



PetroNor E&P ASA

Remuneration Report 2022

Introduction

Pursuant to the Norwegian Public Limited Liability Companies Act (the "Companies Act") Section 6-16b and related regulations the Board will present the following statement regarding remuneration to the 2022 Annual General Meeting. The following report discloses detailed information on key management and board of directors remuneration.

PetroNor E&P ASA's "GUIDELINES REGARDING DETERMINATION OF SALARIES AND OTHER REMUNERATION TO THE DIRECTOR AND OTHER SENIOR EXECUTIVES FOR PETRONOR E&P ASA" was approved by Annual General Meeting on 27 May 2022.

The Company's auditor has verified that information required by Norwegian Public Limited Liability Companies Act (the "Companies Act") Section 6-16b and associated regulations has been provided in this remuneration report.

The remuneration of key management and the board of directors during the financial year 2022 is met in accordance with the adopted guidelines. There have been no deviations from the guidelines.

Strategy and Financial performance

In February 2022, the Company listed its shares on the main exchange of Oslo Børs, after completion of the internal group restructuring, installing a Norwegian entity above the former Australian top company.

Favourable market conditions and a focus on cost control have resulted in a net profit for the Group of USD 34.3 million. There were high levels of production achieved from the Group's Congo assets following a successful in-fill drilling campaign. During the year there were only two liftings that sold 800,177 bbls of oil compared to 831,089 bbls in 2021. The group achieved higher revenues despite the lower volumes sold, due to the increased oil prices during 2022 with an average of USD 90.1 /bbl (2021: USD 69.3 /bbl).

In July 2022, The Company issued USD 10 million of new shares and paid an USD 1 million assignment fee in consideration of the corporate acquisition of both Pan-Petroleum Nigeria Holding BV and Pan-Petroleum Services Holdings BV. This allowed the Company to assume an economic interest of 12.1913 per cent in Offshore Mining Licence no.113 (OML113) in Nigeria.

The group successfully refinanced its debt in December 2022 securing a debt facility for USD 11 million. The loan is to be paid in eight quarterly instalments with maturity in 2024.

Principles of the Company's Management Pay Policy

As an international player in its industry, the company is determined to compete in a market that is at the top management level internationally when determining salaries for managers in the company.

It is the Board's policy that in order to ensure the best possible leadership, salaries must be offered at satisfactory levels for the individual, and that are competitive in an international market. Due to the Company's international business, the level of executive pay may, as a starting point, be relatively high in a national context.

Fixed Salary

It is the Company's policy that executive salaries should mainly be expressed in a fixed monthly salary that reflects the person's position and experience. The board of directors has not established upper or lower limits to the fixed salary for the Company's leading personnel.

Pension Benefits

Pension schemes shall in principle be the same for managers as stipulated in general for employees in the company. The Board may, however, determine additional pensions and/or insurance schemes for certain executives.

Bonuses

Bonus schemes for the management team shall be linked to the Company's result for one part, and at the Board's discretionary assessment for another part. The Board's discretionary assessment shall, among other things, take into account the quality of the HSE work in the Company, and the results according to the Company's HSE statistics, as well as major financial transactions and other strategically important goals for the group. The bonus schemes related to the management group shall have a ceiling that is estimated at an estimated 100% of fixed salary for the individual.

Severance Schemes

Severance pay schemes established upon resignation will normally be seen in connection with confidentiality clauses and anti-competitive clauses in the individual employment contract, so that they only compensate for such restrictions in the person's right to take up new work. As a starting point, severance pay schemes shall have deductions for income elsewhere.

The senior executives, depending on geography and applicable laws and practice, will typically have a 3 to 6 months' notice period. The notice period in senior executives' employment agreements shall not exceed 6 months.

Severance agreements shall be connected to confidentiality and anti-competitive clauses in the individual's employment contract, so that they compensate for restrictions in respect of his or her ability to take new work. The CEO of the Company may in addition be subject to an agreement after which he/she waives his/her employment protection against severance pay. For such a waiver, the CEO may be entitled to severance pay for a period of up to 24 months after expiry of the ordinary notice period. The CEO shall not be entitled to such severance pay if he/she is guilty of a gross breach of duty according to law, the employment agreement or applicable company policies, or otherwise is in serious breach of the employment agreement, which can justify termination of the employment agreement with immediate effect.

Share Based Incentives and Other Remuneration

The board has the opportunity to offer option schemes for the management team. Options may be granted to those whom the Board considers central in relation to the Company's value development. Currently, the Company does not have any share-based incentive schemes.

Any deviations from these principles will be reported in the remuneration report for the relevant year.

Detailed information about the individual remuneration to the members of the board and senior executives in 2022 and their share ownership is detailed in Related Parties – Key Management Personnel Remuneration of the annual report.

Remuneration of board and key management personnel

The figures below represent the consolidated remuneration for each individual from the PetroNor E&P ASA group.

For the year ended 31 December 2022

Individual	Position	Salary and fees USD	Bonus USD	Other cash benefits USD	Post-employment benefits USD	Total USD	Relative proportion fixed/variable Per cent
E Alhomouz ¹	Chair	294,000	-	-	-	294,000	100 / 0
J Iskander	Director	-	-	-	-	-	100 / 0
I Smines Tybring Gjedde	Director	34,598	-	-	-	34,598	100 / 0
G Kielland	Director	34,598	-	-	-	34,598	100 / 0
A Neuling ²	Director	5,728	-	-	-	5,728	100 / 0
R Steinepreis ²	Director	5,728	-	-	-	5,728	100 / 0
J Pace	Interim CEO	443,500	-	-	-	443,500	100 / 0
C Frimann-Dahl	Chief Technical Officer	253,080	-	769	20,524	274,373	100 / 0
M Barrett	Exploration Manager	279,445	-	884	2,080	282,409	100 / 0
C Butler ³	Group Financial Controller	173,059	92,177	5,747	17,306	288,289	68 / 32
E Sultan	Strategy & Contracts Manager	233,000	-	-	-	233,000	100 / 0
A Hicks ²	Company Secretary	3,598	-	-	-	3,598	100 / 0
TOTAL		1,760,334	92,177	7,400	39,910	1,899,821	

¹ USD 174,000 of the fees above is not paid to the individual, these fees charged on an arms-length basis are included in a monthly lump sum charged by related party Petromal LLC, above figures represent the company's fair value estimate of associated costs for the individual's services.

² Individuals are Board members or Management of the previous Australian top company, the above figure represents their remuneration up until the group restructure on 24 February 2022.

³ Bonus received was discretionary based on requirements in relation to the new listing of the Company.

E Alhomouz receives USD 174,000 per annum for board fees of the parent company and USD 120,000 per annum for board fees of subsidiary company Hemla E&P Congo SA.

I Smines Tybring-Gjedde receives NOK 250,000 per annum for board fees of the parent company and NOK 50,000 per annum for each committee of the board. For 2022, this included the nomination and remuneration committees.

G Kielland receives NOK 250,000 per annum for board fees of the parent company and NOK 50,000 per annum for each committee of the board. For 2022, this included the remuneration and audit committees.

For the year ended 31 December 2021

Individual	Position	Salary and fees USD	Other cash benefits USD	Post-employment benefits USD	Total USD	Relative proportion fixed/variable
E Alhomouz ¹	Chair	294,000	-	-	294,000	100 / 0
J Iskander	Director	-	-	-	-	100 / 0
Jens Pace ²	Director & Interim CEO	47,909	-	-	47,909	100 / 0
I Smines Tybring Gjedde	Director	38,001	-	-	38,001	100 / 0
G Kielland ²	Director	25,994	-	-	25,994	100 / 0
A Neuling	Director	26,787	-	-	26,787	100 / 0
R Steinepreis	Director	32,546	-	-	32,546	100 / 0
G Ludvigsen ^{4,5}	Director & Business Development Manager	385,210	110	-	385,320	100 / 0
K Søvold ⁵	Director & CEO	354,118	821	21,721	376,659	100 / 0
C Frimann-Dahl	Chief Technical Officer	221,648	780	20,732	243,160	100 / 0
M Barrett	Exploration Manager	296,475	2,598	-	299,073	100 / 0
C Butler	Group Financial Controller	174,825	3,724	17,483	196,032	100 / 0
E Sultan	Strategy & Contracts Manager ³	168,000	-	-	168,000	100 / 0
A Hicks	Company Secretary	27,035	-	-	27,035	100 / 0
TOTAL		2,092,548	8,033	59,935	2,160,516	

¹ USD 174,000 of salary and fees is not paid to the individual, these fees charged on an arms-length basis are included in a monthly lump sum charged by related party Petromal LLC, above figures represent the company's fair value estimate of associated costs for the individual's services.

² On 16 December 2021, Mr Pace was appointed as interim CEO and subsequently resigned as a board member.

³ Appointed 1 February 2021

⁴ Following his resignation as a board member on 1 February 2021, G Ludvigsen continued to provide services charged on an arms-length by a related party Hagan AS.

⁵ From 16 December 2021, individuals no longer considered key management personnel as decision making responsibilities removed.

E Alhomouz receives USD 174,000 per annum for board fees of the parent company and USD 120,000 per annum for board fees of subsidiary company Hemla E&P Congo SA.

I Smines Tybring-Gjedde receives NOK 250,000 per annum for board fees of the parent company and NOK 50,000 per annum for each committee of the board. For 2021, this included the remuneration committee.

G Kielland receives NOK 250,000 per annum for board fees of the parent company and NOK 50,000 per annum for each committee of the board. For 2021, this included the audit committee.

There were no discretionary bonuses paid in 2021.

Remuneration for 2020-2022

The Company was only incorporated in 2021 and applied to list its shares on the Oslo Børs on 27 October 2021, as part of the group restructuring that completed in February 2022. For reference, the Company has also provided the group comparative information for the full year of 2021 and 2020.

Name	Position	2020 USD	2021 USD	2022 USD
Current Board and Key Management Personnel				
E Alhomouz	Chair	375,000	294,000	294,000
J Iskander	Director	-	-	-
I Smines Tybring-Gjedde	Director	17,565	38,001	34,598
G Kielland	Director	-	25,994	34,598
J Pace	Interim CEO ³	532,975	47,909	443,500
E Sultan	Strategy & Contracts Manager	232,500	168,000	233,000
C Frimann-Dahl	Chief Technical Officer	220,141	243,160	274,373
M Barrett	Exploration Manager	248,736	299,073	282,409
C Butler	Group Financial Controller	168,309	196,032	288,289
Former Board and Key Management Personnel				
A Neulling	Director ¹	24,403	26,787	5,728
R Steinepreis	Director ¹	22,600	32,546	5,728
A Hicks	Company secretary ¹	23,995	27,035	3,598
G Ludvigsen	Director & Business Development Manager ⁴	344,410	385,320	-
K Søvold	Director & CEO ⁵	343,053	376,659	-
S West	Director & CFO ⁶	412,879	-	-

¹ Individuals ceased to be considered key management after the internal restructuring of the group on 24 February 2022.

³ J Pace was CEO from August 2019; resigned in February 2020 and received a termination payment of USD 448,618; from February 2020 a board member until reappointed as interim CEO in December 2021.

⁴ G Ludvigsen resigned as a board member on 1 February 2021 and ceased to be key management from 16 December 2021

⁵ K Søvold ceased to be key management from 16 December 2021

⁶ S West resigned 29 February 2020 and received a termination payment of one year's salary.

The employment agreement with K Søvold includes a mutual termination notice period of 9 months,

Average annual remuneration of employees (excluding key management).

	2020 USD	2021 USD	2022 USD
PetroNor E&P ASA Group	92,000	145,000	141,000
PetroNor E&P ASA Company ¹	-	-	-
EBITDA (USD million)	34.0	61.9	96.4

¹ PetroNor E&P ASA was incorporated in FY2021, there are no employees in the entity.

3 May 2022
PetroNor E&P ASA
Eyas Alhomouz - Chair

To the Annual Shareholders meeting of PetroNor E&P ASA

Independent auditor's assurance report on report on salary and other remuneration to directors

Opinion

We have performed an assurance engagement to obtain reasonable assurance that PetroNor E&P ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2022 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our independence and quality control

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standards on *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (ISQM 1) and *Engagement Quality Reviews* (ISQM 2) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 - "Assurance engagements other than audits or reviews of historical financial information".



We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BDO AS

Børre Skisland
State Authorised Public Accountant
(This document is signed electronically)

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