



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	919 496 649
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	HARBOUR ENERGY NORGE AS
Forretningsadresse:	4th floor Haakon VIIIs gate 1 0161 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021
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Konsern

Morselskap i konsern:	Nei
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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:	Michael Spanggaard Haagaard
Dato for fastsettelse av årsregnskapet:	25.05.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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, 26.05.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Kostnader			
Exploration and evaluation expenditure	3	483 094 000	85 887 000
General and administrative costs	4,5	22 740 000	11 696 000
Sum kostnader		505 834 000	97 583 000
Driftsresultat		-505 834 000	-97 583 000
Finansinntekter og finanskostnader			
Finance income	6	38 000	4 271 000
Sum finansinntekter		38 000	4 271 000
Finance expenses	6	35 253 000	8 873 000
Sum finanskostnader		35 253 000	8 873 000
Netto finans		-35 215 000	-4 602 000
Ordinært resultat før skattekostnad		-541 049 000	-102 185 000
Tax credit	7	-394 554 000	-76 065 000
Ordinært resultat etter skattekostnad		-146 495 000	-26 120 000
Årsresultat		-146 495 000	-26 120 000
Overføringer og disponeringer			
Udekket tap		-146 495 000	-26 120 000
Sum overføringer og disponeringer		-146 495 000	-26 120 000



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Exploration and evaluation assets	8	254 204 000	173 362 000
Sum immaterielle eiendeler		254 204 000	173 362 000
Varige driftsmidler			
Right-of-use assets	10	6 095 000	9 582 000
Furniture, fixtures and fittings	9	2 921 000	4 902 000
Sum varige driftsmidler		9 016 000	14 484 000
Sum anleggsmidler		263 220 000	187 846 000
Omløpsmidler			
Varer			
Fordringer			
Tax refund	7	453 700 000	163 724 000
Debtors: amounts falling due within one year	12	32 199 000	10 122 000
Sum fordringer		485 899 000	173 846 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	13	117 792 000	29 821 000
Sum bankinnskudd, kontanter og lignende		117 792 000	29 821 000
Sum omløpsmidler		603 691 000	203 667 000
SUM EIENDELER		866 911 000	391 513 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Called up share capital	21	30 000	30 000
Overkurs	21	191 447 000	191 447 000



Balanse

Beløp i: NOK	Note	2021	2020
Ikke registrert kapitalforhøyelse	21	273 342 000	
Sum innskutt egenkapital		464 819 000	191 477 000
Opptjent egenkapital			
Udekket tap		225 332 000	78 837 000
Sum opptjent egenkapital		-225 332 000	-78 837 000
Sum egenkapital		239 487 000	112 640 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	7	177 939 000	109 844 000
Lease liability	17	2 681 000	6 144 000
Sum avsetninger for forpliktelser		180 620 000	115 988 000
Annen langsiktig gjeld			
Sum langsiktig gjeld		180 620 000	115 988 000
Kortsiktig gjeld			
Exploration loan	15	392 646 000	121 404 000
Lease liability	17	4 071 000	4 076 000
Creditors: amounts falling due within one year	14	50 087 000	37 405 000
Sum kortsiktig gjeld		446 804 000	162 885 000
Sum gjeld		627 424 000	278 873 000
SUM EGENKAPITAL OG GJELD		866 911 000	391 513 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 419653

Enheten

Organisasjonsnummer: 919 496 649
Organisasjonsform: Aksjeselskap
Foretaksnavn: CHRYSAOR NORGE AS
Forretningsadresse: 4th floor
Haakon VIIIs gate 1
0161 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

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: Michael Spanggaard Haagaard
Dato for fastsettelse av årsregnskapet: 25.05.2022

Revisjon

Årsregnskapet er utarbeidet av ekstern
autorisert regnskapsfører: Ja
Ekstern autorisert regnskapsfører har i
løpet av regnskapsåret bistått ved den
løpende regnskapsføringen eller utført
andre tjenester for selskapet enn å
utarbeide årsregnskapet: Ja

Grunnlag for avgivelse

År 2021: Årsregnskap er elektronisk innlevert.
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Brønnøysundregistrene, 14.06.2022

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673



Organisasjonsnr: 919 496 649
CHRYSAOR NORGE AS

RESULTATREGNSKAP

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Organisasjonsnr: 919 496 649
CHRYSAOR NORGE AS

BALANSE

Beløp i: NOK **Note** **2021** **2020**

BALANSE - EIENDELER

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Omløpsmidler

Varer

Fordringer

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BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

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Organisasjonsnr: 919 496 649
CHRYSAOR NORGE AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
4

Antall årsverk i regnskapsåret
28.00

Sum Beløp

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Konsern, tilknyttet selskap m.v. - fordringer og gjeld

Fordringer

Samlet beløp - tilknyttet selskap Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - felles kontrollert virksomhet Årets Fjorårets

Pantstillelse Beløp



Beholdning av egne aksjer Antall Pålydende Andel av aksjek.

Note

4

Lån og sikkerhetsstillelse til medlemmer

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

Opplysninger om:

Medlemmer av:

Mer om lån og sikkerhetsstillelse



Skatteetaten

Vår dato	Din/Deres dato	Saksbehandler
22.01.2018	21.12.2018	Torstein Kinden Helleland
800 80 000	Din/Deres referanse	Telefon
Skatteetaten no	Marit Brastad	22078139
Org.nr	Vår referanse	Postadresse
974761076	2019/5232102	Postboks 9200 Grønland 0134 OSLO

SUMIT UP AS
Bankveien 7
1383 ASKER

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Chrysaor Norge AS, org.nr. 919 496 649

Det vises til deres brev av 21. desember 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Chrysaor Norge AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Chrysaor Norge AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Chrysaor Norge AS er et heleid datterselskap av det engelske Chrysaor E&P Ltd. Selskapet har som formål å drive virksomhet relatert til produksjon og leting etter hydrokarbon og virksomhet relatert til dette. Selskapets arbeidsspråk er engelsk. Selskapet opererer i sektorer, der engelsk er det klart dominerende språket. All kommunikasjon med selskapets primære kunder og kreditorer foregår på engelsk.

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 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.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapets er eiet av et utenlandsk selskap. Virksomheten er utpreget internasjonal og arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Henning Stokke
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Chrysaor Norge AS

Registered Company Number 919 496 649

Report and Financial Statements

31 December 2021



Chrysaor Norge AS

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Chrysaor Norge AS

Corporate information

Directors

Alexander Krane

Howard Landes

Michael S. Haagaard

Independent Auditors

Ernst & Young AS

Dronning Eufemias Gate 6A

0107 Oslo

Norway

Registered Office

Haakon VII's Gate 1

0161 Oslo

Norway

Company No. 919 496 649



Chrysaor Norge AS

Directors' report

THE BUSINESS

The original shelf company was incorporated in August 2017 and subsequently acquired and renamed as Chrysaor Norge AS (the 'Company') in March 2018 as a company engaged in oil and gas exploration and exploitation on the Norwegian Continental Shelf. The company is incorporated in Norway with Company Number 919 496 649 and has its primary place of business at Haakon VII's gate 1, 0161 Oslo.

REVIEW OF BUSINESS AND OPERATIONS

The significant events during the year were:

- In January 2021, the Company was awarded six (6) production licenses by the Ministry of Petroleum and Energy (MPE) in relation to the Awards in Predefined Areas (APA) 2020 Offshore Licensing Round; PL 1087 (blocks 2/2 & 5) where the Company's working interest is 50%, PL 1089 (blocks 1/5 & 6) where the Company's working interest is 50%, PL 1092 (blocks 15/6 & 9) where the Company's working interest is 50%, PL 1093 (blocks 16/4, 5, 6, 8 & 9) where the Company's working interest is 50%, PL 1113 (blocks 6407/8, 9 & 11) where the Company's working interest is 30% and PL 1114 (blocks 6407/7, 8, 10 & 11) where the Company's working interest is 40%.
- In January 2021, the Company received the consent from the Petroleum Safety Authority to drill 15/12 - 25 (Jerv) and 15/12 - 26 (Ilder) as operator using the COSL Innovator.
- In February 2021, the Company spudded 15/12 - 25 (Jerv) which marked the start of the PL 973 drilling campaign comprising two (2) wells and in turn the Company first operated well on the Norwegian Continental Shelf (NCS).
- In February 2021, the Company entered into a Sales and Purchase Agreement with Suncor Energy Norge AS under which the Company will acquire a 15% working interest in PL 956. The transaction was approved by the authorities in June 2021.
- In March 2021, the Company completed well 15/12 - 25 designed to test the Paleocene (Ty Fm) Jerv Prospect in PL 973. The well was drilled to a vertical depth of 2795 metres below mean sea level using the COSL Innovator semisubmersible rig with the following result:
 - (i) The well encountered a 40 metre gas/condensate column in the Ty Formation of which 30 metres in sandstone with good reservoir quality the gas/water contact was not encountered.
 - (ii) Collected pressure data in the reservoir showed low pressures due to pressure reduction (depletion).
 - (iii) The PL 973 licence partners have, anchored in the limited in place resources and in turn limited recoverable resources due to depletion, concluded that the discovery is not possible to develop commercially.
- In March 2021, the Company spudded 15/12 - 26 (Ilder) the second well in the PL 973 2021 drilling campaign.
- In March 2021, the Company amended the existing three (3) year Exploration Financing Facility with Skandinaviska Enskilda Banken (SEB) as follows:
 - (i) The total available amount was increased from NOK 750 million to NOK 1 billion.
 - (ii) The accordion option was increased from NOK 250 million to NOK 600 million.
 - (iii) The availability period was extended with one (1) year to 31st December 2022.
 - (iv) ING Bank N.V joined Skandinaviska Enskilda Banken (SEB) as lender.
- In May 2021, the Company completed well 25/12 - 26 designed to test the Upper Jurassic (Ula Fm) Ilder Prospect in PL 973. The well was drilled to a vertical depth of 2762 metres below mean sea level using the COSL Innovator semisubmersible rig with



Chrysaor Norge AS

Directors' report (continued)

the following result:

(i) The well encountered a sandstone layer of approximately 60 metres in the Upper Jurassic with excellent reservoir quality but water wet.

(ii) No reservoir encountered in the Triassic.

(iii) The well is classified as dry.

- In September 2021, the Company participated in the APA 2021 Offshore Licensing Round.
- In September 2021, the Company decided to withdraw from PL 038 D and PL 974 and informed the respective licence partners accordingly - the exit will take effect from 30th June 2022.
- In December 2021, Equinor spudded 6407/9-13 (Ginny) in PL 1060 where the Company holds a 20% working interest.
- In December 2021, the Company converted outstanding debt of US\$ 30 098 063, equivalent to NOK 273 341 579, to its sole shareholder Chrysaor E&P Ltd., to shares through a share capital increase.
- As of 31st December 2021, the Company holds working interests in eighteen (18) licences on the Norwegian Continental Shelf.

The Company worked actively in 2021 to expand its portfolio via a combination of organic and acquisition based growth and has identified several opportunities that may materialise during 2022.

The Company's financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

FINANCIAL RESULTS

The Company presents the accounts for the period from 1 January 2021 to 31 December 2021 ('the period').

The Company had no operating income generated from production during the period. The operating loss consist mainly of write-downs of assets, exploration and pre-development costs, salaries and personnel related costs and administrative costs. The total operating costs in period were NOK 505,8 million (2020: NOK 97,6 million), whereof NOK 483,1 million (2020: NOK 85,9 million) were related to write-down of assets, exploration, pre-development and evaluation expenditures, and NOK 22,7 million (2020: NOK 11,7 million) to general and administrative costs.

The write-down costs in the period were NOK 338,1 million (2020: NOK 35,5 million) and consist of write-down of the dry well costs for the 15/12-25 (Jerv) and 15/12-26 (Ilder) wells, partly write-down of the dry well costs for the 6407/9-13 (Ginny), impairment of the PL 038 D/PL 974 licences and impairment of the PL 1033 licence.

The Company's net financial expense amounted to a charge of NOK 35,2 million (2020: NOK 4,6 million) and consisted mainly of interest costs related to the parent company funding, foreign exchange loss on the US Dollar denominated parent company funding and interest costs related to the Exploration Financing Facility with Skandinaviska Enskilda Banken AB (SEB)/ING Bank N.V.



Chrysaor Norge AS

Directors' report (continued)

The Company operates under and is subject to the tax refund regime whereof 78% of the eligible exploration costs are subject to a refund from the Norwegian Tax Authorities. In addition, the Norwegian authorities have enacted a temporary change to the tax regime for oil and gas companies for the income years 2020 and 2021, whereby the tax value of any remaining tax losses is paid in cash in six instalments. The total tax refund, which together with changes in deferred tax resulted in a net tax credit of NOK 394,6 million in the income statement (2020: credit NOK 76,1 million).

The Company's net result after tax is a loss of NOK 146,5 million (2020: loss NOK 26,1 million).

The net cash inflow was NOK 88,0 million (2020: NOK 57,6 million outflow). The net cash inflow generated from financing activities was NOK 507,2 million (2020: NOK 28,9 million), as a result of parent company funding and net drawdown of the Exploration Financing Facility, whilst the net cash outflow from operating activities was NOK 3,3 million (2020: NOK 73,2 million inflow) which mainly consists of the loss before tax, offset by tax refund received and write-off of exploration assets. The net cash outflow from investing activities was NOK 416,0 million (2020: NOK 159,6 million) and consisted of investments in exploration, pre-development and evaluation assets.

BALANCE SHEET AND FINANCING

Total assets at 31 December 2021 were NOK 866,9 million (2020: NOK 391,5 million). Total assets consisted mainly of cash and cash equivalents, capitalised exploration, pre-development and evaluation assets, right-of-use assets related to the office lease and the calculated tax refund from the Norwegian Tax Authorities which is due for reimbursement in Q4 2022.

In 2021, Chrysaor Norge AS was financed through funding from the parent company, draw down of the Exploration Financing Facility in addition to available cash and has a positive equity position of NOK 239,5 million, compared to a positive position of NOK 112,6 million in 2020. In December 2021, the Company converted the outstanding debt to its sole shareholder Chrysaor E&P Ltd. to shares through a share capital increase which in turn resulted in a positive equity position for the Company. The total liabilities in the company were NOK 627,4 million (2020: NOK 278,9 million) mainly related to the drawdown of the Exploration Financing Facility, the deferred tax liability position and current short-term liabilities.

The funding commitment from the parent company is regulated by a shareholder loan agreement formalised in July 2019 and provides the Company with sufficient funds to implement its business plan in the medium term.

The Letter of Support provided by the parent company, confirms the shareholder's continued support anchored in the Board approved three years business plan.

Based on the above, the Board considers that the conditions for a going concern are fulfilled, and the financial statements have been prepared accordingly.



Chrysaor Norge AS

Directors' report (continued)

FINANCIAL RISKS

The Company considers the main financial risk factors to be the commodity prices and foreign exchange rates.

Despite the fact that the Company currently holds no interest in any producing assets, it considers the commodity prices to be an important parameter which will directly influence the overall cost level and competition within the industry and valuation of exploration assets which in turn will have a direct impact on the Company's ability to implement its strategy and objectives including acquisition of assets and ultimately the Company's further development.

It is the Board's view that the domestic interest rates will increase from historic low levels but remain relatively low and consequently have a limited impact on the Company's overall financing costs in the medium term.

The Norwegian Krone was stable compared to the US Dollar throughout 2021 and the currency exposure to the US Dollar has a limited impact of the financing costs.

WORKING ENVIRONMENT, STAFF AND HSEQ

As of 31 December 2021, the Company employed a total of thirty (30) employees (2020: twenty-seven (27) employees). The highly competent team with comprehensive and diversified experience allows the Company to effectively manage all aspects of an exploration and production (E&P) business.

The absence due to sickness, including children's sickness, amounted to 1,09 % of total working hours in 2021 (2020: 3,10%). The absence includes one (1) long-term (non-work related) sickness leave.

As a result of the ongoing Covid-19 pandemic and the national restrictions and guidelines imposed by the Norwegian Government, the company has altered between a reduced number of staff in the office, home office and personal on a rotation schedule during the year. In January 2021, the office closed temporarily for a period of seven (7) months, the staff worked from home followed by a period of four (4) months with an office rotation plan allowing a risk assessed and justifiable number of staff in the office. In the beginning of December 2021, the staff returned to working from home for the remainder of the year.

Chrysaor Norge AS is maintaining a strict regime to protect its employees and are aware the company's responsibility to minimise the impact on the society during the pandemic. Risk assessments with focus on health risk and business criticality has been conducted for all travel activities and physical meetings throughout the year and was reduced to a bare minimum.

A primary goal for Chrysaor Norge AS is to further develop a culture of openness with no barriers related to all aspects of HSEQ both within the Company and when working with stakeholders in order to secure a safe working environment, high level of quality and minimal impact on the environment.

2021 has been an active year with planning, preparation and execution of the Company's operated drilling campaign comprising two (2) wells in PL 973. The drilling campaign was completed without any injury to personnel, no unplanned discharges to the environment and



Chrysaor Norge AS

Directors' report (continued)

without any reported incidents or near misses to the Authorities. At the end of the drilling campaign, the Company were audited by the Norwegian Environment Agency, with no major findings as result. The audit was carried out digitally via Teams as the Covid-19 situation did not allow rig visits and physical meetings at that time. The Emergency Response Organisation comprising the Company's employees and relevant external resources, has been regularly trained in preparation for and during the period with operational activity, and competency was maintained throughout the year.

Chrysaor Norge AS is reporting on environmental data according to the regulations, expectations and formats set out by the relevant authorities and its parent company Harbour Energy Plc.

Chrysaor Norge AS's Business Management System has been further developed during the year based on the experience and lessons learned from the operational activity, and by implementing changes to the Group Management System following the formation of Harbour Energy Plc.

Chrysaor Norge AS was part of the successful re-certification of the ISO14001:2015 Environmental Management System standard during Q3 2021.

REPORTING NORWEGIAN GENDER EQUALITY ACT

Chrysaor Norge AS is committed to gender equality and the Board of Directors will ensure that this is promoted in the organisation by developing a range of procedures for internal publication which will promote gender equality in the Company. These procedures will include but are not limited to Equal Opportunities and Anti-Harassment and Bullying. Out of the thirty (30) employees as of 31 December 2021, nine (9) are female. The Board of Director's consists of three (3) males.

RESEARCH AND DEVELOPMENT

Chrysaor Norge AS continued participating in the Digital Cuttings Project managed by Norwegian Oil and Gas Association (NOROG) in 2021. The overall goal of the project is to analyse cutting samples from 1.500 wells during a three (3) year period and make the results available to the contributing companies through the national database DISKOS. The project will make all wells back to 1965 available for modern analytics like Machine Learning (ML) and Artificial Intelligence (AI).

The Company also participated in the Crustal Onshore-Offshore project phase (Coop3), a Joint Venture project managed by Norges Geologiske Undersøkelse (NGU) to study crustal structures, fracturing and temperatures in one of the company's key license areas, which also comprises experimental processing of refractions on regular reflection seismic data.

Furthermore, the Company joined a study managed by Exploro, entitled Oil-source Correlation in the Norwegian Sea using Nuclear Magnetic Resonance (NMR) which is encouraged by the Norwegian Petroleum Directorate (NPD). The study is aiming to identify the various source rocks contributing to the hydrocarbon populations in Company's key license areas in Mid-Norway, where gas and condensate is impossible to distinguish by classical biomarkers.



Chrysaor Norge AS

Directors' report (continued)

CORPORATE GOVERNANCE

The Company has prepared and implemented a management system, which is monitored actively and continuously improved and updated by all relevant stakeholders. Two (2) General Meetings and six (6) Board Meetings were conducted during 2021.

FINANCIAL STATEMENTS AND ALLOCATIONS

It is the Board of Directors' opinion that the financial statement including the income statement, the balance sheet including notes, the statement of changes in equity and the cash flow statement gives a true and fair view of the state of the affairs in the Company. The Board of Directors is not aware of any material matters regarding the Company's financial statement and affairs that are not reflected in the income statement and balance sheet statement.

The net loss for the year was NOK 146,5 million. The Board proposes that the net result is transferred to uncovered loss. The Company's equity position is positive by NOK 239,5 million, compared to a position of NOK 112,6 million as of 31 December 2020.

SUBSEQUENT EVENTS

In January 2022, Chrysaor Norge AS was awarded four (4) production licenses by the Ministry of Petroleum and Energy (MPE) in relation to the Awards in Predefined Areas (APA) 2021 Offshore Licensing Round; PL 1138 (blocks 15/9 & 16/4 & 7) where the Company's working interest is 40%, PL 1155 (blocks 6407/10 & 11) where the Company's working interest is 20%, PL 1162 (block 6407/2) where the Company's working interest is 30% and PL 1164 (block 6507/11) where the Company's working interest is 30%.

The awards of the licences listed above has triggered additional payments related to seismic uplifts to vendors in accordance with and regulated by the existing Master Licence Agreements. The additional payments of seismic uplift amounts to approximately NOK 54 million and will be accounted for in 2022.

In February 2022, Equinor (Operator) completed well 6407/9-13 designed to test the Ginny Prospect in PL 1060 comprising four (4) prospective levels in the Upper Jurassic (Rogn/Spekk Fm and Melke Fm) and Middle Jurassic (Garn Fm and Ile Fm) respectively with the following result:

(i) The well encountered a sandstone of approximately 40 metres in the Upper Jurassic Melke Fm with excellent reservoir quality but water wet.

(ii) The well encountered a sandstone of approximately 87 metres in the Middle Jurassic Garn Fm with excellent reservoir quality but water wet.



Chrysaor Norge AS

Directors' report (continued)

(iii) The well encountered a sandstone of approximately 39 metres in the Middle Jurassic lls Fm with good reservoir quality but water wet.

(iv) The well is classified as dry.

MARKET OUTLOOK AND FUTURE PROSPECTS

The Board's view is that global energy demand will continue to increase, which in turn will lead to a stable demand for hydrocarbons despite the increased access to and demand for renewable energy. The Company's stated strategy of creating a full cycle E&P Company via safe and sustainable growth and being a visible and active player on the Norwegian Continental Shelf, in combination with the high frequency of the Standard Offshore Licencing Rounds, the annual APA Offshore Licencing Rounds and an active farm-in market, leads the Board to be optimistic about the potential to acquire attractive new exploration licences and producing assets through a combination of organic and acquisition based growth.

Oslo, 24 May 2022

Alexander Krane

Alexander Krane (May 24, 2022 08:58 GMT+01)

Alexander Krane

Chairman of the Board

Howard Landes

Howard Landes (May 24, 2022 10:33 GMT+01)

Howard Landes

Board Member



Michael S. Haagaard

Board Member/Country Manager

Company Registered No. 919 496 649



Chrysaor Norge AS

Income statement

for the period ending 31 December

	Note	2021 NOK 000	2020 NOK 000
Revenue		-	-
Exploration & evaluation expenditure	3	(483 094)	(85 887)
General and administrative costs	4,5	(22 740)	(11 696)
Operating loss		(505 834)	(97 583)
Finance income	6	38	4 271
Finance expenses	6	(35 253)	(8 873)
Loss before taxation		(541 049)	(102 185)
Tax credit	7	394 554	76 065
Loss for the period		<u>(146 495)</u>	<u>(26 120)</u>

Statement of comprehensive income

	2021 NOK 000	2020 NOK 000
Loss for the period	(146 495)	(26 120)
Total comprehensive loss for the financial period	<u>(146 495)</u>	<u>(26 120)</u>

The notes on pages 14 to 37 form part of these financial statements.



Chrysaor Norge AS

Balance sheet

as at 31 December

		2021	2020
	Note	NOK 000	NOK 000
Non-current assets			
Furniture, fixtures & fittings	9	2 921	4 902
Right-of-use assets	10	6 095	9 582
Exploration and evaluation assets	8	254 204	173 362
Total non-current assets		263 220	187 846
Current assets			
Tax refund	7	453 700	163 724
Debtors: amounts falling due within one year	12	32 199	10 122
Cash and cash equivalents	13	117 792	29 821
Total current assets		603 691	203 667
Total assets		866 911	391 513
Current liabilities			
Creditors: amounts falling due within one year	14	(50 087)	(37 405)
Lease liability	17	(4 071)	(4 076)
Exploration loan	15	(392 646)	(121 404)
Total current liabilities		(446 804)	(162 885)
Non-current liabilities			
Lease liability	17	(2 681)	(6 144)
Deferred tax	7	(177 939)	(109 844)
Total non-current liabilities		(180 620)	(115 988)
Total liabilities		(627 424)	(278 873)
Net assets		239 487	112 640
Capital and reserves			
Called up share capital	21	30	30
Share premium account	21	191 447	191 447
Unregistered share capital	21	273 342	-
Accumulated losses		(225 332)	(78 837)
Total equity		239 487	112 640

The notes on pages 14 to 37 form part of these financial statements.

The financial statements on pages 10 to 37 were approved by the Board of Directors on 24 May 2022 and signed by:

Alexander Krane
 Alexander Krane (May 24, 2022 11:59 GMT+1)
 Alexander Krane
 Chairman of the Board

Howard Landes
 Howard Landes (May 25, 2022 07:59 GMT+1)
 Howard Landes
 Board Member

Michael Haagaard
 Michael Haagaard
 Board Member / Country
 Manager

Company Registration No: 919 496 649



Chrysaor Norge AS

Statement of changes in equity

for the period ended 31 December

	Share capital NOK 000	Share premium account NOK 000	Unregistered share capital NOK 000	Accumulated losses NOK 000	Total NOK 000
At 1 January 2020	30	-	191 447	(52 717)	138 760
Total comprehensive loss for the period	-	-	-	(26 120)	(26 120)
Registration of share issue	-	191 447	(191 447)	-	-
At 31 December 2020	30	191 447	-	(78 837)	112 640
Total comprehensive loss for the period	-	-	-	(146 495)	(146 495)
Conversion of debt	-	-	273 342	-	273 342
At 31 December 2021	30	191 447	273 342	(225 332)	239 487



Chrysaor Norge AS

Cash flow statement

for the period ended 31 December

	Note	2021 NOK 000	2020 NOK 000
Cash flow from operating activities			
Loss before tax		(541 049)	(102 185)
Adjusted for:			
Tax refund received in the period		173 120	123 051
Depreciation and amortisation	9, 10	5 625	4 972
Exploration costs written off	3, 8	338 082	35 505
Finance expenses, excluding foreign exchange		17 980	8 873
Impact of changes in exchange rates without cash effect		16 395	-
Changes in working capital:			
Decrease/(increase) in accounts receivables and other receivables		(22 077)	6 189
Increase/(decrease) in trade creditors and other accruals		8 639	(3 227)
Net cash flow from operating activities		(3 285)	73 178
Cash flow from investing activities			
Purchase of fixed assets	9	(158)	(3 505)
Investment in exploration and evaluation assets		(415 799)	(156 131)
Net cash flow from investing activities		(415 957)	(159 636)
Cash flow from financing activities			
Proceeds from drawdown of bank loans, net of transaction costs incurred		393 000	124 000
Interest paid		(9 859)	(8 095)
Repayment of debt to credit institutions		(124 000)	(83 000)
Proceeds from intercompany borrowings	16	251 540	-
Payment of lease liability		(3 468)	(4 004)
Net cash flow from financing activities		507 213	28 901
Net cash flow from/(used in) the period		87 971	(57 557)
Cash and cash equivalents at beginning of period		29 821	87 378
Cash and cash equivalents at end of period		117 792	29 821

Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2021

1. Authorisation of financial statements and corporate information

The financial statements of Chrysaor Norge AS for the year ended 31 December 2021 were authorised for issue by the board of directors on 24 May 2022. The Company is a private company limited by share capital and domiciled in Norway. The Company's principal place of business is Oslo, Norway and its registered office is Haakon VII's Gate, 0161 Oslo, Norway.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

Basis of preparation

The financial statements of the Company 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.

The financial statements have been prepared under the assumption of a going concern and on a historical cost basis.

Balance sheet classification

Current assets and current liabilities include items due less than a year from the balance sheet date, and items related to the operating cycle, if longer. Other assets and liabilities are classified as non-current. The current portion of non-current debt is included under current liabilities.

Going concern

The Directors have adopted the going concern basis of accounting for the preparation of the financial statements as the Company's parent company, Harbour Energy plc, is undertaking to directly provide the necessary financial support to the Company as and when required, to meet all liabilities for a period of at least 12 months from the date of signing these financial statements.

Segment reporting

The Company's activities consist of one class of business - the acquisition, exploration, development and production of oil and gas reserves and related activities in a single geographical area, the Norwegian Continental Shelf.

Joint arrangements

A joint arrangement is one in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Exploration and production operations are usually conducted through joint arrangements with other parties. The Company reviews all joint arrangements and classifies them as either joint operations or joint ventures depending on the rights and obligations of each party to the arrangement and whether the arrangement is structured through a separate vehicle. All interests in joint arrangements held by the Company are classified as joint operations.

In relation to its interests in joint operations, the Company recognises its:

- assets, including its share of any assets held jointly;
- liabilities, including its share of any liabilities incurred jointly;
- revenue from the sale of its share of the output arising from the joint operation;

Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2021 (continued)

- share of the revenue from the sale of the output by the joint operation; and
- expenses, including its share of any expenses incurred jointly.

Foreign currency translation

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

Transactions recorded in foreign currencies are initially recorded in the Company's functional currency by applying an average rate of exchange. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the Income statement. Non-monetary assets and liabilities denominated in foreign currencies are measured at historic cost based on exchange rates at the date of the transaction and subsequently not retranslated.

Oil and gas assets

(a) Intangible assets

Exploration and evaluation assets

Exploration and evaluation expenditure is accounted for using the successful efforts method of accounting having regard to the requirements of IFRS 6 Exploration for and Evaluation of Mineral Resources.

Pre-licence costs

Pre-licencing costs are expensed in the year in which they are incurred.

Licence and property acquisition costs

Licence and property acquisition costs paid in connection with a right to explore in an existing exploration area are capitalised as exploration and evaluation costs within intangible assets.

Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds that recoverable amount. If no future activity is planned or the related licence has been relinquished or has expired, the carrying value of the property acquisition costs is written off through the Income statement. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties within development and production assets.

Exploration and evaluation costs

Once the legal right to explore has been acquired, costs directly associated with the exploration are capitalised as exploration and evaluation intangible non-current assets until the exploration is complete and the results have been evaluated. If no potential commercial resources are discovered, the exploration asset is written off.

All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least annually. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through the Income statement.

When proved reserves of oil and natural gas are identified and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to oil and gas properties within development and production assets. No amortisation is charged during the exploration and evaluation phase.



Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2021 (continued)

Farm-outs - in the exploration and evaluation phase

The Company does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but re-designates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

(b) Property, plant and equipment - Oil and gas development and production assets

Oil and gas development and production assets are accumulated generally on a field-by-field basis. This represents expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells including Exploration & Evaluation (E&E) expenditures incurred in finding commercial reserves transferred from intangible E&E assets, as outlined in accounting policy (a) above, which is capitalised as oil and gas properties within development and production assets. Unsuccessful development or delineation wells, is capitalised as oil and gas properties within development and production assets.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

An item of development and production expenditure and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income statement.

Expenditure on major maintenance refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset, that was separately depreciated and is now written-off is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalised. All other day-to-day repairs and maintenance costs are expensed as incurred.

Depreciation of producing assets

All costs relating to a development are accumulated and not depreciated until the commencement of production. Depreciation is provided using the unit of production method based on proven and probable reserves. When there is a change in the estimated total recoverable proven and probable reserves of a field, that change is accounted for prospectively in the depreciation charge over the revised remaining proven and probable reserves.

(c) Acquisitions, asset purchases and disposals

Acquisitions of oil and gas properties are accounted for using the acquisition method when the assets acquired and liabilities assumed constitute a business. Transactions involving the purchase of an individual field interest, or a group of field interests, that do not constitute a business, are treated as asset purchases irrespective of whether the specific transactions involve the transfer of the field interests directly or the transfer of an incorporated entity. Accordingly, no goodwill and no deferred tax gross up arises, and the consideration is allocated to the assets

Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2021 (continued)

and liabilities purchased on an appropriate basis. Proceeds on disposal are applied to the carrying amount of the specific intangible asset or oil and gas properties disposed of and any surplus is recorded as a gain on disposal in the income statement.

Non-oil and gas assets

(a) Property, plant and equipment - fixtures and fittings and office equipment

Fixtures and fittings and office equipment is stated at cost less accumulated depreciation and impairment. Depreciation is provided for on a straight-line basis at rates sufficient to write off the cost of the assets less any residual value over their estimated useful economic lives. The depreciation periods for the principal categories of assets are as follows:

- Fixtures and fittings: up to 10 years.
- Office furniture and equipment: up to 5 years.

(b) Intangible assets

Intangible assets, which principally comprise IT software, are carried at cost less any accumulated amortisation. These assets are amortised on a straight-line basis over their useful economic lives of up to three years.

Impairment of non-current assets (excluding goodwill)

In accordance with IAS 36, impairment tests are carried out on items of property, plant and equipment and intangible assets where there is an indicator of impairment, or an indicator identified that a prior year impairment may have reversed or decreased. Such indications may be based on events or changes in the market environment, or on internal sources of information.

Property, plant and equipment and intangible assets with finite useful lives are only tested for impairment when there is an indication that they may be impaired. This is generally the result of significant changes to the environment in which the assets are operated or when asset performance is significantly lower than expected.

Financial Instruments

(a) Financial Assets

The Company uses two criteria to determine the classification of financial assets: the Company's business model and contractual cash flow characteristics of the financial assets. Where appropriate the Company identifies three categories of financial assets: amortised cost, fair value through profit or loss (FVTPL), and fair value through other comprehensive income (FVOCI).

Financial assets held at amortised cost

Financial assets held at amortised cost are initially measured at fair value except for trade debtors which are initially measured at cost. Both are subsequently carried at amortised cost using the effective interest rate (EIR) method, less impairment. The EIR amortisation is presented within finance income in the Income statement.

Cash and cash equivalents

Cash at bank and in hand in the balance sheet comprise cash deposits with banks and in hand.

Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2021 (continued)

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

(b) *Financial liabilities*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Borrowings and Loans

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

(c) *Derivative financial instruments*

Derivative financial instruments are initially recognised and subsequently re-measured at fair value. Certain derivative financial instruments are designated as cash flow hedges in line with the Company's risk management policies. Changes in the fair value of cash flow hedges are recognised in OCI. When derivatives do not qualify for hedge accounting or are not designated as accounting hedges, changes in the fair value of the instrument are recognised within the Income statement.

(d) *Fair Values*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is determined by reference to quoted market prices adjusted for estimated transaction costs that would be incurred in an actual transaction, or by the use of established estimation techniques such as option pricing models and estimated discounted values of cash flows.

Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2021 (continued)

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

Inventories

All inventories, except for petroleum products, are stated at the lower of cost and net realisable value. The cost of materials is the purchase cost, determined on a first-in, first-out basis. Petroleum products and underlift and overlift positions are measured at net realisable value using an observable year-end oil or gas market price, and are included in other debtors or creditors respectively.

Employee Benefits

(a) Pensions

According to Norwegian law employees are mandatory members of the Company's Pension Scheme ("obligatorisk tjenestepensjon"). The scheme is based on a contribution plan. Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

(b) Share-based payment

Warrants and other equity instruments in the ultimate parent company granted to employees are measured by reference to the fair value of the warrants or other equity instruments at the date on which they are granted. The fair value of the warrants or other equity instruments is estimated on the grant date and expensed over the vesting period. The vesting period is the period in which the performance conditions are fulfilled, ending on the date on which they become entitled to the award ('vesting date').

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of lease term and useful life.

Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis reflecting the net present value of the fixed lease payments and amounts expected to be payable by the Company assuming leases run to full term. The lease payments are discounted using the Company's incremental borrowing rate.

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in the Income statement.

Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2021 (continued)

The estimated cost of dismantling and restoring the production and related facilities at the end of the economic life of each field is recognised in full at the commencement of oil and gas production. The amount provided is the present value of the estimated future restoration cost. A non-current asset is also recognised. Any changes to estimated costs or discount rates are dealt with prospectively.

Taxes

(a) *Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax related to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or directly in equity not in the income statement.

(b) *Deferred tax*

Deferred taxation is recognised in respect of all timing differences arising between the tax bases of the assets and liabilities and their carrying amounts in the financial statements with the following exceptions:

- Deferred income tax assets are recognised only to the extent that it is probable that the taxable profit will be available against which the deductible temporary difference, carried forward tax credits or tax losses can be utilised.
- Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised, or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The carrying amount of the deferred income tax asset is reviewed at each balance sheet date.
- Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to be offset current assets against current tax liabilities, the deferred income tax relates to the same tax authority and that same tax authority permits the Company to make a single net payment.

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 carry forward are therefore normally recognised in full. The carrying amount of deferred income tax assets related to onshore activities are reviewed at each balance sheet date. Onshore deferred income tax assets are only recognised to the extent that there is sufficient future onshore taxable profit available to allow the deferred income tax asset to be utilised. Unrecognised deferred income tax assets related to onshore activities are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Interest income

Interest income is recognised on an accruals basis, by reference to the principal outstanding and at the effective interest rate applicable.



Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2021 (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective assets.

Cash flow statement

The cash flow statement is prepared using the indirect method for operating activities and the direct method for investing and financing activities.

Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial or operational decisions. Parties are also related if they are subject to common control.

Transactions between related parties are transfers of resources, services or obligations, regardless of whether a price is charged. All transactions between related parties are made based on the principle of 'arm's length', which is the estimated market price.

New accounting standards and interpretations

The Company adopted new and revised accounting standards and interpretations relevant to its business and effective for accounting periods beginning on or after 1 January 2021 but none of these had any significant impact on the Company's financial statements.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2022. None of these new standards and amendments to standards and interpretations have been applied in preparing these financial statements and they are not expected to have any significant impact on the Company's financial statements upon implementation.

Critical judgements and estimates

The preparation of the Company's financial statement requires management to make judgements, estimates and assumptions at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

In particular the Company has identified the following areas where significant judgement, estimates and assumptions are required:

Exploration and evaluation expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement to determine whether it is likely that future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in the Income statement in the period when the new information becomes available.

Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2021 (continued)

Climate Change

The Group monitors global climate change and energy transition developments and plans accordingly. Management recognises there is a general high level of uncertainty about the speed and scale of impacts which, together with limited historical information, provides significant challenges in the preparation of forecasts and plans with a range of possible future scenarios.

All new economic investment decisions include the cost of carbon and opportunities are assessed on their climate-impact potential and alignment with Harbour Energy's Net Zero goal, taking into consideration both GHG volumes and intensity. Emissions reduction incentives are part of staff remuneration and annual bonus schemes.

As a result, climate change and the energy transition have the potential to significantly impact the accounting estimates adopted by management and therefore the valuation of assets and liabilities reported on the balance sheet. On an ongoing basis management continues to assess the potential impacts on the significant judgements and estimates used in the financial statements. Estimates adopted in the preparation of the financial statements reflect management's best estimate of future market conditions where, in particular, commodity prices can be volatile. Notwithstanding the challenges around climate change and the energy transition, it is management's view that the financial statements are consistent with the disclosures in this report.

Property, plant and equipment - depreciation and expected useful lives

The energy transition has the potential to reduce the expected useful lives of assets and consequently accelerate depreciation charges. No changes have been identified or recognised to date.

Intangible assets - exploration and evaluation assets

The energy transition has the potential to affect the future development or viability of exploration and evaluation prospects. Any portion of the Group's exploration and evaluation assets relates to prospects that could be tied back to existing infrastructure and hence require less capital investment and are less exposed to the impacts of the energy transition compared to large frontier developments. At each balance sheet date, all exploration and evaluation prospects are reviewed against the Group's financial framework to ensure that the continuation of activities is planned and expected.

3. Exploration and evaluation expenditure

	2021	2020
	NOK 000	NOK 000
Exploration costs written off (see note 8)	338 082	35 505
Pre-licence seismic and other direct pre-licence purchases	108 550	11 255
Allocation of indirect costs	36 462	39 127
	<u>483 094</u>	<u>85 887</u>



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Notes to the financial statements

for the year ended 31 December 2021 (continued)

4. Salary and personnel costs

(a) Personnel costs

	2021 NOK 000	2020 NOK 000
Salaries	46 521	37 871
Social security tax	7 603	5 505
Pension expenses	4 273	3 300
Other benefits	2 639	1 392
Allocation to operated licences, exploration expenditure and capitalised exploration	(52 140)	(44 482)
Total salary and personnel costs	8 896	3 586
Total other operating expenses, see note 5	13 844	8 110
Total general and administrative costs	22 740	11 696
Average number of man-years during the period	28	23

The pension arrangements fulfil the requirements in the Norwegian law of mandatory occupational pension ("lov om obligatorisk tjenestepensjon").

(b) Remuneration of Country Manager

	2021 NOK 000	2020 NOK 000
Salary	2 298	2 227
Bonus	1 064	672
Pension	220	215
Other benefits	15	17
	<u>3 597</u>	<u>3 131</u>

The Country Manager has a 6 month contractual notice period. There is no agreement regarding severance pay on termination of employment to the Country Manager. No loans have been granted and no guarantees have been issued to the Country Manager. The Country Manager has an agreement regarding bonus, given certain criteria.

From 2021 the Harbour Group has introduced a Long Term Incentive Plan ("LTIP") whereby personnel in specified categories, including the Country Manager, are awarded rights to potential shares in the ultimate parent company. The vesting of the potential shares in the LTIP is conditional of the performance of the share value of the ultimate parent company and of benchmarking with the performance of a selection of comparable companies. In addition, a Restricted Share Unit plan ("RSU") has been introduced, where certain employees are awarded potential shares in the ultimate parent company. The total amount expended under these programs in 2021, for all employees involved, is NOK 219 thousand (2020: nil).



Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2021 (continued)

(c) Compensation to Board of Directors

There has been no remuneration to the Board of Directors in 2021 or 2020. There is no agreement regarding severance pay on termination and no loans have been granted and no guarantees have been issued to any member of the Board of Directors.

5. Other operating expenses

	2021 NOK 000	2020 NOK 000
Hired personnel and services	10 201	8 375
Intercompany services *)	25 189	22 948
Depreciation, amortisation and write-downs	5 626	4 972
Other operating expenses	8 071	6 483
Allocation to operated licences, exploration expenditure and capitalised exploration	(35 243)	(34 668)
Total other operating expenses	13 844	8 110
Total salary and personnel costs, see note 4	8 896	3 586
Total general and administrative costs	22 740	11 696

The majority of the intercompany services is related to the re-invoicing of 3rd party services related to IT, including IT hardware/software, as well as travel expenses as the Chrysaor Group purchases such services at a central level.

Remuneration to auditor is allocated as specified below:

	2021 NOK 000	2020 NOK 000
Auditors' remuneration	295	383
Other attestation services	88	83
	383	466

6. Finance income and finance expenses

	2021 NOK 000	2020 NOK 000
Finance income		
Interest receivable	38	1 775
Foreign exchange gain	-	2 496
	38	4 271



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Notes to the financial statements

for the year ended 31 December 2021 (continued)

Finance expenses

Intercompany interest payable	(5 407)	-
Other interest payable	(11 974)	(8 096)
Other financial expenses	(599)	(777)
Foreign exchange loss	(17 273)	-
	<u>(35 253)</u>	<u>(8 873)</u>
Net Finance expenses	(35 215)	(4 602)

7. Tax credit

(a) Tax credit in the income statement

The major components of income tax credit for the periods below:

	2021	2020
	NOK 000	NOK 000
Current income tax:		
Tax refund current year	462 493	171 326
Adjustment current tax prior year	155	281
Changes in deferred tax	(68 094)	(95 542)
Tax credit in the income statement	<u>394 554</u>	<u>76 065</u>

(b) Reconciliation of the total tax credit

	2021	2020
	NOK 000	NOK 000
Loss before taxation	(541 049)	(102 185)
Expected income tax at nominal tax rate, 22%	119 031	22 481
Expected petroleum tax, 56%	302 987	57 224
Permanent differences and valuation allowance	(6 334)	(99)
Financial items	(21 654)	(3 337)
Adjustments prior year	524	(204)
Total tax credit reported in the income statement	<u>394 554</u>	<u>76 065</u>
Effective tax rate	73%	74%



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Notes to the financial statements

for the year ended 31 December 2021 (continued)

(c) Deferred tax included in the balance sheet is as follows:

	2021	2020
	NOK 000	NOK 000
Non-current assets	(197 350)	(129 449)
Other timing differences	(568)	-
Tax losses carried forward, corporate tax 22%	9 163	8 992
Tax losses carried forward, offshore 56%	10 816	10 613
Deferred tax liability in the balance sheet	(177 939)	(109 844)

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.

There is no time limit on the right to carry tax losses forward in Norway.

Specification of tax refund in the balance sheet

	2021	2020
	NOK 000	NOK 000
Tax refund current year income statement	462 493	171 326
Tax received related to refund of tax losses during the year	(9 241)	(7 602)
Tax refund recorded on acquisition of licence	448	-
Tax refund in the balance sheet	453 700	163 724

In June 2020, the Norwegian Parliament enacted a temporary change to the tax regime for oil and gas companies for the income years 2020 and 2021, whereby the tax value of any tax losses is paid in cash in six instalments.



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Notes to the financial statements

for the year ended 31 December 2021 (continued)

8. Exploration and evaluation assets

	<i>Exploration & evaluation assets NOK 000</i>
At 1 January 2021	173 362
Additions	418 925
Amounts written off	(338 082)
At 31 December 2021	<u>254 204</u>
	NOK 000
At 1 January 2020	52 614
Additions	156 253
Amounts written-off	(35 505)
At 31 December 2020	<u>173 362</u>

The following prospects have been written off in 2021:

- The Jerv and Ilder wells drilled in PL 973 which were found to be unsuccessful;
- The Grevling and Storskrynten discoveries located in PL 038 D and PL 974 were deemed to be insufficient to warrant a stand-alone development;
- PL 1033 where the partnership has decided not to go forward;
- The Ginny well in PL 1060 which in 2022 was characterised as a dry well.

The Company has assessed whether there are any impairment indicators present at year end 31 December 2021 for the remaining prospect portfolio. These prospects are either in an early stage or they are prospects that the Company plans to mature with further exploration activities in the coming periods. For these prospects the Company has therefore concluded that no impairment indicators are present at year end.

The Company's share of committed capital expenditure in 2022 is NOK 176 million.



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Notes to the financial statements

for the year ended 31 December 2021 (continued)

9. Property, plant and equipment

	<i>Furniture, fixtures and office machines NOK 000</i>
Cost:	
At 1 January 2021	7 504
Additions	158
Disposals	-
At 31 December 2021	<u>7 662</u>
Accumulated Depreciation:	
At 1 January 2021	(2 602)
Charge for the year	(2 139)
At 31 December 2021	<u>(4 741)</u>
Net book value:	
At 31 December 2021	<u>2 921</u>
	<i>NOK 000</i>
Cost:	
At 1 January 2020	3 999
Additions	3 505
Disposals	-
At 31 December 2020	<u>7 504</u>
Accumulated Depreciation:	
At 1 January 2020	(1 116)
Charge for the year	(1 486)
At 31 December 2020	<u>(2 602)</u>
Net book value:	
At 31 December 2020	<u>4 902</u>
Economic life	3-5 years
Depreciation method	Straight line



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Notes to the financial statements

for the year ended 31 December 2021 (continued)

10. Right-of-use-assets

	<i>Right of Use Assets NOK 000</i>
Cost:	
At 1 January 2021	15 749
Additions	-
Disposals	-
At 31 December 2021	<u>15 749</u>
Accumulated Depreciation:	
At 1 January 2021	(6 168)
Charge for the year	(3 487)
At 31 December 2021	(9 655)
Net book value:	
At 31 December 2021	<u>6 095</u>
	<i>NOK 000</i>
Cost:	
At 1 January 2020	15 749
Additions	-
Disposals	-
At 31 December 2020	15 749
Accumulated Depreciation:	
At 1 January 2020	(2 681)
Charge for the year	(3 487)
At 31 December 2020	<u>(6 168)</u>
Net book value:	
At 31 December 2020	<u>9 582</u>
Depreciation period	Lease period
Depreciation method	Straight line
The right-of-use assets are offices that the Company leases.	



Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2021 (continued)

11. Jointly controlled assets

The Company accounts for jointly controlled assets by recognising its share of the arrangement's asset liabilities and cash flows. At year end the Company holds the follow licence interests:

	Working interest	Operator	End of concession period
PL 973	50%	Chrysaor Norge AS	March 2026
PL 973 B	50%	Chrysaor Norge AS	March 2026
PL 1034	60%	Chrysaor Norge AS	February 2027
PL 1046	40%	Chrysaor Norge AS	February 2027
PL 1087	50%	Chrysaor Norge AS	February 2028
PL 1093	50%	Chrysaor Norge AS	February 2028
PL 1114	40%	Chrysaor Norge AS	February 2028
PL 038 D	35%	OKEA ASA	December 2032
PL 974	40%	OKEA ASA	December 2022
PL 956	15%	Vår Energi AS	March 2027
PL 1032	40%	Lundin Energy Norway ASA	February 2027
PL 1033	40%	OMV (Norge) AS	February 2027
PL 1058	40%	Equinor Energy AS	February 2027
PL 1060	20%	Equinor Energy AS	February 2025
PL 1066	50%	Aker BP ASA	February 2027
PL 1089	50%	Lundin Energy Norway ASA	February 2028
PL 1092	50%	Lundin Energy Norway ASA	February 2028
PL 1113	30%	Neptune Energy Norge AS	February 2028

In January 2022 the Company was awarded four additional production licences by the Ministry of Petroleum and Energy (MPE) in relation to the APA 2021 Offshore Licensing Round, see note 23.

12. Debtors: amounts falling due within one year

	2021	2020
	NOK 000	NOK 000
Trade debtors	384	276
Intercompany receivable	2 583	-
Prepayments	5 594	665
VAT receivable	1 684	4 418
Overcall, joint operations	21 834	4 763
Other items from joint interest billing	120	-
	32 199	10 122

Trade receivables are non-interest bearing and are generally on 20 to 30 days' terms. As at 31 December 2021, there were no (2020: nil) trade receivables that were past due but not impaired.



Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2021 (continued)

13. Cash and cash equivalents

	2021	2020
	NOK 000	NOK 000
Cash at bank and in hand, unrestricted	112 916	25 391
Bank deposit, employee taxes	4 876	4 430
	<u>117 792</u>	<u>29 821</u>

14. Creditors: amounts falling due within one year

	2021	2020
	NOK 000	NOK 000
Trade creditors	13 269	5 313
Intercompany payable	-	3 097
Accrued holiday pay and employee benefit provision	11 474	11 034
Public duties payable	4 551	3 763
Accruals	20 793	14 198
	<u>50 087</u>	<u>37 405</u>

All liabilities fall due within 12 months from the balance sheet date.

15. Current borrowings, exploration loan

	2021	2020
	NOK 000	NOK 000
Exploration financing facility, funds drawn	396 000	124 000
Exploration financing facility, transaction costs	(3 354)	(2 596)
	<u>392 646</u>	<u>121 404</u>

In July 2019, the Company entered into an Exploration Financing Facility agreement with Skandinaviska Enskilda Banken (SEB) of NOK 750 million with an accordion option of NOK 250 million. The expiry date of the facility was 31 December 2021 with an option to extend to 31 December 2022. In March 2021 the agreement was extended to 31 December 2022, the available amount was increased to NOK 1 000 million, and the accordion option was increased to NOK 600 million. In addition, ING Bank N.V. was added as a lender with 25% of the available amount. Available amount for funding will at all times be 95% of the tax value of the eligible costs which have not already been refunded by tax authorities. Interest rate is NIBOR 3 months + 1.5%.

The loan is secured by a first priority pledge of the tax receivable from the exploration refund pursuant to the Norwegian Petroleum Tax Act.



Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2021 (continued)

16. Intercompany loan

The Company has been funded through 2021 by its parent company Chrysaor E&P Limited. In 2021 the funds drawn have been denominated in USD. Interest has been calculated at a rate of 3.5% p.a. At the end of 2021 the loan was converted to equity.

	2021 NOK 000	2020 NOK 000
Intercompany loan period beginning	-	-
Cash flows:		
Proceeds from intercompany borrowings	251 540	-
Total cash flows	251 540	-
Non-cash changes:		
Accrued interest	5 407	-
Foreign exchange	16 395	-
Conversion of loan to equity	(273 342)	-
Total intercompany loan period end	-	-

17. Lease liabilities

The Company implemented IFRS 16 Leases from 1 January 2019 and recognised a right-of-use asset related to leasing of offices, see note 10.

Lease liability

	2021 NOK 000	2020 NOK 000
Lease liability 1 January	10 220	13 431
Accretion lease liability, included in finance cost	603	793
Cash payments, lease liability and interest	(4 071)	(4 004)
Lease liability 31 December	6 752	10 220
Current lease liability	4 071	4 076
Non-current lease liability	2 681	6 144
Lease liability 31 December	6 752	10 220

Future minimum lease payments under non-cancellable lease agreement (undiscounted):

	2021 NOK 000	2020 NOK 000
As at 31 December		
Within 1 year	4 071	4 076
1 to 5 years	3 170	7 321
	7 241	11 397



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Notes to the financial statements

for the year ended 31 December 2021 (continued)

18. Financial risk management

Overview

The Company is exposed to a variety of risks, 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. The note also presents the Company's objectives, policies and process for managing capital.

Credit risk

The Company has no significant credit risk. The Company is exposed to credit risk related to trade receivables and cash and cash equivalents. Sales are only made to customers that have not experienced any significant payment problems. Cash and cash equivalents are receivables from banks.

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.

The table below shows a maturity analysis for financial liabilities:

The cash flows below assume repayment on the latest date available, even if expected repayment may be earlier.

<i>As at 31 December 2021</i>	<i>Carrying amount</i> <i>NOK 000</i>	<i>Cash flow</i> <i>NOK 000</i>	<i>< 1 year</i> <i>NOK 000</i>	<i>1-5 years</i> <i>NOK 000</i>
Trade and other payables	13 269	13 269	13 269	-
Current borrowings, exploration loan	392 646	404 894	404 894	-
Total financial liabilities	405 915	418 163	418 163	-

With reference to intercompany loan, please see note 16.

<i>As at 31 December 2020</i>	<i>Carrying amount</i> <i>NOK 000</i>	<i>Cash flow</i> <i>NOK 000</i>	<i>< 1 year</i> <i>NOK 000</i>	<i>1-5 years</i> <i>NOK 000</i>
Trade and other payables	8 410	8 410	8 410	-
Current borrowings, exploration loan	121 404	126 262	126 262	-
Total financial liabilities	129 814	134 672	134 672	-



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Notes to the financial statements

for the year ended 31 December 2021 (continued)

The table below shows a maturity analysis for financial assets:

<i>As at 31 December 2021</i>	<i>Carrying amount NOK 000</i>	<i>Cash flow NOK 000</i>	<i>< 1 year NOK 000</i>	<i>1-5 years NOK 000</i>
Trade and other receivables	24 801	24 801	24 801	-
Cash and cash equivalents	117 792	117 792	117 792	-
Total financial assets	142 593	142 593	142 593	-

<i>As at 31 December 2020</i>	<i>Carrying amount NOK 000</i>	<i>Cash flow NOK 000</i>	<i>< 1 year NOK 000</i>	<i>1-5 years NOK 000</i>
Trade and other receivables	5 039	5 039	5 039	-
Cash and cash equivalents	29 821	29 821	29 821	-
Total financial assets	34 860	34 860	34 860	-

Interest rate risk

The Company has external borrowings with floating interest rate conditions and is consequently exposed to interest rate risk to borrowings.

Sensitivity analysis at 31 December 2021:

Interest rate sensitivity is calculated based on the exposure to interest-bearing debt with floating interest rate conditions on the balance sheet date.

- If 3-month NIBOR had been 50 basis points higher / lower, the Company's net loss would have been NOK 1.5 million (in 2020; NOK 0.5 million) higher / lower respectively.

Currency risk

The Company is exposed to foreign exchange rate risk related to the value of NOK relative to other currencies. Through 2021 the Company's main exposure to currency risk has been the intercompany loan which has been denominated in US Dollar. This loan was in December 2021 converted to equity and at year end the currency exposure is mainly related to bank deposits denominated in US Dollar.

Sensitivity analysis at 31 December 2021:

- If the NOK had gained 10% against the US Dollar, the Company's net loss would have been NOK 0.2 million higher.
- If the NOK had weakened 10% against the US Dollar, the Company's net loss would have been NOK 0.2 million lower.

Sensitivity analysis at 31 December 2020:

- If the NOK had gained 10% against the US Dollar, the Company's net loss would have been NOK 0.1 million higher.
- If the NOK had weakened 10% against the US Dollar, the Company's net loss would have been NOK 0.1 million lower.



Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2021 (continued)

Capital management

The overall objective of the Company is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure, and makes adjustments to it, in light of changes in economic conditions.

19. Financial instruments

Financial instruments by category

<i>Financial assets</i>	<i>Amortised cost</i>	<i>Total carrying amount</i>
<i>As at 31 December 2021</i>	<i>NOK 000</i>	<i>NOK 000</i>
Debtors: amounts falling due within one year	24 801	24 801
Cash and cash equivalents	117 792	117 792
Total	142 593	142 593

<i>Financial liabilities</i>	<i>Amortised cost</i>	<i>Total carrying amount</i>
<i>As at 31 December 2021</i>	<i>NOK 000</i>	<i>NOK 000</i>
Creditors: amounts falling due within one year	13 269	13 269
Current borrowings, exploration loan	392 646	392 646
Total	405 915	405 915

Prepaid expenses, VAT receivable, accrued receivables and accrued expenses are not included.

<i>Financial assets</i>	<i>Amortised cost</i>	<i>Total carrying amount</i>
<i>As at 31 December 2020</i>	<i>NOK 000</i>	<i>NOK 000</i>
Debtors: amounts falling due within one year	5 039	5 039
Cash and cash equivalents	29 821	29 821
Total	34 860	34 860

<i>Financial liabilities</i>	<i>Amortised cost</i>	<i>Total carrying amount</i>
<i>As at 31 December 2020</i>	<i>NOK 000</i>	<i>NOK 000</i>
Creditors: amounts falling due within one year	8 410	8 410
Current borrowings, exploration loan	121 404	121 404
Total	129 814	129 814



Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2021 (continued)

Prepaid expenses, VAT receivable, accrued receivables and accrued expenses are not included.

Fair value of financial instruments

It is assessed that the carrying amounts of financial assets and creditors and intercompany loan is approximately equal to its fair values. For current borrowings, exploration loan it is assessed that the fair value is approximately equal to nominal value of NOK 396 million at year end 2021 (2020; NOK 124 million).

20. Contingent liabilities and other commitments

The Company has not been involved in any legal or financial disputes in 2021 or 2020.

Minimum work programmes

The Company is required to participate in the approved work programmes for the licences. See note 8 for a specification of future committed capital expenditure.

Liability for damages / insurance

The Company's operations involve risk for damages, including pollution. The operations are covered by an operation insurance policy.

Seismic uplift/seismic transfer fee

The Company has entered into contracts for purchase of seismic data that will entitle the vendors to additional amounts ("seismic uplift") if the Company is awarded exploration licences in the area of the seismic data. See note 23.

21. Called up share capital

	2021	2020
Ordinary shares of NOK 1 each	30 001	30 001

Chrysaor Norge AS has one class of shares with equal rights for all shares. No dividends have been proposed or paid in 2021 or 2020. All shares are owned by Chrysaor E&P Limited.

The share capital was increased by one share at NOK 1 nominal value and NOK 273 341 578 share premium in December 2021 by conversion of debt to the shareholder, see note 16. The capital increase was registered in 2022.

22. Related party disclosure

See note 4 for information about compensation to Country Manager and Board of Directors.

The Company has also purchased services from the group company Chrysaor E&P Services Limited. The amount is specified in note 5.

See note 16 for information about loan from parent company Chrysaor E&P Limited. Interest expense relating to this loan is specified in note 6.

See note 14 for information about short-term receivable and short-term payable from/to the group company Chrysaor Finance Limited.



Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2021 (continued)

23. Post balance sheet events

In January 2022, the Company was awarded four (4) production licenses by the Ministry of Petroleum and Energy (MPE) in relation to the Awards in Predefined Areas (APA) 2021 Offshore Licensing Round; PL 1138 (blocks 15/9, 16/4 & 7) where the company's working interest is 40%, PL 1155 (blocks 6407/10 & 11) where the company's working interest is 20%, PL 1162 (block 6407/2) where the company's working interest is 30% and PL 1164 (block 6507/11) where the company's working interest is 30%.

The awards of the licences listed above has triggered additional payments related to seismic uplift to vendors in accordance with and regulated by the existing Master Licence Agreements. See note 20. The additional payments of seismic uplift amount to approximately NOK 54 million and will be accounted for in 2022.

The 6407/13 (Ginny) well drilled in PL 1060 was completed in February 2022 and has been classified as a dry well. Based on this, the Company has written off NOK 8.6 million in 2021 as an adjusting event after the reporting period. See note 8.

24. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Chrysaor E&P Limited. The ultimate and controlling parent is Harbour Energy plc, a company incorporated in Great Britain and registered in Scotland. Harbour Energy plc is the parent undertaking of the largest and smallest group of which the company is a member and for which group financial statements are prepared. Copies of these consolidated financial statements are available upon request from Harbour Energy plc, 23 Lower Belgrave Street, London SW1W 0NR.



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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Chrysaor Norge AS

Opinion

We have audited the financial statements of Chrysaor Norge AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with 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 in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), 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

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the managing director) is responsible for the other information. 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 board of directors' report contains the information required by legal requirements and 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 or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation 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



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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 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 the 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 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, 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 fair presentation.

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.

Oslo, 25. May 2022
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The auditor's report is signed electronically

Erik Søreng
State Authorised Public Accountant (Norway)

Independent auditor's report - Chrysaor Norge AS 2021

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"By my signature I confirm all dates and content in this document."

Erik Søreng

State Authorised Public Accountant (Norway)

On behalf of: EY

Serial number: 9578-5999-4-1529830

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