



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 998 726 441  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: LIME PETROLEUM AS  
Forretningsadresse: Drammensveien 145 A  
0277 OSLO

### Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Kari Loe Nystog  
Dato for fastsettelse av årsregnskapet: 07.05.2021

### Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert  
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 24.07.2022



### Resultatregnskap

Beløp i: NOK	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Gain from sale of licences	9	0	268 852 000
<b>Sum inntekter</b>		<b>0</b>	<b>268 852 000</b>
<b>Kostnader</b>			
Exploration expenses	4	26 180 000	32 858 000
Payroll and related cost	5	22 136 000	20 979 000
Depreciation and amortisation	10,11	1 523 000	1 690 000
Other operating expenses	6	8 966 000	19 333 000
<b>Sum kostnader</b>		<b>58 805 000</b>	<b>74 860 000</b>
<b>Driftsresultat</b>		<b>-58 805 000</b>	<b>193 992 000</b>
<b>Finansinntekter og finanskostnader</b>			
Finance income	7	5 475 000	1 966 000
<b>Sum finansinntekter</b>		<b>5 475 000</b>	<b>1 966 000</b>
Finance costs	7	7 851 000	19 829 000
<b>Sum finanskostnader</b>		<b>7 851 000</b>	<b>19 829 000</b>
<b>Netto finans</b>		<b>-2 376 000</b>	<b>-17 863 000</b>
<b>Ordinært resultat før skattekostnad</b>			
Income tax credit	8	-46 136 000	-59 234 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-15 045 000</b>	<b>235 363 000</b>
<b>Årsresultat</b>		<b>-15 045 000</b>	<b>235 363 000</b>



### Balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Exploration and evaluation assets	9	246 513 000	104 217 000
Utsatt skattefordel	8	0	0
<b>Sum immaterielle eiendeler</b>		<b>246 513 000</b>	<b>104 217 000</b>
<b>Varige driftsmidler</b>			
Property, plant and equipment	10	814 000	216 000
Intangible asset	10	144 000	0
Right-of-use assets	11	3 545 000	4 834 000
<b>Sum varige driftsmidler</b>		<b>4 503 000</b>	<b>5 050 000</b>
<b>Sum anleggsmidler</b>		<b>251 016 000</b>	<b>109 267 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Payments and other receivables	12	15 960 000	43 572 000
Tax receivable refund tax value exploration expenses	8,15	162 738 000	168 045 000
<b>Sum fordringer</b>		<b>178 698 000</b>	<b>211 617 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	13	17 337 000	20 228 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>17 337 000</b>	<b>20 228 000</b>
<b>Sum omløpsmidler</b>		<b>196 035 000</b>	<b>231 845 000</b>
<b>SUM EIENDELER</b>		<b>447 051 000</b>	<b>341 112 000</b>

### BALANSE - EGENKAPITAL OG GJELD

#### Egenkapital

#### Innskutt egenkapital



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
Share capital	14	130 320 000	130 320 000
Annen innskutt egenkapital		11 386 000	11 261 000
<b>Sum innskutt egenkapital</b>		<b>141 706 000</b>	<b>141 581 000</b>
<b>Opptjent egenkapital</b>			
Retained earnings			1 031 000
Udekket tap		14 014 000	
<b>Sum opptjent egenkapital</b>		<b>-14 014 000</b>	<b>1 031 000</b>
<b>Sum egenkapital</b>		<b>127 692 000</b>	<b>142 612 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	8	112 564 000	4 307 000
Leasing liabilities	11	2 262 000	3 522 000
<b>Sum avsetninger for forpliktelser</b>		<b>114 826 000</b>	<b>7 829 000</b>
<b>Annen langsiktig gjeld</b>			
<b>Sum langsiktig gjeld</b>		<b>114 826 000</b>	<b>7 829 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	16	7 536 000	18 670 000
Interest bearing loans and borrowings	15	184 720 000	149 039 000
Other current liabilities	17	12 277 000	22 961 000
<b>Sum kortsiktig gjeld</b>		<b>204 533 000</b>	<b>190 670 000</b>
<b>Sum gjeld</b>		<b>319 359 000</b>	<b>198 499 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>447 051 000</b>	<b>341 111 000</b>



## Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	24.06.2013	25.06.2013
Telefon	Deres referanse	Vår referanse
22078139	Knut Åke Lennart Knutsson	2013/500057

LIME PETROLEUM NORWAY AS  
Drammensveien 145 A  
0277 OSLO

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Lime Petroleum Norway AS, org. nr. 998 726 441

Det vises til deres brev mottatt 25. juni 2013 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Lime Petroleum Norway AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Lime Petroleum Norway AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

### Bakgrunn

Lime Petroleum Norway AS er datterselskap til det britiske selskapet Lime Petroleum Plc. Lime Petroleum Norway AS er et nystartet olje- og gass selskap. Selskapets hovedaktivitet er å delta i leting etter, samt utbygging og produksjon av olje og naturgass. Dette er en internasjonal bransje og alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Selskapet har engelsk som arbeidsspråk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

### Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en*

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
For elektronisk henvendelse se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>		22 17 08 60



*forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er eiet av et utenlandsk selskap. Eierkretsen er således begrenset. Selskapets arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad

seniorrådgiver

Rettsavdelingen, foretaksskatt

Skattedirektoratet

Torstein Kinden Helleland



ANNUAL  
REPORT  
**2020**



LIME PETROLEUM



Stevns Klint Denmark, Cretaceous/Tertiary boundary in the overhang, from white to grey, layered limestone. Foto: Karsten Eig

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# Licence Portfolio Information

Licence	Location	Time stake	Operator	Other Partners	Expiry date
<b>North Sea</b>					
PL818	Utsira High	30 %	Aker BP ASA	Equinor Energy AS	05/02/2026
PL818B	Utsira High	30 %	Aker BP ASA	Equinor Energy AS	05/02/2026
PL1093 1)	Utsira High/Ling Depression	20 %	Chrysaor Norge AS	Petoro AS	19/02/2028
<b>Norwegian Sea</b>					
PL263D 2)	Halten Terrace	20 %	Equinor Energy AS	Pandion Energy AS, ONE-Dyas Norge AS	02/03/2025
PL263E 2)	Halten Terrace	20 %	Equinor Energy AS	Pandion Energy AS, ONE-Dyas Norge AS	12/05/2037
PL263F 1) 2)	Halten Terrace	20 %	Equinor Energy AS	Pandion Energy AS, ONE-Dyas Norge AS	12/02/2027
PL433 2)	Halten Terrace	13.3 %	Spirit Energy Norway AS	PGNiG Upstream Norway AS, DNO Norge AS	16/02/2042
PL838	Nordland Ridge	30 %	PGNiG Upstream Norway AS	Aker BP ASA	05/08/2023
PL838B	Nordland Ridge	30 %	PGNiG Upstream Norway AS	Aker BP ASA	01/03/2026
PL937	Frøya High	15 %	INEOS E&P Norge AS		02/03/2024
PL937B	Frøya High	15 %	INEOS E&P Norge AS		02/03/2024
PL1062	Halten Terrace	30 %	Neptune Energy Norge AS	Pandion Energy AS	14/02/2027
PL1111 1)	Frøya High	40 %	INEOS E&P Norge AS		19/02/2028
PL1125 1)	Nordland Ridge	50 %	OKEA ASA		19/02/2026

<sup>1)</sup> APA2020 licenses awarded 19 February 2021

<sup>2)</sup> Swap agreement with ONE-Dyas Norge AS signed 6 April 2021



**LIME PETROLEUM**



## Message from the CEO

### Pathway to production

2020 was a busy year! Through the Covid-19 pandemic and low oil prices, we have worked on moving the company ever closer to production. This has been possible due to an amazing staff, strong support from our shareholders, and a focused strategy. Following the Shrek discovery in the fall of 2019, we concluded two farm-ins early in the year, bringing us into PL937/B with the Fat Canyon prospect, and PL263D/E, with the Apollonia well scheduled for 2020 drilling. Both these deals were concluded during the first weeks of the Covid-19 shut-down, with home-office. During the spring and summer we wrote four APA 2020 licence applications, and participated in two more, for a total of six submissions by the deadline in October. This led to an unprecedented four licence awards in January 2021. The licenses focus on infrastructure-led exploration, in areas the company knows well, including the Nordland Ridge, Halten Terrace and Utsira High. In addition to exploration potential, one of the new licence also contains the Falk discovery that will be evaluated for production in 2025. Falk is in many ways similar to Shrek, and containing high value barrels close to production facilities. Early in the fall Shrek passed through DG-0, representing a significant milestone towards production. The project is on track to submit a PDO by the end of 2022, with production likely starting in 2025. In the fall of 2020, the Apollonia well was drilled. Though the main Jurassic target was disappointingly dry, the well encountered hydrocarbons in Lange Formation

sandstones. Initial volume estimates, in what is now the Sierra South discovery, were modest, however, further exploration work will likely make the discovery larger, with significantly more potential in the surrounding area. Nonetheless, the Sierra discovery will require further appraisal drilling, and a rather long timeline till production. Thus, in the spring of 2021, we traded Limes share in the Sierra discovery for a share in the Fogelberg development. Fogelberg is a well defined gas/condensate discovery, with three wells and a test, and is moving fast toward production possibly as soon as 2025.

The company is evolving and on a clear pathway to production, now with three field development projects ongoing. This will require strengthening of our engineering capabilities. We are building on our sister-company, Masirah Oil's, experience in Oman, and also expanding the team in Norway with the requisite competencies. However, we are continuing our exploration efforts with the same goal of drilling 2-3 exploration wells per year over the next several years. Success in exploration comes from the good ideas and hard work of our geoscientists, along with solid exploration technology. We continue to employ Rex Virtual Drilling (RVD) on all our prospects in addition to classic AVO and inversion technology on our seismic data. However, we are expanding on the technology to take advantage of new developments in Machine



Foto: Yumna Field, Oman.

Learning and Artificial Intelligence. To that end, we have sponsored PSSGeo and AGGS project, along with the Norwegian Research Council, which aims to develop an ML based inversion to identify sandstone reservoirs in the subsurface, and predict fluid content. We expect this technology to be a good compliment to the RVD technology. Furthermore, Lime is participating in the industry sponsored project called Released Wells, which aims to digitize all cuttings samples currently stored in warehouses. This entails chemical analysis of some 600,000 samples, resulting in several million datapoints. In order to make sense of all this data, Lime is working with M Vest Energy AS and Wintershall DEA Norge AS on a joint technology development project called GLEX, which will develop tools to analyse the cuttings data. Given the shared volume data, machine learning tools are front and center, paired with tools for visualizing the results. Through use of these tools for analyzing

seismic and well data, we hope to further improve our geological predictions and continue making new discoveries.

Through 2020, we have heeded the authority's recommendations, and stayed safe by instituting home-office, and stopped business travel and face-to-face meetings. Despite this challenging work environment we have had a very busy and productive year. We look forward to the drilling of Fat Canyon with our partner INEOS E&P Norge AS later in 2021, and to furthering our exploration and development projects as we go down the pathway to production.

Lars Hübert  
**CEO**

**LIME PETROLEUM**

# “LL Merge” – Method and Algorithms for post-stack Inversion

Lime Petroleum AS is participating and sponsoring a R&D project along with Innovation Norge to develop methods to predict lithology and fluids from well and seismic data using Artificial Intelligence (AI) and Machine Learning (ML) techniques. AGGS AS, PSS-Geo AS and Cama Geosciences AS, independent professional geological and geophysical consulting firms, are working as a consortium combining seismic big-data and well data with AI and ML processes integrated in a geological context.

Vintage seismic 3D data cover large areas in mature petroleum provinces. On the Norwegian shelf most of the data is part of the public domain and has on several occasions been merged into large 3D surveys. While these surveys are great tools for regional geological analysis, they also represent an enormous amount of data that can be used in big-data analysis leading to new understandings.

This R&D project concentrates on developing a method and algorithms for post-stack inversion to separate  $V_p$  and seismic density from reprocessed and merged public 3D seismic. In a second part of the project Machine Learning algorithms are used to predict pore fluids by combining the previously inverted seismic with well data.

The result will be a local or regional seismic inversion cube premediated for fluid and lithology predictions. The reprocessed data is expected to have a resolution comparable to newly acquired seismic, and with the possibility for stratigraphy and fluid analysis gain detailed insight in the deposition systems

and fluid migration. This data will give explorationists a new regional tool to access prospectivity on a local and regional basis.

The project workflow is divided into two parts. For the first part Artificial Intelligence inversion (annealing global optimization) is used to estimate  $P$ -velocity and density from post-stack seismic data. Further, the inverted volumes are used to compute Volume of Clay ( $V_{cl}$ ), Porosity ( $\Phi$ ) and Reservoir Quality  $((1-V_{cl}) * \Phi)$ . This method has been tested on seismic data of the Cretaceous turbiditic plays in Mid-Norway (60 000 km<sup>2</sup>) and proved highly successful.

In the second part, fluid detection from seismic data is investigated. Since the post-stack mega merged seismic does not contain  $S$ -wave related information, the possibilities of using ML techniques with well data as training input to predict fluid and specific fluid type is investigated. The basic principle of such automation is to find relationships among attributes for identifying fluid. Well-logs have been used as input for training, testing and validation.



The learning process considered the following log data; registration time (T), density (DEN), acoustic p-velocity (Vp), porosity (Phi), volume of shale (Vcl), P-impedance (P-imp) synthetic seismic trace and its eleven attributes. The target parameter is water saturation (Sw). An indicator was defined as 0 for brine and 1 for hydrocarbon (HC), with a cut-off on Sw-log for more than 60% of HC.

The well-to-well ML predictions of water-saturation proved to be successful and showed high R-scores and accurate

fluid prediction for all algorithms. The ongoing research on AI and ML processing of vintage big-data 3D seismic (Mega-Merge) appears to give good results that yield new insights in the petroleum system of the Norwegian Continental Shelf.

“Old” big-data has been awakened to new life with AI/ML processing.

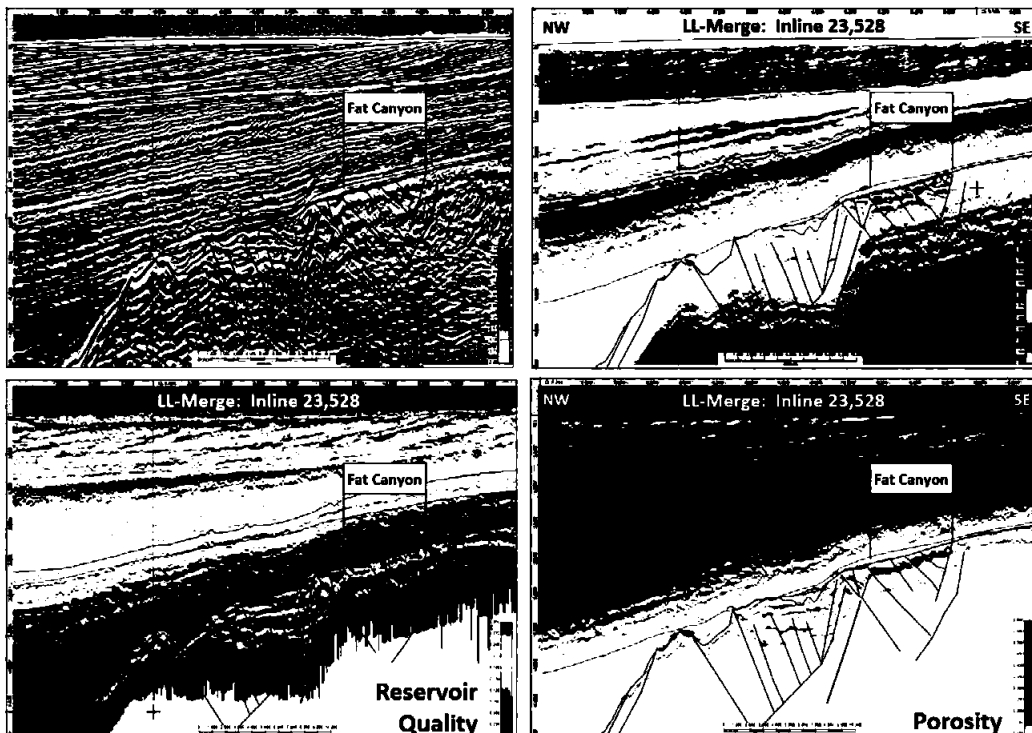


Figure 1: LL-Merge, a composition of a seismic line across the different inversion attributes on PL937/B Fat Canyon

**LIME PETROLEUM**

## Directors' Report

Although 2020 was an unusual year that had consequences for the business activity in the oil and gas industry, Lime Petroleum AS took steps to further build a solid asset portfolio by acquiring 20 percent stake in licences PL263D and PL263E spring 2020, and participated in Sierra South gas discovery located in the vicinity of the Maria field in the Norwegian Sea. At the same time, the company acquired 15 percent stake in the licences PL937 and PL937B now preparing to undertake drilling of the Fat Canyon well situated at Frøya High during the summer 2021. Along with the 2019 participation in the Shrek discovery located nearby the Skarv facility, Lime Petroleum AS has increased its asset value contributing to further growth for the company. Both the Sierra South discovery and the Shrek discovery are typical examples of near-field-exploration envisioned to yield "high value barrels" adhering to the company's infrastructure-led exploration strategy.



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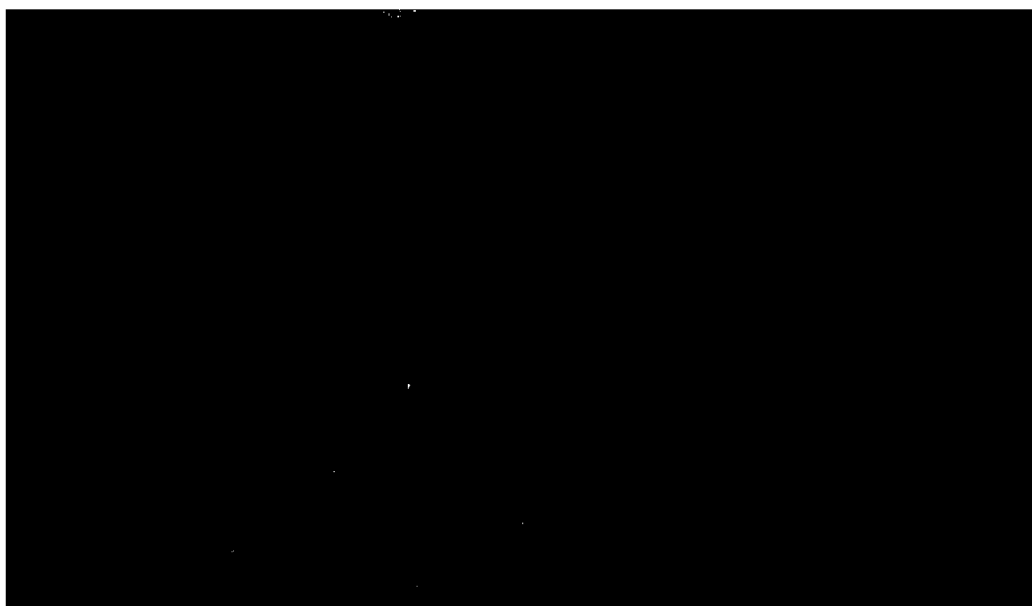
Lime Petroleum AS (hereinafter referred to as Lime) is a Norwegian oil company owned by Rex International Investments Pte Ltd (Rex; 90% share capital), a wholly owned subsidiary of the Singapore-listed Rex International Holding Limited, and Schroder & Co Banque SA (10% share capital). Lime's office is located at Skøyen in Oslo, Norway.

Lime's main business is to explore for, develop and produce oil and gas on the Norwegian Continental Shelf. Lime has participated in drilling of a total of nine exploration and appraisal wells in both mature and frontier areas, resulting in three commercial discoveries, one in Rolvsnes on PL338C on the Utsira High in the North Sea (monetised in 2019), one in Shrek on PL838 on the Nordland Ridge in the Norwegian Sea and the latest in Sierra South on PL263D/E on Haltenbanken in the Norwegian Sea. Furthermore, the company has participated in one technical oil/gas discovery on PL708 in the Barents Sea.

**2020 Operations update**

During 2020 Lime has carried out extensive reviews of available farm in opportunities consistent with the strategy of the company. The reviews have covered low risk/low reward opportunities but also higher impact well opportunities. In the latter category the Fat Canyon prospect emerged as the most attractive, with a strong RVD signal indicating oil presence. On 17 March 2020 Lime entered into agreement with INEOS E&P Norge AS to acquire 15% participating interest in PL 937 and PL937B. The transaction being effective as of 1 January 2020, was approved by the Ministry of Petroleum and Energy 28 April 2020. The drilling operation of the Fat Canyon well is under preparation and the licence has contracted the semisubmersible rig Borgland Dolphin to drill the exploration well expected to start late summer 2021.

Based on the farm in evaluation process, the Apollonia prospect (renamed Sierra South) stood out as a good opportunity.



*Tertiary turbidites, Van Keulen Svalbard Foto: Karsten Eig*



## LIME PETROLEUM

The agreement with Equinor Energy AS to acquire 20% participation share in the licences PL263D/E was signed 8 April 2020. The purchase agreement was approved by the Ministry of Petroleum and Energy 20 August 2020, and completion took place 31 August 2020. As a result of this transaction Lime had during the second half of 2020 a large part of its activity in the area of Halten Terrace in the Norwegian Sea with participation in the drilling operation performed by the West Hercules rig which resulted in a gas discovery. Going forward, the licence will continue post-well studies and maturation of the Sierra South discovery.

During 2020, Lime put considerable work into the post-well evaluations of the Shrek oil and gas discovery made late 2019 in the licence PL838 on the Nordland Ridge in the Norwegian Sea. The Shrek discovery is assumed moved towards a field development and production phase with a tie-back to the Skarv infrastructure. DGO milestone has been passed and the feasibility studies for BoK phase (Decision of Concretization) is ongoing. The next decision gate will be the DG1 planned for in Q3 2021. The Field Development Plan (PDO) is intended to be submitted by the end of 2022 in time for Covid-19 related tax benefits. Near-field exploration drilling for adding reserves is under evaluation including the adjacent licence PL838B which was separated from PL838 in 2020 and potential drilling of Shaw prospect is being assessed.

Lime still has a stake in the Orkja prospect in licences PL818 and PL818B which lies in the area of Utsira High, close to the producing field Ivar Aasen and with Aker BP as operator. Following the processing and interpretation of the recently acquired Ocean Bottom Node Seismic envisaging a better image of the subsurface, the licence will further evaluate the prospectivity of PL818. Based on this, application for extending the drill-or-drop decision by one year was decided by the partnership. Potential drilling of the Orkja prospect may be conducted in 2022.

The licence PL841 was decided relinquished by the licence partners end of 2019, and the relinquishment was approved by the Ministry of Petroleum and Energy 7 February 2020.

Lime was awarded one new licence in the APA2019 licencing round, a 30% participating share in the licence PL1062 (Scrabble) situated in the Norwegian Sea. The licence PL 1062 was formalised 12 March 2020. The licence is working towards a drill-or-drop decision in Q1 2022.

### **Subsequent Events**

Lime was awarded four new licences in the APA2020 licencing round. 20% participating share in the licence PL1093 (El Teide), 40% participating share in the licence PL1111 (Kings Canyon), 50% participating share in the licence PL1025 (Falk) which already is a discovery, and finally 20% participating share in the licence PL263F add-on, capturing more of the Sierra South discovery. The licences are situated in the Norwegian Sea, which currently stands out as focus area for Lime, except for PL1093 which is located in the North Sea. The licences were formally awarded 19 February 2021.

One-year extension of the licences PL818 and PL818B was approved by the authority's 10 March 2021.

The authorities' approval of one-year extension of the licence PL838B was received 15 March 2021.

On the 6 April 2021 Lime signed an agreement with ONE-Dyas Norge AS to swap its 20 per cent interests in each of the licences PL263D, PL263E, and PL263F Sierra (previously known as Apollonia) in the Norwegian Sea for ONE-Dyas' 13.3 per cent interest in PL433 Fogelberg. Approval from the Ministry of Petroleum and Energy is expected during second quarter 2021.

Following these events affecting the licence portfolio the company has interests in 11 concessions, of which 8 concessions situated in the Norwegian Sea.

### **Rex Virtual Drilling**

Lime has strong focus on technology. Lime has a licence agreement with Rex Technology Management Ltd granting access to use their proprietary technology Rex Virtual Drilling (RVD). RVD uses standard seismic data to differentiate

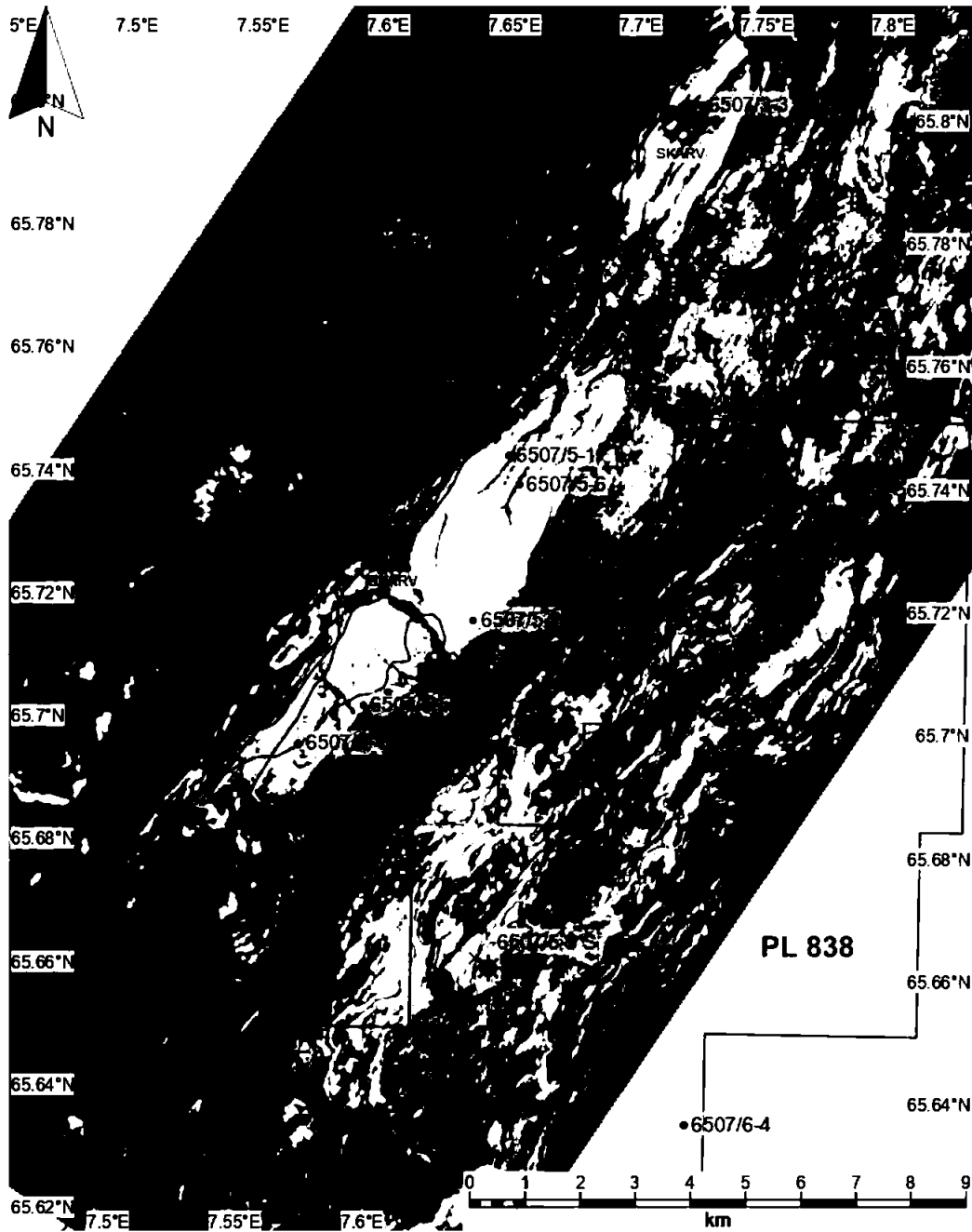


Figure 2: PL838 Shrek – BPN0501Z13 – Garn (2017) Intercept RGB Blending map



## LIME PETROLEUM

between liquid hydrocarbons and water in the subsurface reservoirs by analysing the dispersive properties of the resonant seismic waves. The company uses the RVD technology as a de-risking tool and to provide further evidence of the prospectivity of a given area of prospect.

During 2020, Lime Petroleum undertook 12 RVD evaluations in 12 different areas, covering some 4200 km<sup>2</sup>. These analyses led to two positive farm-in decisions (PL263 and PL937) and six APA licence applications, four of which were awarded. Rex Technology Management Ltd is a wholly owned subsidiary of Rex International Investments Pte Ltd.

### **Intra-company cooperation**

The Rex Group has two E&P companies; Lime in Norway owned 90% and Masirah Oil Ltd in Oman owned 86.4%. Masirah Oil is the operator with 100% participating interest of Block 50 offshore east Oman. The oil discovery made in 2014 achieved first-oil milestone early 2020.

Before reaching this milestone, an integrated engineering team concluded positively to a development of the GA South (renamed Yumna) discovery on Block 50 in Oman, and an operations team was assembled in Muscat to take the project forward.

Much of the groundwork for the Yumna development was done by Lime in Oslo, including the subsurface work and the engineering feasibility and concept selection work. During 2020, the Lime team provided support during the planning and drilling of the Yumna 2 and Yumna 3 appraisal/production wells. Both wells resulted in successful appraisal of the field providing increased production, Yumna 2 commenced production in January 2021 and the Yumna 3 commenced production in February 2021.

To further develop the Block 50, the Lime team has contributed in the work to map further prospects nearby the Yumna field, in close cooperation with Rex Technology Management on RVD and with the operations team in Muscat. The Zakhera

prospect located approximately 12 kilometers south of the Yumna Field will be the next target, exploration drilling is planned for in February 2021.

### **Changes to the Management and Board of Directors**

During 2020 there were no changes to the composition of Board of Directors nor the management. At the signing of this report the Board of Directors consist of the following members:

Svein Helge Kjellesvik	Executive Chairman
Peter Nikolaus Eckhard Oehms	Director
Nicolai Alexander Sebastian Bonnevier	Director
Christopher David Atkinson	Director

### **HSE and equal opportunity**

Health, safety and environment (HSE) is of paramount importance to Lime, including the office setting where most of Lime's work is done, the offshore operations Lime participates in, and society at large. The operations of the company could potentially pollute the external environment. The company together with its joint venture partners work actively on measures to prevent and reduce any negative impact on the environment. Lime recognizes the changing sentiments towards the industry as a whole and works actively within industry fora to address issues related to climate change, industry recruitment, and the like.

At the end of 2020, the company had 9 employees of which four females. In addition, one person was temporarily employed on 100% basis. Accounting, tax, legal and IT services are outsourced and contracted from professional service providers. Beyond this capacity, the company has acquired consultancy services from several vendors typically on short-term contracts.

The company practices equal rights and opportunities between the sexes with respect to employment, wages and professional development. Factors determining wages are



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work area, seniority, skills and education. Vacant positions are filled on a gender-neutral basis. The company follows the provisions of the Norwegian Equal Opportunities Act with the design to have no discrimination relating to gender or anything else. At present there are no female directors on the Board.

The working environment in the company is good and efforts are made for continuous improvement. Absence due to illness during 2020 was 2.2% compared to 2.5% in 2019. None of the company's employees have been injured or caused damage to property of any kind.

The company is taking the current Corona Virus pandemic very seriously and is following the recommendations from the Norwegian Institute of Public Health (FHI) to mitigate the virus and to safeguard the employees, consultants, and their families. The company has instituted home officing for the employees, business travel is eliminated and replaced by videoconferencing. These measures will be continued as long as recommended by FHI.

The company is located in modern premises at Drammensveien 145a, close to Oslo city centre

### **Annual Financial Statements**

(2019 figures in brackets)

Pursuant to § 3-3 of the Norwegian Accounting Act, the Board of Directors confirm that the financial statements have been prepared on a going concern basis.

In 2020, the company had no operating income (NOK 268.9 million operating income in 2019, deriving from the sale of PL338C, PL338E and PL815). Operating expenses totalled NOK 58.8 million (NOK 74.9 million). No impairment on the asset portfolio was done in 2020, while net impairment on non-current assets following relinquishment of licence PL841 amounted to NOK 9.7 million in 2019.

Net financial items were NOK 2.4 million (NOK 17.9 million). The high-level financial cost in 2019 was primarily related to currency effects generated by the sale of PL338C, PL338E and PL815 as the cash consideration was paid in dollars.

Total loan drawn under the SEB Revolving Exploration Financing Facility (EFF) of NOK 130 million (NOK 300 million) was repaid by NOK 115 million (NOK 160 million) in November 2020 and the company ended the year with NOK 155 million in debt (NOK 140 million). Moreover, total outstanding loans on the shareholder loan facility with Rex amounted to NOK 30 million at year end (NOK 10 million).

Loss before taxes was NOK 61.2 million (profit NOK 176.1 million). Tax income amounted to NOK 46.1 million (NOK 59.2 million). The company's tax refund related to the 2020 activity is calculated to NOK 161.8 million at year end (NOK 165.6 million). The tax refund related to 2019 was received in November 2020, amounting to NOK 166.1 million (NOK 253.4 million) including interest.

Annual loss after tax amounted to NOK 15.0 million (profit NOK 235.4 million).

### **Capitalized cost**

During the year, the company capitalized costs worth NOK 148.1 million (NOK 156.1 million) on its exploration activities, of which the biggest part was linked to the acquisition of PL263D/E and the well operation related to the Sierra South discovery.

### **Financing**

The monetisation of the Rolvsnes discovery in May 2019 (PL338C, PL338E and PL815) triggered a good story for the company from a financial perspective. A cash consideration of USD 43 million was received at the time of the divestment and the remaining USD 2 million was received in June 2020 according to agreement 12 months after the Completion of the sale. Beyond distribution of dividend and repayment of loans, a part of the cash consideration was kept in the company contributing to fund exploration activities during 2020.



## LIME PETROLEUM

Lime has an exploration financing facility with Skandinaviska Enskilda Banken AB (SEB) originally dated in November 2013 which has since then been renewed when needed. On 30 November 2020, the company signed an amendment agreement to extend the duration of the exploration financing until end of 2021 increasing the size of the facility amount from NOK 300 million to NOK 350 million.

As a result of a continued high level of activity and exploration cost also in 2020, the shareholder loan agreement with Rex still stands. An amendment to the shareholder loan agreement with Rex originally established in 2019 was signed 15 October 2020 extending the expiry date to 15 April 2021, the size of the facility NOK 50 million. The loan facility agreement had a balance of NOK 31.8 million at 31 December 2020. In April 2021 the loan facility agreement was further extended to 15 April 2022.

### **Risk**

The company is not exposed to particular risk factors other than those common for oil companies in the exploration phase. Lime is to some extent exposed to exchange rate fluctuations as exploration operations are partly in foreign currency, primarily in USD. The company is also exposed to changes in market interest rates, as its financing facility has variable rate terms (NIBOR). The company's financing needs are continuously monitored to ensure appropriate funding. For further information refer to Financial Risk Management described in Note 15.

As a result of the Covid-19 situation, the company practices business-as-usual in the home office of all employees. The pandemic inhibits the company's operations to a small degree

and will not affect the number of employees or factors such as equity or debt. In June 2020, the authorities decided to ease tax rules for the oil industry to counteract negative consequences, mainly due to depressed oil prices. The new tax regime will have positive effects for Lime prospects.

### **Outlook**

The Board of Directors and the company's management consider the outlook for E&P activities on the Norwegian Continental Shelf to be good and believe the company to be well positioned for further growth. Despite the Covid-19 pandemic, the company stayed focus on its business strategy and increased the licence portfolio through farm in transactions. The company's efforts to achieve an even stronger position on the Norwegian Continental Shelf was recognized by the nomination of "Explorer of Year" by Rystad Energy in January 2020. As per today Lime has participated in several oil and gas discoveries and the company has during 2020 stepped up the understanding and expertise of how to move a discovery towards a field development and production. Lime is an active partner in the process of maturing both the Shrek discovery and the Sierra South discovery including evaluation of additional undrilled fault-blocks nearby. Lime contributes in all aspects of the evaluation, including G&G and engineering. The two discoveries have attractive locations near infrastructure, and strong proactive partnerships who will strive for maximising the future value of the discoveries in a sustainable manner. The focus on the Norwegian Continental Shelf continues, and the company will look for new possibilities to expand its activity for further value creation both through traditional exploration and new concessions, as well as business development through swaps and farm in transactions.

The Board of Directors of Lime Petroleum AS

Oslo, 22 April 2021

Svein H. Kjellesvik  
Executive Chairman

Christopher D. Atkinson  
Director

Sebastian Bonnevier  
Director

Peter N. Eckhard Oehms  
Director

Lars B. Hüberr  
CEO



## Income Statement

<i>(Amounts in TNOK)</i>	<b>Note</b>	<b>2020</b>	<b>2019</b>
Gain from sale of licences	9	0	268 852
Exploration expenses	4	-26 180	-32 858
Payroll and related cost	5	-22 136	-20 979
Depreciation and amortisation	10,11	-1 523	-1 690
Other operating expenses	6	-8 966	-19 333
<b>Operating profit (loss)</b>		<b>-58 804</b>	<b>193 991</b>
Finance income	7	5 475	1 966
Finance costs	7	-7 851	-19 829
<b>Net financial items</b>		<b>-2 376</b>	<b>-17 863</b>
<b>Profit (loss) before income tax</b>		<b>-61 181</b>	<b>176 128</b>
Income tax credit	8	46 136	59 234
<b>Profit (loss) for the year</b>		<b>-15 045</b>	<b>235 362</b>

## Statement of comprehensive income

<i>(Amounts in TNOK)</i>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Profit (loss) for the year</b>		<b>-15 045</b>	<b>235 362</b>
<b>Other comprehensive income, net of tax:</b>		<b>0</b>	<b>0</b>
<b>Total comprehensive income for the year</b>		<b>-15 045</b>	<b>235 362</b>

**LIME PETROLEUM****Balance Sheet as at 31 December**

(Amounts in TNOK)	Note	2020	2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Exploration and evaluation assets	9	246 513	104 217
Deferred tax asset	8		
Property, plant and equipment	10	814	216
Intangible asset	10	144	
Right-of-use assets	11	3 545	4 834
<b>Total non-current assets</b>		<b>251 016</b>	<b>109 267</b>
<b>Current assets</b>			
Prepayments and other receivables	12	15 960	43 572
Tax receivable/refund tax value exploration expenses	8,15	162 738	168 045
Cash and cash equivalents	13	17 337	20 228
<b>Total current assets</b>		<b>196 035</b>	<b>231 845</b>
<b>Total assets</b>		<b>447 051</b>	<b>341 111</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14	130 320	130 320
Other paid-in capital		11 386	11 261
Retained earnings			1 031
Uncovered loss		-14 014	
<b>Total equity</b>		<b>127 692</b>	<b>142 612</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	8	112 564	4 307
Leasing liabilities	11	2 262	3 522
Interest-bearing loans and borrowings	15		
<b>Total non-current liabilities</b>		<b>114 826</b>	<b>7 829</b>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	15	184 720	149 039
Trade creditors	16	7 536	18 670
Other current liabilities	17	12 277	22 961
<b>Total current liabilities</b>		<b>204 533</b>	<b>190 670</b>
<b>Total liabilities</b>		<b>319 359</b>	<b>198 500</b>
<b>Total liabilities</b>		<b>447 051</b>	<b>341 111</b>

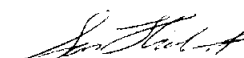
The Board of Directors of Lime Petroleum AS  
Oslo, 22 April 2021

  
Svein H. Kjellesvik  
Executive Chairman

  
Christopher D. Atkinson  
Director

  
Sebastian Bonnevier  
Director

  
Peter N. Eckhard Oehms  
Director

  
Lars B. Hübert  
CEO



## Statement of changes in equity

(Amounts in TNOK)	Share capital	Other paid in capital	Retained earnings / Uncovered loss	Total equity
Equity at 1 January 2019	130 320	274 960	-234 331	170 948
Profit (loss) for the year			235 362	235 362
Other comprehensive income for the year				0
Total comprehensive income for the year			235 362	235 362
Dividend payment as at 28 June 2019		-264 067		-264 067
Share-based payment		369		369
<b>Equity at 31 December 2019</b>	<b>130 320</b>	<b>11 261</b>	<b>1 031</b>	<b>142 612</b>
Equity at 1 January 2020	130 320	11 261	1 031	142 612
Profit (loss) for the year			-15 045	-15 045
Other comprehensive income for the year				0
Total comprehensive income for the year			-15 045	-15 045
Share-based payment		125		125
<b>Equity at 31 December 2020</b>	<b>130 320</b>	<b>11 386</b>	<b>-14 014</b>	<b>127 692</b>



**LIME PETROLEUM**

## Cash Flow Statement

<i>(Amounts in TNOK)</i>	Note	2020	2019
<b>Cash flow from operating activities</b>			
Profit (loss) before income tax		-61 181	176 128
Adjustments:			
Tax refunded	8	163 922	251 672
Depreciation	10,11	1 578	1 690
Gain from sale of exploration and evaluation assets			-268 852
Impairment/disposals exploration assets	9		9 699
Changes in trade creditors		-11 134	7 778
Changes in other current receivables and liabilities		20 639	-6 145
Net cash flow from operating activities		113 825	171 969
<b>Cash flow from investing activities</b>			
Investment in exploration and evaluation assets	9	-148 088	-156 868
Proceeds from sale of exploration and evaluation assets			381 953
Purchase of property, plant and equipment	10	-1 032	-41
Net cash flow from investing activities		-149 120	225 045
<b>Cash flow from financing activities</b>			
Funds drawn current borrowings, net of transaction costs incurred		128 775	92 989
Repayments of current borrowings		-115 000	-175 000
Repayments of lease liabilities	11	-1 370	-1 659
Loans from shareholder	15	20 000	50 000
Repayments of loans from shareholder			-98 740
Dividend payment			-264 067
Net cash flow from financing activities		32 405	-396 477
<b>Net change in cash and cash equivalents</b>		<b>-2 891</b>	<b>538</b>
Cash and cash equivalents at 1st January 2020 / 2019		20 228	19 690
<b>Cash and cash equivalents at 31st of December</b>		<b>17 337</b>	<b>20 228</b>
Interest paid		5 625	8 280



# Notes

## Note 1 General information

The Financial statements of Lime Petroleum AS were approved by the board of directors and CEO on 22 April 2021.

Lime Petroleum AS is a private limited company incorporated and domiciled in Norway, with its main office in Oslo. The Company is a part of the consolidated Financial Statement of Rex International

Holding Ltd. The consolidated Financial Statement can be retrieved from <http://rex.listedcompany.com>. Lime Petroleum AS was incorporated 18 August 2012.

The Company's only business segment is exploration for oil and gas on the Norwegian continental shelf.

## Note 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### Basis for preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in accordance with the additional requirements following the Norwegian Accounting Act.

### Foreign currency

#### Functional currency and presentation currency

The Company's functional and presentation currency is Norwegian kroner (NOK).

#### Transactions in foreign currency

Foreign currency transactions are translated into NOK using the exchange rates at the transaction date. Monetary balances in foreign currencies are translated into NOK at the exchange rates on the date of the balance sheet. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment charges. Depreciations are calculated on a straight line basis over the assets expected useful life and adjusted for any impairment charges. Expected useful lives of long-lived assets are reviewed annually and where they differ from previous estimates, depreciation periods are changed accordingly.

Property, plant and equipment are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount.

### Intangible assets

#### Exploration costs for oil and gas properties

The Company uses a "modified full cost method" to account for exploration costs. All exploration costs directly related to areas where Lime holds an interest is capitalized. As a rule, each license constitutes one cost area, but in areas where two or more licences have boundaries against each other, it may be natural to view multiple licences together as a separate cost area. A cost area will be tested for impairment if facts and circumstances suggest that the carrying amount of the asset(s) on the area may exceed its recoverable amount. Typical facts and circumstances that would indicate that a cost area should be tested for impairment are:

- the right to explore in the specific area has expired or will expire in the near future and is not expected to be renewed;
- further exploration in the specific area is neither budgeted or planned;
- commercially viable reserves have not been discovered and the company plans to discontinue activities in the specific area, and
- existing data shows that the carrying amount of the asset(s) will not be recovered in full through development activity.

### Interests in joint arrangements

IFRS 16 Leases was issued in January 2016 and replaced IAS 17 Leases. The Company implemented IFRS 16 on 1 January 2019.

IFRS 16 sets out the principles for recognition, measurement, presentation and disclosures of leases and replaces IAS 17 and other previous guidance on lease accounting within IFRS. IFRS 16 defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For each contract that meets this definition, IFRS 16 requires lessees to recognize a right-of-use asset and a lease liability in the balance sheet with certain exemptions for short term and low value leases. Lease payments are to be reflected as interest expense and a reduction of lease liabilities, while the right-of-use assets are to be depreciated



## **LIME PETROLEUM**

over the shorter of the lease term and the assets' useful life. Lease liabilities are measured at the present value of remaining lease payments, discounted using the Company's calculated borrowing rate. Right-of-use assets are measured at an amount equal to the lease liability at initial recognition.

### **Leases (as lessee)**

Until 2018, leases in which most of the risks and rewards of ownership were retained by the lessor were classified as operating leases. Payments made under operating leases were charged to the income statement on a straight-line basis over the period of the lease.

The Company adopted IFRS 16 – Leases from 1 January 2019. IFRS 16 sets out the principles for recognition, measurement, presentation and disclosures of leases and replaces IAS 17 and other previous guidance on lease accounting within IFRS. IFRS 16 defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For each contract that meets this definition, IFRS 16 requires lessees to recognize a right-of-use asset and a lease liability in the balance sheet with certain exemptions for short term and low value leases. Lease payments are to be reflected as interest expense and a reduction of lease liabilities, while the right-of-use assets are to be depreciated over the shorter of the lease term and the assets' useful life. Lease liabilities are measured at the present value of remaining lease payments, discounted using the Company's calculated borrowing rate. Right-of-use assets are measured at an amount equal to the lease liability at initial recognition.

### **Receivables**

Receivables are initially recognised at fair value plus any transaction costs. The receivables are subsequently carried at amortised cost using the effective interest method.

### **Cash and cash equivalents**

Cash and the equivalents include cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

### **Borrowings**

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of transaction/issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the consideration received net of transaction/issue costs associated with the borrowing and the redemption value, is recognised in the income statement over the term of the loan.

### **Taxes**

Income taxes for the period comprise tax payable, refundable tax from refund tax value of exploration expenses and changes in deferred tax.

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are calculated on the basis of existing temporary differences between the carrying amounts of assets and liabilities in the financial statement and their tax bases, together with tax losses carried forward at the balance sheet date. Deferred tax assets and liabilities are calculated based on the tax rates and tax legislation that are expected to exist when the assets are realised or the liabilities are settled, based on the tax rates and tax legislation that have been enacted or substantially enacted on the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that the deferred tax asset can be utilised. Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

### **Provisions**

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as finance cost.

The Company recognises a provision and an expense for severance payment when there exists a legal obligation to pay severance payment.

### **Trade creditors**

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.



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### **Contingent liabilities**

Contingent liabilities are not recognised in the financial statements. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability occurring is remote.

### **Segment reporting**

The Company's only business segment is exploration for oil and gas on the Norwegian continental shelf. Based on this no segment note is presented and this is in accordance with management's reporting.

### **Cost of equity transactions**

Transaction costs directly linked to an equity transaction are recognised directly in equity, net after deducting tax.

### **Cash flow statement**

The cash flow statement is prepared by using the indirect method.

### **Events after the balance sheet date**

The financial statements are adjusted to reflect events after the balance sheet date that provide evidence of conditions that existed at the balance sheet date (adjusting events). The financial statements are not adjusted to reflect events after the balance sheet date that are indicative of conditions that arose after the balance sheet date (non-adjusting events). Non-adjusting events are disclosed if significant.

### **Changes in accounting policies and disclosures**

*New and amended standards and interpretations adopted by the Company*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2020, and have not been applied in preparing the Financial statements. None of these new standards and amendments to standards and interpretations are expected to have any significant impact on the Company's financial statements.



## LIME PETROLEUM

### Note 3 Financial risk management

#### Financial risks

Exploration for oil and gas involves a high degree of risk, and the Company is subject to the general risk factors pertaining to this business, such as (i) volatility of oil and gas prices, (ii) uncertainty pertaining to estimated oil and gas reserves, (iii) operational risk related to oil and gas exploration and (iv) volatility in exchange rates. Furthermore, only few prospects that are explored are ultimately developed into production.

Furthermore, the Company is exposed to financial risks in relation to receivables, loans, accounts payable and drawing rights to financial institutions. The business activities of the Company involve exposure to credit risk, interest rate risk, liquidity risk and currency risk. The Company is to some extent exposed to exchange rate fluctuations as exploration operations are partly in foreign currency, primarily in USD, whilst the Facility loan agreement is in NOK. See note 16 for further information.

#### Critical accounting estimates and judgements

The preparation of the financial statements in accordance with IFRS, requires management to make judgements, use estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis.

Estimates and assumptions which represent a considerable risk for material changes in carrying amounts of assets and liabilities during the next fiscal year, are presented below.

#### a) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income.

The Norwegian entities are subject to the Norwegian oil taxation regime which involves an allocation of indirect costs to exploration expenses as items allowable for tax deductions and subsequent tax refunds. The allocation and the calculated tax receivable is based on judgments and understanding by the Company regarding items allowable for tax deduction, and the view may differ from the Norwegian Authorities' practice in the final settlement of the tax refund.

Judgement is also required in determining whether deferred income tax assets are recognised in the statement of financial position. Deferred income tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the

Company will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred income tax assets. See note 8.

#### Critical judgements in applying the Company's accounting policies

Management has made judgements also in the process of applying the Company's accounting policies. Such judgements with the most significant effect on the amounts recognised in the financial statements are presented in the following:

#### a) Accounting policy for exploration expenses

The Company uses a "modified full cost method" to account for exploration costs. All exploration costs directly related to areas where the Company holds an interest are initially capitalised in cost centres by well, field or exploration area, as appropriate.

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. These estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. Circumstances may suggest that the carrying amount may exceed the recoverable value of the asset, and such assessment of circumstances involves judgment as to likely future commerciality of the asset and also when such commerciality should be determined.



## Note 4 Exploration expenses

<i>(Amounts in TNOK)</i>	2020	2019
Expensed capitalized exploration <sup>(1)</sup>		9 699
Direct seismic costs and field evaluation	3 306	2 479
G&G costs, Virtual Drilling	16 113	18 045
Consultants exploration	3 657	3 050
Other operating exploration expenses	3 103	(415)
<b>Total exploration expenses</b>	<b>26 180</b>	<b>32 858</b>

<sup>(1)</sup> Expensed capitalized exploration in 2019 is related to impairment of licence PL841.

## Note 5 Payroll and related cost

<i>(Amounts in TNOK)</i>	2020	2019
Salaries	20 191	20 504
Consultancy fees, hours invoiced to other companies	-2 183	-4 151
Social security	2 886	3 070
Pension costs	1 007	1 002
Share-based payment	125	369
Other employee related expenses	110	185
<b>Total</b>	<b>22 136</b>	<b>20 979</b>
Average number of employees	10	10

### Remuneration to board of directors and management:

See information in note 18 Related party disclosure regarding remuneration of key management and note 14 Share capital regarding share-based bonus program for key management.

### Pensions

The Company has a defined contribution pension plan for its employees which satisfies the statutory requirements in the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

### Share-based payment

The Company has a share-based payment plan for key employees as originally approved on 28 November 2014. These employees have been granted options that vest over a time frame of two years. The options expire three years subsequent to first possible date of exercise.

\*Following the divestment of Rolvsnes and Goddo options awarded as per date of sale vested and exercised as a result of Change of Control. The options representing cash value were paid out in cash, the cash value of each option valued to NOK 2.1 less strike price of the option of NOK 1.0.



## LIME PETROLEUM

<i>Options (1000)</i>	<b>Total granted and outstanding</b>	<b>Vested</b>
<b>2020</b>		
At 1 January	877	-
Granted	1935	-
Vested	-	-
Forfeited	-	-
At 31 December	<b>2 813</b>	-

<i>Options (1000)</i>	<b>Total granted and outstanding</b>	<b>Vested</b>
<b>2019</b>		
At 1 January	3 762	917
Granted	877	-
Vested*	-3 004	-917
Forfeited	-758	-
At 31 December	<b>877</b>	-

Weighted average exercise price is NOK 1.0

The Committee administering the share based plan during the financial year ending 31 December 2020 was the Board of Directors. No options were granted to Management or Directors nor to controlling shareholders and their associates.

## Note 6 Other operating expenses

### Other operating expenses include:

<i>(Amounts in TNOK)</i>	<b>2020</b>	<b>2019</b>
Travelling expenses	122	544
Consultant's and other fees <sup>1)</sup>	5 413	14 925
Other administrative expenses	3 431	3 864
<b>Total</b>	<b>8 966</b>	<b>19 333</b>

<sup>1)</sup>Fees includes payments to related parties. See note 18 for further information.

### Remuneration to auditor is allocated as specified below:

<i>(Amounts in TNOK)</i>	<b>2020</b>	<b>2019</b>
Audit	597	136
Other assistance	78	198
<b>Total, excl. VAT</b>	<b>675</b>	<b>334</b>



## Note 7 Finance income and costs

### Finance income:

(Amounts in TNOK)	2020	2019
Interest income	2 248	1 966
Net Foreign exchange effects	3 226	
<b>Total finance income</b>	<b>5 475</b>	<b>1 966</b>

### Finance costs:

(Amounts in TNOK)	2020	2019
Interest expenses loans and borrowings	7 549	10 382
Other interest expenses	193	359
Net Foreign exchange effects		8 930
Other finance costs	110	158
<b>Total finance costs</b>	<b>7 851</b>	<b>19 829</b>

## Note 8 Tax

### Specification of income tax:

(Amounts in TNOK)	2020	2019
Calculated refund tax value of exploration costs this year	161 808	168 045
Of this refund not recognised in income statement (acquisition of licences recognised net of tax)	-5 792	-72 118
Correction refund previous years	-4 123	4
Calculated tax refund other than tax value of exploration costs this year	2 500	
Change deferred tax	-108 257	-36 696
<b>Total income tax credit</b>	<b>46 136</b>	<b>59 234</b>

### Specification of tax receivable refund tax value exploration and other expenses:

(Amounts in TNOK)	2020	2019
Calculated refund tax value of exploration costs and other costs this year	164 308	168 045
Received prepaid payable tax, short term («negativ teminskatt»)	-1 570	
<b>Total tax receivable refund tax value exploration expenses and other expenses</b>	<b>162 738</b>	<b>168 045</b>

Oil-exploration companies operating on the Norwegian Continental Shelf may claim a 78 % refund of their exploration costs limited to taxable losses of the year. The refund is paid out in November the following year.



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### Specification of tax effects on temporary differences, tax losses carried forward and deferred tax:

<i>(Amounts in TNOK)</i>	2020	2019
Property, plant and equipment	-8	-344
Right-of-use assets	-2 765	-3 770
Capitalised exploration and licence costs	-174 305	-64 784
Leasing liabilities	2 772	3 728
Non-current borrowings	-242	-231
Tax losses carried forward, onshore	165	165
Tax losses carried forward, offshore 22 % basis	27 995	27 541
Tax losses carried forward, 56 % basis	33 889	33 454
Uplift earned	99	99
Deferred tax liability (-) / tax asset (+)	-112 399	-4 142
Not capitalised deferred tax asset (valuation allowance)	-165	-165
<b>Deferred tax liability (-) / tax asset (+) in balance sheet</b>	<b>-112 564</b>	<b>-4 307</b>

### Change in deferred taxes:

<i>Correction refund previous years, assessed but not settled (amounts in TNOK)</i>	2020	2019
Deferred taxes recorded in income statement	-108 257	-36 696
Deferred taxes recorded in balance sheet on sale of licences		388 938
<b>Total change in deferred taxes</b>	<b>-108 257</b>	<b>352 242</b>

"Deferred tax is calculated based on tax rates applicable on the balance sheet date. Ordinary income tax is 22 %, to which is added a special tax for oil and gas companies at the rate of 56 %, giving a total tax rate of 78%.

Companies operating on the Norwegian Continental Shelf under the offshore tax regime can claim the tax value of any unused tax losses or other tax credits related to its offshore activities to be paid in cash (including interest) from the tax authorities when operations cease. Deferred tax assets that are based on offshore tax losses carried forward are therefore normally recognised in full."

### Reconciliation of effective tax rate:

<i>(Amounts in TNOK)</i>	2019	2019
Profit (loss) before tax	-61 181	176 128
Expected income tax credit 78%	47 721	-137 380
Adjusted for tax effects (22%-78%)(23%-78% in 2018) of the following items:		
Permanent differences; sale of PL338c/PL815		206 192
Other permanent differences	-198	-376
Finance items	-1 926	-9 827
Adjustment previous years and other	539	624
Effect of new tax rates on deferred tax		
Expensed acquisition of licence net of tax		
<b>Total income tax credit</b>	<b>46 136</b>	<b>59 234</b>



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## Note 9 Investments in oil and gas licences

<i>(Amounts in TNOK)</i>	2020	2019
<b>Cost:</b>		
At 1 January	675 145	1 109 562
Additions	142 296	84 749
Disposals		-519 166
Cost at 31 December	817 441	675 145
<i>Amortisation and impairment losses</i>		
At 1 January	561 230	561 230
Amortisation this year		
Impairment this year	9 699	9 699
Disposals		
Accumulated amortisation and impairment at 31 December	570 928	570 928
<b>Carrying amount at 31 December</b>	<b>246 513</b>	<b>104 217</b>
Gain from sale of the licences PL.338c/PL.815		268 852

Licence portfolio	31.12.2020	31.12.2019
	Lime's share	Lime's share
PL.263 D	20,0 %	0,0 %
PL.263 E	20,0 %	0,0 %
PL.818	30,0 %	30,0 %
PL.818B	30,0 %	30,0 %
PL.838	30,0 %	30,0 %
PL.838B	30,0 %	30,0 %
PL.937	15,0 %	0,0 %
PL.937B	15,0 %	0,0 %
PL.1062	30,0 %	0,0 %



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## Note 10 Property, plant, equipment and intangible assets

(Amounts in TNOK)	Fixtures and data equipment	Intangible asset (software)
2020		
<b>Cost:</b>		
At 1 January 2020	1758	1550
Additions	832	200
Disposals	0	0
Cost at 31 December 2020	2589	1750
<b>Depreciation and impairment:</b>		
At 1 January 2020	-1542	-1550
Depreciation this year <sup>(1)</sup>	-234	-56
Impairment this year		
Disposals		
Accumulated amortisation and impairment at 31 December 2020	-1776	-1606
Carrying amount at 31 December 2020	814	144

<sup>(1)</sup> TNOK 56 of depreciation of software is included in Exploration expenses.



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(Amounts in TNOK)

2019

**Cost:**

At 1 January 2019	2126	2 288
Additions	41	0
Disposals	-410	-738
Cost at 31 December 2019	1758	1550

**Depreciation and impairment:**

At 1 January 2018	-1821	-2 288
Depreciation this year <sup>(2)</sup>	-130	-
Impairment this year	-	-
Disposals	410	738
Accumulated amortisation and impairment at 31 December 2019	-1542	-1550
Carrying amount at 31 December 2019	216	

<sup>(2)</sup> TNOK 0 of depreciation of software is included in Exploration expenses.

Economic life	3-5 years	3 years
Depreciation method	linear	linear



**LIME PETROLEUM**

## Note 11 Leases (IFRS 16)

**Right-of-use assets:**

The Company leases office facilities. The Company's right-of-use assets are categorised and presented in the table below:

(Amounts in TNOK)

<b>Right-of-use assets</b>	<b>Office facilities</b>
Acquisition cost at initial application 1 January 2020	6 123
Addition of right-of-use assets	
Disposal of right-of-use assets	
Acquisition cost 31 December 2020	6 123
Accumulated depreciation and impairment 1 January 2020	-1 289
Depreciation	-1 289
Impairment	
Disposal	
Accumulated depreciation and impairment 31 December 2020	-2 578
<b>Carrying amount of right-of-use assets 31 December 2020</b>	<b>3 545</b>
Lower of remaining lease term or economic life	3.75 years
Depreciation method	Linear
Acquisition cost at initial application 1 January 2019	7 840
Addition of right-of-use assets	0
Disposal of right-of-use assets	-1 717
Acquisition cost 31 December 2019	6 123
Accumulated depreciation and impairment 1 January 2019	0
Depreciation	-1 560
Impairment	0
Disposal	271
Accumulated depreciation and impairment 31 December 2019	-1 289
<b>Carrying amount of right-of-use assets 31 December 2019</b>	<b>4 834</b>
Lower of remaining lease term or economic life	4.75 YEARS
Depreciation method	LINEAR
<b>Leasing liabilities:</b>	
Lease liabilities 1 January 2020	4 893
Additions new lease contracts	0
Disposal (buy out of lease contracts)	0
Accretion lease liabilities	110
Payments of lease liabilities	-1 370
<b>Total leasing liabilities 31 December 2020</b>	<b>3 633</b>



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Break down of lease debt:	
Short-term	1 370
Long-term	2 262
<b>Total lease debt</b>	<b>3 632</b>

Maturity of future undiscounted lease payments under non-cancellable lease agreements:	
	<b>31.12.2020</b>
Within 1 year	1 370
1 to 5 years	2 398
After 5 years	-
<b>Total</b>	<b>3 768</b>

Lease liabilities at initial application 1 January 2019	7 840
Additions new lease contracts	
Disposal (buy out of lease contracts)	-1 459
Accretion lease liabilities	171
Payments of lease liabilities	-1 659
<b>Total leasing liabilities 31 December 2019</b>	<b>4 893</b>

Break down of lease debt:	
Short-term	1 370
Long-term	3 522
<b>Total lease debt</b>	<b>4 893</b>

Maturity of future undiscounted lease payments under non-cancellable lease agreements:	
	<b>31.12.2019</b>
Within 1 year	1 370
1 to 5 years	3 768
After 5 years	
<b>Total</b>	<b>5 138</b>

The leases do not impose any restrictions on the Company's dividend policy or financing opportunities.



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## Note 12 Prepayments and other receivables

Prepayments and other receivables include:

<i>(Amounts in TNOK)</i>	2020	2019
Prepaid expenses	1 462	1 405
VAT receivables	220	1 317
Receivables from group companies	1 116	10 514
Working capital and overcall, joint venture	13 162	12 255
Other short term receivables		18 080
<b>Total</b>	<b>15 960</b>	<b>43 572</b>

## Note 13 Cash and cash equivalents

<i>(Amounts in TNOK)</i>	2020	2019
Bank deposits	17 337	20 228
<b>Total cash and cash equivalents</b>	<b>17 337</b>	<b>20 228</b>

Of this:

Restricted cash for withheld taxes from employees salaries	953	845
Restricted cash for deposit office lease	868	868
Restricted cash for interest reserve on bank loan	3 019	2 430

## Note 14 Share capital and shareholder information

<i>Movements in share capital (amounts in NOK)</i>	Number of shares	Share capital
Share capital at 1 January 2019	130 320 000	130 320 000
Capital increase in 2019		
<b>End balance at 31 December 2019</b>	<b>130 320 000</b>	<b>130 320 000</b>
Share capital at 1 January 2020	130 320 000	130 320 000
Capital increase in 2020		
<b>End balance at 31 December 2020</b>	<b>130 320 000</b>	<b>130 320 000</b>

The share capital is denominated in NOK, and the nominal value per share as of 31 December 2019 was NOK 1. All issued shares are of equal rights.

The Company may remunerate employees in the form of options or other remuneration linked to the Company's shares or share value. Such employees participate in the Company's share-based bonus program.



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Shareholders as of 31 December 2020	Shares	Ownership
Schroder & Co Banque SA	13 032 000	10,0 %
Rex International Investments Pte. Ltd	117 288 000	90,0 %
<b>Total number of shares</b>	<b>130 320 000</b>	<b>100,0 %</b>

Rex International Investments Pte. Ltd is a wholly owned subsidiary of Rex International Holding Ltd. Board member Svein Helge Kjellesvik is a shareholder in Rex International Holding Ltd.

## Note 15 Interest-bearing loans and borrowings

(Amounts in TNOK)	Presentation in balance	2020	2019
Credit facility, nominal amount drawn	Current	155 000	140 000
Credit facility; Capitalised arrangement fee (subject to amortisation)	Current	-1 100	-1 050
Shareholder loan <sup>(*)</sup> incl. capitalized interest, nominal amount drawn in NOK	Current	30 820	10 089
<b>Carrying amount</b>		<b>184 720</b>	<b>149 039</b>

### Credit facility

The Company has a Revolving Exploration Financing Facility agreement of NOK 350 000 000 with Skandinaviska Enskilda Banken AB (SEB). The facility runs until December 2021, but the debt as at 31 December 2020 shall be repaid in December next year following receipt of tax refund (ref note 8). The debt is therefore classified as current liability. The agreed interest rate is three month NIBOR + 2.0 %.

### Assets pledged as security

The credit facility mentioned above is for the lender secured by a first priority assignment of the tax refunds, first priority charge over the bank accounts, and a first priority assignment of insurances.

### Guarantee

Rex International Investments Pte. Ltd has provided a parent company guarantee to the Ministry of Petroleum and Energy on basis of the Norwegian Petroleum Act sec. 10-7.



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## Note 16 Financial instruments

### Financial instruments by category

(Amounts in TNOK)

At 31 December 2020

<b>Financial assets</b>	<b>Amortized cost</b>	<b>Total carrying amount</b>
Receivables from Group companies	1116	1116
Other receivables <sup>1)</sup>	0	0
Cash and cash equivalents	17 337	17 337
<b>Total</b>	<b>18 453</b>	<b>18 453</b>

<sup>1)</sup>Prepayments and VAT receivables are not included.

<b>Financial liabilities</b>	<b>Amortized cost</b>	<b>Total carrying amount</b>
Shareholder loan (long term)		
Borrowings, short term	184 720	184 720
Trade creditors	7 536	7 536
Other current liabilities <sup>1)</sup>	1 346	1 346
<b>Total</b>	<b>193 602</b>	<b>193 602</b>

<sup>1)</sup>Public duties payable and accruals are not included.

At 31 December 2019

<b>Financial assets</b>	<b>Amortized cost</b>	<b>Total carrying amount</b>
Receivables from group companies	10 514	10 514
Other receivables <sup>1)</sup>	18 080	18 080
Cash and cash equivalents	20 228	20 228
<b>Total</b>	<b>48 822</b>	<b>48 822</b>

<sup>1)</sup>Prepayments and VAT receivables are not included.

<b>Financial liabilities</b>	<b>Amortized cost</b>	<b>Total carrying amount</b>
Shareholder loan (long term)		
Borrowings, short term	149 039	149 039
Trade creditors	18 670	18 670
Other current liabilities <sup>1)</sup>	1 262	1 262
<b>Total</b>	<b>168 971</b>	<b>168 971</b>

<sup>1)</sup>Public duties payable and accruals are not included

### Fair value of financial instruments

It is assessed that the carrying amounts of financial instruments recognized at amortized cost in the financial statements approximate their fair values.



### Financial risk management

#### Overview

The Company has some exposure to risks from its use of financial instruments, including credit risk, liquidity risk, interest rate risk and currency risk. This note presents information about the Company's exposure to each of the above mentioned risks, and the Company's objectives, policies and processes for managing such risks. At the end of this note, information regarding the Company's capital management is provided.

#### Market risk from financial instruments

##### a) Interest rate risk

"Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest risk arises from its credit facility which has variable rates terms. As at 31 December 2020, if the interest rate had been 0,5% higher, the net loss before tax would have been TNOK 775 higher (TNOK 700 in 2019)!"

##### b) Foreign currency risk

The Company has limited exposure to currency risk from assets and liabilities recognised as at 31 December 2020, through trade receivables and payables denominated in USD. An increase in the exchange rate of USD of 10 % would have resulted in a finance loss pre tax of TNOK 274 (TNOK 625 in 2019).

#### Credit risk

The carrying amounts of financial assets presented above represent the Company's maximum credit exposure. The counterparty to the cash and cash equivalents and other financial assets are large banks with solid credit ratings. The Company monitors the credit ratings of its main counterparties on a regular basis.

#### Liquidity risk

"Liquidity risk is the risk of being unable to pay financial liabilities as they fall due. The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its financial liabilities as they fall due, under normal as well as extraordinary circumstances, without incurring unacceptable losses or risking damage to the Company's reputation. Prudent liquidity risk management implies maintaining sufficient cash and the availability of appropriate funding.

The following table details the contractual maturities for the Company's financial liabilities. The tables includes amounts for both principal and interest payments. The contractual amounts were estimated based on closing exchange rate at balance sheet date."

#### At 31 December 2020

(Amounts in TNOK)	Less than 3 months	3 to 12 months	1 to 5 years	Total
Shareholder loan	0	30 820		30 820
Borrowings, short term	969	157 906	-	158 875
Trade creditors and other short term liabilities	7 912	970	-	8 882
<b>Total liabilities</b>	<b>8 881</b>	<b>189 696</b>	<b>0</b>	<b>198 577</b>

#### At 31 December 2019

(Amounts in NOK)	Less than 3 months	3 to 12 months	1 to 5 years	Total
Shareholder loan	0	10 089		10 089
Borrowings, short term	1 344	144 032	-	145 376
Trade creditors and other short term liabilities	18 951	981	-	19 932
<b>Total liabilities</b>	<b>20 296</b>	<b>155 102</b>	<b>0</b>	<b>175 397</b>

#### Capital management

A key objective in relation to capital management is to ensure that the Company maintains a sufficient capital structure in order to support its business development and to maintain a strong credit rating. The Company evaluates its capital structure in light of current and projected cash flows, potential new business opportunities and the Company's financial commitments. In order to maintain or adjust the capital structure, the Company may issue new shares or obtain new loans.



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### Note 17 Other current liabilities

<i>(Amounts in TNOK)</i>	2020	2019
Public duties payable	1509	1270
Salary and vacation payable	1346	1262
Working capital and undercall, joint venture	7751	18795
Short-term leasing debt	1370	1370
Other accruals for incurred costs	301	264
<b>Total</b>	<b>12 277</b>	<b>22 961</b>

### Note 18 Related party disclosure

*(Amounts in TNOK)*

#### a) Purchases from related parties

Purchase of services from	Description of services	2020	2019
Rex International Holding Ltd <sup>(a)</sup>	Consulting services	2114	2357
Inoil AS <sup>(a)</sup>	Consulting services		3949
Rex Technology Management Ltd <sup>(b)</sup>	Rex Virtual Drilling analysis	16113	18045

<sup>(a)</sup> Rex International Holding Ltd owns 100 % of the shares in Rex International Investments Pte. Ltd which owns 90 % of the shares in Lime Petroleum AS.

<sup>(a)</sup> A company controlled by Terje Hagevang, former CEO in Lime Petroleum AS. The amount for 2019 includes purchases of TNOK 1651 invoiced directly to related parties (see b).

<sup>(b)</sup> Rex Technology Management Ltd is owned 100 % by Rex International Investments Pte. Ltd.

#### b) Sales to related parties

Sales of consulting services to (see also note 5 Payroll)	2020	2019
Group companies under control of Rex International Holding Ltd.	2183	3967
Trace Atlantic Oil Ltd <sup>(a)</sup>		184

<sup>(a)</sup> A company jointly controlled by Karl Lidgren, Hans Lidgren and Svein Helge Kjellesvik who has significant influence over Rex International Holding Ltd through their shareholding.



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### c) Balances with related parties (trade payables)

Related party	2020	2019
Group companies under control of Rex International Investments Pte.Ltd	1116	10 514

### d) Balances with related parties (trade payables)

Related party	2020	2019
Group companies under control of Rex International Holding Ltd	402	6 405

### e) Balances with related parties (non-current liabilities)

See note 15. Interest-bearing loans and borrowings.

### Compensation to key management 2020

(Amounts in TNOK)

Position	Salary/ Board fee	Pension contribution	Total 2020
CEO Lars B. Hübert	3 220		3 220
Board of Directors	11 561		11 561

CEO Lars B. Hübert is remunerated through invoicing as self-employed.

As at 31 December 2020 there is no agreement of bonus to key management.

The Company may remunerate employees in the form of options or other remuneration linked to the Company's shares or share value. Such employees participate in the Company's share-based bonus program.

### Compensation to key management 2019

(Amounts in TNOK)

Position	Salary/ Board fee	Pension contribution	Total 2019
CEO Terje Hagevang (CEO until 31 may 2019)	1 237	108	1 345
CEO Lars B. Hübert (CEO from 1 June 2019)	1 610	0	1 610
Board of Directors	4 237	0	4 237



## LIME PETROLEUM

### Note 19 Contingent liabilities

The company has not been involved in any legal or financial disputes in 2020 where adversely outcome is considered more likely than remote.

### Note 20 Shares in licences and obligations

The company's 2021 obligations related to the licence portfolio as at year end estimated to a total of 176 million. This forecast is based on operator's licence budgets and includes one farm-in well and obligations related to APA2020 awards.

### Note 21 Events after the balance sheet date

Following its participation in the APA2020 licencing round, Lime was awarded four licences, announced in January 2021. 20% participating share in PL1093 (El Teide), 40% participating share in PL1111 (Kings Canyon), 50% participating share in PL1125 (Falk) and 20% participating share in PL263F (add-on). The licences were formally awarded by the authorities 19 February 2021.

On the 6 April 2021 Lime signed an agreement with ONE-Dyas Norge AS to swap its 20 per cent interests in each of the licences PL263D, PL263E, and PL263F Sierra (previously known as Apollonia) in the Norwegian Sea for ONE-Dyas' 13.3 per cent interest in PL433 Fogelberg. Approval from the Ministry of Petroleum and Energy is expected during second quarter 2021.

An amendment to the shareholder loan agreement with Rex was signed 15 April 2021 extending the expiry date of loan facility to 15 April 2022. The size of the loan facility NOK 50 million.

The company is taking the current Corona Virus pandemic very seriously, and is following the recommendations from the Norwegian Institute of Public Health (FHI) to mitigate the virus. The company has instituted home officing for the employees. Business travel is reduced/eliminated, replaced by videoconferencing. These measures will be in place as long as recommended by FHI. The company anticipates improved business conditions in the long term and will continue monitoring the situation globally.



## ANNUAL REPORT 2020



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To the General Meeting of Lime Petroleum AS

### Independent auditor's report

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of Lime Petroleum AS, which comprise the balance sheet as at 31 December 2020, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

##### Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### Offices in:

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Oslo	Elverum	Mo i Rana	Stord
Ållå	Finnsetnes	Molde	Strømme
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Buda	Knanvik	Sandnessjøen	Tysnes
Drammen	Kristiansand	Stavanger	Ålesund



## LIME PETROLEUM



Lime Petroleum AS

### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit 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.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**ANNUAL REPORT 2020**



Lime Petroleum AS

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 23 April 2021  
KPMG AS

Stian Tørrestad  
State Authorised Public Accountant



**LIME PETROLEUM AS**

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