

Statement Regarding Determination of Salary and Other Benefits for Senior Management

1. Introduction

Pursuant to § 6-16a of the Norwegian Public Limited Liability Companies Act, the board of directors shall prepare a statement regarding the determination of salary and other benefits to senior management. It is further stated in § 5-6 (3) of the Norwegian Public Limited Liability Companies Act that an advisory vote shall be held at the annual general meeting regarding the board of directors' guidelines for determination of remuneration to senior management for the next accounting year. To the extent such guidelines are linked to share-based incentive schemes; they will also be subject to approval by the General Meeting.

This declaration is prepared by the board of directors (the "**Board of Directors**") in Interoil Exploration and Production ASA ("**Interoil**" or the "**Company**"). The declaration sets out the main principles for determination of salary and other remuneration to Senior Management (as this term is defined in section 2.2 below) in Interoil and its subsidiaries (the "**Interoil Group**").

2. Principles for determination of salary and other remuneration for Senior Management in 2017

2.1. General

Our guidelines for stipulation of management remuneration is to follow the general salary adjustments in the local society where the company has operations and, at the same time, consider the measures necessary to retain key personnel and maintain a level of remuneration enabling the company to recruit the right kind of professionals needed to develop the Company according to plans.

The Board of Directors adopts the terms and conditions for the General Manager, as well as the principal resolutions regarding the Interoil Group's remuneration policy and benefit schemes for all employees. All extraordinary bonus payments or salary increases to the General Manager are to be approved by the Board.

The annual wage and base salary adjustment takes place once a year and shall be based on the general development of wages in the market and relevant industry in combination with previous year's achievements and results.

The Company's remuneration policy is based on defined roles and responsibilities and clear goals, combined with evaluation of results and achievements. The total compensation package shall as a guideline be at a level that corresponds to the industry median in the market the Group operates.

2.2. Information regarding Senior Management.

The senior management of the Company (the "**Senior Management**") includes:

Pablo Arias, CFO/Interim CEO

Nigel Duxbury, General Manager (Daglig leder)

Alejandro Oscar Jotayan, CEO till 30 March 2017

Remuneration of Senior Management for the accounting year 2016 is disclosed in Note 11 of the consolidated financial statements.

2.3. Benefits in kind

There shall be no benefits in kind for Senior Management.

2.4. Bonus

The Group's financial and non-financial results forms the basis for the Company's bonus scheme. The Senior Management of the Group are entitled to participate in discretionary bonus schemes dependent on achievements. There are no other bonus agreements.

The purpose of the bonus schemes is to incentivise value creation and performance and to align objectives of the Company with those of the individual members of the Group's Senior Management.

2.5. Pension scheme

There shall be no pension scheme for the Senior Management, other than what is required by law.

2.6. Salary payments after termination of employment

The General manager is entitled to a severance payment of 9 month salary. There shall be no salary payments after termination of employment for the rest of the Senior Management.

2.7. Other

We are of the opinion that all terms and conditions have been negotiated on an arm's length basis at market conditions, enabling InterOil to recruit the kind of professionals it needs to succeed with its strategy, to the benefit of its shareholders.

3. Executive salaries in other IOX companies

Other companies in the IOX group are to follow the main principles as set out in this declaration. IOX aims at coordinating management remuneration policy and the schemes used for variable benefits throughout the group.

4. Statement

Remuneration of the executive management in 2016 was in accordance with the declaration approved by the ordinary shareholders meeting in 2016.