PANDION ENERGY

Interim Financial Statements
(unaudited)

Third Quarter 2019

PANDION ENERGY

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This Presentation is governed by Norwegian law. Any dispute arising in respect of this Presentation is subject to the exclusive jurisdiction of Norwegian courts with Oslo District Court as exclusive legal venue.

Contents

Introduction

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General information

These interim financial statements for Pandion Energy AS ("the Company") have been prepared to comply with the **Revolving exploration finance facility agreement dated 13 November, 2017,** the **Borrowing base facility agreement dated 9 April 2018, Bond terms for senior unsecured bond dated 3 April 2018** and the **ABM rules dated 1 January 2019**.

These interim financial statements have not been subject to review or audit by independent auditors.

Third Quarter 2019 Summary

Third Quarter 2019 Summary

Financial Review

Total revenue in the third quarter was USD 25.0 million (28.2 in Q3-18). Reported operating profit was USD 7.4 million (14.0 in Q3-18). The lower operating profit in Q3 2019 is mainly due to higher depreciation and relinquishment of PL 776.

EBITDAX amounted to USD 17.5 million (18.4 in Q3-2018). Net profit was USD 3.5 million (6.8 in Q3-2018).

The total revenue was driven by revenues related to oil sales from the Valhall and Hod fields, (348 kboe in Q3-19 compared to 352 kboe in Q3-18). Average realised oil price was USD 64.4 (75.5 in Q3-18) per bbl.

The operating expenses amounted to USD 7.5 (9.5 in Q3-18) million.

Investments in fixed assets amounted to USD 29.9 million, driven by investments in the Valhall field, mainly Flank West development and Infill Drilling and the Duva development.

The company’s interest-bearing debt was USD 203.9 million at the end of the third quarter, compared to USD 129.4 million in Q3-18.

Operational Review

Valhall area

Production from the Valhall and Hod fields was 4.5 (2.7 in Q2-2019) thousand barrels of oil equivalents per day net to Pandion during third quarter, representing a 64 per cent increase from the previous quarter, however below plan mainly due to delays in the stimulation program and consequently start of production from new wells following the planned maintenance shutdown in June. The delay has no impact on reserves.

Stimulation operations have been performed at the southern flank and the field center in order to bring new wells on stream. Slot recovery commenced on the field center in preparation for drilling operations and development of the lower Hod formation.

At Valhall West the first two wells were successfully drilled and completed during the quarter. These wells are now waiting stimulation before the start-up of production. In order to maximize recovery and value from the Valhall area the partnership has sanctioned two infill wells on the Valhall Flank West which will be drilled back-to-back with the six wells originally planned.

Duva project

Pandion Energy has agreed to divest its 20% share in the Duva field through two transactions, one with PGNiG Upstream Norway AS and on with Solveig Gas Norway AS, each acquiring a 10% share in PL 636 and PL 636B. The transactions are subject to customary conditions for completion, including approval by the Norwegian Ministry of Petroleum and Energy.

The development plan for the Duva project (formerly known as Cara discovery) in the Norwegian sector of the North Sea was approved earlier this year. The Duva filed will be developed as a subsea tie-back to the nearby Gjøa platform, with first production expected in late 2020/early 2021.

Third Quarter 2019 Summary

Operational Review (cont)

Value creation

With the sale of the share (20%) in the Duva field the Company crystallize some of the value created in the asset portfolio to date, further strengthening Pandion Energy`s capacity to act on future opportunities. Pandion Energy will continue to be an active and responsible partner in driving value in high quality assets on the Norwegian Continental Shelf and potential act on sources to increase and crystallize value including acquisitions, farm-ins, participation in licensing rounds, divestments and farm-outs.

Interim Financial Statements
(unaudited)

Third Quarter 2019

Statements of income
30 September 2019

Current quarter		Statements of income		Year to date		Last Year
Q3 2019	**Q3 2018**	**(Amounts in USD`000)**	**Note**	**2019**	**2018**	**2018**
24 406	29 577	Revenues		74 591	76 913	100 588
556	(1 411)	Other income		(6 240)	(4 756)	2 425
24 962	**28 166**	**Total revenues and income**	9	**68 351**	**72 157**	**103 013**
(7 479)	(9 474)	Operating expenses		(27 986)	(29 956)	(39 276)
-	(330)	General and administrative expense		-	(1 074)	-
(5 762)	(3 030)	Depreciation, amortisation and net impairment losses	1	(15 478)	(8 645)	(11 551)
(4 304)	(1 312)	Exploration expenses		(20 511)	(3 872)	(8 854)
(17 546)	(14 146)	Total expenses		(63 975)	(43 547)	(59 681)
7 416	**14 020**	**Profit from operating activities**		**4 376**	**28 610**	**43 332**
(4 290)	(7 191)	Net financial items	7	(13 102)	(12 979)	(17 650)
3 127	**6 829**	**Profit before income tax**		**(8 726)**	**15 631**	**25 682**
(4 658)	(10 453)	Income tax		1 059	(17 890)	(24 137)
(1 531)	**(3 624)**	**Net profit**		**(7 667)**	**(2 259)**	**1 545**

Statements of income
30 September 2019

Current quarter		Statements of comprehensive income	Year to date		Last Year
Q3 2019	**Q3 2018**	**(Amounts in USD`000)**	**2019**	**2018**	**2018**
(1 531)	(3 624)	Net income	(7 667)	(2 259)	1 545
-	-	Currency translation adjustments	-	-	-
		Items that may be subsequently reclassified to the Statement of income			
		Cash Flow hedges			
(3 956)	226	Net gain/losses arising from hedges recognised in OCI	(4 872)	(3 891)	(9 131)
3 267	562	Net amount reclassified to profit and loss	3 084	2 659	5 828
151	(181)	Tax on items recognised over OCI	393	283	727
(537)	607	Other comprehensive income	(1 395)	(949)	(2 577)
(2 068)	**(3 017)**	**Total comprehensive income**	**(9 062)**	**(3 208)**	**(1 032)**

Balance sheet statements
30 September 2019

Assets

(Amounts in USD`000)	Note	Q3 2019	Q3 2018	2018
Deferred tax assets		-	4 809	-
Tax receivable from exploration refund		15 262	4 886	-
Goodwill	2,3	124 785	124 785	124 785
Intangible assets	2,3	40 580	57 417	59 110
Property, plant and equipment	1,3	288 578	175 072	198 743
Prepayments and financial receivables		130	144	136
Right-of-use asset	10	1 313	-	-
Total non-current assets		**470 649**	**367 112**	**382 773**
Inventories		3 256	4 938	6 822
Trade and other receivables		16 501	3 267	9 050
Financial asset at fair value through profit or loss	8	1 835	894	8 075
Tax receivable from exploration refund - short term		8 702	10 867	9 094
Cash and cash equivalents		22 297	18 522	19 133
Total current assets		**52 590**	**38 488**	**52 174**
Total assets		**523 239**	**405 601**	**434 947**

Balance sheet statements
30 September 2019

Equity and liabilities

(Amounts in USD`000)	Note	Q3 2019	Q3 2018	2018
Share capital		113 492	113 492	113 492
Other equity		(12 693)	(5 807)	(3 631)
Total equity	**4**	**100 798**	**107 685**	**109 861**
Deferred tax liability		19 012	-	5 202
Asset retirement obligations	5	148 001	144 548	153 994
Borrowings	6	185 932	115 387	116 349
Hedging derivatives		12 197	3 620	8 499
Long term lease debt	10	990	-	-
Total non-current liabilities		**366 132**	**263 555**	**284 045**
Asset retirement obligations - Short term	5	13 199	18 120	9 567
Trade, other payables and provisions	12	34 495	6 072	25 499
Borrowings - Short term	6	8 262	10 169	5 975
Short term lease debt	10	352	-	-
Total current liabilities		**56 308**	**34 361**	**41 041**
Total liabilities		**422 440**	**297 916**	**325 085**
Total equity and liabilities		**523 239**	**405 601**	**434 947**

Statements of cash flow
30 September 2019

PANDION ENERGY

(Amounts in USD`000)	Note	Year to date Q3 YTD 2019	Year to date 2018 YTD	Last year 2018
Income before tax		(8 726)	15 630	25 682
Depreciation, amortisation and net impairment losses	1	15 539	8 645	11 588
Expensed capitalised exploration expenses	2	13 532	-	1 777
Accretion of asset removal liability	5,7	4 511	5 025	6 462
(Gains) losses on foreign curency transactions and balances		-	-	-
(Increase) decrease in value of financial asset at fair value through profit or loss	8	6 240	4 756	(2 425)
(Increase) decrease in value of hedges reclassified to profit and loss		3 698	2 659	-
(Increase) decrease operational financial asset	8	-	(5 650)	(5 650)
Asset removal cost	5	(6 872)	(24 556)	(25 415)
Net financial expenses		8 590	12 979	11 188
Interest and fees paid		(8 808)	(6 840)	(11 647)
(Increase) decrease in working capital		1 241	(14 654)	6 143
Tax payable received (Paid)		-	-	10 468
Net cash flow from operating activities		**28 945**	**(2 006)**	**28 171**
Capital expenditures and investments in furniture, fixtures and office machines	1	(169)	(7)	(19)
Capital expenditures and investments in oil and gas assets	1	(72 225)	(28 571)	(51 965)
Capital expenditures and investments in exploration and evaluation assets	2	(27 983)	(4 142)	(10 504)
Net cash flow from investing activities		**(100 376)**	**(32 720)**	**(62 488)**
Share capital contribution	4	-	40 982	-
Increase interest bearing obligations, loans and borrowing		74 595	123 427	149 553
Decrease interest bearing obligations, loans and borrowing		-	(120 128)	(105 070)
Net cash flow from financing activities		**74 595**	**44 281**	**44 483**
Net change in cash and cash equivalents		3 165	9 555	10 166
Cash and cash equivalents at the beginning of the period		19 133	8 965	8 965
Cash and cash equivalents at the end of the period		**22 297**	**18 520**	**19 133**

Notes to the interim financial statements

Accounting principles

These interim financial statements have been prepared on the bases of simplified IFRS pursuant to the Norwegian Accounting Act §3-9 and regulations regarding simplified application of IFRS issued by the Norwegian Ministry of Finance on 3 November 2014, thus the interim financial statements do not include all information required by simplified IFRS and should be read in conjunction with the Company annual financial statement as at 31 December 2018.

The interim financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the financial position, results of operations and cash flows for the dates and interim periods presented. Interim period results are not necessarily indicative of results of operations or cash flows for an annual period. In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

As described in the company's annual financial statements for 2018, one new accounting standard entered into force from 1 January 2019, IFRS 16. Pandion has assessed the impact of IFRS 16 on the interim financial statements and identified the office lease agreement containing a lease after IFRS 16. The impact on the balance sheet is presented on separate balance sheet items.

For further detailed information on accounting principles, please refer to the Financial Statements for 2018.

Notes to the interim financial statements

NOTE 1 PROPERTY, PLANT AND EQUIPMENT

(Amounts in USD`000)	Oil and gas assets	Tools and equipment	Total
Carrying amount at 31 December 2017	**129 815**	**86**	**129 901**
Additions	51 965	19	51 983
Asset removal obligation - Change of estimate	316	-	316
Transfers	28 130	-	28 130
Depreciation	11 551	37	11 588
Carrying amount at 31 December 2018	**198 675**	**68**	**198 743**
Additions	72 225	169	72 393
Asset removal obligation - Change of estimate	-	-	-
Transfers	32 980	-	32 980
Depreciation	15 478	60	15 539
Carrying amount at 30 September 2019	**288 401**	**177**	**288 578**
Estimated useful lives (years)	UoP	3-10	

Production plants oil and gas are depreciated according to unit of production method (UoP)

Notes to the interim financial statements

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NOTE 2 INTANGIBLE ASSETS

(Amounts in USD`000)	Goodwill	Exploration and evaluation assets	Total
Carrying amount at 31 December 2017	**124 785**	**78 513**	**203 298**
Acquisition		151	151
Capitalised license costs	-	10 353	10 353
Expensed exploration expenditures previously capitalized	-	(1 777)	(1 777)
Transfers	-	(28 130)	(28 130)
Carrying amount at 31 December 2018	**124 785**	**59 110**	**183 895**
Acquisition		533	533
Capitalised license costs	-	27 449	27 449
Expensed exploration expenditures previously capitalized	-	(13 532)	(13 532)
Transfers	-	(32 980)	(32 980)
Carrying amount at 30 September 2019	**124 785**	**40 580**	**165 366**

The amount of Goodwill entirely relates to the acquisition of interest in the Valhall and Hod oil fields.

Expensed exploration expenditures previously capitalized is mainly related to dry targets in the combined appraisal and exploration well at the Hod field and a dry well in PL 842 (Godalen) together with relinquishment of PL 776.

NOTE 3 IMPAIRMENTS

Impairment tests of individual cash-generating units are performed when impairment triggers are identified. In Q3 2019 impairment test of fixed assets and related intangible assets, other than goodwill has been performed. No impairment of assets has been recognized in Q3 2019.

For goodwill impairment is tested at least annually.

Notes to the interim financial statements

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NOTE 4 EQUITY AND SHAREHOLDERS

(Amounts in USD`000)

	Share Capital	Other paid in capital	Other equity	Total equity
Shareholders' equity at 31 December 2017	**21 258**	**51 251**	**(2 599)**	**69 910**
Share issue - unregistered in 2017	51 251	(51 251)		-
Share issue	40 982	-	-	**40 982**
Comprehensive income	-	-	(1 032)	**(1 032)**
Shareholders' equity at 31 December 2018	**113 491**	**-**	**(3 631)**	**109 861**
Comprehensive income	-	-	(9 062)	**(9 063)**
Shareholders' equity at 30 September 2019	**113 491**	**-**	**(12 693)**	**100 798**
Shareholders' equity at 31 December 2017	**21 258**	**51 251**	**(2 599)**	**69 910**
Share issue				40 982
Comprehensive income				(3 208)
Shareholders' equity at 30 September 2018				**107 685**

Share capital of NOK 911 921 294 comprised of 911 921 294 shares at a nominal value of NOK 1,00.

A Subscription and Investment Agreement between Pandion Energy and Kerogen has been executed for 190 USD million in equity, of which 109 USD million (889,4 NOK million) has been injected as of 30 June 2018 in addition to 3 USD million (22,5 NOK million) from the management team of Pandion Energy.

The capital of 190 USD million is committed to Pandion Energy and can be drawn upon approval of the Board of Directors of the Company. Kerogen has further a right, however not an obligation to provide additional funds in an amount up to 110 USD million, resulting in an aggregate funding up to 300 USD million.

In 2018 Pandion Energy Holding AS was established and all shares in Pandion Energy AS were transferred to Pandion Energy Holding AS. Pandion Energy Holding AS owns all 911 921 294 shares as at 31 December 2018.

Notes to the interim financial statements

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NOTE 5 ASSET RETIREMENT OBLIGATIONS

		Asset retirement obligations
(Amounts in USD`000)		
Asset retirement obligations at 31 December 2017		**182 198**
Effects of change in estimates		316
Amounts charged against asset retirement obligations		(25 415)
Accretion expenses		6 462
Reclassification and transfer		-
Currency translation		-
Asset retirement obligations at 31 December 2018		**163 561**
Non-current portion at 31 December 2018	*153 994*	
Current portion at 31 December 2018	*9 567*	
Total	*163 561*	
Amounts charged against asset retirement obligations		(6 872)
Accretion expenses		4 511
Reclassification and transfer		-
Currency translation		-
Asset retirement obligations at 30 September 2019		**161 200**
Asset retirement obligations		
Non-current portion	*148 001*	
Current portion	*13 199*	
Total	*161 200*	

The calculations assume an inflation rate of 2.0 per cent and a nominal rate before tax of 4.0 per cent.

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NOTE 6 INTEREST BEARING DEBT

Revolving Exploration Loan Facility

	Facility currency	Utilised amount	Undrawn facility	Interest	Maturity	Carrying amount
(Amounts in USD'000)						
At 30 September 2019	NOK	24 837	19 180	NIBOR + 1.25 %	Dec 2019	24 661
At 31 December 2018	NOK	6 236	39 802	NIBOR + 1.25 %	Dec 2019	5 975

The total credit limit for the Company at 30 September 2019 was TNOK 400 000.

The Company signed a Revolving Exploration Finance Facility Agreement on 13 November 2017 of TNOK 400 000. The facility is made available through the banks SEB and BNP Paribas, with SEB as lead manager. The availability period of the facility has been extended up to and including 31 December 2019.

Unsecured Bond

	Facility currency	Utilised amount	Interest	Maturity	Carrying amount
(Amounts in USD'000)					
At 30 September 2019	NOK	50 967	10.61%	April 2023	43 237
At 31 December 2018	NOK	50 967	10.61%	April 2023	45 089

The bond is an unsecured bond of 400 million NOK and runs from April 2018 to April 2023. Utilized amount in USD reflects the exchange rate at the inception date for the bond. The bond has been swapped into USD using a cross currency swap, removing all foreign exchange risk both on coupons and notional. The interest payments have been fixed using an interest rate swap. The fixed all in rate after the swaps is 10.61%. The bond has similar covenants as the RBL facility.

Notes to the interim financial statements

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NOTE 6 INTEREST BEARING DEBT (cont)

Reserve Base Lending Facility Agreement (RBL)

	Facility currency	Utilised amount	Undrawn facility	Interest	Maturity	Carrying amount
(Amounts in USD'000)						
At 30 September 2019	USD	128 100	21 900	LIBOR + 3.5%	July 2026	125 296
At 31 December 2018	USD	73 100	76 900	LIBOR + 3.5%	July 2026	70 261

The RBL facility was established in 2018 and is a senior secured seven-year facility. The facility is at USD 150 million with an additional uncommited accordion option of USD 150 million. The interest rate is from 1-6 months LIBOR plus a margin of 3.5%. In addition a commitment fee is paid for unused credits.

The financial covenants are as follows:

- Net debt to EBITDAX not to exceed 3.5x
- Corporate sources to corporate uses applying a ratio of 1.1 to 1 for the next 12 months period
- Corporate sources to corporate uses applying a ratio of 1 to 1 for the period up to estimated first oil of any development assets
- Minimum cash balance of 10 million USD
- Exploration spending after tax on a yearly basis restricted to the higher of 10 million USD and 10% of EBITDAX unless such spending are funded by new cash equity or subordinated shareholder loan.

Notes to the interim financial statements

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NOTE 6 INTEREST BEARING DEBT (cont)

Non-current Liabillities to related parties

By entering into a subscription agreement with Kerogen Investment no.28 Pandion Energy has agreed to pay a commitment fee as listed below:

	Facility currency	Loan Amount
Kerogen Investment no. 28 Limited	USD	1 000

Kerogen Investments no.28 Limited`s rights and claims for such Commitment Fee is subordinated to the rights and claims of all other existing creditors of Pandion.

Maturity profile based on contractual undiscounted cash flows

	Q3 2019	2018
(Amounts in USD`000)		
Less than 12 months	8 262	6 236
1 to 5 years	67 542	50 967
Over 5 years	129 100	74 100
Total	**204 904**	**131 303**

Notes to the interim financial statements

NOTE 7 FINANCIAL ITEMS

	Current quarter		Year to date		Last year
	Q3 2019	**Q3 2018**	**2019**	**2018**	**2018**
(Amounts in USD`000)					
Net foreign exchange gains (losses)	467	(1 847)	1 238	46	(874)
Interest income	32	30	99	86	165
Amortised loan costs	(212)	(202)	(656)	(394)	(449)
Accretion expenses	(1 477)	(1 611)	(4 511)	(5 025)	(6 462)
Interest expenses	(3 043)	(3 510)	(9 026)	(7 709)	(8 930)
Other financial items	(57)	(52)	(246)	17	(1 100)
Net financial items	**(4 290)**	**(7 191)**	**(13 102)**	**(12 979)**	**(17 650)**

Notes to the interim financial statements

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NOTE 8 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

(Amounts in USD`000)	Financial assets
Financial assets at 31 December 2017	**-**
New contracts at cost	5 650
Expired contracts at cost	(1 664)
Financial assets at 31 December 2018 before value increase/decrease	3 986
Value increase (decrease)	4 089
Financial assets at 31 December 2018	**8 075**
New contracts at cost	-
Expired contracts at cost	(2 889)
Financial assets at 30 September 2019 before value increase/decrease	5 186
Unrealized gain/(loss) on oil derivates	(3 352)
Unrealized gain/(loss) on FX derivates	-
Financial assets at 30 September 2019	**1 835**

The Company has focused on securing liquidity and has entered into an extensive oil price hedging program to reduce the risk related to oil prices. At the end of the second quarter Pandion had put in place a hedging programme through 2019 and Q3 2020. The entire existing hedging program is based on put options.

Notes to the interim financial statements

NOTE 9 SEGMENT INFORMATION AND DISAGGREGATION OF REVENUE

All revenues are generated from activities on the Norwegian continental shelf (NCS), and derives from Oil, Gas and NGL. As a result, Pandion Energy has decided not to include segment information as this would only state the same financials already presented in the income statement and balance sheet.
The Company’s revenue is disaggregated as follows:

	Current quarter		Year to date		Last year
Revenues	**Q3 2019**	**Q3 2018**	**Q3 2019**	**Q3 2018**	**2018**
Oil	22 380	26 551	67 451	69 342	90 447
Gas	1 956	2 017	5 722	5 901	8 271
NGL	70	1 009	1 418	1 669	1 870
Total revenues	**24 406**	**29 577**	**74 591**	**76 913**	**100 588**

	Current quarter		Year to date		Last year
Other income	**Q3 2019**	**Q3 2018**	**Q3 2019**	**Q3 2018**	**2018**
Realized gain/(loss) on oil derivates	(1 057)	(587)	(2 889)	(1 022)	(1 664)
Unrealized gain/(loss) on oil derivates	1 613	(824)	(3 352)	(3 734)	4 089
Total other income	**556**	**(1 411)**	**(6 240)**	**(4 756)**	**2 425**

Notes to the interim financial statements

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NOTE 10 LEASING AND LONG TERM COMMITMENTS

Pandion Energy has implemented IFRS 16 without restatement of prior periods, as permitted in the standard. The difference between the operating lease commitments after IAS 17, as disclosed in the 2018 financial statements, and lease debt recognized at initial application is reconciled in the table below.
Short term leases (less than 12 months) and low value leases have not been included. The lease does not contain any restriction on the company`s dividend policy or financing. Extension options are included when it, based on management's judgement, is reasonably certain to be exercised. The incremental borrowing rate applied in discounting of the nominal lease debt is 7 per cent.

Pandion Energy has recognised the lease related to office facilities as a lease after IFRS 16. The original contract runs for five years from 2018 and contain a renewal option for another three years. The company has entered into an additional agreement for extra office space running from June 2019. The lease has an arrangement with contingent payment if the Company brings the lease to an end after three years. The Contingent payment will then be equal to six months rental payment. The lease does not contain any restriction on the company`s dividend policy or financing.

	2019
(Amounts in USD`000)	
Operating lease obligation 31.12.2018	**33 104**
Partner-licenses rigs excluded	(31 871)
Adjustments related to option extension and termination clauses	356
Nominal lease debt 01.01.2019	**1 589**
Discounting	359
Operating lease debt 01.01.2019	**1 230**
New lease debt recognized in the period	375
Lease payments	(252)
Interest expense	66
Currency adjustments	(77)
Total lease debt after IFRS 16 30.09.2019	**1 342**

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

Right-of-use assets – increase by USD 1,230 thousand
Long term lease liabilities – increase by USD 940 thousand
Short term lease liabilities – increase by USD 289 thousand

Notes to the interim financial statements

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NOTE 10 LEASING AND LONG TERM COMMITMENTS (cont)

Nominal lease debt maturity break down	Q3 2019	2 018
Within 1 year	461	279
1 to 5 years	1 057	954
After 5 years	-	
Total	**1 518**	**1 233**

Pandion is a non – operator and recognize its proportionate share of a lease when Pandion is considered to share the primary responsibility for a license committed liability. This includes contracts were Pandion has co- signed a lease contract, or contracts for which the operator has been given a legally binding mandate to sign the external lease on behalf of the license partners. Pandion has assessed the lease contracts in its licenses and based on Pandion's judgement no leases have been recognised in the balance sheet as of 30 September 2019.

The Company has long term commitments pertaining to its ownership in partner operated oil and gas fields where the operator has entered into lease agreements for rigs in the license. For Valhall, the operator has entered into a lease agreement for Maersk Invincible, delivered in May 2017. The contract period is five years, with an additional two years option period. Further operator on Valhall has entered into a lease agreement for the Maersk Reacher as an accomodation service unit, delivered in October 2018. The contract period is two years.

Long term commitments partner-licenses rigs	Q3 2019	2 018
Within 1 year	10 403	10 403
1 to 5 years	10 797	21 468
After 5 years	-	
Total	**21 200**	**31 871**

Notes to the interim financial statements

NOTE 11 CONTINGENT LIABILITIES AND ASSETS

The Company is obliged to carry parts of the sellers` shares of drilling costs for the acquired license PL 820S. Pandion Energy is further required to participate in the approved work programmes for the licenses. Pandion`s operations involve risk of damages, including pollution. The Company has insured its pro rata liability on the NCS on a par with other oil companies.

The Company was not subject to any legal disputes at 30 September 2019.

NOTE 12 SUBSEQUENT EVENTS

In November 2019, Pandion Energy agreed to divest its 20% share in the Duva field through two transactions, one with PGNiG Upstream Norway AS and on with Solveig Gas Norway AS, each acquiring a 10% share in PL 636 and PL 636B. The transactions are subject to customary conditions for completion, including approval by the Norwegian Ministry of Petroleum and Energy.

Alternative Performance Measures

PANDION ENERGY

Pandion Energy may disclose alternative performance measures as part of its financial reporting as a supplement to the interim financial statements prepared in accordance with simplified IFRS and belives that the alternative performance measures provide useful supplemental information to stakeholders.

EBITDAX – Earnings before interest, tax, depreciation, amortisation and exploration

Corporate sources – Cash balance, revenues, equity and external funding

Corporate uses - Operating expenditures, capital expenditures, abandonment expenditures, general and administration costs, exploration costs, acquisition costs and financing costs

PANDION ENERGY

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