



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 998 433 223  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: RN NORDIC OIL AS  
Forretningsadresse: Olav Vs gate 5  
0161 OSLO

### Regnskapsår

Årsregnskapets periode: 01.01.2017 - 31.12.2017

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

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

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: KPMG Accounting AS  
Dato for fastsettelse av årsregnskapet: 27.04.2018

### Grunnlag for avgivelse

År 2017: Årsregnskapet er elektronisk innlevert  
År 2016: Tall er hentet fra elektronisk innlevert årsregnskap fra 2017

*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, 29.09.2019



### Resultatregnskap

Beløp i: NOK	Note	2017	2016
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
Varekostnad	5, 8	63 488 484	97 049 234
Lønnskostnad	2	24 445 568	19 058 939
Avskrivning på varige driftsmidler og immaterielle eiendeler	3	508 936	507 114
Annen driftskostnad	4	17 788 049	12 361 549
<b>Sum kostnader</b>		<b>106 231 037</b>	<b>128 976 836</b>
<b>Driftsresultat</b>		<b>-106 231 037</b>	<b>-128 976 836</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt		438 547	769 868
Annen finansinntekt		58 184 175	102 989 052
<b>Sum finansinntekter</b>		<b>58 622 722</b>	<b>103 758 920</b>
Rentekostnad til foretak i samme konsern	4	5 256 688	24 784 407
Annen rentekostnad		2 024	86 225
Annen finanskostnad	4	34 533 748	85 139 967
<b>Sum finanskostnader</b>		<b>39 792 460</b>	<b>110 010 599</b>
<b>Netto finans</b>		<b>18 830 262</b>	<b>-6 251 679</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-87 400 775</b>	<b>-135 228 515</b>
Skattekostnad på ordinært resultat	10	-79 845 691	-54 908 173
<b>Ordinært resultat etter skattekostnad</b>	7	<b>-7 555 084</b>	<b>-80 320 342</b>
<b>Årsresultat</b>	7	<b>-7 555 084</b>	<b>-80 320 342</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>-7 555 084</b>	<b>-80 320 342</b>
<b>Totalresultat</b>		<b>-7 555 084</b>	<b>-80 320 342</b>
<b>Overføringer og disponeringer</b>			
Udekket tap	7	-7 555 084	-80 320 342
<b>Sum overføringer og disponeringer</b>	7	<b>-7 555 084</b>	<b>-80 320 342</b>



## Balanse

Beløp i: NOK	Note	2017	2016
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	10	16 152 802	14 331 377
<b>Sum immaterielle eiendeler</b>		<b>16 152 802</b>	<b>14 331 377</b>
<b>Varige driftsmidler</b>			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	3	481 396	927 712
<b>Sum varige driftsmidler</b>		<b>481 396</b>	<b>927 712</b>
<b>Sum anleggsmidler</b>	3	<b>16 634 198</b>	<b>15 259 089</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Kundefordringer	10	78 024 266	54 533 383
Andre fordringer		5 835 778	1 992 623
<b>Sum fordringer</b>		<b>83 860 044</b>	<b>56 526 006</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	9	42 322 813	66 217 645
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>42 322 813</b>	<b>66 217 645</b>
<b>Sum omløpsmidler</b>		<b>126 182 857</b>	<b>122 743 651</b>
<b>SUM EIENDELER</b>		<b>142 817 055</b>	<b>138 002 740</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	6	100 000 000	1 000 000
Overkurs	6	442 450 000	
<b>Sum innskutt egenkapital</b>	6, 7	<b>542 450 000</b>	<b>1 000 000</b>



## Balanse

Beløp i: NOK	Note	2017	2016
<b>Opptjent egenkapital</b>			
Udekket tap	7	590 700 250	583 145 169
<b>Sum opptjent egenkapital</b>		<b>-590 700 250</b>	<b>-583 145 169</b>
<b>Sum egenkapital</b>	7	<b>-48 250 250</b>	<b>-582 145 169</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Øvrig langsiktig gjeld	4	177 374 773	648 089 378
<b>Sum annen langsiktig gjeld</b>	4	<b>177 374 773</b>	<b>648 089 378</b>
<b>Sum langsiktig gjeld</b>		<b>177 374 773</b>	<b>648 089 378</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		6 381 838	62 550 600
Skyldige offentlige avgifter		1 766 270	1 155 775
Annen kortsiktig gjeld		5 544 422	8 352 152
<b>Sum kortsiktig gjeld</b>		<b>13 692 530</b>	<b>72 058 527</b>
<b>Sum gjeld</b>		<b>191 067 303</b>	<b>720 147 905</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>142 817 053</b>	<b>138 002 736</b>



FINANCIAL STATEMENT

RN NORDIC OIL AS

Business Registration No. 998 433 223

2017



## Annual Report 2017 for RN Nordic Oil AS

### **The nature of the business and where it is carried on**

RN Nordic Oil AS is a company in the petroleum sector. The activities in Norway are related to exploration, development and production of hydrocarbons and related activities.

The company was established in 2012 and is located on premises in Olav Vs gate 5, Oslo.

The company had one license during 2017, PL713, which was relinquished in June. The company has had costs for acquisitions of seismic data used in connection with preparation for the 24th license Round and APA 2017 license round, evaluation of potential license farm-ins and in preparation for APA 2018 licensing round.

### **Going concern**

In accordance with the Accounting Act § 3-3a, the Board confirms that the financial statement for the Company have been prepared under the assumption of going concern, and the Board confirms this assumption.

### **Continued operations**

In 2017 the company's operations were related to following up the operator's work, Statoil on PL 713. This work consisted mainly on general license management and monitoring. The main activity through 2017 was preparation for the 24th license round applications, APA 2017 applications, evaluation of licenses for potential farm-in and preparation for future license rounds.

RN Nordic Oils AS has a solid parent company financial guarantee. The loan from Rosneft Oil Company is regarded as subordinated debt (the loan is standing back from all other debt). It was decided in 2016 to strengthen the equity situation by providing funds for repayment of a substantial part of the corporate loan. This was implemented early 2017, increasing the share capital to 100 MNOK and adding a share premium of 442 450 000 NOK which resulted in the negative equity being reduced from -582 145 169 NOK to -48 250 250 NOK. In view of the above, the Board of Directors is of the opinion that the negative equity capital position poses no financial risks related to the operations of RN Nordic Oil AS.

### **Work environment**

By the end of the year the company had 14 employees. The company plans to expand the organization further with 3 additional staff from the middle of the financial year 2018.

The board believes that the work environment is good, and no particular measures have been implemented in relation to this.

Employees of the business have not suffered any accidents or injuries in connection with the performance of their work.

There have been no long term absences due to sickness during the course of the year. Average absence due to short-term sickness is around 2 %.

### **Equal opportunities**

The company had 14 employees by the end of the year.

The company requires that working hours and salaries are to be divided fairly between the genders. The company's human resources policy is considered to be gender neutral in all aspects.



The board consists of four people, the Chair being a woman and the three members are men.

#### External environment

The company is in a start-up phase and has not participated in any operational activities during the course of 2017. We are not aware of any actual or potential undesirable emissions of pollutants in connection of the company's activities in 2017.

#### Research and development activities

The company has had no costs related to research and development activities in 2017.

#### Future prospects

The operating loss for 2017 is NOK -106 231 037 and the loss before tax is NOK -87 400 775.

The company's object is the exploration and development of oil and gas resources in relation to future licenses awarded. The objective is to generate revenues within a currently unspecified time period. The company may participate in parallel activities with the intention of starting up production and generating revenues at an earlier date.

#### Statement about the annual accounts and the allocation of profits

In the opinion of the board, the profit and loss account and the balance sheet with notes provide a good representation of the company's activities for 2017 and its financial position at the end of the year. The board is not aware of any matters of importance for assessing the company's position and revenues which are not evident from the accounts and the balance sheet with notes. Neither have any matters arisen after the end of the accounting year which in the opinion of the board are of importance for the assessment of the accounts.

The company is included in the group accounts of Rosneft Oil Company, 16 allée Marconi, L-2120 Luxembourg. The group accounts may be found on the website of [www.rosneft.com](http://www.rosneft.com).

In 2017 the company had an after tax uncovered loss of NOK-7 555 084 which is proposed to be allocated as follows:

To other equity capital/uncovered loss	NOK	-7 555 084
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With the current development, the conditions are good for continued operations and further progress.

Oslo, 27.04.2018

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Liv Monica Bargem Stubholt  
chairman of the board

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Halfdan Millang  
member of the board

\_\_\_\_\_  
Zeljko Runje  
member of the board

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John Rae Pickard  
member of the board



## Revenue statement

### RN Nordic Oil AS

<b>Operating income and operating expenses</b>	<b>Note</b>	<b>2017</b>	<b>2016</b>
Exploration expenses	<b>5, 8</b>	63 488 484	97 049 234
Payroll expenses	<b>2</b>	24 445 568	19 058 939
Depreciation and amortisation expense	<b>3</b>	508 936	507 114
Other operating expenses	<b>4</b>	17 788 049	12 361 549
Operating expenses		<u>106 231 037</u>	<u>128 976 836</u>
Operating profit		<u>-106 231 037</u>	<u>-128 976 836</u>
<b>Financial income and expenses</b>			
Other interest income		438 547	769 868
Other financial income		58 184 175	102 989 052
Interest expense to group entities	<b>4</b>	5 256 688	24 784 407
Other Interest expenses		2 024	86 225
Other financial expenses	<b>4</b>	34 533 748	85 139 967
Net financial income and expenses		<u>18 830 262</u>	<u>-6 251 679</u>
Operating result before tax		-87 400 775	-135 228 515
Tax on ordinary result	<b>10</b>	-79 845 691	-54 908 173
Operating result after tax	<b>7</b>	<u>-7 555 084</u>	<u>-80 320 342</u>
Annual net profit	<b>7</b>	<u>-7 555 084</u>	<u>-80 320 342</u>
<b>Brought forward</b>			
Loss brought forward	<b>7</b>	7 555 084	80 320 342
Net brought forward	<b>7</b>	<u>-7 555 084</u>	<u>-80 320 342</u>



## Balance sheet

RN Nordic Oil AS

Assets	Note	2017	2016
<b>Fixed assets</b>			
Deferred tax asset	10	16 152 802	14 331 377
Total intangible assets		<u>16 152 802</u>	<u>14 331 377</u>
Equipment and other movables	3	481 396	927 712
Total tangible fixed assets		<u>481 396</u>	<u>927 712</u>
Total fixed assets	3	<u>16 634 198</u>	<u>15 259 089</u>
<b>Current assets</b>			
Tax refund	10	78 024 266	54 533 383
Other receivables		5 835 778	1 992 623
Total debtors		<u>83 860 044</u>	<u>56 526 006</u>
Cash and bank deposits	9	42 322 813	66 217 645
Total current assets		<u>126 182 857</u>	<u>122 743 651</u>
Total assets		<u>142 817 055</u>	<u>138 002 740</u>

**Balance sheet**

## RN Nordic Oil AS

<b>Equity and liabilities</b>	<b>Note</b>	<b>2017</b>	<b>2016</b>
<b>Restricted equity</b>			
Share capital	6	100 000 000	1 000 000
Share premium reserve	6	442 450 000	0
Total restricted equity	6, 7	<u>542 450 000</u>	<u>1 000 000</u>
<b>Retained earnings</b>			
Loss brought forward	7	-590 700 250	-583 145 169
Total retained earnings		<u>-590 700 250</u>	<u>-583 145 169</u>
Total equity	7	<u>-48 250 250</u>	<u>-582 145 169</u>
<b>Liabilities</b>			
<b>Other long-term liabilities</b>			
Other long term liabilities	4	177 374 773	648 089 378
Total of other long term liabilities	4	<u>177 374 773</u>	<u>648 089 378</u>
<b>Current liabilities</b>			
Trade creditors		6 381 838	62 550 600
Public duties payable		1 766 270	1 155 775
Other short term liabilities		5 544 422	8 352 152
Total short term liabilities		<u>13 692 530</u>	<u>72 058 527</u>
Total liabilities		<u>191 067 303</u>	<u>720 147 905</u>
Total equity and liabilities		<u>142 817 053</u>	<u>138 002 736</u>

Oslo, 27.04.2018

The board of RN Nordic Oil AS

\_\_\_\_\_  
Liv Monica Bargem Stubholt  
chairman of the board

\_\_\_\_\_  
Halfdan Millang  
member of the board

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Zeljko Runje  
member of the board

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John Rae Pickard  
member of the board



## **Note 1 - Accounting Principles**

The annual accounts have been prepared in accordance with the Accounting Act of 1998 and generally accepted accounting principles in Norway. The company comes under the Accounting Act's definition of small enterprises.

### **Revenues**

The company was established in 2012. The company has not recorded any revenues since the exploration activities have not yet generated any.

### **Classification and assessment of balance sheet items**

Assets intended for long-term ownership or use are classified as fixed assets. Other assets are classified as current assets. Accounts receivable to be repaid within a year are classified as current assets. The classification of short-term or long-term debt is based on similar criteria.

Current assets are valued as the lowest of acquisition cost and the real value.

Short-term debt is recorded as the nominal value at the the debt was incurred.

### **Shares of oil and gas licenses**

Shares of oil and gas licences are entered in the accounts using the proportional consolidation method, which reflects the company's share of the activities and its financial position in the jointly controlled enterprise.

### **Exploration and evaluation costs**

The Company recognizes exploration and evaluation costs using the successful efforts method. Under this method, costs related to exploration and evaluation (license acquisition costs, exploration and appraisal drilling) are temporarily capitalized in cost centers by field (well) until the drilling program results in the discovery of economically feasible oil and gas reserves.

The length of time necessary for this determination depends on the specific technical or economic difficulties in assessing the recoverability of the reserves. If a determination is made that the well did not encounter oil and gas in economically viable quantities, the well costs are expensed to Exploration expenses in the statement of profit or loss.

Exploration and evaluation costs, except for costs associated with seismic, topographical, geological and geophysical surveys are initially capitalized as exploration and evaluation assets. Exploration and evaluation assets are recognized at costs less impairment, if any, as property, plant and equipment until the existence (or absence) of commercial reserves has been established.

Exploration and evaluation assets are subject to technical, commercial and management review as well as review for indicators of impairment at least once a year. This to confirm the continued intent to develop or otherwise extract value from the discovery. When indicators of impairment are present, impairment test is performed.

If subsequently commercial reserves are discovered, the carrying value, less loss from impairment of the respective exploration and evaluation assets, is classified as oil and gas properties (development assets). However, if no commercial reserves are discovered, such costs are expensed after exploration and evaluation activities have been completed.

### **Accounts receivable**

Accounts receivable and other receivables are specified in the balance sheet at nominal value



after deduction for allocation for expected losses. Allocations for expected losses are made on the basis of individual assessments for each receivable.

#### **Bank deposits, cash and similar**

Bank deposits, cash and similar include cash, bank and other means of payment falling due less than three months from the date of acquisition.

#### **Fixed assets**

Fixed assets include assets intended for long-term ownership and use. Fixed assets are valued at acquisition cost, but are written down to the recoverable amount if this is lower than the book value and the decrease in value is not expected to be temporary. The recoverable amount is the highest of the net sales value and the use value. The use value is the current value of future cash flow related to the asset. The write-down is reversed when the basis for write-down no longer exists. Fixed assets with limited financial lifespans are written down systematically.

#### **Tax**

The tax costs can be combined with the accounting profit or loss before tax.

The tax costs consists of tax payable (tax on the current year's directly taxable income) and changes in net deferred tax. Tax increasing and the tax reducing temporary variations that reverse or may be reversed in the same period are offset and netted. Deferred tax assets and deferred tax liabilities are presented net in the balance sheet. Net deferred tax advantages are presented to the degree it is probable that these may be utilised. The company may request payment from the government for the tax value of incurred exploration expenses, unless these exceed the current year's taxable loss allocated to offshore activities. The receivable is included under "Other receivables" in the balance sheet.

#### **Foreign currency**

Transactions in currencies other than the functional currency are converted when the first recognised to the rate of exchange of the accounting date. Variations between the exchange rate of the date of transactions and the date of payment are recognised in the profit and loss account as exchange gains or losses under financial items. Monetary items in foreign currencies are valued at the exchange rate prevailing at the end of the financial year.



## Note 2 - Payroll costs, number of employees, allowances.

Payroll costs	2017	2016
Salaries	19 541 213	14 474 988
Employer's social insurance contribution	2 393 861	2 974 105
Pension costs	745 740	547 944
Other benefits	1 764 754	1 061 902
<b>Sum</b>	<b>24 445 568</b>	<b>19 058 939</b>

The company had 13 employees at the end of 2017.

The company is required to have an occupational pension plan under the Act on Public Occupational Pensions.

The company has established such pension plan during 2014. The pension plan is a defined contribution plan and meets the requirements of this Act. The employees are entitled to 7 % contribution of annual salary between 0 and 12G.

### Auditor's fee

Audit related services	145 191
Other services	

The amounts do not include VAT.

### Total remuneration to senior executives (NOK)

	Salary	Bonus	Pension	Other benefits
Managing Director	2 688 569	1 470 922	78 653	145 008
	<b>Salary</b>			
Board (total)	1 197 011			

The managing director is also member of the board. He and Zeljko Runje is not entitled to any board fee.

The managing director is entitled to bonus. The incentive is based on achievement of defined results. The bonus incentive is limited to 70% of the ordinary gross annual salary.

No security or loan has been provided for the managing director or the members of the board.



## Note 3 - Fixed and intangible assets - oppdatert

	Office equipment	Other equipment	Total
Acquisition costs 01.01.2017	552 771	1 982 799	2 535 570
Acquisitions 2017	26 277	36 444	62 721
Acquisition costs 31.12.2017	579 048	2 019 243	2 598 291
Acc. depreciations 31.12.2017	479 731	1 637 064	2 116 795
<b>Carrying value 31.12.2017</b>	<b>99 317</b>	<b>382 179</b>	<b>481 496</b>
Depreciations 2017	110 554	398 382	508 936

## Note 4 - Intercompany debt and transactions

Outstanding accounts between companies in the same group etc.

	Long-term debt	
	2017	2016
Loan from PJSC Rosneft Oil Company	177 374 773	648 089 378

The loan was borrowed at 6 December 2012 and expires at 6 December 2022. The loan had a payment of USD 64 600 000 in March 2017.

The annual interest rate is 4,5%. The face value is USD 9 199 000 for 2017. Face value for 2016 was USD 63 399 000. In general, the loan increases due to incurred interests, but has been reduced due to a significant net payment in 2017. The loan is exposed to changes in exchange rates.

Internal interest costs for 2017 was NOK 5 256 688.

The company has bought internal geological & geophysical services from RN-Exploration LLC for MNOK 4.774

## Note 5 - Licences

The company held a "non-Operator" participating interest (20%) in one NCS licence (PL713), which was awarded in the 22nd Norwegian licensing round in June 2013. The licence's single commitment well 7319-12-1 was drilled in September 2014, which proved a gas discovery ("Pingvin"), which was reported as non-commercial.

The licence's initial exploration period expired in June 2017. The licence PL713 was returned to the Ministry of Petroleum and Energy in May 2017.

The company has applied for new licenses in the TFO for 2018.



## Note 6 - Share capital and shareholder information

The share capital prior to March 1th 2017 was of NOK 1 000 000, and consisted of 10 000 shares of NOK 100 each. All shares have equal rights.

At March 1th 2017 an equity issue was completed. No new shares were issued, but the face value of each share was increased by NOK 9 900 to NOK 10 000.

The share premium reserve was hence increased from 0 to NOK 442 450 000

The company is 100 % owned by Rosneft JV Projects S.A, 16 allée marconi, L2120 Luxembourg.

The company is included in the group accounts of Rosneft Oil Company. For more information about the group accounts, please see [www.rosneft.com](http://www.rosneft.com)

## Note 7 - Equity capital

	Share capital	Share premium reserve	Other EQ/uncovered losses	Total
Equity capital 01.01.2017	1 000 000	0	-583 145 169	<b>-582 145 169</b>
Issued capital March 1 2017	99 000 000	442 450 000		<b>541 450 000</b>
Current years loss			-7 555 084	<b>-7 555 084</b>
Equity capital 31.12.2017	100 000 000	442 450 000	-590 700 253	<b>-48 250 250</b>

## Note 8 - Other operating costs

Exploration and evaluation costs	2017	2016
Geophysics, seismic and analysis, well data	41 223 591	38 099 166
Exploration and evaluation expenditures	22 264 893	60 130
Expenses related to Mozambique activities	0	58 889 938
Total	<b>63 488 484</b>	<b>97 049 234</b>



**Note 9 - Bank deposits**

The company holds NOK 2 797 736 in restricted cash and bank deposits. The amount is related to bank deposits, withholding tax for employees etc:

<b>Bank depositis</b>	2017
Deposit	97 793
Deposit	1 650 300
Bank deposit (withholding tax employees)	1 049 643
<b>Total</b>	<b>2 797 736</b>



**Note 10 - Tax**

<b>The current year's tax costs</b>	<b>2017</b>	<b>2016</b>
Tax payable / Tax refund (-)	-78 024 266	-54 533 383
Changes to deferred tax liabilities/tax asset (-)	-1 821 425	-374 790
<b>Tax costs</b>	<b>-79 845 691</b>	<b>-54 908 173</b>

	<b>Offshore 54%</b>	<b>Offshore 24%</b>
<b>Tax payable/tax refund</b>	<b>2017</b>	<b>2017</b>
Loss before tax costs	-87 400 775	-87 400 775
Permanent differences	259 937	259 937
Changes in temporary differences	5 063 722	5 063 722
Financial income (-)/cost (+)	-18 830 263	-18 830 263
<b>Profit or loss before tax refund</b>	<b>-100 907 379</b>	<b>-100 907 379</b>
Non-exploration costs	876 269	876 269
Pre-qualification	0	0
Basis for calculation of tax refund	-100 031 110	-100 031 110
<b>Tax refund explorations costs</b>	<b>-54 016 799</b>	<b>-24 007 466</b>
<b>Balanced refund</b>		<b>-78 024 266</b>

<b>Calculations of deferred tax /tax advantage</b>	<b>2016</b>	<b>2017</b>	<b>Changes</b>
Fixed assets	-126 127	-23 312	-102 815
Accruals	0	3 846 888	-3 846 888
Loss carried forward 54 % (53%)	1 679 188	2 198 771	-519 583
Loss carried forward 24 % (25 %) offshore	63 066 773	56 703 738	6 363 035
<b>Net deferred tax asset</b>	<b>64 619 834</b>	<b>62 726 085</b>	<b>1 893 749</b>
Provision for uncertain tax positions	-50 288 459	-46 573 288	-3 715 171
<b>Net deferred tax liability (-)/tax asset (+) in the balance sheet</b>	<b>14 331 377</b>	<b>16 152 802</b>	<b>-1 821 429</b>



**RN Nordic Oil AS**

**Protokoll  
fra  
Styremøte  
i  
RN Nordic Oil AS**

**Minutes from a  
meeting of the Board of Directors  
of  
RN Nordic Oil AS**

Den 27. april 2018 ble det avholdt styremøte i RN Nordic Oil AS, organisasjonsnummer 998 433 223, (heretter Selskapet). Møtet ble holdt som telefonmøte. Styrets formann fant behandlingsformen forsvarlig, og det var ingen innvendinger.

On 27<sup>th</sup> of April 2018, a meeting of the board of directors of RN Nordic Oil AS, organisational number 998 433 223, (the Company), was held. The meeting was held by way of teleconference. The chairman of the board found the procedure to be satisfactory, and there were no objections.

Følgende styremedlemmer deltok:

- Liv Monica Stubholt (styrets leder)
- Zeljko Runje
- John R.Pickard
- Halfdan Millang

The following members of the board of directors participated:

- Liv Monica Stubholt (Chair of the Board)
- Zeljko Runje
- John R.Pickard
- Halfdan Millang

Styret var dermed fulltallig og beslutningsdyktig, ref paragraf 6-24 i aksjeloven.

Thus, the board formed a quorum cf. section 6-24 of the Private Limited Liability Companies Act.

Innkallingen og dagsordenen ble godkjent.

The summons and agenda were approved.

Styreleder Liv Monica Stubholt ledet styremøtet, ref paragraf 6-19 i aksjeloven.

The BoD chairperson Liv Monica Stubholt chaired the meeting, cf. section 6-19 of the Private Limited Liability Companies Act.

**Godkjenning av årsregnskap og årsrapport for 2017**

**Approval of the annual accounts and annual report for 2017**

Styret har blitt presentert utkast til årsrapport og årsregnskap for 2017 i forkant av møtet.

Prior to the meeting the board members had been presented with drafts of the annual accounts and report for 2017.

Årsregnskap og årsrapport ble presentert styret. Styret godkjente årsregnskapet og årsrapporten og anbefalte at generalforsamlingen skulle fatte følgende vedtak:

The annual accounts and the annual report were presented to the board of directors. The board approved the annual accounts and annual report, and proposed that the general meeting adopts the following resolution:

**RN NORDIC OIL AS**  
P.O.Box 1493 Vika, Oslo, N-0116, Norway  
T:+47 2368 1900



«Årsregnskapet og årsberetningen for 2017 godkjennes»

“The annual meeting approves the annual accounts and annual report for 2017.”

**Fastsettelse av revisors honorar for 2017**

**Approval of remuneration to the auditor for 2017**

Styret besluttet å foreslå at den ordinære generalforsamlingen vedtar følgende:

The board proposed that the general meeting adopts the following resolution:

«Honorar til Selskapets revisor for revisjon av RN Nordic Oil AS for regnskapsåret 2017 fastsettes til 112.500,-.»

“Remuneration to the Company’s auditor for the audit of RN Nordic Oil AS for the financial year of 2017 is determined at NOK: 112.500,- ”

**Styrehonorar**

**Independent Directors fees**

Styremedlemmenes honorar forblir uendret.

Independent Directors fees remain unchanged at.

**Innkalling til ordinær generalforsamling**

**Call for an ordinary general meeting**

Styret vedtok å innkalle til ordinær generalforsamling den 30. juni 2018. Følgende saker skal behandles:

The board resolved to call for an ordinary general meeting in the Company to be held at 30. June 2018. The general meeting shall deal with the following matters:

1. Godkjenning av årsregnskap og årsrapport for 2017.
2. Godkjenning av revisors honorar for 2017.
3. Godkjenning av honorar til styremedlemmer.

1. Approval of the annual accounts and annual report for 2017.
2. Approval of remuneration to the auditor for 2017.
3. Remuneration of the Independent Directors Directors.

Alle beslutninger var enstemmige. Ytterligere saker forelå ikke til behandling, og møtet ble hevet.

The resolution was unanimous. No further matters were on the agenda and the meeting was adjourned.

Denne protokollen er utarbeidet på norsk med uoffisiell engelsk oversettelse. Ved uoverensstemmelse mellom norsk og engelsk versjon, gjelder den norske versjonen.

These minutes have been drafted in the Norwegian language with an unofficial English translation. In case of discrepancy between the Norwegian and English version, the Norwegian version shall prevail.

**RN NORDIC OIL AS**

P.O.Box 1493 Vikka, Oslo, N-0116, Norway  
T:+47 2368 1900



\*\*\*

Oslo, 27<sup>th</sup> of April 2018

Mrs. Liv Monica Stubholt

Mr. Hatfdan Millang

Mr. John R. Pickard

Mr. Zeljko Runje

**RN NORDIC OIL AS**  
P.O.Box 1493 Vika, Oslo, N-0116, Norway  
T:+47 2368 1900



**RN Nordic Oil AS**

*(Unofficial translation. The official language of these minutes is Norwegian. In the event of any discrepancies between the Norwegian and English text, the Norwegian text shall precede.)*

**PROTOKOLL FRA  
ORDINÆR GENERALFORSMLING**

I

**RN Nordic Oil AS**

**MINUTES FROM  
ANNUAL GENERAL MEETING**

IN

**RN Nordic Oil AS**

Den 30. juni 2018 ble det avholdt ordinær generalforsamling i RN Nordic Oil AS, org. nr. 998 433 223, («Selskapet») i henhold til aksjeloven § 5-7.

ROSNEFT JV PROJECTS S.A. var gitt anledning til å delta i behandlingen og hadde på forhånd gitt sin tilslutning til at generalforsamlingen ble avholdt ved forenklet behandling etter aksjeloven § 5-7, samt til beslutningene som skulle fattes.

Styrets medlemmer, daglig leder og revisor var gitt mulighet til å uttale seg om sakene, men ingen av disse hadde noen kommentarer eller krevde sakene behandlet i møte. Generalforsamlingen ble avholdt ved at styrets leder undertegnet denne protokollen.

\*\*\*

Til behandling forelå følgende saker:  
I tråd med styrets forslag fattet generalforsamlingen følgende beslutning:

**1. Godkjenning av årsberetning og årsregnskap for 2017**

«Årsberetning og årsregnskap for 2017 godkjennes.»

**2. Fastsettelse av revisors honorar**

On 30<sup>th</sup> of June 2018 the annual general meeting of RN Nordic Oil AS, org. no. 998 433 223, (the "Company") in accordance with the Private Limited Companies Act section 5-7.

ROSNEFT JV PROJECTS S.A. had been given the opportunity to participate in the meeting and had consented to the general meeting being held by a simplified procedure pursuant to section 5-7 of the Private Limited Companies Act, and had supported the resolutions to be made.

The board members, the general manager and the auditor had been given the opportunity to express their view on the matters, but none of them had any comments nor had any of them requested the general meeting to be held as a physical meeting. The general meeting was held by the chairman of the board of directors executing these minutes.

\*\*\*

The following matters were on the agenda:  
In accordance with the proposal from the board of directors, the general meeting adopted the following resolution:

**1 Approval of the annual accounts and annual report for 2017**

“The annual accounts and annual report for 2017 are approved”

**2 Approval of auditor's fees**

#6460012/1



«Honorar til Selskapets revisor for revisjon av RN Nordic Oil AS for regnskapsåret 2017 fastsettes til NOK 112.500,-».

**3. Styrehonorar**

«Godkjenning av honorar pålydende 6.000 USD per måned til styremedlemmer».

**4. Valg av varamedlem til styret.**

«Valg av Faraj Rasulov som varamedlem til Zeljko Runje».

\*\*\*

Alle beslutningene var enstemmige. Det forelå ikke flere saker til behandling og møtet ble avsluttet.

\*\*\*

“The annual meeting approved auditor’s fees for 2017 at NOK: 112.500,-.”

**3 Independent Directors fees**

“Independent Directors fees remain unchanged at 6.000 USD per month per Independent Director”.

**4 Election of Deputy Director.**

“Faraj Rasulov is elected as Deputy Director to Zeljko Runje”.

\*\*\*

All the resolutions were unanimous. No further items were on the agenda and the meeting was adjourned.

\*\*\*

Mrs. Liv Monica Stubholt  
Chairman



## RN Nordic Oil AS

### Protokoll fra Styremøte i RN Nordic Oil AS

### Minutes from a meeting of the Board of Directors of RN Nordic Oil AS

Den 28. juni 2018 ble det avholdt styremøte i RN Nordic Oil AS, organisasjonsnummer 998 433 223, (heretter Selskapet). Møtet ble holdt som telefonmøte. Styrets formann fant behandlingsformen forsvarlig, og det var ingen innvendinger.

On 28 June 2018, a meeting of the board of directors of RN Nordic Oil AS, organizational number 998 433 223, (the Company), was held. The meeting was held by way of teleconference. The chairman of the board found the procedure to be satisfactory, and there were no objections.

Følgende styremedlemmer deltok:

- Liv Monica Stubholt (styrets leder)
- Zeljko Runje
- John R. Pickard
- Halfdan Millang

The following members of the board of directors participated:

- Liv Monica Stubholt (Chair of the Board)
- Zeljko Runje
- John R. Pickard
- Halfdan Millang

Styret var dermed fulltallig og beslutningsdyktig, ref paragraf 6-24 i aksjeloven.

Thus, the board formed a quorum cf. section 6-24 of the Private Limited Liability Companies Act.

Innkallingen og dagsordenen ble godkjent.

The summons and agenda were approved.

Styreleder Liv Monica Stubholt ledet styremøtet, ref paragraf 6-19 i aksjeloven.

The BoD Chair Liv Monica Stubholt chaired the meeting, cf. section 6-19 of the Private Limited Liability Companies Act.

#### Styrehonorar

Styret anbefaler at generalforsamlingen vedtar følgende:

*«Styremedlemmenes honorar forblir uendret, pålydende 6.000 USD per styremedlem per måned».*

#### Independent Directors fees

The board recommends general meeting of shareholders of the Company to adopt the following resolution:

*«Independent Directors fees remain unchanged at 6.000 USD per board member per month».*

RN NORDIC OIL AS  
P.O.Box 1493 Vika, Oslo, N-0116, Norway  
T:+47 2368 1900



**Valg av varamedlem**

Styret anbefaler at generalforsamlingen vedtar følgende:

«Faraj Rasulov velges som varamedlem til Zeljko Runje».

Alle beslutninger var enstemmige. Ytterligere saker forelå ikke til behandling, og møtet ble hevet.

Denne protokollen er utarbeidet på norsk med uoffisiell engelsk oversettelse. Ved uoverensstemmelse mellom norsk og engelsk versjon, gjelder den norske versjonen.

**Election of Deputy Director**

The board recommends general meeting of shareholders of the Company to adopt the following resolution:

« Faraj Rasulov is elected as Deputy Director to Zeljko Runje».

The resolution was unanimous. No further matters were on the agenda and the meeting was adjourned.

These minutes have been drafted in the Norwegian language with an unofficial English translation. In case of discrepancy between the Norwegian and English version, the Norwegian version shall prevail.

\*\*\*

Oslo, 28 June 2018

Mrs. Liv Monica Stubhaug

Mr. Halfdan Millang

Mr. John R. Pickard

Mr. Zeljko Runje

RN NORDIC OIL AS  
P.O.Box 1493 Vikta, Oslo, N-0116, Norway  
T: +47 2368 1900



Statsautoriserte revisorer  
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo  
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret, NO 976 389 367 MVA  
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Medlemmer av Den norske revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of RN Nordic Oil AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of RN Nordic Oil AS, which comprise the balance sheet as at 31 December 2017, the income statement 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 2017 and its financial performance 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.

#### 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 audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of management for the financial statements

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.



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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 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.



Oslo, 29 June 2018  
ERNST & YOUNG AS

Erik Søreng  
State Authorised Public Accountant (Norway)



FINANCIAL STATEMENT

RN NORDIC OIL AS

Business Registration No. 998 433 223

2017



## Annual Report 2017 for RN Nordic Oil AS

### **The nature of the business and where it is carried on**

RN Nordic Oil AS is a company in the petroleum sector. The activities in Norway are related to exploration, development and production of hydrocarbons and related activities.

The company was established in 2012 and is located on premises in Olav Vs gate 5, Oslo.

The company had one license during 2017, PL713, which was relinquished in June. The company has had costs for acquisitions of seismic data used in connection with preparation for the 24th license Round and APA 2017 license round, evaluation of potential license farm-ins and in preparation for APA 2018 licensing round.

### **Going concern**

In accordance with the Accounting Act § 3-3a, the Board confirms that the financial statement for the Company have been prepared under the assumption of going concern, and the Board confirms this assumption.

### **Continued operations**

In 2017 the company's operations were related to following up the operator's work, Statoil on PL 713. This work consisted mainly on general license management and monitoring. The main activity through 2017 was preparation for the 24th license round applications, APA 2017 applications, evaluation of licenses for potential farm-in and preparation for future license rounds.

RN Nordic Oils AS has a solid parent company financial guarantee. The loan from Rosneft Oil Company is regarded as subordinated debt (the loan is standing back from all other debt). It was decided in 2016 to strengthen the equity situation by providing funds for repayment of a substantial part of the corporate loan. This was implemented early 2017, increasing the share capital to 100 MNOK and adding a share premium of 442 450 000 NOK which resulted in the negative equity being reduced from -582 145 169 NOK to -48 250 250 NOK. In view of the above, the Board of Directors is of the opinion that the negative equity capital position poses no financial risks related to the operations of RN Nordic Oil AS.

### **Work environment**

By the end of the year the company had 14 employees. The company plans to expand the organization further with 3 additional staff from the middle of the financial year 2018.

The board believes that the work environment is good, and no particular measures have been implemented in relation to this.

Employees of the business have not suffered any accidents or injuries in connection with the performance of their work.

There have been no long term absences due to sickness during the course of the year. Average absence due to short-term sickness is around 2 %.

### **Equal opportunities**

The company had 14 employees by the end of the year.

The company requires that working hours and salaries are to be divided fairly between the genders. The company's human resources policy is considered to be gender neutral in all aspects.



The board consists of four people, the Chair being a woman and the three members are men.

**External environment**

The company is in a start-up phase and has not participated in any operational activities during the course of 2017. We are not aware of any actual or potential undesirable emissions of pollutants in connection of the company's activities in 2017.

**Research and development activities**

The company has had no costs related to research and development activities in 2017.

**Future prospects**

The operating loss for 2017 is NOK -106 231 037 and the loss before tax is NOK -87 400 775.

The company's object is the exploration and development of oil and gas resources in relation to future licenses awarded. The objective is to generate revenues within a currently unspecified time period. The company may participate in parallel activities with the intention of starting up production and generating revenues at an earlier date.

**Statement about the annual accounts and the allocation of profits**

In the opinion of the board, the profit and loss account and the balance sheet with notes provide a good representation of the company's activities for 2017 and its financial position at the end of the year. The board is not aware of any matters of importance for assessing the company's position and revenues which are not evident from the accounts and the balance sheet with notes. Neither have any matters arisen after the end of the accounting year which in the opinion of the board are of importance for the assessment of the accounts.

The company is included in the group accounts of Rosneft Oil Company, 16 allée Marconi, L-2120 Luxembourg. The group accounts may be found on the website of [www.rosneft.com](http://www.rosneft.com).

In 2017 the company had an after tax uncovered loss of NOK-7 555 084 which is proposed to be allocated as follows:

To other equity capital/uncovered loss	NOK	-7 555 084
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With the current development, the conditions are good for continued operations and further progress.

Oslo, 27.04.2018

Liv Monica Bargem Stubholt  
chairman of the board

Halfdan Millang  
member of the board

Zeljko Runje  
member of the board

John Rae Pickard  
member of the board



## Revenue statement

### RN Nordic Oil AS

<b>Operating income and operating expenses</b>	<b>Note</b>	<b>2017</b>	<b>2016</b>
Exploration expenses	5, 8	63 488 484	97 049 234
Payroll expenses	2	24 445 568	19 058 939
Depreciation and amortisation expense	3	508 936	507 114
Other operating expenses	4	17 788 049	12 361 549
Operating expenses		<u>106 231 037</u>	<u>128 976 836</u>
Operating profit		<u>-106 231 037</u>	<u>-128 976 836</u>
<b>Financial income and expenses</b>			
Other interest income		438 547	769 868
Other financial income		58 184 175	102 989 052
Interest expense to group entities	4	5 256 688	24 784 407
Other Interest expenses		2 024	86 225
Other financial expenses	4	34 533 748	85 139 967
Net financial income and expenses		<u>18 830 262</u>	<u>-6 251 679</u>
Operating result before tax		-87 400 775	-135 228 515
Tax on ordinary result	10	-79 845 691	-54 908 173
Operating result after tax	7	<u>-7 555 084</u>	<u>-80 320 342</u>
Annual net profit	7	<u>-7 555 084</u>	<u>-80 320 342</u>
<b>Brought forward</b>			
Loss brought forward	7	7 555 084	80 320 342
Net brought forward	7	<u>-7 555 084</u>	<u>-80 320 342</u>



## Balance sheet

### RN Nordic Oil AS

Assets	Note	2017	2016
<b>Fixed assets</b>			
Deferred tax asset	10	16 152 802	14 331 377
Total intangible assets		<u>16 152 802</u>	<u>14 331 377</u>
Equipment and other movables	3	481 396	927 712
Total tangible fixed assets		<u>481 396</u>	<u>927 712</u>
Total fixed assets	3	<u>16 634 198</u>	<u>15 259 089</u>
<b>Current assets</b>			
Tax refund	10	78 024 266	54 533 383
Other receivables		5 835 778	1 992 623
Total debtors		<u>83 860 044</u>	<u>56 526 006</u>
Cash and bank deposits	9	42 322 813	66 217 645
Total current assets		<u>126 182 857</u>	<u>122 743 651</u>
Total assets		<u>142 817 055</u>	<u>138 002 740</u>

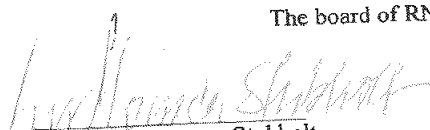
**Balance sheet**


## RN Nordic Oil AS

	Note	2017	2016
<b>Equity and liabilities</b>			
<b>Restricted equity</b>			
Share capital	6	100 000 000	1 000 000
Share premium reserve	6	442 450 000	0
Total restricted equity	6, 7	<u>542 450 000</u>	<u>1 000 000</u>
<b>Retained earnings</b>			
Loss brought forward	7	-590 700 250	-583 145 169
Total retained earnings		<u>-590 700 250</u>	<u>-583 145 169</u>
Total equity	7	<u>-48 250 250</u>	<u>-582 145 169</u>
<b>Liabilities</b>			
<b>Other long-term liabilities</b>			
Other long term liabilities	4	177 374 773	648 089 378
Total of other long term liabilities	4	<u>177 374 773</u>	<u>648 089 378</u>
<b>Current liabilities</b>			
Trade creditors		6 381 838	62 550 600
Public duties payable		1 766 270	1 155 775
Other short term liabilities		5 544 422	8 352 152
Total short term liabilities		<u>13 692 530</u>	<u>72 058 527</u>
Total liabilities		<u>191 067 303</u>	<u>720 147 905</u>
Total equity and liabilities		<u>142 817 053</u>	<u>138 002 736</u>

Oslo, 27.04.2018

The board of RN Nordic Oil AS

  
Liv Monica Bargem Stubholt  
chairman of the board

  
Zeljko Runje  
member of the board

  
Halvdan Millang  
member of the board

  
John Rae Pickard  
member of the board



## **Note 1 - Accounting Principles**

The annual accounts have been prepared in accordance with the Accounting Act of 1998 and generally accepted accounting principles in Norway. The company comes under the Accounting Act's definition of small enterprises.

### **Revenues**

The company was established in 2012. The company has not recorded any revenues since the exploration activities have not yet generated any.

### **Classification and assessment of balance sheet items**

Assets intended for long-term ownership or use are classified as fixed assets. Other assets are classified as current assets. Accounts receivable to be repaid within a year are classified as current assets. The classification of short-term or long-term debt is based on similar criteria.

Current assets are valued as the lowest of acquisition cost and the real value.

Short-term debt is recorded as the nominal value at the the debt was incurred.

### **Shares of oil and gas licenses**

Shares of oil and gas licences are entered in the accounts using the proportional consolidation method, which reflects the company's share of the activities and its financial position in the jointly controlled enterprise.

### **Exploration and evaluation costs**

The Company recognizes exploration and evaluation costs using the successful efforts method. Under this method, costs related to exploration and evaluation (license acquisition costs, exploration and appraisal drilling) are temporarily capitalized in cost centers by field (well) until the drilling program results in the discovery of economically feasible oil and gas reserves.

The length of time necessary for this determination depends on the specific technical or economic difficulties in assessing the recoverability of the reserves. If a determination is made that the well did not encounter oil and gas in economically viable quantities, the well costs are expensed to Exploration expenses in the statement of profit or loss.

Exploration and evaluation costs, except for costs associated with seismic, topographical, geological and geophysical surveys are initially capitalized as exploration and evaluation assets. Exploration and evaluation assets are recognized at costs less impairment, if any, as property, plant and equipment until the existence (or absence) of commercial reserves has been established.

Exploration and evaluation assets are subject to technical, commercial and management review as well as review for indicators of impairment at least once a year. This to confirm the continued intent to develop or otherwise extract value from the discovery. When indicators of impairment are present, impairment test is performed.

If subsequently commercial reserves are discovered, the carrying value, less loss from impairment of the respective exploration and evaluation assets, is classified as oil and gas properties (development assets). However, if no commercial reserves are discovered, such costs are expensed after exploration and evaluation activities have been completed.

### **Accounts receivable**

Accounts receivable and other receivables are specified in the balance sheet at nominal value



after deduction for allocation for expected losses. Allocations for expected losses are made on the basis of individual assessments for each receivable.

#### **Bank deposits, cash and similar**

Bank deposits, cash and similar include cash, bank and other means of payment falling due less than three months from the date of acquisition.

#### **Fixed assets**

Fixed assets include assets intended for long-term ownership and use. Fixed assets are valued at acquisition cost, but are written down to the recoverable amount if this is lower than the book value and the decrease in value is not expected to be temporary. The recoverable amount is the highest of the net sales value and the use value. The use value is the current value of future cash flow related to the asset. The write-down is reversed when the basis for write-down no longer exists. Fixed assets with limited financial lifespans are written down systematically.

#### **Tax**

The tax costs can be combined with the accounting profit or loss before tax.

The tax costs consists of tax payable (tax on the current year's directly taxable income) and changes in net deferred tax. Tax increasing and the tax reducing temporary variations that reverse or may be reversed in the same period are offset and netted. Deferred tax assets and deferred tax liabilities are presented net in the balance sheet. Net deferred tax advantages are presented to the degree it is probable that these may be utilised. The company may request payment from the government for the tax value of incurred exploration expenses, unless these exceed the current year's taxable loss allocated to offshore activities. The receivable is included under "Other receivables" in the balance sheet.

#### **Foreign currency**

Transactions in currencies other than the functional currency are converted when the first recognised to the rate of exchange of the accounting date. Variations between the exchange rate of the date of transactions and the date of payment are recognised in the profit and loss account as exchange gains or losses under financial items. Monetary items in foreign currencies are valued at the exchange rate prevailing at the end of the financial year.



## Note 2 - Payroll costs, number of employees, allowances.

<u>Payroll costs</u>	<b>2017</b>	<b>2016</b>
Salaries	19 541 213	14 474 988
Employer's social insurance contribution	2 393 861	2 974 105
Pension costs	745 740	547 944
Other benefits	1 764 754	1 061 902
<b>Sum</b>	<b>24 445 568</b>	<b>19 058 939</b>

The company had 13 employees at the end of 2017.

The company is required to have an occupational pension plan under the Act on Public Occupational Pensions.

The company has established such pension plan during 2014. The pension plan is a defined contribution plan and meets the requirements of this Act. The employees are entitled to 7 % contribution of annual salary between 0 and 12G.

### Auditor's fee

Audit related services	145 191
Other services	

The amounts do not include VAT.

### Total remuneration to senior executives (NOK)

	<b>Salary</b>	<b>Bonus</b>	<b>Pension</b>	<b>Other benefits</b>
Managing Director	2 688 569	1 470 922	78 653	145 008
	<b>Salary</b>			
Board (total)	1 197 011			

The managing director is also member of the board. He and Zeljko Runje is not entitled to any board fee.

The managing director is entitled to bonus. The incentive is based on achievement of defined results. The bonus incentive is limited to 70% of the ordinary gross annual salary.

No security or loan has been provided for the managing director or the members of the board.



## Note 3 - Fixed and intangible assets - oppdatert

	Office equipment	Other equipment	Total
Acquisition costs 01.01.2017	552 771	1 982 799	2 535 570
Acquisitions 2017	26 277	36 444	62 721
Acquisition costs 31.12.2017	579 048	2 019 243	2 598 291
Acc. depreciations 31.12.2017	479 731	1 637 064	2 116 795
<b>Carrying value 31.12.2017</b>	<b>99 317</b>	<b>382 179</b>	<b>481 496</b>
Depreciations 2017	110 554	398 382	508 936

## Note 4 - Intercompany debt and transactions

Outstanding accounts between companies in the same group etc.

	Long-term debt	
	2017	2016
Loan from PJSC Rosneft Oil Company	177 374 773	648 089 378

The loan was borrowed at 6 December 2012 and expires at 6 December 2022. The loan had a payment of USD 64 600 000 in March 2017.

The annual interest rate is 4,5%. The face value is USD 9 199 000 for 2017. Face value for 2016 was USD 63 399 000. In general, the loan increases due to incurred interests, but has been reduced due to a significant net payment in 2017. The loan is exposed to changes in exchange rates.

Internal interest costs for 2017 was NOK 5 256 688.

The company has bought internal geological & geophysical services from RN-Exploration LLC for MNOK 4.774

## Note 5 - Licences

The company held a "non-Operator" participating interest (20%) in one NCS licence (PL713), which was awarded in the 22nd Norwegian licensing round in June 2013. The licence's single commitment well 7319-12-1 was drilled in September 2014, which proved a gas discovery ("Pingvin"), which was reported as non-commercial.

The licence's initial exploration period expired in June 2017. The licence PL713 was returned to the Ministry of Petroleum and Energy in May 2017.

The company has applied for new licenses in the TFO for 2018.



## Note 6 - Share capital and shareholder information

The share capital prior to March 1th 2017 was of NOK 1 000 000, and consisted of 10 000 shares of NOK 100 each. All shares have equal rights.

At March 1th 2017 an equity issue was completed. No new shares were issued, but the face value of each share was increased by NOK 9 900 to NOK 10 000.

The share premium reserve was hence increased from 0 to NOK 442 450 000

The company is 100 % owned by Rosneft JV Projects S.A, 16 allée marconi, L2120 Luxembourg.

The company is included in the group accounts of Rosneft Oil Company. For more information about the group accounts, please see [www.rosneft.com](http://www.rosneft.com)

## Note 7 - Equity capital

	Share capital	Share premium reserve	Other EQ/uncovered losses	Total
Equity capital 01.01.2017	1 000 000	0	-583 145 169	<b>-582 145 169</b>
Issued capital March 1 2017	99 000 000	442 450 000		<b>541 450 000</b>
Current years loss			-7 555 084	<b>-7 555 084</b>
Equity capital 31.12.2017	100 000 000	442 450 000	-590 700 253	<b>-48 250 250</b>

## Note 8 - Other operating costs

Exploration and evaluation costs	2017	2016
Geophysics, seismic and analysis, well data	41 223 591	38 099 166
Exploration and evaluation expenditures	22 264 893	60 130
Expenses related to Mozambique activities	0	58 889 938
Total	<b>63 488 484</b>	<b>97 049 234</b>



**Note 9 - Bank deposits**

The company holds NOK 2 797 736 in restricted cash and bank deposits. The amount is related to bank deposits, withholding tax for employees etc:

<b>Bank depositis</b>	2017
Deposit	97 793
Deposit	1 650 300
<u>Bank deposit (withholding tax employees)</u>	<u>1 049 643</u>
Total	2 797 736



## Note 10 - Tax

<b>The current year's tax costs</b>	<b>2017</b>	<b>2016</b>
Tax payable / Tax refund (-)	-78 024 266	-54 533 383
Changes to deferred tax liabilities/tax asset (-)	-1 821 425	-374 790
<b>Tax costs</b>	<b>-79 845 691</b>	<b>-54 908 173</b>

<b>Tax payable/tax refund</b>	<b>Offshore 54% 2017</b>	<b>Offshore 24% 2017</b>
Loss before tax costs	-87 400 775	-87 400 775
Permanent differences	259 937	259 937
Changes in temporary differences	5 063 722	5 063 722
Financial income (-)/cost (+)	-18 830 263	-18 830 263
<b>Profit or loss before tax refund</b>	<b>-100 907 379</b>	<b>-100 907 379</b>
Non-exploration costs	876 269	876 269
Pre-qualification	0	0
Basis for calculation of tax refund	-100 031 110	-100 031 110
<b>Tax refund explorations costs</b>	<b>-54 016 799</b>	<b>-24 007 466</b>
<b>Balanced refund</b>		<b>-78 024 266</b>

<b>Calculations of deferred tax /tax advantage</b>	<b>2016</b>	<b>2017</b>	<b>Changes</b>
Fixed assets	-126 127	-23 312	-102 815
Accruals	0	3 846 888	-3 846 888
Loss carried forward 54 % (53%)	1 679 188	2 198 771	-519 583
Loss carried forward 24 % (25 %) offshore	63 066 773	56 703 738	6 363 035
<b>Net deferred tax asset</b>	<b>64 619 834</b>	<b>62 726 085</b>	<b>1 893 749</b>
Provision for uncertain tax positions	-50 288 459	-46 573 288	-3 715 171
<b>Net deferred tax liability (-)/tax asset (+) in the balance sheet</b>	<b>14 331 377</b>	<b>16 152 802</b>	<b>-1 821 429</b>



**Skattedirektoratet**

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	09.03.2015	17.03.2015
Telefon	Deres referanse	Vår referanse
22078139	EAA/EB/253602/BD2100	2015/235145

KPMG LAW ADVOKATFIRMA AS  
Postboks 7000 Majorstuen  
0306 OSLO

**Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Rn Nordic Oil AS, org. nr. 998 433 223**

Vi viser til deres brev av 9. mars 2015 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Rn Nordic Oil AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Rn Nordic Oil 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**

Rn Nordic Oil AS er datterselskap til det russiske selskapet Rosneft. Selskapet opererer innen oljebransjen. Arbeidsspråket er engelsk. Styret har flere engelskspråklige styremedlemmer. Selskapet opererer i en internasjonal bransje. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

**Skattedirektoratets vurdering**

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

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

*”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal*

Postadresse  
Postboks 9200 Grønland  
0134 Oslo

Besøksadresse:  
Se [www.skatteetaten.no](http://www.skatteetaten.no)  
Org.nr: 996250318  
E-post: [skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost)

Sentralbord  
800 80 000  
Telefaks  
22 17 08 60



*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 selskapet er et datterselskap til et utenlandsk selskap. Eierkretsen er begrenset. Arbeidsspråket er engelsk. Styret har flere engelskspråklige styremedlemmer. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad  
*seniorrådgiver*  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Torstein Kinden Helleland

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*