



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

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: Stine Haugland
Dato for fastsettelse av årsregnskapet: 24.03.2022

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 01.08.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Other operating income	4	295 000	2 707 000
Sum inntekter		295 000	2 707 000
Kostnader			
Exploration expenses	5	357 367 000	640 279 000
Payroll and related expenses	6,23	73 737 000	37 657 000
Depreciation and amortisation	11	2 297 000	3 773 000
Other operating expenses	7,22	16 754 000	8 907 000
Sum kostnader		450 155 000	690 616 000
Driftsresultat		-449 860 000	-687 909 000
Finansinntekter og finanskostnader			
Finance income	8	5 921 000	45 142 000
Sum finansinntekter		5 921 000	45 142 000
Finance costs	8	34 249 000	88 085 000
Sum finanskostnader		34 249 000	88 085 000
Netto finans		-28 328 000	-42 943 000
Ordinært resultat før skattekostnad			
Income tax credit	9	-323 996 000	-545 782 000
Ordinært resultat etter skattekostnad		-154 192 000	-185 070 000
Årsresultat		-154 192 000	-185 070 000
Overføringer og disponeringer			
Total comprehensive income/loss		-154 192 000	-185 070 000
Sum overføringer og disponeringer		-154 192 000	-185 070 000



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Exploration and evaluation assets	10	1 534 036 000	1 266 919 000
Sum immaterielle eiendeler		1 534 036 000	1 266 919 000
Varige driftsmidler			
Property plant and equipment	11	8 774 000	3 484 000
Sum varige driftsmidler		8 774 000	3 484 000
Sum anleggsmidler		1 542 810 000	1 270 403 000
Omløpsmidler			
Varer			
Fordringer			
Trade and other receivables	12	91 603 000	78 775 000
Tax receivable from exploration refund	9	524 277 000	905 242 000
Tax receivable from tax loss refund	9	11 958 000	11 355 000
Sum fordringer		627 838 000	995 372 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	13	119 710 000	49 513 000
Sum bankinnskudd, kontanter og lignende		119 710 000	49 513 000
Sum omløpsmidler		747 548 000	1 044 885 000
SUM EIENDELER		2 290 358 000	2 315 288 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	14	207 315 000	197 315 000
Overkurs		627 491 000	552 451 000



Balanse

Beløp i: NOK	Note	2021	2020
Sum innskutt egenkapital		834 806 000	749 766 000
Opptjent egenkapital			
Retained earnings		-377 009 000	-222 817 000
Sum opptjent egenkapital		-377 009 000	-222 817 000
Sum egenkapital		457 797 000	526 949 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	9	1 081 317 000	837 733 000
Lease liability	18	6 755 000	
Sum avsetninger for forpliktelser		1 088 072 000	837 733 000
Annen langsiktig gjeld			
Sum langsiktig gjeld		1 088 072 000	837 733 000
Kortsiktig gjeld			
Interest-bearing loans and borrowings	15	449 275 000	806 550 000
Leverandørgjeld	16	285 877 000	139 568 000
Public duties payable		9 337 000	4 488 000
Sum kortsiktig gjeld		744 489 000	950 606 000
Sum gjeld		1 832 561 000	1 788 339 000
SUM EGENKAPITAL OG GJELD		2 290 358 000	2 315 288 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 405807

Enheten

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Organisasjonsform: Aksjeselskap
Foretaksnavn: WELLESLEY PETROLEUM AS
Forretningsadresse: Reidar Berges gate 9
4013 STAVANGER

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årsregnskapet til selskapet: Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Stine Haugland
Dato for fastsettelse av årsregnskapet: 24.03.2022

Revisjon

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

Grunnlag for avgivelse

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Brønnøysundregistrene, 13.06.2022

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



Organisasjonsnr: 913 561 473
WELLESLEY PETROLEUM AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Other operating income	4	295 000	2 707 000
Sum inntekter		295 000	2 707 000
Kostnader			
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Organisasjonsnr: 913 561 473
WELLESLEY PETROLEUM AS

BALANSE

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BALANSE - EIENDELER			
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BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	14	207 315 000	197 315 000
Overkurs		627 491 000	552 451 000
Sum innskutt egenkapital		834 806 000	749 766 000
Opptjent egenkapital			
Retained earnings		-377 009 000	-222 817 000
Sum opptjent egenkapital		-377 009 000	-222 817 000



Sum egenkapital		457 797 000	526 949 000
Gjeld			
Langsiktig gjeld			
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SUM EGENKAPITAL OG GJELD		2 290 358 000	2 315 288 000



Organisasjonsnr: 913 561 473
WELLESLEY PETROLEUM AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
6

Antall årsverk i regnskapsåret
23.00

Sum Beløp

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Samlet beløp - tilknyttet selskap Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - felles kontrollert virksomhet Årets Fjorårets

Pantstillelse Beløp

Beholdning av egne aksjer Antall Pålydende Andel av aksjek.



Wellesley Petroleum AS

Statement of Comprehensive Income

Amounts in NOK '000	Note	2021	2020
Other operating income	4	295	2 707
Exploration expenses	5	-357 367	-640 279
Payroll and related expenses	6, 23	-73 737	-37 657
Depreciation and amortisation	11	-2 297	-3 773
Other operating expenses	7, 22	-16 755	-8 907
Total operating expenses		-450 155	-690 616
Profit / loss (-) from operating activities		-449 860	-687 909
Finance income	8	5 921	45 142
Finance costs	8	-34 249	-88 085
Net financial items		-28 327	-42 943
Profit / loss (-) before income tax		-478 188	-730 852
Income tax credit	9	323 995	545 782
Net profit / loss (-) for the year		-154 192	-185 070
Other comprehensive income / loss (-):		-	-
Total comprehensive income / loss (-) for the year		-154 192	-185 070



Wellesley Petroleum AS


Statement of Financial Position

Amounts in NOK '000	Note	31.12.2021	31.12.2020
ASSETS			
Non-current assets			
Intangible assets			
Exploration and evaluation assets	10	1 534 036	1 266 919
Total intangible assets		1 534 036	1 266 919
Tangible assets			
Property, plant and equipment	11	8 774	3 484
Total tangible assets		8 774	3 484
Total non-current assets		1 542 810	1 270 403
Current assets			
Trade and other receivables	12	91 603	78 776
Tax receivable from exploration refund	9	524 277	905 242
Tax receivable from tax loss refund	9	11 958	11 355
Cash and cash equivalents	13	119 710	49 513
Total current assets		747 548	1 044 885
TOTAL ASSETS		2 290 358	2 315 288
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	14	207 315	197 315
Share premium		627 491	552 451
Total paid-in capital		834 806	749 766
Retained earnings		-377 009	-222 817
Total equity		457 797	526 949
Non-current liabilities			
Lease liability	18	6 755	-
Deferred tax liability	9	1 081 317	837 733
Total non-current liabilities		1 088 072	837 733
Current liabilities			
Interest-bearing loans and borrowings	15	449 275	806 550
Trade and other payables	16	285 877	139 568
Public duties payable		9 337	4 488
Total current liabilities		744 489	950 606
Total liabilities		1 832 561	1 788 339
TOTAL EQUITY AND LIABILITIES		2 290 358	2 315 288

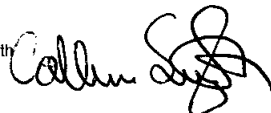
Stavanger, 24 March 2022



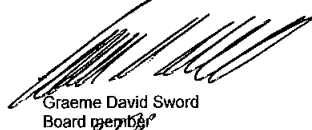
Peter Mellbye
Chairman



Christopher James Elliott
Board member



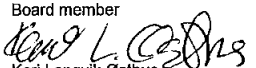
Callum Macqueen Smyth
Board member



Graeme David Sword
Board member



Olivier Patrick Hopkes
Board member



Kari Langvik Østhus
General Manager & Board member



Wellesley Petroleum AS

Statement of Cash Flow

<i>Amounts in NOK '000</i>	Note	2021	2020
Cash flow from operating activities			
Profit / loss (-) before income tax		-478 188	-730 852
Adjustments:			
Tax refunded	9	930 199	765 672
Depreciation	11	2 297	3 773
Financial items		4 725	4 950
Impairment exploration and evaluation assets	10	71 406	27 868
Changes in working capital		139 632	9 320
Net cash flow from operating activities		670 071	80 731
Cash flow from investing activities			
Investment in exploration and evaluation assets		-320 774	-527 956
Net cash flow from investing activities		-320 774	-527 956
Cash flow from financing activities			
Drawdown loans, net of transaction costs incurred	15	497 500	905 600
Repayments of borrowings	15	-859 500	-709 000
Payments right-to-use assets	18	-2 133	-3 084
Proceeds from share issues	14	85 034	249 317
Net cash flow from financing activities		-279 099	442 833
Net change in cash and cash equivalents		70 198	-4 392
Cash and cash equivalents at 1 January		49 513	53 905
Cash and cash equivalents at 31 December		119 710	49 513



Wellesley Petroleum AS

Statement of Changes in Equity

<i>Amounts in NOK '000</i>	Note	Share capital	Share premium	Retained earnings	Total equity
Equity at 1 January 2020		171 415	329 024	-37 747	462 692
<i>Transactions with owners:</i>					
Share issue	14	25 900	223 427	-	249 327
<i>Comprehensive income:</i>					
Total comprehensive income / loss (-) for the year		-	-	-185 070	-185 070
Equity at 31 December 2020		197 315	552 451	-222 817	526 949
Equity at 1 January 2021		197 315	552 451	-222 817	526 949
<i>Transactions with owners:</i>					
Share issue	14	10 000	75 040	-	85 040
<i>Comprehensive income:</i>					
Total comprehensive income / loss (-) for the year		-	-	-154 192	-154 192
Equity at 31 December 2021		207 315	627 491	-377 009	457 797



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 statements till this date. Vice versa, expenditures will first be included in buyer's financial statements 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, net of tax, 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.

Swaps

Swaps of assets are calculated at the fair value of the asset being surrendered, unless the transaction lacks commercial substance, or neither the fair value of the asset received, nor the fair value of the asset surrendered, can be effectively measured. In the exploration phase, the company normally recognizes swaps based on historical cost, as the fair value cannot be reliably measured.

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	2021	2020
Gain on sale of licenses	-	2 707
Other operating income	295	-
Total operating income	295	2 707

Note 5. Exploration expenses

Amounts in NOK `000	2021	2020
G&G, seismic costs and studies	85 588	101 828
Field evaluations	44 957	64 318
Expensed drilling costs previous years	71 406	27 868
Expensed drilling costs this year	99 669	362 324
Seismic and other exploration costs, outside billing	55 746	83 943
Total exploration expenses	357 367	640 279

Expensed exploration expenses is mainly dry hole costs in PL885 and PL159F (2020: PL829, PL889 and PL1008).

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

Payroll and related expenses

Amounts in NOK `000	Note	2021	2020
Salaries		80 578	59 625
Social security tax		8 610	6 872
Pension costs	17	4 264	4 152
Other benefits		2 762	2 829
Payroll expenses allocated to partners		-22 478	-35 821
Total payroll and related expenses		73 737	37 657
Average number of employees		23	25

Remuneration to General Manager

Amounts in NOK `000	2021	2020
Salaries	1 987	2 031
Bonus	881	-
Pension costs	490	487
Other benefits	15	17
Total	3 373	2 536

Remuneration to Board of Directors

Amounts in NOK `000	2021	2020
Directors' fees	172	191
Total	172	191

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	2021	2020
Consultant and other fees	9 466	5 254
IT costs	9 526	10 014
Other administrative expenses	5 405	5 802
Other operating expenses allocated to partners	-7 641	-12 163
Total other operating expenses	16 755	8 907

Remuneration to auditor

Amounts in NOK '000	2021	2020
Statutory audit	209	278
Other assurance services	55	45
Tax advisory services	221	-
Other advisory services	26	25
Total excl. VAT	511	348

Note 8. Finance income and costs

Finance income

Amounts in NOK '000	2021	2020
Interest income bank deposits	249	6 139
Interest income on tax refund	-	10 132
Foreign exchange gain	5 672	28 870
Total finance income	5 921	45 142

Finance costs

Amounts in NOK '000	2021	2020
Interest expenses and transaction costs on borrowings	29 315	34 602
Interest expenses to group companies	1	6
Foreign exchange loss	4 101	42 895
Other finance costs	831	10 582
Total finance costs	34 249	88 085



Note 9. Tax

Income tax credit

Amounts in NOK '000	2021	2020
Refund tax value of exploration costs this year	524 277	905 242
Of which capitalised/derecognised on acquisition/sale of licenses	17 749	-1 780
Refund tax value of tax losses this year	25 560	30 130
Change in deferred tax	-243 591	-387 810
Total income tax credit	323 995	545 782

Tax receivable from exploration refund

Amounts in NOK '000	2021	2020
Tax receivable from exploration refund - current	524 277	905 242

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	2021	2020
Tax receivable from tax loss refund - current	11 958	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.

In 2021, the Norwegian Government proposed changes in the Norwegian Petroleum Tax Act. For companies in the exploration phase the proposal represents a potential replacement of the exploration tax refund with an annual tax refund based on tax offshore losses. The exploration tax refund has historically been based on eligible exploration costs multiplied with the effective tax rate of 78%. The proposed tax loss refund will be based on offshore tax losses multiplied with a proposed new effective tax rate of 71.8%. In addition, as a transitional provision it is proposed that the tax value of historical offshore tax losses also will be refunded. The proposal is subject to approval by the Norwegian Parliament. The Company is analyzing the potential effects of the proposed legislation.

Tax effects on temporary differences and tax losses carried forward

Amounts in NOK '000	2021	2020
Exploration and evaluation assets	-1 172 638	-927 309
Property, plant and equipment	464	281
Interest-bearing loans and borrowings	-1 040	-2 079
Trade and other payables	4 312	4 312
Tax losses carried forward, offshore 22%	39 269	39 035
Tax losses carried forward, offshore 56%	48 073	47 786
Uplift carry forward 56%	243	241
Total deferred tax liability (-) / asset recognised	-1 081 317	-837 733

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	2021	2020
Profit / loss (-) before income tax	-478 188	-730 852
Expected income tax credit 78%	372 986	570 064
Adjusted for tax effects (22% - 78%) of the following items:		
Permanent differences	-33 260	-344
Financial items, only subject to ordinary tax rate	-16 254	-24 458
Adjustment previous years and other	522	519
Total income tax credit	323 995	545 782

Effective tax rate	68 %	75 %
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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	2021	2020
Acquisition cost:		
At 1 January	1 304 028	777 851
Additions, capitalised exploration and licence costs *	338 523	526 176
Disposals, impairment	-	-
Disposals, sale	-	-
At 31 December	1 642 551	1 304 028
Impairment and disposals:		
At 1 January	-37 109	-9 242
Impairment this year	-71 406	-27 868
Disposals	-	-
At 31 December	-108 515	-37 109
Carrying amount at 31 December	1 534 036	1 266 919

* Additions mainly relate to drilling of wells in PL630 and PL923 (2020; drilling of wells in PL248C, PL878 and PL923.)

As pr 23 July 2021 the Company entered into an SPA with Equinor leading to disposal of 40% of the Grosbeak discovery through licence transactions in PL090JS, PL248i and PL925. At the same time Wellesley acquired a 20% interest in the PL878 Atlantis discovery and 10% in the PL942 Ørn discovery. As the transaction only contained transfer of ownership, hereby no consideration involved, the licence transactions are booked as an asset swap with continuity on carrying amount on related E&E assets. The transactions was completed on 29 October 2021.



Note 11. Property, plant and equipment

2021

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	9 712	-	9 712
Disposals	-8 733	-	-8 733
Acquisition cost at 31 December	9 712	3 773	13 485
Depreciation and impairment:			
Accumulated at 1 January	-5 665	-3 358	-9 023
Depreciation this year	-2 087	-211	-2 297
Impairment this year	-	-	-
Disposals	6 609	-	6 609
Accumulated 31 December	-1 143	-3 569	-4 711
Carrying amount at 31 December	8 569	205	8 774
Economic life	Lease period	5 years	
Depreciation method	linear	linear	

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	

Note 12. Trade and other receivables

Amounts in NOK '000	2021	2020
Prepaid expenses	9 117	3 928
VAT receivable	2 056	2 708
Receivables, from interests in licences	73 368	66 688
Receivables from group companies *	313	313
Other items	6 749	5 138
Total trade and other receivables	91 603	78 776

* Receivables from Wellesley Midco Ltd and Wellesley Holdco Ltd.



Note 13. Cash and cash equivalents

Amounts in NOK '000	2021	2020
Bank deposits	119 710	49 513
Total cash and cash equivalents	119 710	49 513
Of this:		
Restricted cash for withheld taxes from employees salaries	6 321	2 811

Note 14. Share capital and shareholder information

	2021	2020
Number of shares at 1 January	197 315 063	171 415 063
New shares issued during the year:		
Issued in exchange for cash	10 000 000	25 900 000
Number of shares at 31 December	207 315 063	197 315 063
Nominal value NOK per share at 31 December	1,00	1,00
Share capital NOK at 31 December	207 315 063	197 315 063
Unregistered share capital NOK at 31 December	-	-

All shares at 31 December 2021 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 15. Interest-bearing loans and borrowings

Amounts in NOK '000	2021	2020
Exploration financing facility, funds drawn at 31 December	454 000	816 000
Exploration financing facility, transaction costs amortised at 31 December	-4 725	-9 450
Total interest-bearing loans and borrowings	449 275	806 550

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. As a result of proposed changes to the Norwegian Petroleum Tax Act, the tax value will from 2022 be calculated as 71.8% of eligible costs. See note 9. 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 16. Trade and other payables

	2021	2020
Trade creditors	8 068	11 255
Payables and accruals, from interests in licences	247 605	106 966
Lease liability, current	1 815	2 746
Payables to group companies *	167	3 913
Holiday pay	5 263	4 255
Other accruals for incurred costs	22 960	10 433
Total trade and other payables	285 877	139 568

* Payable to Wellesley Holdco Ltd.



Note 17. Pensions

The company is required to have an occupational pension scheme in accordance with the Norwegian Act on mandatory occupational pensions (lov om obligatorisk tjenestepensjon). 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	2021	2020
Pension cost	4 264	4 152
Social security tax	601	585
Net pension costs	4 865	4 737

Note 18. 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	2021	2020
Lease liability 1 January		2 746	5 830
Additions lease contracts		9 712	-
Disposal of lease contracts		-1 756	-
Accretion lease liability, included in finance cost		102	104
Cash payments for the interest portion of the lease liability		-102	-104
Cash payments for the principal portion of the lease liability		-2 133	-3 084
Total lease liability 31 December		8 569	2 746
Current lease liability	16	1 815	2 746
Non-current lease liability		6 755	-
Lease liability 31 December		8 569	2 746

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

Amounts in NOK '000	2021	2020
Within one year	1 815	3 085
After one year, less than five years	7 258	66
After five years	-	-
Total	9 073	3 151



Note 19. Financial instruments

(a) Categories of financial instruments

Financial assets:

Amounts in NOK '000	Category	2021	2020
Trade and other receivables *	Amortised cost	80 430	72 139
Cash and cash equivalents	Amortised cost	119 710	49 513
Total financial assets		200 141	121 652

Financial liabilities:

Amounts in NOK '000	Category	2021	2020
Interest-bearing loans and borrowings	Amortised cost	449 275	806 550
Trade and other payables **	Amortised cost	278 799	132 567
Total financial liabilities		728 074	939 117

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

** Accruals for 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 equal to nominal value of NOK 454 million at year end 2021 (2020: NOK 816 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 2021 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 15 for information about the exploration loan facility.



Note 20. Related parties

Purchases of services from related parties

Amounts in NOK '000	2021	2020
Wellesley Holdco Ltd (shareholder)	23 319	17 009
Total purchases of services from related parties	23 319	17 009

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 12 and 16.

Note 21. Interests in licenses and commitments

Interests in non operated licenses at 31 December

	Operator	2021	End of concession period
PL090JS	Equinor Energy AS	5 %	March 2024
PL159F	Equinor Energy AS	40 %	March 2029
PL248C	Equinor Energy AS	30 %	June 2035
PL248I	Equinor Energy AS	20 %	June 2035
PL630	Equinor Energy AS	50 %	February 2022
PL685	Aker BP ASA	40 %	March 2023
PL878, PL878B	Equinor Energy AS	40 %	February 2024
PL903 *	Equinor Energy AS	10 %	February 2020
PL923	Equinor Energy AS	20 %	March 2025
PL925	Equinor Energy AS	50 %	March 2023
PL942	Equinor Energy AS	40 %	March 2023
PL1014, 1014B	Equinor Energy AS	30 %	March 2027

Interests in operated licenses at 31 December

	2021	End of concession period
PL885	80 %	February 2023
PL924	50 %	March 2025
PL1044	50 %	February 2027
PL1052	40 %	February 2027
PL1118	50 %	February 2028

Commitments at 31 December 2021

The Company had at year end 2021 two committed wells for 2022. Estimated related cost for Wellesley Petroleum for committed wells in 2022 is NOKmm 252. The Company had at year end 2021 not committed to any capex in 2022 through interests in licences.

* The Company has, together with the operator, applied for a concession period extension through August 2024. The application was sent 8 January 2021, not yet any formal response from the NPD.



Note 22. Contingent liabilities

The Company has not been involved in any legal or financial disputes in 2021 or 2020, where an adverse outcome is considered more likely than remote.

Note 23. 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 2021 (2020; NOKmm 5.5).

Note 24. Climate risk

The Company monitors climate changes and environmental standards for the Norwegian and global O&G industry, and the related risks in the Financial Statement. Wellesley Petroleum have a strong ESG focus with regards to its oil & gas resource portfolio, hence focus on gas prospectivity and other prospectivity in areas applicable to current or future offshore electric power opportunities. Climate risk for the Company's 2021 Financial Statements are mainly related to E&E asset value. The Company's E&E assets are booked at cost, with a significant higher value measured at fair value. As such, the Company do not see any value implications at this stage, e.g. considering future carbon levies on future production.

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. Events after the reporting period

The Company was during the APA'21 licence round awarded 3 new licences.

The 36/1-4S well drilled in production licence 885 Hemisphere was completed at the end of January 2022. The well was found to be dry and the related costs in 2021 have been expensed in the Statement of Comprehensive Income.





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
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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 2021, 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 2021 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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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, 28 March 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Tor Inge Skjellevik
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: K6FHP-CTCAI-2YVLO-XISCO-LA1WH-H28FL



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

Tor Inge Skjellevik

Statsautorisert revisor

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IP: 145.62.xxx.xxx

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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