



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 913 120 981
Organisasjonsform: Aksjeselskap
Foretaksnavn: INPEX NORGE AS
Forretningsadresse: Strandveien 50
1366 LYSAKER

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: IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Keisuke Kawatani
Dato for fastsettelse av årsregnskapet: 15.05.2020

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, 30.07.2021



Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Operating income		0	0
Sum inntekter		0	0
Kostnader			
Exploration expenses	4	197 309 000	106 046 000
Payroll and related cost	5	39 947 000	32 436 000
Depreciation and amortisation	10,11	2 739 000	78 000
Other operating expenses	6	12 438 000	13 950 000
Sum kostnader		252 433 000	152 510 000
Driftsresultat		-252 433 000	-152 510 000
Finansinntekter og finanskostnader			
Finance income	7	2 558 000	849 000
Sum finansinntekter		2 558 000	849 000
Finance costs	7	493 000	5 000
Sum finanskostnader		493 000	5 000
Netto finans		2 065 000	844 000
Ordinært resultat før skattekostnad		-250 368 000	-151 666 000
Calculated refund tax value of exploration costs	8	-193 112 000	-114 161 000
Change in deferred tax	8	-3 490 000	-4 616 000
Ordinært resultat etter skattekostnad		-53 766 000	-32 889 000
Årsresultat		-53 766 000	-32 889 000



Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Exploration and evaluation assets	9	429 000	429 000
Utsatt skattefordel	8	31 808 000	28 318 000
Sum immaterielle eiendeler		32 237 000	28 747 000
Varige driftsmidler			
Property, plant and equipment	10	2 716 000	94 000
Intangible asset	10	445 000	1 674 000
Right-of-use assets	11	8 462 000	
Sum varige driftsmidler		11 623 000	1 768 000
Sum anleggsmidler		43 860 000	30 515 000
Omløpsmidler			
Varer			
Fordringer			
Prepayments and other receivables	12	6 010 000	18 558 000
Tax receivable refund tax value exploration expenses	8	193 112 000	114 161 000
Konsernfordringer	17	250 236 000	141 054 000
Sum fordringer		449 358 000	273 773 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	13	7 638 000	4 254 000
Sum bankinnskudd, kontanter og lignende		7 638 000	4 254 000
Sum omløpsmidler		456 996 000	278 027 000
SUM EIENDELER		500 856 000	308 542 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Balanse

Beløp i: NOK	Note	2019	2018
Innskutt egenkapital			
Share capital	14	55 130 000	55 120 000
Overkurs	20	610 900 000	309 910 000
Sum innskutt egenkapital		666 030 000	365 030 000
Opptjent egenkapital			
Udekket tap		188 880 000	135 114 000
Sum opptjent egenkapital		-188 880 000	-135 114 000
Sum egenkapital		477 150 000	229 916 000
Gjeld			
Langsiktig gjeld			
Leasing liabilities	11	6 622 000	0
Sum avsetninger for forpliktelser		6 622 000	0
Annen langsiktig gjeld			
Sum langsiktig gjeld		6 622 000	0
Kortsiktig gjeld			
Leverandørgjeld	15	5 082 000	64 466 000
Kortsiktig konserngjeld	15,17	1 666 000	2 437 000
Other current liabilities	16	10 337 000	11 724 000
Sum kortsiktig gjeld		17 085 000	78 627 000
Sum gjeld		23 707 000	78 627 000
SUM EGENKAPITAL OG GJELD		500 857 000	308 543 000



Norwegian Directorate of Taxes

Inquiries to Geir Johannessen	Your date 04.02.2015	Our date 12.02.2015
Telephone 22 07 73 25/2266 11 14	Your reference Arne Dale	Our reference 2015/94109

TMF NORWAY AS
P.O. Box 2334
3003 DRAMMEN

Permission to prepare the annual account and directors' report in English language for INPEX Norge AS, org.nr. 913 120 981

- With reference to your letter of 4 February 2015, you apply for permission to keep annual accounts and directors' report in English language for INPEX Norge AS, beginning from 2014.

Conclusion

Based on a total evaluation, the view of The Directorate of Taxes is that INPEX Norge AS may make the directors' report and annual accounts in English language from 2014 according to the Norwegian Accounting Act § 3-4 third paragraph. The exemption requires that the information that the decision is based on, does not change significantly.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the company to document by this letter that the permit is granted.

Background

INPEX Norge AS is a wholly owned subsidiary of the Japanese oil company INPEX Corporation. INPEX Norge AS is a Norwegian oil company carrying out exploration activities for hydrocarbons on the Norwegian Continental Shelf. The common working language for INPEX employees in Norway is English. All contact with the Company's vendors and other creditors is in English. The members of the Board of Directors are not Norwegian citizens and do not have any knowledge of the Norwegian language. The annual financial statements and the directors' report therefore have to be prepared and reviewed by the Board of Directors in English. All the users and potential users of the annual financial statements and the director's report are proficient in English. In our opinion it would be in the interest of the users of the financial statements if the official version could be prepared in English.

Permission to make the annual accounts and the directors' report in Norway in English language

According to the Norwegian Accounting Act § 3-4, third paragraph shall "*the directors' report and annual accounts ... be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language*".

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Ot. prp. nr. 42 (1997-1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

“The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information.”

Hence, one of the main aims of the Accounting Act is to contribute to “informative accounts for different users of accounts”. The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors’ report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information which has to be taken into consideration when considering the application for permission. In this assessment, the Directorate of Taxes has emphasized that the company is 100 % owned by a Japanese company. The working language is English. Further, the company operates internationally, and English is the preferred language for all significant users.

Please state “our reference” (see above) in all written communication with The Norwegian Tax Authorities.

Best regards

Tostein Kinden Helleland
Senior Adviser
Rettsavdelingen, foretaksskatt
Norwegian Directorate of Taxes

Geir Johannessen

This document has been electronically approved and contains therefore no handwritten signatures



Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of INPEX Norge AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of INPEX Norge AS, which comprise the balance sheet as at 31 December 2019, income statement, statements of comprehensive income, cash flows and 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 have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2019 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 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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 Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are 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 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 on the other information obtained prior to the date of the auditor's report, 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 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 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 law, regulations and generally accepted auditing principles 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, 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.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

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

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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 ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 18 May 2020
ERNST & YOUNG AS

The auditor's report is signed electronically

Erik Sjøreng
State Authorised Public Accountant (Norway)

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

Erik Søreng

Statsautorisert revisor

On behalf of: EY

Serial number: 9578-5999-4-1529830

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Note 1. General information

The Financial statements of INPEX Norge AS for 2019 were approved by the Board of directors and the Managing Director at 15 May 2020.

INPEX Norge AS is a private limited company incorporated and domiciled in Norway, with its main office in Lysaker. The company was incorporated 7 January 2014.

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

Note 2. Summary of significant accounting policies

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

Basis for preparation

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

The financial statements have been prepared on a historical cost basis.

Foreign currency

Functional currency and presentation currency

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

Transactions in foreign currency

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

Property, plant and equipment

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

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

Intangible assets

Exploration costs for oil and gas properties

The Company uses the successful efforts method to account for exploration costs. All exploration costs, with the exception of acquisition costs of licenses and drilling costs of exploration wells, are expensed as incurred. Costs related to drilling of exploration wells are temporarily capitalised pending the evaluation of the potential existence of oil and gas reserves. If reserves are not found, or if discoveries are assessed not to be commercially recoverable, the drilling costs of exploration wells are expensed. Costs of acquiring licenses are capitalised as intangible assets.



Drilling cost for exploration wells are temporarily capitalised pending the evaluation of potential discoveries of oil and gas reserves. If no reserves are discovered, or if recovery of the reserves is not considered technically or commercially viable, expenses relating to the drilling of exploration wells are charged to income statement. Such costs can remain capitalised for more than one year. The main criteria are that there must be definite plans for future drilling in the licence or that a development decision is expected in the near future.

Leases (as lessee)

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

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

Receivables

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

Cash and cash equivalents

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

Taxes

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

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

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



Trade creditors

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

Contingent liabilities

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

Segment reporting

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

Cost of equity transactions

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

Cash flow statement

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

Events after the balance sheet date

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

Changes in accounting policies and disclosures

New and amended standards and interpretations adopted by the Company

The Company has adopted the IFRS 16 Leases effective from 1 January 2019. The implementation of IFRS 16 resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The Company adopted the standard using the modified retrospective approach. The implementation had no impact on net equity at initial recognition. As at 31 December 2019 non-current assets are increased with NOK 8.5 million whilst liabilities are increased with NOK 6.6 million classified as non-current liabilities and NOK 2.5 million classified as current liabilities. The Company's leasing portfolio consists of leased office space and miscellaneous leased office machines. See note 11.

New and amended standards and interpretations issued but not adopted by the Company

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



Note 3. Financial risk management

Financial risks

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

Furthermore, the company is exposed to certain types of financial risks. Management involves receivables, loans, accounts payable and drawing rights to financial institutions. The business activities of the company involve exposure to credit risk, interest rate risk, liquidity risk and currency risk.

Critical accounting estimates and judgements

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

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

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

- *Tax receivable from refund tax value exploration expenses:*
The Norwegian taxation authorities may have a different understanding than the Company regarding the definition of exploration expenses according to the Norwegian Petroleum Tax Act. See note 8.

Critical judgements in applying the company's accounting policies

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

- *Accounting policy for exploration expenses:*
The Company uses the successful efforts method to account for exploration costs. All exploration costs, with the exception of acquisition costs of licenses and drilling costs of exploration wells, are expensed as incurred.



INPEX NORGE AS

INCOME STATEMENT

<i>(Amounts in NOK thousand)</i>	Note	2019	2018
Operating income		0	0
Exploration expenses	4	-197,309	-106,046
Payroll and related cost	5	-39,947	-32,436
Depreciation and amortisation	10,11	-2,739	-78
Other operating expenses	6	-12,438	-13,950
Operating profit (loss)		-252,432	-152,511
Finance income	7	2,558	849
Finance costs	7	-493	-5
Net financial items		2,064	844
Profit (loss) before income tax		-250,368	-151,667
Calculated refund tax value of exploration costs		193,112	114,161
Change deferred tax		3,490	4,616
Net income tax credit	8	196,602	118,776
Profit (loss) for the year		-53,766	-32,891

STATEMENT OF COMPREHENSIVE INCOME

<i>(Amounts in NOK thousand)</i>	Note	2019	2018
Profit (loss) for the year		-53,766	-32,891
Other comprehensive income, net of tax:		0	0
Total other comprehensive income, net of tax		0	0
Total comprehensive income for the year		-53,766	-32,891



INPEX NORGE AS

BALANCE SHEET

<i>(Amounts in NOK thousand)</i>	Note	2019/12/31	2018/12/31
ASSETS			
Non-current assets			
Exploration and evaluation assets	9	429	429
Deferred tax asset	8	31,808	28,318
Property, plant and equipment	10	2,716	94
Intangible asset	10	445	1,674
Right-of-use assets	11	8,462	0
Total non-current assets		43,861	30,516
Current assets			
Intercompany receivables	17	250,236	141,054
Prepayments and other receivables	12	6,010	18,558
Tax receivable refund tax value exploration expenses	8	193,112	114,161
Cash and cash equivalents	13	7,638	4,254
Total current assets		456,996	278,027
Total assets		500,857	308,543
EQUITY AND LIABILITIES			
Equity			
Share capital	14	55,130	55,120
Premium paid-in capital	20	610,900	309,910
Uncovered loss		-188,880	-135,114
Total equity		477,150	229,916
Liabilities			
Non-current liabilities			
Leasing liabilities	11	6,622	0
Total non-current liabilities		6,622	0
Current liabilities			
Liabilities to group companies	15,17	1,666	2,437
Trade creditors	15	5,082	64,466
Other current liabilities	16	10,337	11,724
Total current liabilities		17,085	78,627
Total liabilities		23,707	78,627
Total equity and liabilities		500,857	308,543

15 May-20

田内信也
Shinya Tauchi
Chairman of the Board

Yukihiro Machida
Managing Director
Board Member



INPEX NORGE AS

STATEMENT OF CHANGES IN EQUITY

<i>(Amounts in NOK thousand)</i>	Share capital	Premium paid-in capital	Uncovered loss	Total equity
Equity at 1st of January 2018	55,100	232,930	-102,224	185,806
Profit (loss) for the year			-32,891	-24,612
Other comprehensive income for the year			0	0
<i>Total comprehensive income for the year</i>			-32,891	-32,891
Shares issued in 2018	20	76,980		77,000
Equity at 31st of December 2018	55,120	309,910	-135,114	229,916
Equity at 1st of January 2019	55,120	309,910	-135,114	229,916
Profit (loss) for the year			-53,766	-53,766
Other comprehensive income for the year			0	0
<i>Total comprehensive income for the year</i>			-53,766	-53,766
Shares issued in 2019	10	300,990		301,000
Equity at 31st of December 2019	55,130	610,900	-188,880	477,150



INPEX NORGE AS

CASH FLOW STATEMENT

<i>(Amounts in NOK thousand)</i>	Note	2019	2018
Cash flow from operating activities			
Profit (loss) before income tax		-250,368	-151,667
Adjustments:			
Tax refunded	8	114,161	83,958
Depreciation and amortisation	10,11	3,960	1,300
Changes liabilities to group companies		-770	-516
Changes in trade creditors		-59,384	58,995
Changes in other accruals		7,358	-6,232
Net cash flow from operating activities		-185,044	-14,162
Cash flow from investing activities			
Investment in exploration and evaluation assets		0	0
Purchase of property, plant and equipment	10	-3,390	0
Purchase of intangible asset (software)	10	0	0
Net cash flow from investing activities		-3,390	0
Cash flow from financing activities			
Intercompany receivables (GCMS)	17	-109,182	-63,981
Proceeds from share issues		301,000	77,000
Net cash flow from financing activities		191,818	13,019
Net change in cash and cash equivalents		3,384	-1,143
Cash and cash equivalents at 1st January		4,255	5,398
Cash and cash equivalents at 31st of December		7,639	4,255



INPEX NORGE AS

Note 4. Exploration Expenses

<i>(Amounts in NOK thousand)</i>	2019	2018
Share of exploration expenses from participation in licences	16,212	18,254
Drilling cost expensed from participation in licences	151,814	0
Other direct seismic costs and field evaluation	6,353	59,526
Other operating exploration expenses ¹⁾	22,930	28,266
Total exploration expenses	197,309	106,046

1) Fees includes payments to related parties. See note 17 for further information.



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Note 5. Payroll and related cost

<i>(Amounts in NOK thousand)</i>	2019	2018
Salaries	30,836	25,408
Payroll tax	5,652	4,650
Pension costs	2,297	853
Other employee related expenses	1,161	1,526
Total	39,947	32,436
Number of FTS's	16	13

Remuneration to board of directors and management:

See information in Note 17 "Related parties" regarding remuneration of key management.

Pensions

Inpex Corporation, the parent company of the Company, has a defined benefit pension plan and a defined contribution pension plan based in Japan for its employees. It is applied to Japanese expatriates who are employees of Inpex Corporation and secondees to the Company, and the pension cost incurred in Japan is invoiced to INPEX Norge AS. The pension plan is assumed to satisfy the statutory requirements in the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

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



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Note 6. Other operating expenses

Other operating expenses include:

<i>(Amounts in NOK thousand)</i>	2019	2018
Office rental and other lease expenses ²⁾	1,852	4,484
Travelling expenses	2,333	1,509
Consultant's and other fees ¹⁾	3,504	4,056
Other administrative expenses	4,749	3,901
Total	12,438	13,950

1) Fees includes payments to related parties. See note 17 for further information.

2) The reduction from 2018 to 2019 is due to adoption of IFRS 16 Leases from 1 January 2019.

Remuneration to auditor is allocated as specified below:

<i>(Amounts in NOK thousand)</i>	2019	2018
Audit	123	119
Attestations	11	23
Other assistance	61	37
Total, excl. VAT	195	179



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Note 7. Finance income and costs

Finance income:

<i>(Amounts in NOK thousand)</i>	2019	2018
Interest income	2,558	658
Net foreign exchange effects	0	191
Total finance income	2,558	849

Finance costs:

<i>(Amounts in NOK thousand)</i>	2019	2018
Net foreign exchange effects	148	0
Lease finance costs (IFRS 16)	344	0
Other finance costs	1	5
Total finance costs	493	5



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Note 8. Tax

Specification of income tax:

(Amounts in NOK thousand)

	2019	2018
Calculated refund tax value of exploration costs this year	193,112	114,161
Of this refund not recognised in income statement (acquisition of licenses recognised net of tax)	0	0
Correction refund previous years	0	0
Change deferred tax	3,490	4,616
Total income tax credit	196,602	118,776

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

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

(Amounts in NOK thousand)

	2019	2018
Property, plant and equipment	952	603
Right-of-use assets	-6,600	0
Non-current borrowings	0	0
Leasing liability	6,898	0
Tax losses carried forward, offshore 22 % basis	9,832	9,395
Tax losses carried forward, offshore both 22% and 56% basis	20,726	18,320
Deferred tax liability (-) / tax asset (+)	31,808	28,318
Not capitalised deferred tax asset (valuation allowance)	0	0
Deferred tax liability (-) / tax asset (+) in balance	31,808	28,318

Deferred tax is calculated based on tax rates applicable on the balance sheet date. Ordinary income tax is 22% from 2019 (reduced from 23% in 2018), to which is added a special tax for oil and gas companies at the rate of 56% from 2019 (increased from 55% in 2018), giving a total tax rate of 78%.

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

Reconciliation of effective tax rate:

(Amounts in NOK thousand)

	2019	2018
Profit (loss) before tax	-250,368	-151,667
Expected income tax credit 78%	195,287	118,300
Adjusted for tax effects (22%-78%) (23%-78% in 2018) of the following items:		
Permanent differences	-84	-51
Correction previous years	0	0
Effect of new tax rates on deferred tax	0	-100
Interest on tax losses carried forward offshore	249	163
Finance items	1,149	464
Change in valuation allowance for deferred tax assets and other items		
Total income tax credit	196,602	118,776



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Note 9. Exploration and evaluation assets

<i>(Amounts in TNOK)</i>	2019	2018
Cost:		
At 1 January	429	-
Additions	-	429
Disposals	-	-
Cost at 31 December	429	429
Amortisation and impairment losses		
At 1 January	-	-
Amortisation this year	-	-
Impairment this year	-	-
Disposals	-	-
Accumulated amortisation and impairment at 31 December	0	0
Carrying amount at 31 December	429	429

License portfolio	2019/12/31	2018/12/31
	Inpex Norge's share	
PL 767	40.0 %	40.0 %
PL 950	30.0 %	30.0 %
PL 1016	40.0 %	
PL 1027	20.0 %	



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Note 10. Property, plant and equipment

(Amounts in NOK thousand)

	Furniture, fixtures and data equipment	Intangible asset (software)
2019		
Cost:		
At 1 January 2019	953	6,688
Additions	3,390	0
Disposals	0	0
Cost at 31 December 2019	4,343	6,688
Depreciation, amortisation and impairment:		
At 1 January 2019	-860	-5,013
Depreciation this year	-768	-1,230
Impairment this year	0	0
Disposals	0	0
Accumulated depreciation, amortisation and impairment at 31 December 2019	-1,627	-6,243
Carrying amount at 31 December 2019	2,716	445
2018		
Cost:		
At 1 January 2018	953	6,688
Additions	0	0
Disposals	0	0
Cost at 31 December 2018	953	6,688
Depreciation, amortisation and impairment:		
At 1 January 2018	-789	-3,784
Depreciation this year	-70	-1,230
Impairment this year	0	0
Disposals	0	0
Accumulated depreciation, amortisation and impairment at 31 December 2018	-860	-5,013
Carrying amount at 31 December 2018	94	1,674
Economic life	3 - 5 years	3 years
Depreciation method	linear	linear



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Note 11. Leases (IFRS 16)

Right-of-use assets:

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

(Amounts in NOK thousand)

	Office facilities, parking, equipment	Total
Right-of-use assets		
Acquisition cost at initial application 1 January 2019	0	0
Addition of right-of-use assets (new lease contracts)	10,425	10,425
Disposal of right-of-use assets		0
Acquisition cost 31 December 2019	10,425	10,425
Accumulated depreciation and impairment 1 January 2019	0	0
Depreciation	-1,963	-1,963
Impairment		0
Disposal		0
Accumulated depreciation and impairment 31 December 2019	-1,963	-1,963
Carrying amount of right-of-use assets 31 December 2019	8,462	8,462
Lower of remaining lease term or economic life	5 years	
Depreciation method	Linear	
Leasing liabilities:		Total
Lease liabilities at initial application 1 January 2019		0
Additions (new lease contracts)		10,425
Disposal (buy out of lease contracts)		
Accretion lease liabilities		344
Payments of lease liabilities		-1,678
Total leasing liabilities 31 December 2019		9,091
Break down of lease debt:		
Short-term		2,469
Long-term		6,622
Total lease debt		9,091
Maturity of future undiscounted lease payments under non-cancellable lease agreements:		31.12.2019
Within 1 year		2,469
1 to 5 years		7,314
After 5 years		-
Total		9,783

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



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Note 12. Prepayments and other receivables

Prepayments and other receivables include:

<i>(Amounts in NOK thousand)</i>	2019	2018
Prepaid expenses	3,493	1,643
VAT receivables	1,106	12,969
Working capital and overcall, joint venture	1,004	3,947
Receivable from share capital increase not registered	0	0
Other short term receivables	407	0
Total	6,010	18,558

Note 13. Cash and cash equivalents

<i>(Amounts in NOK thousand)</i>	2019	2018
Bank deposits	7,638	4,254
Total cash and cash equivalents	7,638	4,254

Of this:

Restricted cash for deposits for rent of apartments to employees	390	304
Restricted cash for deposits for office rent	1,444	1,436
Restricted cash for withheld taxes from employees salaries	3,200	2,500



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Note 14. Share capital and shareholder information

Movements in share capital

(Amounts in NOK thousand)

	Number of shares	Share capital
Issued at 1 January 2018	551,000	55,100
Capital increase in 2018	200	20
End balance at 31 December 2018	551,200	55,120
Capital increase in 2019	100	10
End balance at 31 December 2019	551,300	55,130

The share capital is denominated in NOK, and the nominal value per share as of 31 December 2019 was NOK 100. All issued shares are of equal rights. No potential shares, such as share options, were issued as of 31 December 2019.

Shareholders as of 31 December 2019	Shares	Ownership
Inpex Corporation, Japan	551,300	100%
Total number of shares	551,300	100%

Managing Director, Yukihiko Machida owns indirectly less than one thousandth of INPEX Norge AS.



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Note 15. Financial instruments

Financial instruments by category

(Amounts in NOK thousand)

At 31 December 2019

Financial assets	Amortized cost	Total carrying amount
Other financial assets, deposits	0	0
Intercompany receivables	250,236	250,236
Other receivables ¹⁾	0	0
Cash and cash equivalents	7,638	7,638
Total	257,874	257,874

¹⁾ Prepayments and VAT receivables are not included.

Financial liabilities	Amortized cost	Total carrying amount
Liabilities to group companies	1,666	1,666
Trade creditors	5,082	5,082
Other current liabilities ¹⁾	1,837	1,837
Total	8,585	8,585

¹⁾ Public duties payable and accruals are not included.

At 31 December 2018

Financial assets	Amortized cost	Total carrying amount
Other financial assets, deposits	0	0
Intercompany receivables	141,054	141,054
Other receivables ¹⁾	0	0
Cash and cash equivalents	4,254	4,254
Total	145,308	145,308

¹⁾ Prepayments and VAT receivables are not included.

Financial liabilities	Amortized cost	Total carrying amount
Liabilities to group companies	2,437	2,437
Trade creditors	64,466	64,466
Other current liabilities ¹⁾	1,268	1,268
Total	68,171	68,171

¹⁾ Public duties payable and accruals are not included.



INPEX NORGE AS

Financial risk management

Overview

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

Market risk from financial instruments

Foreign currency risk

The Company has an exposure to currency risk only through trade creditors in USD. As at 31 December 2019 the debt in USD was 7 250 000 (at 31 December 2018 the debt in USD was 7 250 000). As at 31 December 2019 the Company has a receivable of nominal value USD 0 (at 31 December 2018 the receivable in USD was 0).

An increase in the exchange rate of USD of 10 % would have resulted in a finance loss pre tax of MNOK 4.6 (MNOK 6.2 in 2018).

Credit risk

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

Liquidity risk

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

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

Per 31 December 2019

<i>(Amounts in NOK thousand)</i>	Less than 3 months	3 to 12 months	1 to 5 years	Total
Borrowings, long term	0	0	0	0
Trade creditors and other short term liabilities	8,585	0	0	8,585
Total liabilities	8,585	0	0	8,585

Per 31 December 2018

<i>(Amounts in NOK thousand)</i>	Less than 3 months	3 to 12 months	1 to 5 years	Total
Trade creditors and other short term liabilities	68,171	0	0	68,171
Total liabilities	68,171	0	0	68,171



INPEX NORGE AS

Capital management

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



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Note 16. Other current liabilities

<i>(Amounts in NOK thousand)</i>	2019	2018
Public duties payable	3,798	3,262
Salary and vacation payable	1,837	1,268
Working capital and undercall, joint venture	1,978	6,949
Short-term leasing debt	2,469	0
Other accruals for incurred costs	255	245
Total	10,337	11,724



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Note 17. Related party disclosure

(Amounts in NOK thousand)

a) Purchases from related parties

Purchase of services from	Description of services	2019	2018
Inpex Corporation	Technical Service fee and Outsourcing fee	3,078	2,202
Inpex Corporation	Cost sharing agreement	42	85

The amount of invoiced fee includes a 10 % mark-up on some of the costs included.

b) Balances with related parties (trade payables)

Related party	2019	2018
Inpex Corporation	1,666	2,437

c) Balances with related parties (receivables)

Related party	2019	2018
Inpex Corporation	250,236	141,054

The amount pertains to a Global Cash Management System (GCMS).

d) Compensation to key management

Position	2018			2019		
	Salary/ Board fee	Other benefits	Total 2018	Salary/ Board fee	Other benefits	Total 2019
Hitoshi Okamura, (CEO) (*)	2,792	218	3,010	835	114	949
Yukihiro Mahcida, (CEO) (**)	0	0	0	2,144	246	2,391
Board of Directors	0	0	0	0	0	0

*) Mr. Okamura was CEO until 15 April 2019

**) Mr. Machida has been CEO from 15 April 2019

The Chairman of the Board has not received any compensation from INPEX Norge AS.

As at 31 December 2019 there is no agreement of bonus or any other future compensation to the key management.

Loans and guarantees related to key management

INPEX Norge AS has as at 31 December 2019 not issued any loans or guarantees in favour of any employees, members of the Board or the shareholder.



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Note 18. Contingent liabilities

The company has not been involved in any legal or financial disputes in 2019 where adversely outcome is considered more likely than remote.

Note 19. Shares in licenses and obligations

The company's obligations for 2020 related to the license portfolio, c.f. note 9, as at year end are estimated to a total of NOK 40 million. This forecast is based on the approved license budgets.

Note 20. Events after the balance sheet date

Each joint partners for PL767/PL767B and PL950 has decided to relinquish each license and the NPD has already approved them, therefore, the both relinquishments will take place in 2020 in accordance with the contract term.

The joint partners of PL1027 and PL609 have decided to drill one well in 2020 as a joint well at the Polmak prospect straddling the border between PL1027 and PL609.



DIRECTORS' REPORT 2019 INPEX NORGE AS

About Inpex Norge AS

The Company's main business is to explore, develop and produce oil and natural gas on the Norwegian Continental Shelf.

The Company is located in Oslo until February 2020 and moved to Lysaker, Norway, and is a 100% owned subsidiary of Inpex Corporation, Japan. The Company was established 7 January 2014.

Going Concern

The Board of Directors confirms that the conditions for continued operations as a going concern are present for the Company and that the annual financial statements for 2019 have been prepared under this presumption.

The financial statements

The Company is not exposed to particular risk factors other than those that are common for oil companies in the exploration phase.

The Company had in 2019 total operating expenses of TNOK 252,432, and net financial items (profit) of TNOK 2,064. Loss before income taxes was TNOK 250,368. After a tax income of TNOK 196,602, the Company had an annual loss of TNOK 53,766.

The Company made no investments in 2019.

The Company had a tax refund receivable of TNOK 193,112 at year end 2019.

The Company has an equity ratio of 95.3 % as at 31 December 2019. The operations of the Company are primarily financed through equity from the parent company.

Health, safety and environment/equal opportunity

As of 31 December 2019 the Company had 5 employees on secondment from the parent company, all males, and 7 Norwegian, 2 Germany, 1 Swedish and 1 Belarusian employees, 8 males and 3 females. No actions have been implemented or are planned related to work environment or to equal opportunity, but the Company work actively to increase the numbers of female employees. At present there are no female members of the Board of Directors.

External environment

The operations of the Company could potentially pollute the external environment. The Company together with its parent company and future Joint Venture partners will work actively on measures that can reduce any negative impact on the environment.

15 May 2020

Shinya Tacuhi
Chairman of the Board

Yukihiro Maehida
Managing Director
Board Member