus does not constitute an invitation to purchase any of the securities of the Company in any jurisdiction in which such offer or sale would be unlawful. No one has taken any action that would permit a offering of the securities of the Company to occur outside of Norway. Accordingly, neither this Prospectus nor any advertisement or any other material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company require persons in possession of this Prospectus to inform themselves about and to observe any such restrictions. The securities of the Company may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

The following is a summary of certain transfer restrictions that may apply to the securities of the Company pursuant to legislation in certain jurisdictions. The contents do not constitute an exhaustive description of all transfer restrictions that may apply in such jurisdictions, and similar or other restrictions may also follow from applicable laws and regulations in other jurisdictions.

14.2 Transfer restrictions – United States

The Shares of the Company have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

Each purchaser of the Shares of the Company outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorised to consummate the purchase of the Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority or any state of the United States, and are subject to significant restrictions on transfer.

- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Shares was located outside the United States at the time the buy order for the Shares was originated and continues to be located outside the United States and has not purchased the Shares for the benefit of any person in the United States or entered into any arrangement for the transfer of the Shares to any person in the United States.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

- The purchaser is aware of the restrictions on the offer and sale of the Shares pursuant to Regulation S described in this Prospectus.

- The Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.

- The Company shall not recognise any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above restrictions.

- The purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and that the Company and its advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Shares within the United States pursuant to Rule 144A will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorised to consummate the purchase of the Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.

- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Shares, as the case may be.

- The purchaser is aware that the Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.

- The purchaser understands and acknowledges that if, in the future, the purchaser or any such other QIBs for which it is acting, or any other fiduciary or agent representing such purchaser decides to offer, resell, pledge or otherwise transfer such Shares, as the case may be, such Shares may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in accordance with Rule 144 under the U.S. Securities Act (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the

Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

- The purchaser understands that Shares are "restricted securities" within the meaning of Rule 144(a)(3) and that no representation is made as to the availability of the exemption provided by Rule 144 under the U.S. Securities Act for resales of any Shares, as the case may be.

- The Company shall not recognise any offer, sale pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.

The purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and that the Company and its advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

14.3 Transfer restrictions – Other jurisdictions

Similar or other restrictions may also exist for investors in other jurisdictions in respect of the securities of the Company.

15. APPENDICES AND DOCUMENTS ON DISPLAY

15.1 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 Ruseløkkveien 14 0201, 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 2018, 2017 and 2016
– Interoil's interim financial reports for the period 2015-2019
– Annual reports for 2018, 2017 and 2016 for major subsidiaries (not available on the website)
– 2018 Annual Statement of Reserves (including reserve statements from Gaffney, Cline & Associates)

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

The Company:

Interoil Exploration and Production ASA
Ruseløkkveien 14, 0251 Oslo, Norway

15.2 Documents incorporated by reference

Section in Prospectus	Reference	Reference document and link	Page (P) in reference document
Section 11.10	Articles of Association	Articles of Association: http://www.interoil.no/?page_id=492	
Section 9	Unaudited interim report	Interim report for the three months period ended 31 March 2019: https://ml-eu.globenewswire.com/Resource/Download/6135b75d-edcc-4e35-b43b-0a52a60c9b4c Interim report for the three months period ended 31 March 2018: http://hugin.info/137537/R/2195750/852324.pdf	

Section in Prospectus	Reference	Reference document and link	Page (P) in reference document
Section 9	The Company's audited annual reports for 2018, 2017 and 2016 including an overview of the Company's accounting policy, explanatory notes, report on corporate governance and auditor's report.	Annual report 2018: https://ml-eu.globenewswire.com/Resource/Download/05387693-d567-494f-95e4-b723ac0817b1 Annual report 2017: http://hugin.info/137537/R/2186568/848484.pdf Annual report 2016: http://hugin.info/137537/R/2097344/793824.pdf	
Section 6	Annual Statement of Reserves 2018 (including reserve statements from Gaffney, Cline & Associates)	Annual Statement of Reserves: https://ml-eu.globenewswire.com/Resource/Download/476acea7-39e2-4b08-990b-3065a6ead4c0	

16. DEFINITIONS AND GLOSSARY OF TERMS

1P	Proven reserves
2P	Proven and Probable reserves
Acquisition	The Company's acquisition of majority interests in one exploration and two production concessions in Argentina on 29 April 2019, for a total consideration of USD 13 million
Andes	Andes Energia Plc
ANH	Agencia Nacional de Hidrocarburos (national hydrocarbons agency)
ANLA	National Environmental Agency
API	API gravity, is a measure of how heavy or light a petroleum liquid is compared to water
Articles of Association	Interoil Exploration and Production ASA's articles of association
ATM	ATM Oil and Gas S.A.
Barrel	159 litres, a measuring unit for volume
Bbl	Barrels of oil
Bboe	Billion barrels of oil equivalent
Bcf	Billion cubic feet
Board Members	The members of Interoil's Board of Directors
Board of Directors or Board	Board of Directors in Interoil
Boe	Barrels of oil equivalent
Boepd	Barrels of oil equivalent per day
Canacol	Canacol Energy Ltd
Company	Interoil Exploration and Production ASA
Consideration Shares	The 22,221,851 new Shares of the Company issued in connection with the Company's acquisition of petroleum concessions in Argentina, pursuant to a resolution by the Company's Board of Directors on 29 April 2019
Consideration Shares II	The 9,962,328 new Shares which will be issued pursuant to a resolution by the Company's Board of Directors on 25 June 2019
COP	Colombian peso
COR-6 Contract	Exploration and Production Contract No. 68, Block COR-6 dated 3 May 2011
DFSA	Dubai Financial Services Authority
E&P	Exploration and production
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBITDAX	EBITDA corrected by exploration costs and extraordinary items
Ecopetrol	Ecopetrol S.A.
Equity ratio	Total shareholders' equity divided by total assets
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses, as amended, and as implemented in Norway.
GDP	Gross domestic product
General Meeting	The general meeting of the Company
Group	Interoil Exploration and Production ASA with its subsidiaries
HSE	Health, safety and environment
IEA	International Energy Agency
IFRIC	International Financial Reporting Interpretations Committee interpretations, as adopted by the European Union
IFRS	International Financial Reporting Standards as adopted by the European UnionInternational Financial Reporting Standards, issued by the IASB

INDEC	Instituto Nacional de estadísticas y Censos
Interest coverage	Interests divided by EBITAx
Interoil Colombia	Interoil Colombia Exploration and Production Inc.
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
JEMSE	Jujuy Energía y Minería Sociedad del Estado
Management	The members of the senior management of the Company.
mmbbl	Million barrels of oil
mmboe	Million barrels of oil equivalent
Mmcf	Million cubic feet of gas
NOK	Norwegian kroner
Norwegian FSA	The Financial Supervisory Authority of Norway (*Norwegian: Finanstilsynet).*
Norwegian Public Limited Liability Companies Act	The Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75
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)
Petrocarbon	PetroCarbon Investment SA
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.
Prospectus	This Prospectus dated 18 July 2019
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.
Reserve replacement ratio	A ratio that measures the amount of proved reserves added to a company's reserve base during the year relative to the amount of oil and gas produced.
Senior Secured Bond Loan	Bond loan issued by the Company under ISIN NO 0010729908.
SFA	The Securities and Futures Act of Singapore

Shareholder	A shareholder in Interoil holder of shares in Interoil
Shares	"Shares" means shares of Interoil and "Share" means any one of such Shares.
SLS	SLS Energy
SMO	Selva María Oil S.A.
SPE PRMS	Society of Petroleum Engineers, World Petroleum Council, American Society of Petroleum Geologists and Society of Petroleum Evaluations Engineers
SPE PRMS	The joint venture agreement (unión transitoria) entered into by JEMSE 24 February 2017 with SMO and ATM for the exploration, development, exploitation, transportation, disposition and sale of hydrocarbons located in the La Brea field
U.S. Securities Act	The U.S. Securities Act of 1933
UOC	United Oilfield Colombia Inc
US	United States of America
USD	US dollars
UT Agreement	The joint venture agreement JEMSE entered into on 24 February 2017 (union transitoria) with Selva María Oil S.A. ("SMO") and ATM Oil and Gas S.A. ("ATM") for the exploration, development, exploitation, transportation, disposition and sale of hydrocarbons located in the La Brea field
Vitol	Vitol Colombia CI. S.A.S.
VPS	The Norwegian Central Securities DepositoryVerdipapirsentralen (Norwegian Central Securities Depository)
VPS account	An account with VPS for the registration of holdings of securities.
WI	Working Interest
WTI	West Texas Intermediate oil price

Interoil Exploration & Production ASA
c/o Advokatfirmaet Schjødt AS
Ruseløkkveien 14
P.O. Box 2444 Solli
N-0201 Oslo

www.interoil.no

Legal advisor to the Company

Advokatfirmaet Schjødt AS
Ruseløkkveien 14
P.O. Box 2444 Solli
N-0201 Oslo
Norway

www.schjodt.no