PANDION ENERGY

Pandion Energy AS

Interim financial statements (unaudited)

First quarter 2021

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Content

Introduction

General information

These interim financial statements for Pandion Energy AS (“Pandion Energy“ or “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

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

Accounting principles

These interim financial statements have been prepared on the basis 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 financial statements of the company for the period ending 31 December 2020.

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 2020, there have been no significant changes to the accounting policies adopted for financial year 2020 compared to those followed in the financial statements for 2019.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

For further detailed information on accounting principles, please refer to the financial statements for 2020.

Summary of the quarter

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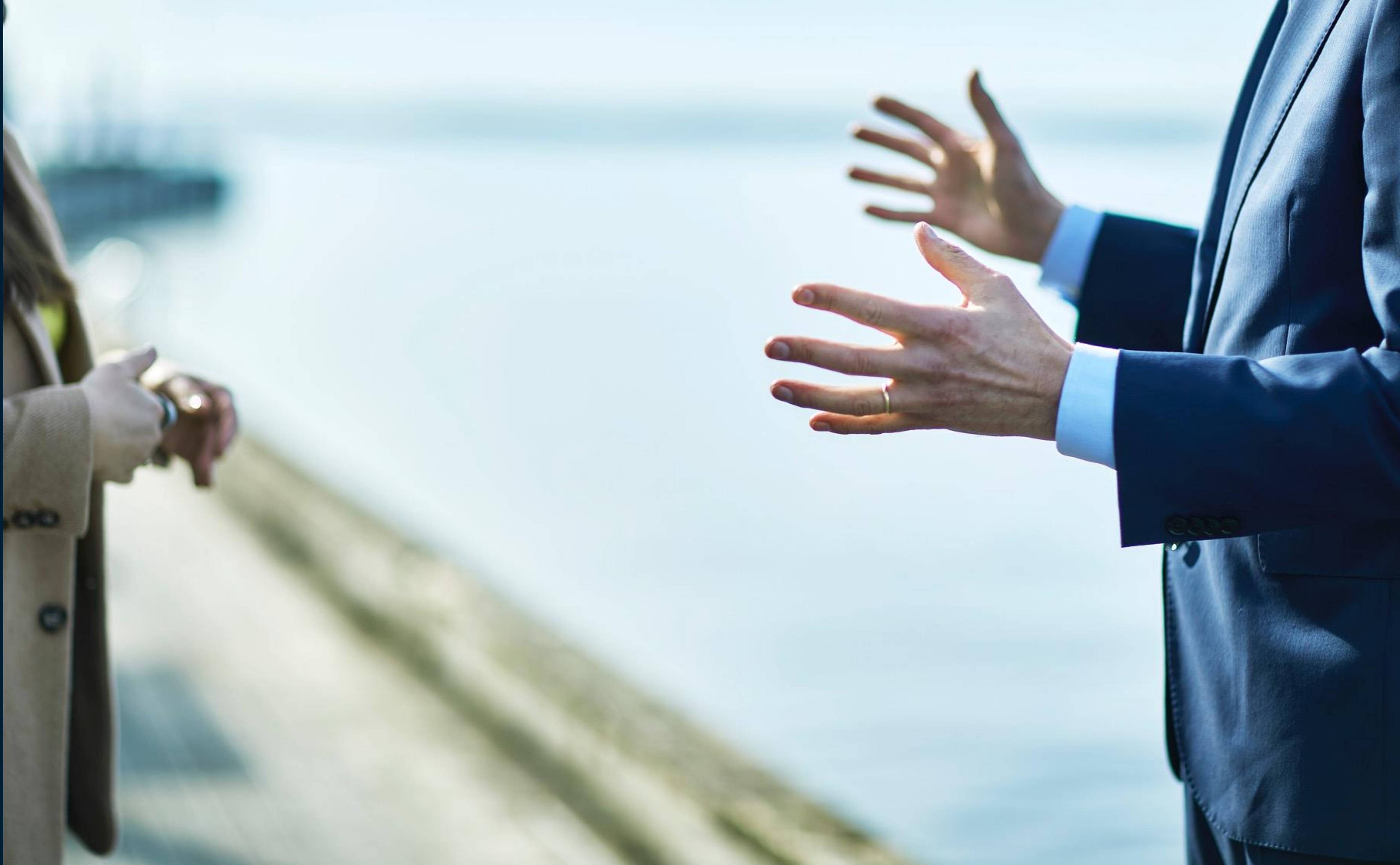


Financial review

Total revenues was USD 31.3 (22.2 in Q1 20) million, related to sale of hydrocarbons from the Valhall and Hod fields. The increased revenue was impacted by higher commodity prices with an average realised oil price before hedging of USD 61.3 (USD 45.2 in Q1 2020) per bbl together with higher sold volume (562 kboe in Q1 2021 compared to 400 in Q1 2020) due to higher production.

EBITDAX amounted to USD 21.0 million (58.0 in Q1 2020) with the decrease compared to Q1 2020 mainly driven by a USD 35.9 million after tax accounting gain of the sale of 10% share in the Duva field during the comparative period. Profit from operating activities was USD 5.0 million (18.2 in Q1 2020). In addition to the reduced EBITDAX the reduced profit is mainly driven by a USD 6.7 million expense related to Eidsvoll exploration well reported dry in January 2021 together with a loss from hedging positions of USD -0.6 million compared with gains from hedging positions of 7.4 million during the comparative period.

The operating expenses amounted to USD 9.7 (7.6 in Q1 2020) million.

Investments in fixed assets amounted to USD 9.9 million driven by investments in the Valhall & Hod fields, mainly Hod Development project and preparation for additional infill wells on Flank North.

The company's interest-bearing debt was USD 174.6 million at the end of the first quarter up from USD 157.6 million at the end of fourth quarter 2020. The increase is related to further drawdown of the exploration finance facility.

Pandion Energy has a robust and diversified capital structure made up of committed equity of USD 193 million (of which 112 million injected to date), a Reserve Based Lending Facility of USD 150 million (the "RBL facility"), and a senior Unsecured Bond Loan of NOK 400 million (the "Unsecured Bond). The current borrowing base in the RBL facility is USD 150 million. The company has also extended the Exploration Finance facility ("EFF") of NOK 400 million by one year. The EFF can be drawn until 31.12.2021 with repayment in Q4 2022.

The arrangement with negative tax instalment means that the refund of the tax value of losses incurred in 2020 and 2021 will be refunded in advance of the tax assessment on a running basis through the instalment tax regime, and provide the company with a significant liquidity boost and unique investment conditions. During the first quarter of 2021 Pandion Energy received tax refunds of USD 9.8 million.

Hedging

In order to reduce the risk related to oil price fluctuations, the company has established an oil price hedging programme. At the end of March 2021, Pandion Energy had put in place a hedging programme until end of second quarter 2022. The hedging program is based on a combination of put options and collar structures.

At the end of March, 49% of after tax (14% of pre tax) crude oil production volumes has been hedged up to second quarter 2022 at an average floor price of 41.2 USD/bbl (USD 38.2/bbl net of costs). Additional positions may be added to the program going forward, however, the structure, amount and levels of any further hedging will depend on how the market for commodity derivatives develops.

Current hedging positions is sufficient to cover hedging requirements in the RBL agreement up to the September redetermination of the borrowing base.

The company has recognised a realised loss from hedging in Q1 2021 presented as other income, the loss amounted to USD 0.2 million.

Operational Review

Valhall and Hod fields

Production from the Valhall and Hod fields was 5.9 thousand barrels of oil equivalents per day net to Pandion during first quarter, marginally lower than previous quarter. Production efficiency improved slightly to 91 percent.

The partnership has contracted the rig Maersk Reacher to accelerate stimulation and intervention to bring the wells up to full production potential. The rig is expected to arrive during the third quarter.

The Maersk Invincible drilling rig remained at the field centre throughout the quarter to plug and abandon (P&A) the remaining wells at the old Drilling Platform (DP) which is scheduled for removal. The P&A operations were finalized early April. Following the P&A campaign the rig will drill two additional wells on Flank North, and one additional well target is being matured for a final investment decision in the second quarter.

The Hod field development is progressing as planned with construction of a wellhead platform at Kværner Verdal. The project has faced some challenges related to available manning under the prevailing COVID-19 restrictions but mitigating actions have been taken to protect the schedule. The offshore work related to tie-in to existing facilities at Valhall has also been initiated.

Operational Review

Exploration

The transaction with Wintershall DEA Norge AS to acquire a 2.5% interest in PL 820S – Iving Discovery and a 15% interest in PL 617 was approved in January 2021 by the Norwegian Ministry of Petroleum and Energy. Effective date for the transaction is 1 January 2021. Early 2021, the partnership in PL 617 drilled an exploration well on the Eidsvoll prospect. The well was reported dry.

In January 2021, Pandion Energy AS was awarded five licences under the 2020 APA (Award in Pre-defined Areas) licence round on the Norwegian Continental Shelf. That includes two new licences and three additional acreages in the licences already existing in the portfolio. In addition to expanding the exploration portfolio with two new licenses Pandion has, with the awards of additional acreages, secured strategically important acreage surrounding discoveries Pandion has taken part in during 2020 and strengthened the position in areas where the Company see additional upside potential.

Operational Review

Covid-19 measures and consequences

Pandion Energy continue to closely monitor the Covid-19 situation with the objective of making sure necessary measures are taken to protect staff and operations.

Pandion Energy is a non-operator and not directly involved in the execution of offshore operations on a day-to day basis. However, as partner in the Valhall & Hod fields the company is actively in dialogue with the operator to ensure that all necessary steps are taken to protect offshore personnel against the pandemic. Extensive measures have been implemented by the operator at Valhall area to ensure safe and reliable operations. To date no virus-related disruption to the Valhall & Hod operations have been reported.

Except for the operations at Valhall & Hod fields, the company was during first quarter involved in other offshore activities by the drilling of an exploration well Eidsvoll in PL 617. No virus-related disruption to the Eidsvoll drilling was reported.

Other activities

Pandion is monitoring the pricing of its senior unsecured bond loan and considers, subject to market conditions, to take advantage of opportunities to repurchase bonds at value-accretive prices. Potential investments in the company’s own bond debt have been permitted by the lenders under the RBL facility.

Pandion Energy will continue to be an active and responsible partner in driving value in high quality assets on the Norwegian Continental Shelf. As part of this, the company actively searches for and evaluates opportunities to make value-accretive investments (e.g. through acquisitions, farm-ins, licencing rounds, swaps or other) and to divest assets to realise value created in its existing portfolio (e.g. through sale, farm-downs, swaps or other).

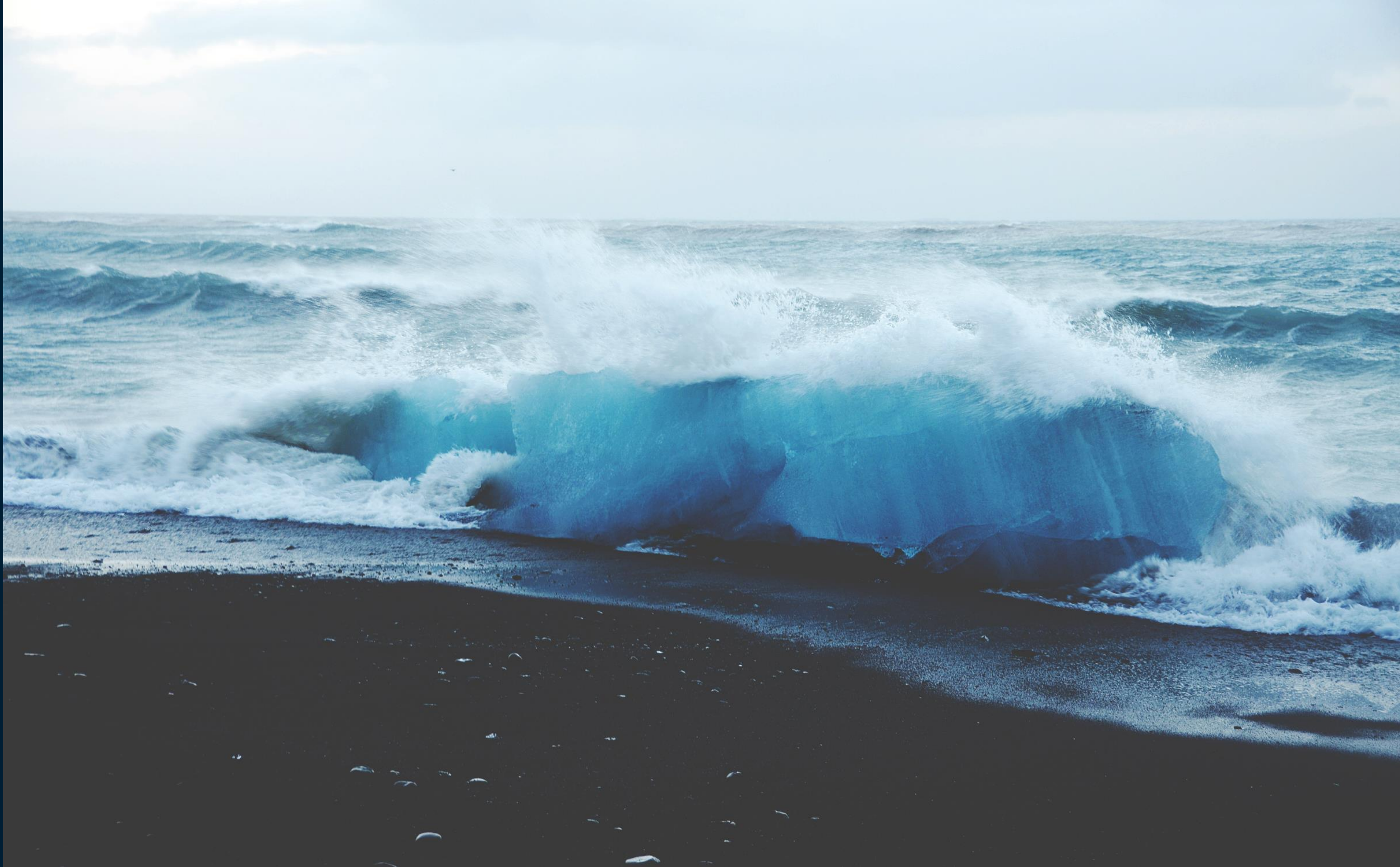
In January 2021 Pandion launched its Strategy to Net Zero Carbon Emissions.

The company`s carbon intensity per produced barrel is one of the lowest in the global E&P industry – ranging from 1.2-3.4 CO_2e/boe for its net production, and the commitment to carbon neutrality has been achieved initially by offsetting CO_2 emissions through programmes that are aligned with the UN Sustainable Development Goals.

The company`s future approach to maintain its low carbon impact is set out in its Strategy to Net Zero Carbon document and includes:

- Pursuing exploration and appraisal opportunities only in areas with existing or plausible future access to renewable energy sources
- Incorporating the GHG emissions and the potential for future carbon reduction as a new investment criterion for Development and Production assets
- Incorporating the cost of carbon in evaluating new investments.

Interim financial statements



Statement of income

31 March 2021

(USD`000)	Note	Q1 2021	Q1 2020	2020
Revenues	8	31 347	22 188	76 675
Gains from sale of assets		0	35 951	35 341
Other income	8	(605)	7 442	4 554
Total revenues and income		**30 742**	**65 581**	**116 570**
Operating expenses		(9 680)	(7 556)	(27 436)
Depreciation, amortisation and net impairment losses	1,3	(7 714)	(38 189)	(90 941)
Exploration expenses		(8 316)	(1 637)	(20 878)
Total expenses		**(25 710)**	**(47 382)**	**(139 255)**
Profit from operating activities		**5 033**	**18 199**	**(22 685)**
Net financial items	7	(5 830)	(5 829)	(16 159)
Profit before taxes		**(798)**	**12 371**	**(38 844)**
Income tax		550	(4 441)	29 411
Net profit		**(247)**	**7 930**	**(9 433)**

Statement of comprehensive income

31 March 2021

(USD`000)	**Q1 2021**	**Q1 2020**	**2020**
Net income	(247)	7 930	(9 433)
Items that may be subsequently reclassified to the Statement of income			
Net gain/losses arising from hedges recognised in OCI	227	(3 076)	(644)
Net amount reclassified to profit and loss	228	486	603
Tax on items recognised over OCI	(100)	570	9
Other comprehensive income	355	(2 020)	(32)
Total comprehensive income	**108**	**5 910**	**(9 465)**

Statement of financial position
31 March 2021

Assets

(USD`000)	Note	31.03.2021	31.03.2020	31.12.2020
Tax receivables from exploration refund		7 859	5 936	0
Goodwill	2,3	63 138	93 442	63 138
Intangible assets	2,3	59 953	58 364	57 984
Property, plant and equipment	1,3	347 433	299 538	345 298
Prepayments and financial receivables		141	113	140
Right-of-use assets	9	688	1 179	731
Total non-current assets		**479 212**	**458 573**	**467 291**
Inventories		8 469	3 322	9 376
Trade and other receivables		15 987	7 571	13 805
Financial assets at fair value through profit or loss		1 503	7 252	2 451
Tax receivable - short term	10	51 958	15 139	56 891
Cash and cash equivalents		21 947	24 394	16 846
Total current assets		**99 865**	**57 678**	**99 369**
Total assets		**579 076**	**516 251**	**566 660**

Statement of financial position

31 March 2021

Equity and liabilities

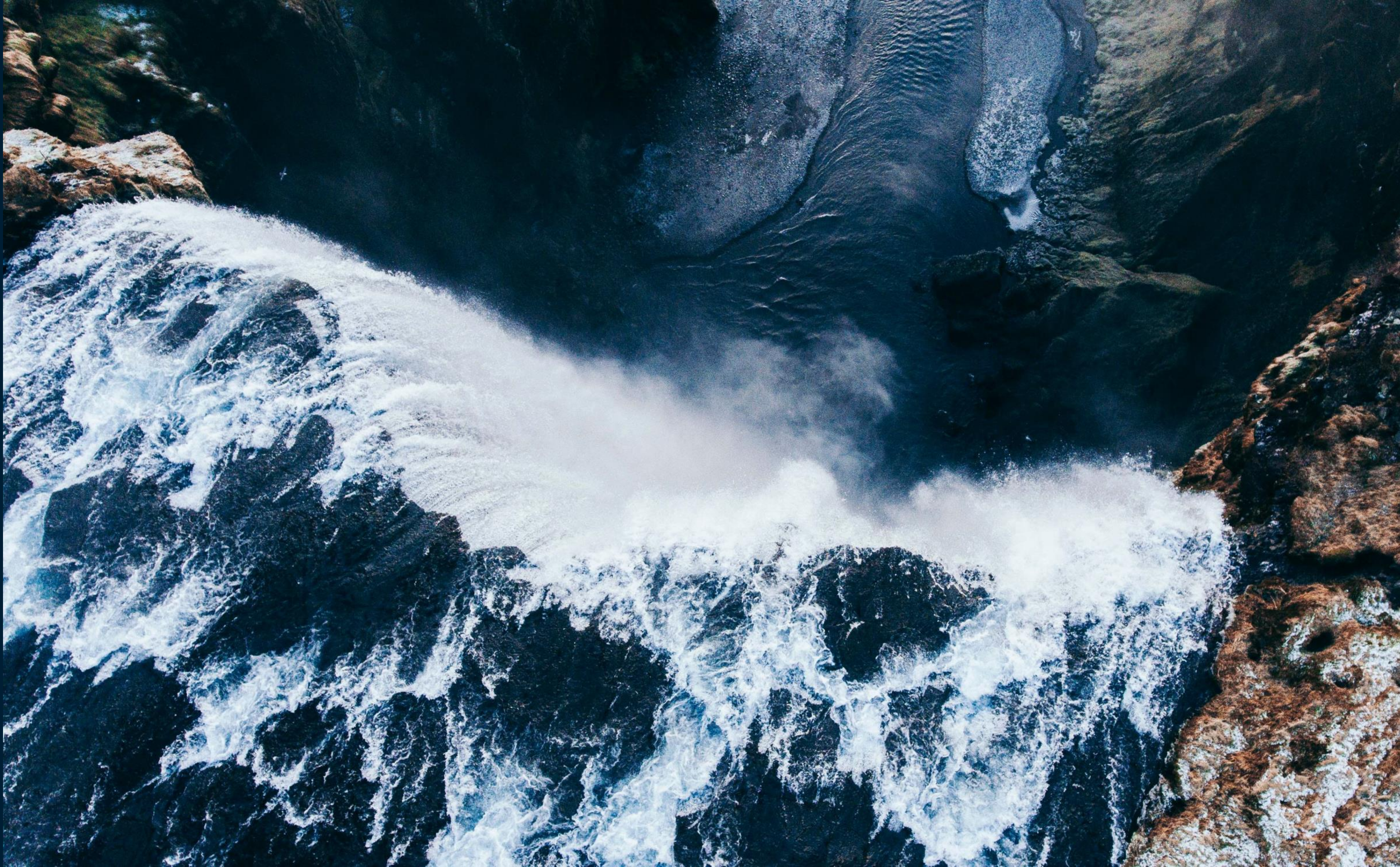
(USD`000)	Note	31.03.2021	31.03.2020	31.12.2020
Share capital		114 230	113 492	114 230
Other equity		12 171	27 439	12 064
Total equity	4	**126 402**	**140 931**	**126 294**
Deferred tax liability	10	87 602	22 373	73 783
Asset retirement obligations	5	154 650	156 942	160 936
Borrowings	6	135 760	123 936	127 501
Hedging derivatives		8 123	20 022	8 793
Long term lease debt	9	508	881	555
Total non-current liabilities		**386 642**	**324 155**	**371 569**
Asset retirement obligations - short term	5	10 553	15 857	12 737
Trade, other payables and provisions		21 068	18 918	31 024
Borrowings - short term	6	33 113	16 038	24 168
Financial liabilities at fair value through profit or loss		1 084	0	653
Short term lease debt	9	215	352	215
Total current liabilities		**66 032**	**51 165**	**63 798**
Total liabilities		**452 675**	**375 320**	**440 367**
Total equity and liabilities		**579 076**	**516 251**	**566 660**

Statement of cash flows

31 March 2021

(USD`000)	Note	Q1 2021	Q1 2020	2020
Income before taxes		(798)	12 371	(38 844)
Depreciation, amortisation and net impairment losses	1,3	7 728	38 213	91 018
Expensed capitalised exploration expenses	2	6 371	(123)	9 574
Accretion of asset removal liability	5,7	1 531	1 556	6 176
(Gains) losses on sales of assets		0	(35 951)	(35 341)
Deferred tax liability on sale of assets		0	0	6 899
(Increase) decrease in value of financial asset at fair value through profit or loss		1 553	(7 442)	(4 554)
(Increase) decrease operational financial asset		(174)	(62)	5 460
Net financial expenses	7	4 299	4 273	9 983
Interest and fees paid		(2 247)	(3 035)	(11 420)
(Increase) decrease in working capital		(11 705)	(13 693)	(17 612)
Income tax received		9 783	0	50 158
Net cash flow from operating activities		**16 342**	**(3 895)**	**71 498**
Payment for removal and decommissioning of oil fields	5	(10 002)	(2 366)	(16 737)
Capital expenditures and investments in furniture, fixtures and office machines	1	(2)	(5)	(18)
Capital expenditures and investments in oil and gas assets	1	(9 862)	(20 810)	(62 995)
Capital expenditures and investments in exploration and evaluation assets	2	(8 341)	(5 658)	(30 482)
Cash flow from divestments		0	59 377	59 428
Net cash flow from investing activities		**(28 206)**	**30 539**	**(50 805)**
Increase interest bearing obligations, loans and borrowing		16 965	8 000	42 676
Decrease interest bearing obligations, loans and borrowing		0	(56 807)	(93 818)
Proceeds from capital distribution		0	0	738
Net cash flow from financing activities		**16 965**	**(48 807)**	**(50 404)**
Net change in cash and cash equivalents		5 101	(22 163)	(29 711)
Cash and cash equivalents at the beginning of the period		**16 846**	**46 557**	**46 557**
Cash and cash equivalents at the end of the period		**21 947**	**24 394**	**16 846**

Notes to the interim financial statements



Note 1

Property, plant and equipment

(USD`000)	Oil and gas assets	Tools and equipment	Total
Carrying amount at 31 December 2019	**285 441**	**152**	**285 594**
Additions	62 995	18	63 013
Disposals	0	(20)	(20)
Asset removal obligation - change of estimate	10 625	0	10 625
Transfers from intangible assets	15 457	0	15 457
Depreciation	(29 294)	(76)	(29 371)
Carrying amount at 31 December 2020	**345 224**	**74**	**345 298**
Additions	9 862	2	9 863
Depreciation	(7 714)	(15)	(7 728)
Carrying amount at 31 March 2021	**347 373**	**61**	**347 433**
Estimated useful lives (years)	UoP	3-10	

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

Note 2

Intangible assets

(USD`000)	Goodwill	Exploration and evaluation assets	Total
Carrying amount at 31 December 2019	**124 785**	**52 583**	**177 368**
Acquisition	0	1 251	1 251
Capitalised licence costs	0	30 217	30 217
Expensed exploration expenditures previously capitalised	0	(9 574)	(9 574)
Impairment	(61 647)	0	(61 647)
Disposals	0	(1 036)	(1 036)
Transfers to tangible assets	0	(15 457)	(15 457)
Carrying amount at 31 December 2020	**63 138**	**57 984**	**121 122**
Acquisition	0	6 872	6 872
Capitalised license costs	0	1 469	1 469
Expensed exploration expenditures previously capitalised	0	(6 371)	(6 371)
Carrying amount at 31 March 2021	**63 138**	**59 953**	**123 091**

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

Expensed exploration expenditures in Q1 2021 is related to drilling of Eidsvoll exploration well, reported dry in January 2021.

Note 3
Impairments

The remaining goodwill as at 31 March 2021 amounted to USD 63.1 million and consists of technical goodwill related to the requirement to recognise deferred tax for the difference between the assigned fair values and the related tax base by purchase of Valhall & Hod fields. Prior period impairment of goodwill is not subject to reversal.

Technical goodwill is tested for impairment separately for Valhall & Hod fields which gave rise to the technical goodwill. The carrying value of Valhall & Hod fields consists of the carrying values of the oil field assets plus associated technical goodwill. When deferred tax liabilities from the acquisitions decreases as a result of depreciation, more technical goodwill as a result is exposed for impairment.

Impairment tests of individual cash-generating units are performed when impairment triggers are identified and for goodwill impairment is tested annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

In Q1 2021, two categories of impairment tests have been performed:

- Impairment test of oil and gas assets and related intangible assets
- Impairment test of technical goodwill

In the assessment of whether an impairment is required at 31 March 2021, Pandion Energy has used a combination of Brent forward curve from the beginning of 2021 to the end of 2022, a mean of market participant view from 2023 to 2026 and a 2% inflation of the 2026 market participant view from 2027 and onwards, a future cost inflation rate of 2% per annum and a discount rate of 8% to calculate the future post tax cash flows.

Following the increases oil price environment during 2021 the company has not recognised any further impairment in Q1 2021.

Note 4
Equity and Shareholders

(USD`000)	Share Capital	Other reserves	Retained earnings	Total equity
Shareholders' equity at 31 December 2019	**113 491**	**(3 446)**	**24 975**	**135 021**
Share capital increase	738	0	0	**738**
Net income for the period	0	0	(6 954)	**(6 954)**
Other comprehensive income (loss) for the period	0	(32)	0	**(32)**
Shareholders' equity at 31 December 2020	**114 230**	**(3 478)**	**15 542**	**126 294**
Net income for the period	0	0	(247)	**(247)**
Other comprehensive income (loss) for the period	0	355	0	**355**
Shareholders' equity at 31 March 2021	**114 230**	**(3 123)**	**15 294**	**126 402**

Share capital of NOK 918,578,319.45 comprised 911,921,294 of shares at a nominal value of NOK 1.0073.

Pandion Energy Holding AS owns all 911,921,294 shares as at 31 March 2021. The company is included in the consolidated financial statements of the parent company Pandion Energy Holding AS. The consolidated financial statements of Pandion Energy Holding AS can be obtained at the company’s registered address Lilleakerveien 8, 0283 Oslo.

A Subscription and Investment Agreement between Pandion Energy Holding 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 31 March 2021 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 Holding AS and can be drawn upon approval of the Board of 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.

Note 5

Asset retirement obligations

(USD`000)	
Asset retirement obligations at 31 December 2019	**173 609**
New or increased provisions	6 486
Asset removal obligation - change of estimate	4 139
Amounts charged against asset retirement obligations	(16 737)
Accretion expenses	6 176
Asset retirement obligations at 31 December 2020	**173 673**
New or increased provisions	0
Asset removal obligation - change of estimate	0
Amounts charged against asset retirement obligations	(10 002)
Accretion expenses	1 531
Asset retirement obligations at 31 March 2021	**165 203**
Non-current portion 31 March 2021	154 650
Current portion 31 March 2021	10 553

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

Note 6
Borrowings

Revolving exploration loan facility

(USD'000)	Facility currency	Utilised amount	Undrawn facility	Interest	Maturity	Carrying amount
At 31 March 2021	NOK	41 490	5 431	NIBOR + 1.75 %	Dec 2022	41 172
At 31 December 2020	NOK	24 529	22 350	NIBOR + 1.75 %	Dec 2021	24 168

The total credit limit for the company at 31 March 2021 was TNOK 400 000.

The company signed a Revolving Exploration Finance Facility Agreement ("EFF") 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 EFF can be drawn until 31.12.2021 with repayment in Q4 2022.

Unsecured bond

(USD'000)	Facility currency	Utilised amount	Interest	Maturity	Carrying amount
At 31 March 2021	NOK	49 566	10.61%	April 2023	45 194
At 31 December 2020	NOK	49 566	10.61%	April 2023	45 077

The bond is an unsecured bond of 400 million NOK and runs from April 2018 to April 2023. Utilised 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.

Note 6
Borrowings cont.

Reserve base lending facility agreement (RBL)

(USD'000)	Facility currency	Utilised amount	Undrawn facility	Interest	Maturity	Carrying amount
At 31 March 2021	USD	83 500	66 500	LIBOR + 3.5%	July 2026	81 507
At 31 December 2020	USD	83 500	66 500	LIBOR + 3.5%	July 2026	81 424

The RBL facility was established in 2018 and is a senior secured seven-year facility. In 2019 the RBL lenders approved to postpone the Final Maturity Date from 9 April 2025 to 1 July 2026. The facility is at USD 150 million with an additional uncommitted 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.

Note 6
Borrowings cont.

Non-current liabilities 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 Energy.

Maturity profile on total borrowings based on contractual undiscounted cash flows

(USD`000)	31.03.2021	31.12.2020
Less than 12 months	41 490	24 529
1 to 5 years	49 566	49 566
Over 5 years	84 500	84 500
Total	**175 556**	**158 595**

Note 7
Financial items

(USD`000)	Q1 2021	Q1 2020	2020
Net foreign exchange gains (losses)	(574)	(721)	(970)
Foreign exchange gains/losses on derivative financial instruments	(948)	0	2 451
Interest income	1	65	314
Amortised loan costs	(203)	(248)	(988)
Accretion expenses	(1 531)	(1 556)	(6 176)
Interest expenses	(2 466)	(3 240)	(11 057)
Other financial items	(109)	(129)	266
Net financial items	**(5 830)**	**(5 829)**	**(16 159)**

Note 8

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:

Revenues	**Q1 2021**	**Q1 2020**	**2020**
(USD`000)			
Oil	26 603	18 091	65 312
Gas	2 528	3 774	9 658
NGL	2 217	323	1 705
Total revenues	**31 347**	**22 188**	**76 675**

Other income	**Q1 2021**	**Q1 2020**	**2020**
(USD`000)			
Realised gain/(loss) on oil derivates	(174)	989	4 955
Unrealised gain/(loss) on oil derivates	(431)	6 453	(401)
Total other income	**(605)**	**7 442**	**4 554**

Note 9
Leasing and commitments

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 contains a renewal option for another three years. In June 2020 Pandion Energy entered into an additional agreement for extra storage space running for five years. The lease does not contain any restriction on the company's dividend policy or financing.

(USD`000)	
Total lease debt at 31.12.2019	**1 253**
Remeasurement lease liability	30
New lease debt recognised in the period	12
Derecognition of lease liability	(234)
Lease payments	(383)
Interest expense	63
Currency adjustments	29
Total lease debt 31.12.2020	**770**
Remeasurement lease liability	20
Lease payments	(75)
Interest expense	14
Currency adjustments	(7)
Total lease debt 31.03.2021	**722**

Nominal lease debt maturity break down	**31.03.2021**	**31.12.2020**
(USD `000)		
Within 1 year	244	234
1 to 5 years	494	564
Total	**738**	**798**

Note 9

Leasing and commitments cont.

Pandion Energy is a non-operator and recognises its proportionate share of a lease when Pandion Energy is considered to share the primary responsibility for a licence committed liability. This includes contracts where 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 licence partners. Pandion Energy has assessed the lease contracts in its licences and based on Pandion Energy's judgement no leases have been recognized in the balance sheet as of 31 March 2021.

The company has commitments pertaining to its ownership in partner operated oil and gas fields where the operator has entered into lease agreements for rigs in the licence. 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.

On PL 820S, the Iving discovery, a lease agreement for a rig has been entered into by the operator on behalf of partners to be used for the appraisal program in 2021. This lease commitment is not included in the below overview.

Commitments partner licenses rigs	**31.03.2021**	**31.12.2020**
(USD '000)		
Within 1 year	7 514	7 384
1 to 5 years	1 944	3 887
Total	**9 458**	**11 272**

Note 10
Tax

Certain temporary changes in the Norwegian Petroleum Tax Law were enacted on 19 June 2020. These changes included a temporary ruling for depreciation and uplift, whereas all investments incurred for income years 2020 and 2021 including 24 per cent uplift can be deducted from the basis for special tax in the year of investment. These changes also apply for all investments according to Plans for Development and Operation delivered within 31 December 2022 and approved within 31 December 2023. In addition, the tax value of any losses incurred in 2020 and 2021 will be refunded from the state. The tax effect of the temporary changes is included as of 31.03.2021 and contributes to increase in deferred tax liabilities and increase in tax receivable – short term.

Note 11
Contingent liabilities and assets

The company has secondary obligation for removal cost of offshore installations related to 20% share in the divested Duva field. The obligation is limited to approximately USD 5.5 million.

Pandion Energy is further required to participate in the approved work programmes for the licences. The company'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 31 March 2021.

Note 12

Subsequent events

The company has evaluated subsequent events through the filing of the quarterly report. There have been no such events requiring recognition or disclosures in the financial statements.

Alternative performance measures

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 believes that the alternative performance measures provide useful supplemental information to stakeholders.

EBITDAX	Earnings before interest, tax, depreciation, amortization, impairment and exploration expenses
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