



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 913 561 473
Organisasjonsform: Aksjeselskap
Foretaksnavn: WELLESLEY PETROLEUM AS
Forretningsadresse: Reidar Berges gate 9
4013 STAVANGER

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Chris Elliott
Dato for fastsettelse av årsregnskapet: 07.04.2021

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 14.06.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Other operating income	4	2 707 000	838 168 000
Sum inntekter		2 707 000	838 168 000
Kostnader			
Exploration expenses	5	640 279 000	672 092 000
Payroll and related expenses	6,24	37 657 000	65 707 000
Depreciation and amortisation	12	3 773 000	3 913 000
Other operating expenses	7,21	8 907 000	37 171 000
Sum kostnader		690 616 000	778 883 000
Driftsresultat		-687 909 000	59 285 000
Finansinntekter og finanskostnader			
Finance income	8	45 142 000	17 968 000
Sum finansinntekter		45 142 000	17 968 000
Finance costs	8	88 085 000	70 078 000
Sum finanskostnader		88 085 000	70 078 000
Netto finans		-42 943 000	-52 110 000
Ordinært resultat før skattekostnad		-730 852 000	7 175 000
Income tax credit	9	-545 782 000	-594 378 000
Ordinært resultat etter skattekostnad		-185 070 000	601 553 000
Årsresultat		-185 070 000	601 553 000
Overføringer og disponeringer			
Total comprehensive income/loss		-185 070 000	601 553 000
Sum overføringer og disponeringer		-185 070 000	601 553 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Exploration and evaluation assets	10	1 266 919 000	768 610 000
Sum immaterielle eiendeler		1 266 919 000	768 610 000
Varige driftsmidler			
Oil and gas properties	11	0	0
Property plant and equipment	12	3 484 000	7 256 000
Sum varige driftsmidler		3 484 000	7 256 000
Sum anleggsmidler		1 270 403 000	775 866 000
Omløpsmidler			
Varer			
Fordringer			
Trade and other receivables	13	78 775 000	100 644 000
Tax receivable from exploration refund	9	905 242 000	746 897 000
Tax receivable from tax loss refund	9	11 355 000	0
Sum fordringer		995 372 000	847 541 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	14	49 513 000	53 905 000
Sum bankinnskudd, kontanter og lignende		49 513 000	53 905 000
Sum omløpsmidler		1 044 885 000	901 446 000
SUM EIENDELER		2 315 288 000	1 677 312 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	15	197 315 000	171 415 000



Balanse

Beløp i: NOK	Note	2020	2019
Overkurs		552 451 000	329 024 000
Sum innskutt egenkapital		749 766 000	500 439 000
Opptjent egenkapital			
Retained earnings		-222 817 000	-37 747 000
Sum opptjent egenkapital		-222 817 000	-37 747 000
Sum egenkapital		526 949 000	462 692 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	9	837 733 000	449 932 000
Sum avsetninger for forpliktelser		837 733 000	449 932 000
Annen langsiktig gjeld			
Sum langsiktig gjeld		837 733 000	449 932 000
Kortsiktig gjeld			
Interest-bearing loans and borrowings	16	806 550 000	605 000 000
Leverandørgjeld	17	139 568 000	150 281 000
Public dues payable		4 488 000	9 407 000
Sum kortsiktig gjeld		950 606 000	764 688 000
Sum gjeld		1 788 339 000	1 214 620 000
SUM EGENKAPITAL OG GJELD		2 315 288 000	1 677 312 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Journalnummer: 2021 274004

Enheten

Organisasjonsnummer: 913 561 473
Organisasjonsform: Aksjeselskap
Foretaksnavn: WELLESLEY PETROLEUM AS
Forretningsadresse: Reidar Berges gate 9
4013 STAVANGER

Regnskapsår

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Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Chris Elliott
Dato for fastsettelse av årsregnskapet: 07.04.2021

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

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Brønnøysundregistrene, 09.06.2021

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: 913 561 473
WELLESLEY PETROLEUM AS

RESULTATREGNSKAP

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Organisasjonsnr: 913 561 473
WELLESLEY PETROLEUM AS

BALANSE

Beløp i: NOK **Note** **2020** **2019**

BALANSE - EIENDELER

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Omløpsmidler

Varer

Fordringer

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BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Share capital	15	197 315 000	171 415 000
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Organisasjonsnr: 913 561 473
WELLESLEY PETROLEUM AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
2

Regnskapsprinsipper

Note
15

Antall aksjer og aksjeeiere

<u>Aksjeklasse</u>	<u>Ant. aksjer</u>	<u>Pålydende</u>	<u>Bokført verdi</u>
Ordinære aksjer	197315063.00	1.00	197315063.00

<u>Aksjeeiere - fritekst</u>	<u>Antall</u>	<u>Eierandel</u>	<u>Aksjeklasse</u>
Wellesley Holdco Ltd.	197315063.00	100.00%	Ordinære aksjer

<u>Sum</u>	<u>Sum antall</u>	<u>Sum eierandel</u>	
	197315063.00	100.00%	

Note
6

Lønn og ytelser

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	59625000.00	69509000.00

<u>Arbeidsgiveravgift</u>	<u>Årets</u>	<u>Fjorårets</u>
	6872000.00	8406000.00

<u>Pensjonskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	4152000.00	4439000.00

<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	2829000.00	3914000.00

<u>Sum lønnskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	73478000.00	86268000.00

Note
6

Ytelser til ledende personer

Ytelser til daglig leder



<u>Ytelser</u>	<u>Lønn</u>	<u>Pensj.forpl.</u>	<u>Andre godtgj.</u>
	2031000.00	487000.00	17000.00

Note

7

Ytelser til revisjon

<u>Revisjon</u>	<u>Årets</u>	<u>Fjorårets</u>
	278000.00	217000.00
<u>Andre tjenester</u>	<u>Årets</u>	<u>Fjorårets</u>
	70000.00	147000.00
<u>Sum godtgjørelse til revisor</u>	<u>Årets</u>	<u>Fjorårets</u>
	348000.00	364000.00

Note

6

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:

25.00

Note

18

Obligatorisk tjenstepensjon

Er virksomheten pliktig til å ha tjenstepensjonsordning etter lov:

Ja

Oppfyller pensjonsordning lovkravene: Ja

Note

6

Lån og sikkerhetsstillelse til ledende personer og aksjeeiere

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei



Skattedirektoratet

Saksbehandler
Rune Tystad

Deres dato
30.08.2015

Vår dato
16.09.2015

Telefon
977 59 464

Deres referanse
Callum Smyth

Vår referanse
2015/839466

WELLESLEY PETROLEUM AS
Reidar Berges gate 9
4013 STAVANGER

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Wellesley Norway Midco AS og Wellesley Petroleum AS

Vi viser til deres brev av 30. august 2015 der dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for

Wellesley Norway Midco AS, org.nr. 913 561 686 og
Wellesley Petroleum AS, org.nr. 913 561 473.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Wellesley Norway Midco AS og Wellesley Petroleum AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

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

Fra deres søknad gjengis:

Wellesley Norway Midco AS (913 561 686) og Wellesley Petroleum AS (913 561 473) søker med dette om adgang til å avlegge årsregnskap fra og med regnskapsåret 2015 på engelsk. All intern regnskapsrapportering foregår på engelsk. Styret i morselskapet er ikke-norskspråklige og årsberetning/årsregnskap må derfor oversettes til engelsk i forbindelse med styrebehandlingen. Selskapene er en del av ett internasjonalt konsern og opererer i en bransje der det er vanlig både blant kunder, leverandører og andre forretningspartnere, at forretningspråket er engelsk. Av ovennevnte grunn søker det dermed om tillatelse til å avlegge årsregnskap og årsberetning på engelsk fra og med regnskapsåret 2015. Vi imøteser et snarlig svar.

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."

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
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.

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

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene er en del av et datterselskap av et internasjonalt konsern og opererer i en bransje der engelsk er det er vanlige forretningsspråket. Videre er det vektlagt at styret i morselskapet er ikke-norskspråklige.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Rune Tystad

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



Statsautoriserte revisorer
Ernst & Young AS

Vassbotnen 11a Forus, NO-4313 Sandnes
Postboks 8015, NO-4068 Stavanger

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Wellesley Petroleum AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Wellesley Petroleum AS, which comprise the balance sheet as at 31 December 2020, the income statement, statement of comprehensive income and statements of 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 2020 and its financial performance and 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 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.

Responsibilities of management for the financial statements

The Board of Directors and Chief Executive Officer (management) is responsible for the preparation and 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 internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (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

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Penneo Dokumentnøkkel: IM233-B62PX-1IM3G3-E6YCT-EEKCT-30C0M



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- 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 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.

Stavanger, 12 April 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Tor Inge Skjellevik
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: IM233-B62PX-1M3G3-E6YCT-EEKCT-30C0M



PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo"™ - sikker digital signatur.
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Tor Inge Skjellevik

Statsautorisert revisor

På vegne av: EY

Serienummer: 9578-5997-4-259359

IP: 92.221.xxx.xxx

2021-04-12 07:41:04Z



Penneo Dokumentnøkkel: IM233-B62PX-1M3G3-E6YCT-EEKCT-30C0M

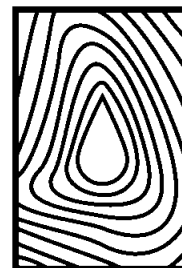
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Hvordan bekrefter at dette dokumentet er originalen?

Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i

Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service <penneo@penneo.com>**. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - <https://penneo.com/validate>



WELLESLEY
PETROLEUM

Annual Report 2020

Annual accounts

- Statement of Comprehensive Income**
- Statement of Financial Position**
- Statement of Changes in Equity**
- Statement of Cash Flow**
- Notes**

Auditor's report



Wellesley Petroleum AS

Statement of Comprehensive Income

Amounts in NOK `000	Note	2020	2019
Other operating income	4	2 707	838 168
Exploration expenses	5	-640 279	-672 092
Payroll and related expenses	6, 24	-37 657	-65 707
Depreciation and amortisation	12	-3 773	-3 913
Other operating expenses	7, 21	-8 907	-37 170
Total operating expenses		-690 616	-778 883
Profit / loss (-) from operating activities		-687 909	59 285
Finance income	8	45 142	17 968
Finance costs	8	-88 085	-70 078
Net financial items		-42 943	-52 110
Profit / loss (-) before income tax		-730 852	7 175
Income tax credit	9	545 782	594 378
Net profit / loss (-) for the year		-185 070	601 553
Other comprehensive income / loss (-):		-	-
Total comprehensive income / loss (-) for the year		-185 070	601 553



Wellesley Petroleum AS

Statement of Financial Position

Amounts in NOK '000	Note	31.12.2020	31.12.2019
ASSETS			
Non-current assets			
Intangible assets			
Exploration and evaluation assets	10	1 266 919	768 610
Deferred tax asset	8	-	-
Total intangible assets		1 266 919	768 610
Tangible assets			
Oil and gas properties	11	-	-
Property, plant and equipment	12	3 484	7 256
Right-of-use assets		-	-
Total tangible assets		3 484	7 256
Financial non-current assets			
Tax receivable from exploration refund - non-current		-	-
Total financial non-current assets		-	-
Total non-current assets		1 270 403	775 867
Current assets			
Trade and other receivables	13	78 776	100 644
Receivables from group companies	18	-	-
Tax receivable from exploration refund	9	905 242	746 897
Tax receivable from tax loss refund	9	11 355	-
Cash and cash equivalents	14	49 513	53 905
Total current assets		1 044 885	901 446
TOTAL ASSETS		2 315 288	1 677 312
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	15	197 315	171 415
Share premium		552 451	329 024
Total paid-in capital		749 766	500 439
Retained earnings		-222 817	-37 747
Total equity		526 949	462 692
Non-current liabilities			
Deferred tax liability	9	837 733	449 932
Total non-current liabilities		837 733	449 932
Current liabilities			
Interest-bearing loans and borrowings	16	806 550	605 000
Trade and other payables	17	139 568	150 281
Public duties payable		4 488	9 407
Total current liabilities		950 606	764 688
Total liabilities		1 788 339	1 214 620
TOTAL EQUITY AND LIABILITIES		2 315 288	1 677 312

Stavanger, 7 April 2021

Peter Mellbye
Chairman

Graeme David Sword
Board member

Christopher James Elliott
Board member

Olivier Patrick Hopkes
Board member

Callum Macqueen Smyth
Board member

Kari Langvik Østhus
General Manager & Board member



Wellesley Petroleum AS

Statement of Cash Flow

<i>Amounts in NOK '000</i>	Note	2020	2019
Cash flow from operating activities			
Profit / loss (-) before income tax		-730 852	7 175
Adjustments:			
Tax refunded	9	765 672	996 984
Gain on sale of oil and gas properties	4	0	-821 650
Depreciation	12	3 773	3 913
Financial items	16	4 950	4 872
Impairment exploration and evaluation assets	10	27 868	3 278
Changes in working capital		9 320	-27 648
Net cash flow from operating activities		80 731	166 924
Cash flow from investing activities			
Investment in exploration and evaluation assets		-527 956	-236 308
Purchase of furniture, fixtures and office equipment	12	0	-39
Investment in oil & gas properties	11	0	-157 555
Sale of oil & gas properties		0	954 455
Net cash flow from investing activities		-527 956	560 553
Cash flow from financing activities			
Drawdown loans, net of transaction costs incurred	16	905 600	685 000
Repayments of borrowings	16	-709 000	-953 000
Payments right-to-use assets	19	-3 084	-2 903
Proceeds from share issues	15	249 317	506 516
Dividend paid	15	0	-955 784
Net cash flow from financing activities		442 833	-720 171
Net change in cash and cash equivalents		-4 392	7 306
Cash and cash equivalents at 1 January		53 905	46 598
Cash and cash equivalents at 31 December		49 513	53 905



Wellesley Petroleum AS

Statement of Changes in Equity

<i>Amounts in NOK '000</i>	Note	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2019		113 623	528 711	108 235	-440 172	310 398
<i>Transactions with owners:</i>						-
Share issue	15	57 792	448 733	-	-	506 525
Dividend		-	-648 420	-108 235	-199 128	-955 784
<i>Comprehensive income:</i>						-
Total comprehensive income / loss (-) for the year		-	-	-	601 553	601 553
Equity at 31 December 2019		171 415	329 024	0	-37 747	462 692
Equity at 1 January 2020		171 415	329 024	0	-37 747	462 692
<i>Transactions with owners:</i>						
Share issue	15	25 900	223 427	-	-	249 327
<i>Comprehensive income:</i>						
Total comprehensive income / loss (-) for the period		-	-	-	-185 070	-185 070
Equity at 31 December 2020		197 315	552 451	0	-222 817	526 949



Note 1 General information

Wellesley Petroleum AS (hereafter "the Company") is a limited company incorporated and domiciled in Norway. Its registered office is at Reidar Berges gate 9, 4013 Stavanger, Norway.

The Company's business is exploration for oil and gas on the Norwegian Continental Shelf (NCS).

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.

2.1 Basis for preparation

The financial statements have been prepared in accordance with the Norwegian Accounting Act § 3-9 and regulations regarding simplified application of International Financial Reporting Standards (IFRS) issued by the Ministry of Finance on 3 November 2014 ("Norwegian Simplified IFRS"). The Company has not applied any simplifications from the Norwegian Simplified IFRS compared to full IFRS with regards to recognition and measurement.

The financial statements have been prepared on a historical cost basis with no exceptions.

2.2 Current versus non-current classification

The Company presents assets and liabilities in the Statement of Financial Position based on a current or non-current classification.

An asset is classified as current when it is expected to be realised, sold or consumed in normal operating cycle. Furthermore, if it is held primarily for the purpose of trading or expected to be realised within twelve months after the reporting period. Cash and cash equivalent assets are current unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when it is expected to be settled in normal operating cycle, is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3 Foreign currency

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

Foreign currency transactions are translated into NOK using the exchange rate 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 Statement of Comprehensive Income as financial items.

2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment charges. Depreciation is calculated on a straight-line basis over the asset's expected useful life, adjusted for impairment charges. Expected useful lives of long-lived assets are reviewed annually, and where they differ from previous estimates, depreciation periods are changed accordingly. Ordinary repairs and maintenance costs are charged to the Statement of Comprehensive Income during the financial period in which they are incurred. The costs of major renovations are



included in the asset's carrying amount when it is probable that the Company will derive future economic benefits. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in operating profit. Major assets with different expected useful lives are reported as separate components. Each component is depreciated on a straight-line basis over its expected useful life.

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. The recoverable amount is the higher of the asset's fair value less costs required to sell the asset and its value in use. The value in use is determined by reference to discounted future net cash flows expected to be generated by the asset. The difference between the asset's carrying amount and its recoverable amount is recognised in the Statement of Comprehensive Income as impairment. Property, plant and equipment that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.5 Capitalised exploration and evaluation assets

The Company uses the successful efforts method to account for exploration costs. All exploration expenditures, with the exception of acquisition expenditure of licences and drilling expenditure of exploration wells are expensed as incurred.

Drilling expenditure for exploration wells are temporarily capitalised pending the evaluation of potential discoveries of oil and gas resources. Such costs can remain capitalised for more than one year. The main criteria are that there must be firm plans for future drill decisions in the licence or that a development decision is expected in the near future. If no resources are discovered, or if recovery of the resources is considered technically or commercially unviable, expenses related to the drilling of exploration wells are charged in the Statement of Comprehensive Income as exploration expense. When exploration drilling is ongoing in a period after a reporting date and the result of the drilling is subsequently not successful, the capitalised exploration costs as of the reporting date are expensed if the evaluation of the well is completed before the date when the financial statement is authorised for issue.

Capitalised exploration drilling expenditures are capitalised as intangible assets and will be reclassified to tangible assets when entering the development phase. For accounting purposes, a field or licence is considered to enter development when the technical feasibility and commercial viability of extracting hydrocarbons from the field are demonstrable, normally at the time of concept selection. Acquired licence rights are recognised as intangible assets at the time of acquisition. Acquired licence rights related to fields in the exploration phase will remain as intangible assets also when the related fields enter the development or production phase.

Capitalised exploration and evaluation assets and development assets will be reclassified to producing assets and depreciated using the unit-of-production method as reserves are produced.

Capitalised expenditures from licence acquisitions and drilling exploration wells are assessed for impairment when facts and circumstances suggest that criteria for capitalisation is no longer present. Reference is made to second para in this section for criteria for capitalisation. The economic unit used for assessment of impairment of such assets is evaluated on a well-by-well basis. If the main well bore and any side tracks are using the same wellhead these are considered as one cash generating unit. If criteria for capitalisation is no longer present, capitalised exploration expenditures are recognised as impairment in the Statement of Comprehensive Income.

2.6 Interests in oil and gas licences

The Company's interests in oil and gas licences are accounted for by recognising the Company's share of the licences' individual expenses, assets, liabilities and cash flows. Each item is classified and presented in its respective line-items in the financial statements.

For cost allocation to operated licences the Company uses a no gain, no loss principle. Costs not directly charged to the licences, are allocated based on a reasonable allocation key.



2.7 License transactions

Ordinary transactions of working interests in licenses are considered as either a business combination or transfer of assets. Exploration phase licenses are normally classified as transfer of assets.

In connection with a license transaction between the Company and a third party, the parties will agree on an effective date and a completion date for the transaction. The effective date will be the cut-off date for transfer of net cash flow from the licence and will also normally be considered as the transaction date for tax purposes. For accounting purposes, the completion date will normally be considered as the transaction date and expenditures from the license will be included in the seller's financial statement till this date. Vice versa, expenditures will first be included in buyer's financial statement after this date. In the period between the effective date and the completion date, a Pro & Contra settlement will take into account the net cash flow in the period and will be part of the settlement in the transaction.

Licence transactions are conducted on a post-tax basis due to provisions in the Petroleum Taxation Act. Licence acquisition expenditure will be capitalised net after tax. Licence disposal settlements will be recognised as other income. If the disposed licence holds associated capitalised exploration or development expenditure, this amount net after taxes, will offset other income.

Farm-in agreements

Farm-in agreements are usually acquisitions of working interests in exploration phase licences and are characterised by the seller waiving future economic benefits, such as reserves, in exchange for reduced future funding obligations, e.g. transfer of a working interest in exchange for carry of future drilling expenditure.

This well carry/carried interest is accounted for by the farmee as expenses occur and is classified in accordance with the policy for treatment of the exploration expenses. A farm in agreement is recognised when risks and rewards of ownership are transferred.

2.8 Leases (as lessee)

The Company implemented IFRS 16 Leases from 1 January 2019. The impact of this accounting standard is that almost all leases are 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.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of all fixed and variable lease payments. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used.

Right-to-use assets are measured at cost comprising the amount of the of the initial measurement of the lease liability in addition to other relevant costs, if any. Right-to-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2.9 Receivables

Receivables are initially recognised at fair value. The receivables are subsequently carried at amortised cost using the effective interest method. Impairment losses are incurred only if there is



objective evidence of impairment as a result of one or more events that occurred after the initial recognition and this loss event (or events) has an impact on the estimated future cash flows that can be reliably estimated. The amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash. The asset's carrying amount is reduced and the amount of the loss is recognised in the Statement of Comprehensive Income. If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the Statement of Comprehensive Income.

2.10 Cash and cash equivalents

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

2.11 Loans and borrowings

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

2.12 Taxes

As an oil company, Wellesley Petroleum is subject to the special provisions of the Petroleum Taxation Act. Revenues, and costs correspondingly, from activities on the Norwegian Continental Shelf are liable to ordinary company tax and special tax. The tax rate for general corporate tax is 22 percent and the rate for special tax is 56 percent, resulting in a total tax rate of 78 percent.

Income taxes for the period comprises tax receivable and changes in deferred tax. Companies may claim a refund from the State for the tax value of exploration expenses incurred as long as these do not exceed the year's tax-related loss allocated to the offshore activities. The refund is included in Tax receivable from exploration refund in the Statement of financial position. In addition, a tax receivable from tax loss refund has been introduced from 2020 as a part of the temporary change to the tax regime for oil and gas companies for the income years 2020 and 2021, as enacted by the Norwegian Parliament in June 2020. This means that the tax value of any remaining offshore tax losses after deducting the basis of the exploration refund, also will be refunded for these two years.

Taxes is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the taxes are 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 statements and their tax bases, together with tax losses carried forward at the balance sheet date. Deferred tax assets and liabilities are calculated on the basis of 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.

Companies operating on the NCS under the offshore tax regime can claim the tax value of any unused tax losses related to its offshore activities to be paid in cash from the tax authorities when offshore



operations cease. Deferred tax assets that are based on offshore tax losses carried forward are therefore recognised in full.

2.13 Pension plans

The Company has a defined contribution plan for its employees. The Company's payments are recognised in the Statement of Comprehensive Income as payroll and related expenses.

2.14 Provisions

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

2.15 Trade creditors

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

2.16 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.

2.17 Segment reporting

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

2.18 Cost of equity transactions

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

2.19 Statement of Cash Flow

The Statement of Cash Flow is prepared by using the indirect method.

2.20 Share-based payment arrangements

Cash-settled share-based payment transactions are measured at the fair value of the liability incurred. Until the liability is settled, the Company will remeasure the fair value of the liability at each end of the reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

Cash-settled share-based payment transactions paid by group companies, are recognised as an equity settled share-based payment. Equity settled share-based payments are recognised at fair-value at the date of grant, and accrued over the vesting period.

2.21 Events after the reporting period

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.

Note 3 Critical accounting estimates and judgements

3.1 Critical accounting estimates and assumptions

The preparation of the financial statements in accordance with IFRS requires management to make judgements and 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 in the following:

Capitalised exploration and evaluation assets

Capitalised exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that criteria for capitalisation is no longer present. The main criteria are that there must be plans for future drill decisions in the licence or that a development decision is expected in the near future. The economic unit used for assessment of impairment of exploration and evaluation assets is assessed on a well-by-well basis.

3.2 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 licences 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.



Note 4. Other operating income

Amounts in NOK `000	2020	2019
Gain on sale of licenses	2 707	821 650
Other operating income	-	16 518
Total operating income	2 707	838 168

Note 5. Exploration expenses

Amounts in NOK `000	2020	2019
G&G. seismic costs and studies	101 828	85 709
Field evaluations	64 318	29 195
Expensed drilling costs previous years	27 868	3 278
Expensed drilling costs this year	362 324	385 300
Seismic and other exploration costs, outside billing	83 943	168 611
Total exploration expenses	640 279	672 092

Expensed exploration expenses is mainly dry hole costs in PL829, PL889 and PL1008 (2019: PL871, PL885, PL888, PL931 and PL986).

Note 6. Payroll and related expenses, remuneration to GM and Board of Directors

Payroll and related expenses

Amounts in NOK `000	Note	2020	2019
Salaries		59 625	69 509
Social security tax		6 872	8 406
Pension costs	18	4 152	4 439
Other benefits		2 829	3 914
Payroll expenses allocated to partners		-35 821	-20 561
Total payroll and related expenses		37 657	65 707

Average number of employees	25	25
-----------------------------	----	----

Remuneration to General Manager

Amounts in NOK `000	2020	2019
Salaries	2 031	1 913
Bonus	-	662
Pension costs	487	478
Other benefits	17	14
Total	2 536	3 067

Remuneration to Board of Directors

Amounts in NOK `000	2020	2019
Directors' fees	191	176
Total	191	176

No loans have been granted or guarantees pledged to General Manager, Board of Directors or other related parties.



Note 7. Other operating expenses and remuneration to auditor

Other operating expenses

Amounts in NOK `000	2020	2019
Consultant and other fees	5 254	15 421
IT costs	10 014	28 045
Other administrative expenses	5 802	8 791
Other operating expenses allocated to partners	-12 163	-15 087
Total other operating expenses	8 907	37 170

Remuneration to auditor

Amounts in NOK `000	2020	2019
Statutory audit	278	217
Other assurance services	45	103
Tax advisory services	-	44
Other advisory services	25	-
Total excl. VAT	348	364

Note 8. Finance income and costs

Finance income

Amounts in NOK `000	2020	2019
Interest income bank deposits	6 139	4 629
Interest income on tax refund	10 132	6 801
Interest income from group companies	-	26
Foreign exchange gain	28 870	6 512
Total finance income	45 142	17 968

Finance costs

Amounts in NOK `000	2020	2019
Interest expenses and transaction costs on borrowings	34 602	42 929
Interest expenses to group companies	6	-
Foreign exchange loss	42 895	16 002
Other finance costs	10 582	11 147
Total finance costs	88 085	70 078



Note 9. Tax

Income tax credit

Amounts in NOK '000	2020	2019
Refund tax value of exploration costs this year	905 242	746 897
Of which capitalised on acquisition of licenses	-1 780	-33 302
Refund tax value of tax losses this year	30 130	-
Change in deferred tax	-386 031	-119 217
Total income tax credit	545 782	594 378

Tax receivable from exploration refund

Amounts in NOK '000	2020	2019
Tax receivable from exploration refund - current	905 242	746 897

Exploration companies operating on the Norwegian Continental Shelf may claim a 78% refund of their exploration costs limited to taxable losses for the year. The refund will be received in November the following year.

Tax receivable from tax loss refund

Amounts in NOK '000	2020	2019
Tax receivable from tax loss refund - current	11 355	-

The tax receivable from tax loss refund is received in six instalments occurring every two months, and is a part of the temporary change to the tax regime for oil and gas companies for the income years 2020 and 2021, as enacted by the Norwegian Parliament in June 2020.

Tax effects on temporary differences and tax losses carried forward

Amounts in NOK '000	2020	2019
Exploration and evaluation assets	-927 309	-538 875
Property, plant and equipment	281	68
Interest-bearing loans and borrowings	-2 079	-1 980
Trade and other payables	4 312	4 312
Tax losses carried forward, offshore 22%	39 035	38 802
Tax losses carried forward, offshore 56%	47 786	47 501
Uplift carry forward 56%	241	240
Total deferred tax liability (-) / asset recognised	-837 733	-449 932

Companies operating on the Norwegian Continental Shelf under the offshore tax regime can claim the tax value of any unused tax losses related to its offshore activities to be paid in cash from the tax authorities when offshore activities subject to additional tax cease. Deferred tax assets that are based on offshore tax losses carried forward are therefore recognised in full.

Reconciliation of income tax credit

Amounts in NOK '000	2020	2019
Profit / loss (-) before income tax	-730 852	7 175
Expected income tax credit 78%	570 064	-5 597
Adjusted for tax effects (22% - 78%) of the following items:		
Sale of oil and gas properties	-	635 038
Permanent differences	-344	-7 083
Financial items, only subject to ordinary tax rate	-24 458	-29 553
Adjustment previous years and other	519	1 572
Total income tax credit	545 782	594 378
Effective tax rate	75 %	-8284 %

The current tax rate is 22% and the special petroleum tax rate is 56%, giving a total tax rate is 78%.



Note 10. Exploration and evaluation assets

Amounts in NOK `000	2020	2019
Acquisition cost:		
At 1 January	777 851	574 903
Additions, capitalised exploration and licence costs *	526 176	202 948
Reclassification to development	-	-
Disposals, impairment	-	-
Disposals, sale	-	-
At 31 December	1 304 028	777 851
Impairment and disposals:		
At 1 January	-9 242	-5 963
Impairment this year	-27 868	-3 278
Disposals	-	-
At 31 December	-37 109	-9 242
Carrying amount at 31 December	1 266 919	768 610

* Additions mainly relate to drilling of wells in PL248C, PL878 and PL923 (2019; drilling of wells in PL248C and PL942.)

Note 11. Oil and gas properties

Amounts in NOK `000	2020	2019
Acquisition cost:		
At 1 January	-	161 590
Reclassification from exploration	-	-
Additions	-	157 555
Disposals	-	-319 145
Acquisition cost at 31 December	-	-
Depreciation, impairment and disposals:		
Accumulated at 1 January	-	-
Depreciation this year	-	-
Impairment this year	-	-
Disposals	-	-
Accumulated 31 December	-	-
Carrying amount at 31 December	-	-

Economic life
Depreciation method

License period
UoP

Oil and gas properties relates to fields under development.



Note 12. Property, plant and equipment

2020

Amounts in NOK '000	Right-of-use assets; Offices	Furniture, fixtures and office equipment	Total
Acquisition cost:			
At 1 January	8 733	3 773	12 506
Additions	-	-	-
Disposals	-	-	-
Acquisition cost at 31 December	8 733	3 773	12 506
Depreciation and impairment:			
Accumulated at 1 January	-2 832	-2 418	-5 250
Depreciation this year	-2 832	-940	-3 773
Impairment this year	-	-	-
Disposals	-	-	-
Accumulated 31 December	-5 665	-3 358	-9 023
Carrying amount at 31 December	3 068	415	3 484
Economic life	Lease period	5 years	
Depreciation method	linear	linear	

2019

Amounts in NOK '000	Right-of-use assets; Offices	Furniture, fixtures and office equipment	Total
Acquisition cost:			
At 1 January	8 733	3 735	12 468
Additions	-	39	39
Disposals	-	-	-
Acquisition cost at 31 December	8 733	3 773	12 506
Depreciation and impairment:			
Accumulated at 1 January	-	-1 337	-1 337
Depreciation this year	-2 832	-1 081	-3 913
Impairment this year	-	-	-
Disposals	-	-	-
Accumulated 31 December	-2 832	-2 418	-5 250
Carrying amount at 31 December	5 901	1 356	7 256
Economic life	Lease period	5 years	
Depreciation method	linear	linear	

Note 13. Trade and other receivables

Amounts in NOK '000	2020	2019
Prepaid expenses	3 928	3 914
VAT receivable	2 708	2 133
Receivables, from interests in licences	66 688	87 115
Receivables from group companies *	313	313
Other items	5 138	7 168
Total trade and other receivables	78 776	100 644

* Receivables from Wellesley Midco Ltd and Wellesley Holdco Ltd.



Note 14. Cash and cash equivalents

Amounts in NOK `000	2020	2019
Bank deposits	49 513	53 905
Total cash and cash equivalents	49 513	53 905
Of this:		
Restricted cash for withheld taxes from employees salaries	2 811	6 466

Note 15. Share capital and shareholder information

	2020	2019
Number of shares at 1 January	171 415 063	113 623 117
New shares issued during the year:		
Issued in exchange for cash	25 900 000	57 791 946
Number of shares at 31 December	197 315 063	171 415 063
Nominal value NOK per share at 31 December	1,00	1,00
Share capital NOK at 31 December	197 315 063	171 415 063
Unregistered share capital NOK at 31 December	-	-

All shares at 31 December 2020 are owned by Wellesley Holdco Ltd. There is only one class of shares with equal rights for all shares.

The parent company Wellesley Holdco Ltd has its registered offices in 20 Eastbourne Terrace, London, United Kingdom, where the consolidated accounts which include the company can be obtained.

Note 16. Interest-bearing loans and borrowings

Amounts in NOK `000	2020	2019
Exploration financing facility, funds drawn at 31 December	816 000	614 000
Exploration financing facility, transaction costs amortised at 31 December	-9 450	-9 000
Total interest-bearing loans and borrowings	806 550	605 000

On 3 December 2019 the Company amended the existing Exploration Facility Agreement originally dated 10 February 2016 from NOKmm 2,000 to NOKmm 1,500 with an accordion option of NOKmm 1,000. This is a two-year agreement with an option to extend one year. At year end 2020 both the accordion option and the extension option have been triggered. Subsequent to this the facility is NOKmm 1,800 with a further accordion option of NOKmm 700 and the agreement expires 31.12.2022.

Available amount for funding will at all times be 95% of the tax value of eligible costs which have not already been refunded by tax authorities. Interest rate is NIBOR 3 months + 1.7%.

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

Note 17. Trade and other payables

	2020	2019
Trade creditors	11 255	41 479
Payables and accruals, from interests in licences	106 966	77 825
Lease liability	2 746	5 830
Payables to group companies *	3 913	7 526
Holiday pay	4 255	5 204
Other accruals for incurred costs	10 433	12 416
Total trade and other payables	139 568	150 281

* Payable to Wellesley Holdco Ltd.



Note 18. Pensions

The company is required to have an occupational pension scheme in accordance with the Norwegian Act on mandatory occupational pensions (lov om obligatorisk tjenstepensjon). The company's pension scheme fulfills the requirements of that law.

The company's pension scheme covers all employees. The scheme is a defined contribution plan.

Amounts in NOK `000	2020	2019
Pension cost	4 152	4 439
Social security tax	585	626
Net pension costs	4 737	5 065

Note 19. Leases

The company implemented IFRS 16 from 1 January 2019 and recognised a right-to-use asset related to leasing of offices. See note 12.

Lease liability

Amounts in NOK `000	Note	2020	2019
Lease liability 1 January		5 830	8 733
Additions lease contracts		-	-
Accretion lease liability, included in finance cost		104	104
Cash payments for the interest portion of the lease liability		-104	-104
Cash payments for the principal portion of the lease liability		-3 084	-2 903
Total lease liability 31 December	17	2 746	5 830

Future minimum lease payments under non-cancellable lease agreements (undiscounted)

Amounts in NOK `000	2020	2019
Within one year	3 085	2 995
After one year, less than five years	66	3 151
After five years	-	-
Total	3 151	6 146



Note 20. Financial instruments

(a) Categories of financial instruments

Financial assets:

Amounts in NOK '000	Category	2020	2019
Trade and other receivables *	Amortised cost	72 139	94 597
Cash and cash equivalents	Amortised cost	49 513	53 905
Total financial assets		121 652	148 501

Financial liabilities:

Amounts in NOK '000	Category	2020	2019
Interest-bearing loans and borrowings	Amortised cost	806 550	605 000
Trade and other payables **	Amortised cost	132 567	139 246
Total financial liabilities		939 117	744 246

* Prepaid expenses and VAT receivable are excluded since they are not defined as financial instruments.

** Public duties payable are excluded since they are not defined as financial instruments.

(b) Fair value of financial instruments

The carrying amount of current receivables and cash and cash equivalents is approximately equal to fair value, since these instruments have a short term to maturity. Similarly, the carrying amount of trade creditors and other current payables is approximately equal to fair value, since the effect of discounting is not significant. The fair value of the interest-bearing loans and borrowings is approximately NOK 816 million at year end 2020 (2019: NOK 614 million).

(c) Creditworthiness of financial assets

The company does not have a system that separates receivables and loans on counterparty credit rating. Cash and cash equivalents are receivables from banks. See further detail below regarding credit risk.

(d) Financial risk

The most significant financial risks which affect the company are listed below. The management performs a continuous evaluation of these risks and determines policies related to how these risks are to be handled.

Credit risk:

Carrying amounts of financial assets presented above represents the maximum exposure to credit risk. The company is mainly exposed to credit risk related to bank deposits and receivables from interests in licences. The exposure to credit risk is monitored on an ongoing basis. There are no expectations that any of the counterparties will not be able to fulfil their liabilities. The company has not provided any guarantees for third parties' liabilities.

Liquidity risk:

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.

Foreign exchange rate risk:

The company is exposed to currency risk related to its activities as the value of potential discoveries is correlated with USD and parts of the company's expenses are in other currencies than the functional currency (NOK). The company has not entered into any agreements to reduce its exposure to foreign currencies. At 31 December 2020 the company is exposed to exchange rate risk mainly due to cash and cash equivalents in USD and working capital from interests in licences in USD.

Interest rate risk:

The company's exposure to interest rate risk is related to usage of the exploration loan facility, with floating interest rate conditions. See note 16 for information about the exploration loan facility.



Note 21. Related parties

Purchases of services from related parties

Amounts in NOK '000	2020	2019
Wellesley Holdco Ltd (shareholder)	17 009	20 714
Total purchases of services from related parties	17 009	20 714

Services are priced in accordance with the arm's length principle.

Remuneration to General Manager and Board of Directors is disclosed in note 6, and balances with group companies is disclosed in note 13 and 17.

Note 22. Interests in licenses and commitments

Interests in non operated licenses at 31 December

	Operator	2020	End of concession period
PL159F	Equinor Energy AS	40 %	March 2029
PL248C	Equinor Energy AS	25 %	June 2035
PL630	Equinor Energy AS	40 %	February 2022
PL685	Aker BP ASA	40 %	March 2023
PL878	Equinor Energy AS	20 %	February 2024
PL888	DNO Norge AS	30 %	February 2024
PL889	Neptune Energy Norge AS	20 %	February 2024
PL903 *	Equinor Energy AS	10 %	February 2020
PL907	Aker BP ASA	20 %	March 2026
PL923	Equinor Energy AS	20 %	March 2025
PL942	Equinor Energy AS	30 %	March 2023
PL1008	Aker BP ASA	40 %	March 2024
PL1014, 1014B	Equinor Energy AS	30 %	March 2027
PL1053	Neptune Energy Norge AS	40 %	February 2026
PL1063	Neptune Energy Norge AS	40 %	February 2027

Interests in operated licenses at 31 December

	2020	End of concession period
PL090JS	45 %	March 2024
PL248I	60 %	June 2035
PL829	60 %	February 2021
PL871	80 %	February 2024
PL885	80 %	February 2023
PL924	50 %	March 2025
PL925	90 %	March 2023
PL1044	50 %	February 2027
PL1052	40 %	February 2027

Commitments at 31 December 2020

The Company had through interests in licences committed investments and expenditures of NOKmm 419 at 31 December 2020.

* The Company has, together with the operator, applied for a concession period extension through February 2023. The application was sent 4 February 2020, not yet any formal response from the NPD.



Note 23. Contingent liabilities

The Company has not been involved in any legal or financial disputes in 2020 or 2019, where an adverse outcome is considered more likely than remote.

Note 24. Share-based payment

The Company has entered into a share-based payment arrangement with a group of the Company's employees. The Company has recognised a liability of NOKmm 5.5 as of year-end 2020 (2019; NOKmm 5.5).

Note 25. Going concern

The financial statements have been prepared under the assumption of going concern and the Board of Directors confirms this assumption.

Note 26. Covid-19

The ongoing COVID-19 pandemic combined with the commodity price crash in the first quarter of 2020 has had a significant impact on the oil and gas industry throughout 2020. The impact of these events on the Company has been limited as the Company is in the exploration phase and is fully funded by its parent company and its Exploration Financing Facility.

During 2020 the main financial effects of the pandemic for the Company has been some extra costs related to setting up home offices for employees and other costs related to measures directed at minimising the risk of infection in the office. We have also implemented strict quarantine rules for 3rd party offshore personell during offshore operations at the Company's cost.

Note 27. Events after the reporting period

The Company was during the APA'20 licence round awarded 2 new licences.

**SIGNATURES****ALLEKIRJOITUKSET****UNDERSKRIFTER****SIGNATURER****UNDERSKRIFTER**

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authority to sign
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firmateckningsrätt
förvaltare

autoritet til å signere
representant
foresatte/verge

myndighed til at underskrive
repræsentant
frihedsberovende

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