



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 947 362 089
Organisasjonsform: Aksjeselskap
Foretaksnavn: COSL OIL & GAS AS
Forretningsadresse: Vestre Svanholmen 4
4313 SANDNES

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Randi Skailand
Dato for fastsettelse av årsregnskapet: 30.05.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

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, 15.09.2022



Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	4	7 926 243	
Sum inntekter		7 926 243	
Kostnader			
Avskrivning på varige driftsmidler og immaterielle eiendeler	4	50 050 804	72 212 450
Nedskrivning av varige driftsmidler og immaterielle eiendeler	4	190 267 292	
Annen driftskostnad	3	36 612 646	34 409 904
Annen driftskostnad	2	94 939	
Sum kostnader		277 025 681	106 622 354
Driftsresultat		-269 099 438	-106 622 354
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	3	33 610	1 207 872
Sum finansinntekter		33 610	1 207 872
Rentekostnad til foretak i samme konsern	3	586 849	9 090
Annen finanskostnad	5	2 551 043	34 778 008
Sum finanskostnader		3 137 892	34 787 098
Netto finans		-3 104 282	-33 579 226
Ordinært resultat før skattekostnad		-272 203 720	-140 201 580
Skattekostnad på ordinært resultat	6	-870 428	-7 444 883
Ordinært resultat etter skattekostnad		-271 333 292	-132 756 697
Årsresultat		-271 333 292	-132 756 697
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital	8	-271 333 292	-132 756 696
Sum overføringer og disponeringer		-271 333 292	-132 756 696



Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende	4	9 447 372	249 765 468
Sum varige driftsmidler		9 447 372	249 765 468
Sum anleggsmidler		9 447 372	249 765 468
Omløpsmidler			
Varer			
Sum omløpsmidler		0	0
SUM EIENDELER		9 447 372	249 765 468
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	7,8	1 400 000	1 400 000
Annen innskutt egenkapital	8	55 100 000	55 000 000
Sum innskutt egenkapital		56 500 000	56 400 000
Opptjent egenkapital			
Annen egenkapital	8	-503 358 123	-160 357 760
Sum opptjent egenkapital		-503 358 123	-160 357 760
Sum egenkapital		-446 858 123	-103 957 760
Gjeld			
Langsiktig gjeld			
Utsatt skatt	6		870 428
Sum avsetninger for forpliktelser			870 428



Balanse

Beløp i: NOK	Note	2019	2018
Annen langsiktig gjeld			
Sum langsiktig gjeld		0	870 428
Kortsiktig gjeld			
Leverandørgjeld		695	
Kortsiktig konserngjeld	3	456 304 801	352 852 800
Sum kortsiktig gjeld		456 305 496	352 852 800
Sum gjeld		456 305 496	353 723 228
SUM EGENKAPITAL OG GJELD		9 447 373	249 765 468



Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helletand	17.12.2009	05.01.2010
Telefon	Deres referanse	Vår referanse
22078139	Marianne Åsheim	2009/999914

ERNST & YOUNG AS
Vassbotnen 11 Forus
4313 Sandnes

Søknad om tillatelse til å utarbeide årregnskap og årsberetning på engelsk språk for COSL Norwegian AS inklusive datterselskaper

Det vises til Deres brev av 17. desember 2009. De søker på vegne av COSL Norwegian AS inklusive datterselskaper om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk.

Søknaden gjelder for følgende selskaper;

COSL Norwegian AS	992 831 510
COSL Drilling Europe AS	987 861 894
COSL Oil & Gas AS	947 362 089
COSL Rigmar AS	884 358 582
COSL Sea Beds AS	960 254 635
COSL Sea Beds II AS	985 876 185
COSL Drilling Semi AS	988 288 330
COSL Offshore Management AS	991 006 494
Wilrig AS	989 850 105
COSL Rig Holding AS	990 405 034
COSL Rig Ltd	991 594 019
COSL Power AS	987 861 916
COSL Power Ltd	991 594 027
COSL Craft AS	987 862 932
COSL Craft Ltd	991 594 035
COSL Strike Ltd	991 594 043
Premium Drilling AS	988 294 187

COSL Norwegian AS er morselskap til det norske underkonsernet. Selskapet er et heleid datterselskap av China Oilfield Services Limited ("COSL"), som er hjemmehørende i Kina og er registrert på hovedlisten på børsen i Shanghai (SSE) og på børsen i Hong Kong (HKSE). Selskapene er i det vesentlige finansiert av morselskapet i Kina. I søknaden er det nevnt at arbeidsspråket i selskapet er engelsk da flere av styremedlemmene og flere av de ansatte i selskapet er kinesiske eller innleide utenlandske konsulenter. I hovedsak skjer all internrapportering, inkludert månedlig rapportering til morselskapet i Kina, på engelsk.

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."

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland	Fredrik Selmers vei 4	800 80 000
0134 Oslo	Org. nr: 974761076	Telefaks
skattedirektoratet@skatteetaten.no		22 17 08 60



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. Offentlige myndigheter må også anses som en sentral regnskapsbruker, idet ulike myndigheter, som lignings- og tilsynsmyndigheter, benytter regnskapene som sentrale verktøy i sin kontrollvirksomhet.

Det er etter Skattedirektoratets vurdering derfor avgjørende at spørsmål om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, ikke på vesentlige områder fraviker fra hensynet til brukere av regnskapsinformasjon. Søkeren må som et utgangspunkt for vurderingen ha en særlig interesse for kun å utarbeide årsregnskap og/eller årsberetning på et annet språk enn norsk.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Selskapet er et heleid datterselskap av China Oilfield Services Limited ("COSL"), som er hjemmehørende i Kina og er registrert på hovedlisten på børsen i Shanghai (SSE) og på børsen i Hong Kong (HKSE). Selskapene er i det vesentlige finansiert av morselskapet i Kina. Arbeidsspråket i selskapet er engelsk da flere av styremedlemmene og flere av de ansatte i selskapet er kinesiske eller innleide utenlandske konsulenter. I hovedsak skjer all internrapportering, inkludert månedlig rapportering til morselskapet i Kina, på engelsk. Skattedirektoratet legger derfor til grunn at det i dette tilfellet ikke syntes å være brukere av selskapenes regnskapsinformasjon som har en særlig interesse i å få dette på norsk språk.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.


Dispensasjonen er gitt under den forutsetning at de ovennevnte opplysninger som vedtaket baserer seg på ikke endres vesentlig.



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Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen


Jan Hoelstad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet


Torstein Helleland
Torstein Kinden Helleland





Financial Statements

COSL Oil & Gas AS

Org. Nr.: 947.362.089

2019



BOARD OF DIRECTORS' REPORT 2019

COSL OIL & GAS AS

Principle activities and place of business

COSL Oil & Gas AS (the Company) was founded 11. September 1987. The company owns the accommodation rig COSL Rival. The Company is fully owned by COSL Norwegian AS. The company's activities are being administered from Forus, Stavanger.

Company's history

COSLRival is a moored semi-submersible accommodation unit with a bed capacity of 360. The unit was converted to accommodation in 2004.

The rig has been stacked in Kristiansand 2019.

On 30th September 2019, COSL Rigmar AS and COSL Oil and Gas AS conducted a sister merger. The merger is accounted for based on continuity with effective date for accounting and income tax January 1st 2019.

Going concern

In accordance with Norwegian accounting law § 3-3 it is confirmed that the assumptions of a going concern are in place and form the basis of the preparation of the annual accounts. The equity is lost, but NOK 142,6 million of the liability is to the owner and can be directly converted into equity. The remaining liability is to the sister company, COSL Offshore Management AS, and this can be transferred to the owner and converted into equity. The board and management consider opportunities for sale, rent or scrapping the rig. The rig was impaired to the scrapping amount in 2019.

COVID-19

The full impact of COVID-19 is still uncertain also for COSL Oil and Gas AS. But the oil activity is looked at as an important part of the society. As per today COSLRival is stacked in Kristiansand. It seems like the market has slowed down, this can relate to the low oil price combined with the ongoing COVID- pandemic.

Currently there are two persons working shift at the stacked rig, both hired in COSL Offshore Management AS and both Norwegian citizens, so no quarantine nor travel issues with this staff. If they should be sick, they can be replaced with staff from the Resource pool or from agencies. The crew from UK have been sent home and can work on our rig COSLPioneer outside UK.

Working environment

The Company has no employees. Necessary commercial and administrative services are provided by the sister company COSL Drilling Europe AS which is located at Forus, Stavanger.

Environment

Operation of rigs is a business which is associated with risk of negative environmental impact, particularly with accidents. The company's rig satisfies the international requirements of limiting and reducing the risk of pollution to the environment. On board there is a proactive approach to the use of environmentally friendly products such as chemicals and waste treatment. The company attempts to be at the leading edge in respect of developments regarding safe and secure operations. Please refer to the consolidated annual report for COSL Norwegian AS for more information of the Group's environmental impact.



Annual Accounts

The Company's accounts show NOK 7.9 million operating revenue for 2019 and zero for 2018. The operating expenses amounted to NOK 277.0 million, compared to NOK 106.6 million the previous year. The impairment of the COSLRival constitutes of NOK 190.3 million Financial items amounted to a loss of NOK 3.1 million in 2019, compared to a loss of NOK 33.6 million in 2018. Loss before tax for 2019 was NOK 272.2 million. Loss before tax was NOK 140.2 million in 2018. Loss after tax for 2019 was NOK 271.3 million compared to a loss of NOK 132.8 million in 2018. The Company has total assets of NOK 9.4 million at the year end. The Company's equity is lost by NOK 446.9 million compared NOK -104.0 million in 2018.

The cash flow from operations presented in the cash flow statement mainly relates to operating cost and net change in short term intercompany receivables and payables, and inflow due to sale of COSLRigmar.

For additional information regarding the annual accounts, please refer to the accounts and corresponding notes. It is the Board of Director's opinion that the annual accounts show a correct picture of the result from the operations during the year and the financial situation by year-end.

Financial situation

The Company's liabilities consist mainly of debt to the owners. Beyond this the Company has no external debt to financial institutions. In general, the Company's operations, assets, liabilities and ownership structure indicate a low financial risk.

Market view

The market for North Sea type accommodation units has declined during the past years.

The demand side of the market has changed dramatically, and many accommodation units will not be employed for a shorter or a longer period in 2020.

The accommodation market will be challenging throughout 2020 and the low demand for this service will put pressure on the day rates and utilization of the fleet.

Sandnes, May 30th 2020
Board of Director's of COSL Oil & Gas AS

Zhou Bingwen
Chairman of the Board

Li Baozhong
Director of the Board

Frank Tollefsen
Director of the Board



COSL Oil & Gas AS Profit and loss statement

NOTE	OPERATING REVENUE AND OPERATING EXPENSES	2019	2018
3	Revenue	-	-
4	Other operating revenue	7.926.243	-
	Total operating revenue	7.926.243	-
3	Stacking cost	36.612.646	34.409.904
4	Depreciation and amortisation of fixed and intangible assets	50.050.804	72.212.450
4	Impairment of fixed and intangible assets	190.267.292	-
2	Other operating expenses	94.939	-
	Total operating expenses	277.025.681	106.622.354
	Operating profit/(loss)	-269.099.438	-106.622.354
	FINANCIAL INCOME AND FINANCIAL EXPENSES		
3	Interest received from group companies	33.610	1.207.872
3	Interest paid to group companies	-586.849	-9.090
5	Other financial expenses	-2.551.043	-34.778.008
	Financial items, net	-3.104.282	-33.579.225
	Profit/(loss) before taxation	-272.203.720	-140.201.580
6	Income tax	870.428	7.444.883
	PROFIT/(LOSS) FOR THE FINANCIAL YEAR	-271.333.292	-132.756.696
	ALLOCATION OF NET PROFIT/(LOSS) AND EQUITY TRANSFERS		
8	Transferred from / (to) retained earnings	-271.333.292	-132.756.696
	Total allocations and equity transfers	271.333.292	132.756.696



COSL Oil & Gas AS
Balance sheet at 31 December

NOTE	ASSETS	2019	2018
	Non-current assets		
	Tangible fixed assets		
4	Fixed assets	9.447.372	249.765.468
	Total non-current assets	9.447.372	249.765.468
	TOTAL ASSETS	9.447.372	249.765.468
	SHAREHOLDERS EQUITY AND LIABILITIES		
	Shareholders equity		
	Paid-in capital		
7,8	Share capital	1.400.000	1.400.000
8	Other paid-in capital	55.100.000	55.000.000
	Total paid-in capital	56.500.000	56.400.000
	Retained earnings		
8	Retained earnings	-503.358.123	-160.357.760
	Total retained earnings	-503.358.123	-160.357.760
	Total shareholders equity	-446.858.123	-103.957.760
	Liabilities		
	Provisions for liabilities and charges		
6	Deferred tax	-	870.428
	Total provisions for liabilities and charges	-	870.428
	Other non-current liabilities		
	Current liabilities		
3	Intercompany liabilities	456.304.801	352.852.800
	Accounts payable	695	-
	Total current liabilities	456.305.496	352.852.800
	Total liabilities	456.305.496	353.723.228
	TOTAL SHAREHOLDERS EQUITY AND LIABILITIES	9.447.372	249.765.468

Sandnes, May 30th 2020

Bingwen Zhou
Chairman
Frank Tollefsen
Director of the BoardLi Baozhong
Director of the Board



COSL Oil & Gas AS

Cash flow statement

	2019	2018
CASH FLOW FROM OPERATIONS:		
Profit/(loss) before taxation	-272.203.720	-140.201.580
Depreciation and amortisation	50.050.804	72.212.450
Impairment of fixed and intangible assets	190.267.292	-
Change in trade payables	695	-
Changes in inter-company balances	4.399.452	-303.866.576
Changes in group cashpool	13.396.219	371.855.705
Net cash flow from operations	-14.089.257	-
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Inflows due to sales of fixed assets	14.089.257	-
Net cash flow from investment activities	14.089.257	-
CASH FLOW FROM FINANCING ACTIVITIES:		
Inflow due to new non-current liabilities	-	-
Net cash flow from financing activities	-	-
Net change in bank deposits, cash and equivalents	-	-
Bank deposits, cash and equivalents at 1 January	-	-
Bank deposits, cash and equivalents at 31 December	-	-



COSL Oil & Gas AS

Notes to the accounts, year ended 31 December 2019

Note 1 Accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway.

The company has received approval from the Register of Business Enterprises in Norway to prepare the financial statements in English.

All amounts are in NOK unless otherwise stated.

Valuation and classification of assets and liabilities

Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

Current assets are valued at the lower of historical cost and fair value.

Fixed assets are carried at historical cost, but are written down to their recoverable amount if this is lower than the carrying amount and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated on a systematic basis in accordance with a reasonable depreciation schedule.

Other long-term liabilities, as well as short-term liabilities, are valued at nominal value.

Foreign currency

All balance sheet items denominated in foreign currencies are translated into NOK at the exchange rate prevailing at the balance sheet date. Currency forward contracts are valued in the balance sheet at fair value on the balance sheet date.

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to use estimates and assumptions, which affect the value of the assets and liabilities, and disclosure notes. Such estimates and assumptions may have significant impact on the reported revenues and costs for a specific reporting period. The actual amounts may deviate from the estimates.

Revenue

Revenue is recognised when it is earned, i.e. when both the risk and control have been mainly transferred to the customer. This will normally be the case when the goods are delivered to the customer. The revenue is recognised with the value of the remuneration at the time of transaction.

Receivables

Trade receivables and other receivables are recognised at nominal value, less the accrual for expected losses of receivables. The accrual for losses is based on an individual assessment of each receivable.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

Cash pool

The Company is part of the Group cash pool arrangement with Sparebank 1 SR Bank, for which COSL Norwegian AS is the main account holder. Balances due from and due to the cash pool arrangement are presented as balances due from or due to intercompany.

Income taxes

Tax expenses are matched with operating income before tax. Tax related to equity transactions e.g. group contribution, is recognised directly in equity.

Tax expense consists of current income tax expense and change in net deferred tax. Deferred tax liabilities and deferred tax assets are presented net in the balance sheet.

Deferred tax assets are not recognized to the extent where future recoverability is uncertain.

Comparative figures

The presentation of the comparative figures has been updated to reflect a like-to-like comparison with current year figures.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments with maturities of three months or less. Group cashpool accounts are presented as part of cash and cash equivalents in the cash flow statement.



Note 2 Number of employees, Remuneration to Directors, Auditor's remuneration etc.

Employees

The Company did not have a Managing Director or employees during 2019 (2018: 0).

Board of Directors and Management remuneration

The Board members are employed in other COSL companies. No remuneration is paid or expensed and no loans or guarantees are provided to the Board of Directors or Management.

Auditor's remuneration

Remuneration to the Company's auditor (Deloitte AS) is invoiced to group company COSL Drilling Europe AS and no remuneration is paid or expensed by the Company (2018: kr. 0).

Note 3 Related party transactions and balances

Related party transactions, profit and loss

In the normal course of business, the Company enters into several types of transactions with related parties. All transactions are performed at an arms' length principle. The most significant transactions with related parties are specified as follows:

Transaction type	Note	2019	2018
Intercompany interest income	(1)	33.610	1.207.872
Intercompany interest expense	(1)	-586.849	-9.090
Bareboat lease income	(2)	-	-
Laid up cost	(3)	-36.612.646	-34.409.904

(1): Intercompany interest income/(expense) comprises interest related to the group cashpool arrangement and loans with group companies.

(2): Bareboat lease income relates to the rig owned by the Company (COSLRival) and is charged to the operating company, COSL Offshore Management AS. The rig has been stacked the whole year.

(3): Cost of maintaining the rig when it is stacked, are incurred by COSL Offshore Management AS and allocated to COSL Oil and Gas AS including a mark-up.

Intercompany payables consist of:

Counterpart	Relationship to the counterpart	2019	2018
COSL Offshore Management AS	Other group companies	313.727.225	300.141.672
COSL Norwegian AS	Parent company	142.577.576	52.711.130
Total		456.304.801	352.852.801

Group cashpool balance:

The Company is part of a cashpool arrangement with the intermediate holding company COSL Norwegian AS as main account holder. Interest based on floating bank deposit rates are earned or paid based on the Company's cashpool balance. A net deposit/withdrawn on the group cashpool is presented respectively as part of current assets/current liabilities.



Note 4 Fixed assets

The Company owns the accommodation rig, COSL Rival. The rig was constructed in 1976 as a drilling unit and converted to accommodation unit in 2004. The rig has a linear depreciation over the economic lifetime of 35 years.

COSLRival has no contract and an impairment test indicated full impairment. Hence NOK 190.267.292 was impaired by year end. The rest value is based on the scrap value.

Gain on sale of fixed asset is related to the accommodation rig COSLRigmar that was owned by COSL Rigmar AS and sold in May 2019. COSL Rigmar AS was merged into COSL Oil and Gas AS in September 2019, ref disclosure 8.

	Fixed assets
Cost at 31 December 2018	1.037.617.396
Additions, purchased	-
Disposals	-
Cost at 31 December 2019	1.037.617.396
Acc. depreciation at 31 December 2018	787.851.928
Depreciation	50.050.804
Impairment	190.267.292
Accumulated depreciation 31 December 2019	1.028.170.024
Balance at 31 December 2019	9.447.372
Current year depreciation	50.050.804
Economic life	35-39 years
Depreciation method	Linear

Note 5 Other financial income and expenses

Other financial expenses	2019	2018
Bank charges	-1.791	-358
Overdue interest	-63.588	-
Net Agio	-2.485.664	-34.777.650
Net other financial expenses	-2.551.043	-34.778.008

Note 6 Income tax expense

Payable tax	2019	2018
Profit/(loss) before tax	-272.203.720	-140.201.580
Permanent differences (income)	616.827	-
Change in temporary differences	205.904.839	32.197.036
Effect of merger	-22.820.364	-
Tax loss carry forward	88.502.418	108.004.544
Taxable income / (loss)	-	-
Payable tax on profit (22%/23%)	-	-
Payable tax in balance sheet		
Payable tax	-	-
Total net receivable / (payable) tax	-	-
Temporary differences	2019	2018
Fixed assets	-201.948.348	3.956.491
Tax loss carry forward	-445.488.898	-197.050.795
Total temporary differences	-647.437.246	-193.094.304
Calculated net deferred tax asset / (liability) (22%/22%)	142.436.194	42.480.747
Valuation allowance	-98.007.558	-43.351.175
Total deferred tax asset / (liability) recognized (22%/22%)	44.428.637	-870.428
Deferred tax		
Deferred tax - ending balance	-	-870.428
Deferred tax - opening balance	-870.428	-8.315.311
Total deferred tax (expense) / income	870.428	7.444.883
Total tax (expense) / income		
Payable tax	-	-
Deferred tax	870.428	7.444.883
Total tax (expense) / income	870.428	7.444.883

Deferred tax assets are not recognized to the extent where future recoverability is uncertain.



Note 7 Share capital and shareholder information

The share capital in the company at 31 December 2019 consists of the following classes:

	Number	Nominal amount
Share capital by foundation	700	kr 2.000
Total	700	

All shares give equal owner benefits and voting rights in the company.

Ownership structure

Largest shareholders as of 31 December 2019:

	Shares	Total	Ownership share
<i>COSL Norwegian AS</i>	700	700	100 %
Total number of shares	700	700	100 %

The company's accounts are included in the consolidated financial statement of COSL Norwegian AS, with office at Vestre Svanholmen 4, 4313 Sandnes.

Note 8 Equity

	Share capital	Other paid in equity	Other equity	Total Equity
Equity at 1 January 2019	1.400.000	55.000.000	-160.357.760	-103.957.760
This year's change in equity:				
Merger 01.01.2019 (*)		100.000	-71.667.071	-71.567.071
Profit/(loss) of the year		-	-271.333.292	-271.333.292
Equity at 31 December 2019	1.400.000	55.100.000	-503.358.123	-446.858.123

* On 30th September 2019, COSL Rigmar AS and COSL Oil and Gas AS conducted a siste merger. The merger is accounted for based on continuity with effective date for accounting and income tax January 1st 2019.



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Deloitte AS
Strandsvingen 14 A
NO-4032 Stavanger
Norway

Tel: +47 51 81 56 00
www.deloitte.no

To the General Meeting of COSL Oil & Gas AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of COSL Oil & Gas AS showing a loss of NOK 271 333 292. The financial statements comprise the balance sheet as at 31 December 2019, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

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

Other information

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

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

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

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

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors (management) is responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such

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COSL Oil & Gas AS

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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with those charged with governance 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.



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Report on Other Legal and Regulatory Requirements

Opinion on Registration and Documentation

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

Stavanger, 30 May 2020
Deloitte AS

Arnstein Antonsen
State Authorised Public Accountant (Norway)