Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	919 496 649
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	CHRYSAOR NORGE AS
Forretningsadresse:	4th floor Haakon VIIs gate 1 0161 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern:	Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Michael Spanggaard Haagaard
Dato for fastsettelse av årsregnskapet:	28.04.2021

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 15.06.2022

Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
Exploration and evaluation expenditure	3	85 887 000	89 517 000
General and administrative costs	4,5	11 696 000	14 430 000
Sum kostnader		**97 583 000**	**103 947 000**
Driftsresultat		**-97 583 000**	**-103 947 000**
Finansinntekter og finanskostnader			
Finance income	6	4 271 000	654 000
Sum finansinntekter		**4 271 000**	**654 000**
Finance expenses	6	8 873 000	16 577 000
Sum finanskostnader		**8 873 000**	**16 577 000**
Netto finans		**-4 602 000**	**-15 923 000**
Ordinært resultat før skattekostnad		**-102 185 000**	**-119 870 000**
Tax credit	7	-76 065 000	-85 106 000
Ordinært resultat etter skattekostnad		**-26 120 000**	**-34 764 000**
Årsresultat		**-26 120 000**	**-34 764 000**
Overføringer og disponeringer			
Udekket tap		-26 120 000	-34 764 000
Sum overføringer og disponeringer		**-26 120 000**	**-34 764 000**

Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Exploration and evaluation assets	8	173 362 000	52 614 000
Sum immaterielle eiendeler		**173 362 000**	**52 614 000**
Varige driftsmidler			
Right-of-use assets	10	9 582 000	13 068 000
Furniture, fixtures and fittings	9	4 902 000	2 883 000
Sum varige driftsmidler		**14 484 000**	**15 951 000**
Sum anleggsmidler		**187 846 000**	**68 565 000**
Omløpsmidler			
Varer			
Fordringer			
Tax refund	7	163 724 000	115 168 000
Debtors: amounts falling due within one year	12	10 122 000	16 311 000
Sum fordringer		**173 846 000**	**131 479 000**
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	13	29 821 000	87 378 000
Sum bankinnskudd, kontanter og lignende		**29 821 000**	**87 378 000**
Sum omløpsmidler		**203 667 000**	**218 857 000**
SUM EIENDELER		**391 513 000**	**287 422 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Called up share capital	21	30 000	30 000
Overkurs	21	191 447 000	

Balanse

Beløp i: NOK	Note	2020	2019
Ikke registrert kapitalforhøyelse	21		191 447 000
Sum innskutt egenkapital		**191 477 000**	**191 477 000**
Opptjent egenkapital			
Udekket tap		78 837 000	52 717 000
Sum opptjent egenkapital		**-78 837 000**	**-52 717 000**
Sum egenkapital		**112 640 000**	**138 760 000**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	7	109 844 000	14 302 000
Lease liability	17	6 144 000	9 814 000
Sum avsetninger for forpliktelser		**115 988 000**	**24 116 000**
Annen langsiktig gjeld			
Sum langsiktig gjeld		**115 988 000**	**24 116 000**
Kortsiktig gjeld			
Exploration loan	15	121 404 000	79 019 000
Lease liability	17	4 076 000	3 617 000
Creditors: amounts falling due within one year	14	37 405 000	41 910 000
Sum kortsiktig gjeld		**162 885 000**	**124 546 000**
Sum gjeld		**278 873 000**	**148 662 000**
SUM EGENKAPITAL OG GJELD		**391 513 000**	**287 422 000**

Skatteetaten

Vår dato	Din/Deres dato	Saksbehandler
22.01.2019	21.12.2018	Torstein Kinden Helleland
800 80 000	Din/Deres referanse	Telefon
Skatteetaten no	Marit Brastad	22078139
Org.nr	Vår referanse	Postadresse
974761076	2019/5232102	Postboks 9200 Grønland 0134 OSLO

SUMIT UP AS
Bankveien 7
1383 ASKER

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Chrysaor Norge AS, org.nr. 919 496 649

Det vises til deres brev av 21. desember 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Chrysaor Norge AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Chrysaor Norge AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge 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
Chrysaor Norge AS er et heleid datterselskap av det engelske Chrysaor E&P Ltd. Selskapet har som formål å drive virksomhet relatert til produksjon og leting etter hydrokarbon og virksomhet relatert til dette. Selskapets arbeidsspråk er engelsk. Selskapet opererer i sektorer, der engelsk er det klart dominerende språket. All kommunikasjon med selskapets primære kunder og kreditorer foregår på engelsk.

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 gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i*

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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.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapets er eiet av et utenlandsk selskap. Virksomheten er utpreget internasjonal og arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Henning Stokke
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

Chrysaor Norge AS

Registered Company Number 919 496 649

Report and Financial Statements

31 December 2020

Chrysaor Norge AS

Index

Corporate information

Directors

Phil Kirk

Andrew Osborne

Michael S. Haagaard

Independent Auditors

PricewaterhouseCoopers AS
Dronning Eufemias Gate 71
0194 Oslo
Norway

Registered Office

Haakon VII's Gate 1
0161 Oslo
Norway

Company No. 919 496 649

Directors' report

The Business

The original shelf company was incorporated in August 2017 and subsequently acquired and renamed as Chrysaor Norge AS (the 'Company') in March 2018 as a company engaged in oil and gas exploration and exploitation on the Norwegian Continental Shelf. The company is incorporated in Norway with Company Number 919 496 649 and has its primary place of business at Haakon VII's gate 1, 0161 Oslo.

Review of Business and Operations

The significant events during the year were:

- In January 2020, the Company was awarded eight (8) production licences by the Ministry of Petroleum and Energy (MPE) in relation to the Awards in Predefined Areas (APA) 2019 Offshore Licensing Round:
  - PL 973 B (block 15/12) where the Company's working interest is 50%;
  - PL 1032 (blocks 2/7 & 10) where the Company's working interest is 40%;
  - PL 1033 (blocks 1/9 & 2/7) where the Company's working interest is 40%;
  - PL 1034 (block 15/12) where the Company's working interest is 60%;
  - PL 1046 (blocks 24/3 & 6 and 25/1 & 4) where the Company's working interest is 40%;
  - PL 1058 (blocks 6307/1 & 6407/10) where the Company's working interest is 40%;
  - PL 1060 (blocks 6407/8 & 9) where the Company's working interest is 20%; and
  - PL 1066 (block 6507/3) where the Company's working interest is 50%.

- In March 2020, the office closed temporarily for a period of 2,5 months due to the Coronavirus pandemic and the national restrictions and guidelines imposed by the Norwegian Government. The staff worked from home for a period of 2,5 months followed by an office rotation plan allowing a risk assessed and justifiable number of staff in the office which remained in place for the reminder of the year.

- In March 2020, the PL 973 licence partners decided to postpone the planned two (2) well drilling campaign from Q4 2020 to Q1 2021.

- In June 2020, the Norwegian Parliament enacted a temporary change to the fiscal regime on the Norwegian Continental Shelf to mitigate the combined effect of Coronavirus and low commodity prices on the offshore industry. The temporary measures will apply for all investments made in 2020 and 2021 as well as for investments where a plan for development and operation (PDO) and a plan for installation and operation (PIO) has been sanctioned and submitted by the end of 2022, approved by Parliament by the end of 2023 and until first production (as defined in the PDO).

- In August 2020, the Company awarded a drilling contract to COSL Offshore Management AS for *COSL Innovator*, comprising two (2) firm wells and one (1) optional well. The *COSL Innovator* will be used in the PL 973 two (2) well drilling campaign with a scheduled commencement in Q1 2021.

- In September 2020, the Company participated in the APA 2020 Offshore Licensing Round.

- As of 31st December 2020, the Company holds working interests in eleven (11) licences on the Norwegian Continental Shelf.

Directors' report (continued)

The Company worked actively in 2020 to expand its portfolio via a combination of organic and acquisition based growth and has identified several opportunities that may materialise during 2021.

The Company's financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Financial Results

The Company presents the accounts for the period from 1 January 2020 to 31 December 2020 ('the period').

The Company had no operating income generated from production during the period. The operating costs consist mainly of exploration and pre-development costs, salaries and personnel related costs and administrative costs. The total operating costs in period were NOK 97,6 million (2019: NOK 103,9 million), whereof NOK 85,9 million (2019: NOK 89,5 million) were related to exploration, pre-development and evaluation expenditures, and NOK 11,7 million (2019: NOK 14,4 million) to general and administrative costs.

The Company's net financial items amounted to a charge of NOK 4,6 million (2019: NOK 15,9 million) and consisted mainly of interest costs related to the Exploration Financing Facility with Skandinaviska Enskilda Banken AB (SEB) partly offset by foreign exchange gains and interest receivables related to the tax refund.

Chrysaor Norge AS operates under and is subject to the tax refund regime whereof 78% of the eligible exploration costs are subject to a refund from the Norwegian Tax Authorities. In addition, the Norwegian authorities have enacted a temporary change to the tax regime for oil and gas companies for the income years 2020 and 2021, whereby the tax value of any remaining tax losses is paid in cash in six instalments. The total tax refund, which together with changes in deferred tax resulted in a net tax credit of NOK 76,1 million in the income statement (2019: credit NOK 85,1 million).

The Company's net result after tax is a loss of NOK 26,1 million (2019: loss NOK 34,8 million).

The net cash outflow was NOK 57,6 million (2019: NOK 79,3 million inflow). The net cash inflow generated from financing activities was NOK 28,9 million (2019: NOK 168,7 million), as a result of a net drawdown of the Exploration Financing Facility, whilst the net cash inflow from operating activities was NOK 73,2 million (2019: NOK 26,9 million outflow) mainly consists of the loss before tax, offset by tax refund received and changes in working capital. The net cash outflow from investing activities was NOK 159,6 million (2019: NOK 62,5 million) and consisted of investments in exploration, pre-development and evaluation assets.

Balance Sheet and Financing

Total assets at 31 December 2020 were NOK 391,5 million (2019: NOK 287,4 million). Total assets consisted mainly of cash and cash equivalents, capitalised exploration, pre-development and evaluation assets, right-of-use assets related to office lease and the calculated tax refund from the Norwegian Tax Authorities which is due for reimbursement in 4Q 2021.

In 2020, Chrysaor Norge AS was financed through funding from draw down of the Exploration Financing Facility and available cash and has a positive equity position of NOK 112,6 million, compared to a position of NOK 138,8 million in 2019. The total liabilities in the company were

Directors' report (continued)

NOK 278,9 million (2019: NOK 148,7 million) mainly related to the drawdown of the Exploration Financing Facility, the deferred tax liability position and current short-term liabilities.

The funding commitment from the parent company is regulated by a shareholder loan agreement formalised in July 2019 and provides the Company with sufficient funds to implement its business plan in the medium term. The Letter of Support provided by the parent company, confirms the shareholder's continued support anchored in the Company's three years business plan.

Based on the above, the Board considers that the conditions for a going concern are fulfilled, and the financial statements have been prepared accordingly.

Financial Risks

The Company considers the main financial risk factors to be the commodity prices and foreign exchange rates.

Despite the fact that the Company currently holds no interest in any producing assets, it considers the commodity prices to be an important parameter which will directly influence the overall cost level and competition within the industry and valuation of exploration assets which in turn will have a direct impact on the Company's ability to implement its strategy and objectives including acquisition of assets and ultimately the Company's further development.

It is the Board's view that the domestic interest rate level will stay low and this will consequently have a limited impact on the Company's overall financing costs for the medium term.

The Norwegian Krone was still relatively weak compared to the US Dollar throughout 2020 and the currency exposure to the US Dollar may influence the financing costs.

Working Environment, Staff and HSEQ

As of 31 December 2020, the Company employed a total of twenty-seven (27) employees (2019: nineteen (19) employees). The highly competent team with comprehensive and diversified experience allows the Company to effectively manage all aspects of an exploration and production (E&P) business.

The absence due to sickness, including children's sickness, amounted to 3,1 % of total working hours in 2020 (2019: 3,6%). The absence includes one (1) long-term (non-work related) sickness leave.

A primary goal for Chrysaor Norge AS is to further develop a culture of openness with no barriers related to all aspects of HSEQ both within the Company and when working with stakeholders in order to secure a safe working environment, high level of quality and minimal impact on the environment.

It has been an active year with planning and preparation for the Company's operated drilling campaign comprising of two (2) wells in PL 973. This has required a thorough review and further development of the Chrysaor Norge AS Business Management System. The work has involved the Management Team and all relevant disciplines in the Company. The Business Management System is robust and suitable for the organisations current and planned activities, and Chrysaor Norge AS has passed the full-scale audit by the Petroleum Safety Authority as well as a mandatory operational readiness review without deviations.

Directors' report (continued)

Anchored in a risk and business continuity assessment related to the Coronavirus pandemic in March 2020, the PL 973 licence partners decided to postpone the planned two (2) well drilling campaign from Q4 2020 to Q1 2021.

There has been a close dialogue with relevant authorities and stakeholders throughout the year. This has mainly been related to the planned drilling activities and application for use and discharge of chemicals and Application for Consent to drill. The Company has entered into an agreement with The Norwegian Clean Seas Association for Operating Companies (NOFO).

After 2,5 months of working from home, Chrysaor Norge AS implemented a scalable office rotation plan which was in place for the reminder of the year. The number of staff in the office at any point in time during this period was based on a business continuity risk assessment and reflected the status of the Coronavirus pandemic and the recommendations, guidelines and imposed restrictions from the Norwegian Government.

Chrysaor Norge AS has established and trained an operational Emergency Response Organisation comprising the Company's employees and relevant external resources.

For reporting on environmental aspects related to the licence where the Company has an ownership, reference is made to reporting by the operator in line with current practices.

Reporting Norwegian Gender Equality Act

Chrysaor Norge AS is committed to gender equality and the Board of Directors will ensure that this is promoted in the organisation by developing a range of procedures for internal publication which will promote gender equality in the Company. These procedures will include but are not limited to Equal Opportunities and Anti-Harassment and Bullying. Out of the twenty-seven (27) employees as of 31 December 2020, seven (7) are female. The Board of Director's consists of three (3) males.

Research and Development

The Company continued participating in the Digital Cuttings Project managed by Norwegian Oil and Gas Association (NOROG) in 2020. The overall goal of the project is to digitise cutting samples from 1.500 wells during a three (3) year period and make the results available to the contributing companies through the national database DISKOS.

Corporate Governance

The Company has prepared and implemented a management system, which is monitored actively and continuously improved and updated by all relevant stakeholders. One (1) General Meeting and four (4) Board Meetings were conducted during 2020.

Financial Statements and Allocations

It is the Board of Directors' opinion that the financial statement including the income statement, the balance sheet including notes, the statement of changes in equity and the cash flow statement gives a true and fair view of the state of the affairs in the Company. The Board of Directors is not aware of any material matters regarding the Company's financial statement and affairs that are not reflected in the income statement and balance sheet statement.

The net loss for the year was NOK 26,1 million. The Board proposes that the net result is transferred to uncovered loss. The Company's equity position is positive by NOK 112,6 million, compared to a position of NOK 138,8 million as of 31 December 2019.

Directors' report (continued)

Subsequent Events

In January 2021, Chrysaor Norge AS was awarded six (6) production licences by the Ministry of Petroleum and Energy (MPE) in relation to the Awards in Predefined Areas (APA) 2020 Offshore Licensing Round:

- PL 1087 (blocks 2/2 & 5) where the Company's working interest is 50%;
- PL 1089 (blocks 1/5 & 6) where the Company's working interest is 50%;
- PL 1092 (blocks 15/6 & 9) where the Company's working interest is 50%;
- PL 1093 (blocks 16/4, 5, 6, 8 & 9) where the Company's working interest is 50%;
- PL 1113 (blocks 6407/8, 9 & 11) where the Company's working interest is 30%; and
- PL 1114 (blocks 6407/7, 8, 10 & 11) where the Company's working interest is 40%.

The awards of the licences listed above has triggered additional payments related to seismic uplifts to vendors in accordance with and regulated by the existing Master Licence Agreements. The additional payments of seismic uplift amounts to approximately NOK 46 million and will be accounted for in 2021.

In February 2021, the Company spudded well 15/12-25 which marked the start of the two (2) well drilling campaign in PL 973 and the Company's first operated well on the Norwegian Continental Shelf.

In March 2021, CNAS completed well 15/12 - 25 designed to test the Paleocene (Ty Fm) Jerv Prospect in PL 973. The well was drilled to a vertical depth of 2795 m below mean sea level using the COSL Innovator semisubmersible rig with the following result:

(i) The well encountered a 40 m gas/condensate column in the Ty Formation of which 30 m in sandstone with good reservoir quality - the gas/water contact was not encountered.

(ii) Collected pressure data in the reservoir showed low pressures due to pressure reduction (depletion).

(iii) The PL 973 licence partners have anchored in the limited in place resources and in turn limited recoverable resources due to depletion, concluded that the discovery is not possible to develop commercially.

In March 2021, CNAS spudded 15/12 - 26 (Ilder) the second well in the PL 973 2021 drilling campaign.

In March 2021, the Company amended the existing three (3) year Exploration Financing Facility with Skandinaviska Enskilda Banken (SEB) as follows:
(i) The total available amount was increased from NOK 750 million to NOK 1 billion.
(ii) The accordion option was increased from NOK 250 million to NOK 600 million.
(iii) The availability period was extended with one (1) year to 31st December 2022.
(iv) ING Bank N.V joined Skandinaviska Enskilda Banken (SEB) as lender.

Market Outlook and Future Prospects

The Board's view is that global energy demand will continue despite the increased access to and demand for renewable energy. The Company's stated strategy of creating a full cycle E&P Company via safe and sustainable growth and being a visible and active player on the Norwegian Continental Shelf, in combination with the high frequency of the Standard Offshore Licensing Rounds, the annual APA Offshore Licensing Rounds and an active farm-in market, leads the Board to be optimistic about the potential to acquire attractive new exploration licences and producing assets through a combination of organic and acquisition based growth.

Directors' report (continued)

Oslo, 27 April 2021

Phil Kirk
Chairman of the Board

Andrew Osborne
Board Member

Michael S. Haagaard
Board Member / Country Manager

Company Registered No. 919 496 649

Chrysaor Norge AS

Income statement

for the period ending 31 December

	Note	2020 NOK 000	2019 NOK 000
Revenue		-	-
Exploration & evaluation expenditure	3	(85 887)	(89 517)
General and administrative costs	4,5	(11 696)	(14 430)
Operating loss		(97 583)	(103 947)
Finance income	6	4 271	654
Finance expenses	6	(8 873)	(16 577)
Loss before taxation		(102 185)	(119 870)
Tax credit	7	76 065	85 106
Loss for the period		(26 120)	(34 764)

Statement of comprehensive income

	2020 NOK 000	2019 NOK 000
Loss for the period	(26 120)	(34 764)
Other comprehensive income	-	-
Total comprehensive loss for the financial period	(26 120)	(34 764)

The notes on pages 13 to 35 form part of these financial statements.

Chrysaor Norge AS

Balance sheet

as at 31 December

	Note	2020 NOK 000	2019 NOK 000
Non-current assets			
Furniture, fixtures & fittings	9	4 902	2 883
Right-of-use assets	10	9 582	13 068
Exploration and evaluation assets	8	173 362	52 614
Total non-current assets		187 846	68 565
Current assets			
Tax refund	7	163 724	115 168
Debtors: amounts falling due within one year	12	10 122	16 311
Cash and cash equivalents	13	29 821	87 378
Total current assets		203 667	218 857
Total assets		391 513	287 422
Current liabilities			
Creditors: amounts falling due within one year	14	(37 405)	(41 910)
Lease liability	17	(4 076)	(3 617)
Exploration loan	15	(121 404)	(79 019)
Total current liabilities		(162 885)	(124 546)
Non-current liabilities			
Lease liability	17	(6 144)	(9 814)
Deferred tax	7	(109 844)	(14 302)
Total non-current liabilities		(115 988)	(24 116)
Total liabilities		(278 873)	(148 662)
Net assets		112 640	138 760
Capital and reserves			
Called up share capital	21	30	30
Share premium account	21	191 447	-
Unregistered share capital	21	-	191 447
Accumulated losses		(78 837)	(52 717)
Total equity		112 640	138 760

The notes on pages 13 to 35 form part of these financial statements.

The financial statements on pages 9 to 35 were approved by the Board of Directors on 27 April 2021 and signed by:

Phil Kirk *Chairman of the Board*	Andrew Osborne *Board Member*	Michael Haagaard *Board Member / Country Manager*

Company Registration No: 919 496 649

Chrysaor Norge AS

Statement of changes in equity
for the period ended 31 December

	Share capital *NOK 000*	*Share premium account* *NOK 000*	*Unregistered share capital* *NOK 000*	*Accumulated losses* *NOK 000*	*Total* *NOK 000*
At 1 January 2019	30	-	-	(17 953)	(17 923)
Total comprehensive loss for the period	-	-	-	(34 764)	(34 764)
Conversion of debt	-	-	191 447	-	191 447
At 31 December 2019	30	-	-	(52 717)	138 760
Total comprehensive loss for the period	-	-	-	(26 120)	(26 120)
Registration of share issue	-	191 447	(191 447)	-	-
At 31 December 2020	30	191 447	-	(78 837)	112 640

Chrysaor Norge AS

Cash flow statement

for the period ended 31 December

	Note	2020 NOK 000	2019 NOK 000
Cash flow from operating activities			
Loss before tax		(102 185)	(119 870)
Adjusted for:			
Tax refund received in the period		123 051	52 620
Depreciation and amortisation	9, 10	4 972	3 626
Exploration costs written off	3	35 505	-
Finance expenses, excluding foreign exchange		8 873	8 812
Impact of changes in exchange rates without cash effect		-	7 602
Changes in working capital:			
Change in accounts receivables and other receivables		6 189	(10 145)
Change in trade creditors and other accruals		(3 227)	30 422
Net cash flow from operating activities		73 178	(26 933)
Cash flow from investing activities			
Purchase of fixed assets	9	(3 505)	(1 069)
Investment in exploration and evaluation assets		(156 131)	(61 384)
Net cash flow from investing activities		(159 636)	(62 453)
Cash flow from financing activities			
Proceeds from drawdown of bank loans, net of transaction costs incurred		124 000	78 500
Interest paid		(8 095)	(2 689)
Repayment of debt to credit institutions		(83 000)	-
Proceeds from drawdown of short-term debt to group company	16	-	95 973
Payment of lease liability		(4 004)	(3 069)
Issue of equity		-	-
Net cash flow from financing activities		28 901	168 715
Net cash flow (used in)/from the period		(57 557)	79 329
Cash and cash equivalents at beginning of period		87 378	8 049
Cash and cash equivalents at end of period		29 821	87 378

Notes to the financial statements

for the year ended 31 December 2020

1. Authorisation of financial statements and corporate information

The financial statements of Chrysaor Norge AS for the year ended 31 December 2020 were authorised for issue by the board of directors on 27 April 2021. The Company is a private company limited by share capital and domiciled in Norway. The Company's principal place of business is Oslo, Norway and its registered office is Haakon VII's Gate, 0161 Oslo, Norway.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

Basis of preparation

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

The financial statements have been prepared under the assumption of a going concern and on a historical cost basis.

Balance sheet classification

Current assets and current liabilities include items due less than a year from the balance sheet date, and items related to the operating cycle, if longer. Other assets and liabilities are classified as non-current. The current portion of non-current debt is included under current liabilities.

Going concern

The Directors have adopted the going concern basis of accounting for the preparation of the financial statements as the Company's parent company, Chrysaor Holdings Limited, has undertaking to directly provide the necessary financial support to the Company as and when required, to meet all liabilities for a period of at least 12 months from the date of signing these financial statements.

Segment reporting

The Company's activities consist of one class of business - the acquisition, exploration, development and production of oil and gas reserves and related activities in a single geographical area, the Norwegian Continental Shelf.

Joint arrangements

Exploration and production operations are usually conducted through joint arrangements with other parties. The Group reviews all joint arrangements and classifies them as either joint operations or joint ventures depending on the rights and obligations of each party to the arrangement and whether the arrangement is structured through a separate vehicle. All interests in joint arrangements held by the Group are classified as joint operations.

In relation to its interests in joint operations, the Company recognises its:

- assets, including its share of any assets held jointly;
- liabilities, including its share of any liabilities incurred jointly;
- revenue from the sale of its share of the output arising from the joint operation;
- share of the revenue from the sale of the output by the joint operation; and
- expenses, including its share of any expenses incurred jointly.

Notes to the financial statements

for the year ended 31 December 2020 (continued)

Foreign currency translation

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

Transactions recorded in foreign currencies are initially recorded in the Company's functional currency by applying an average rate of exchange. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the income statement. Non-monetary assets and liabilities denominated in foreign currencies are measured at historic cost based on exchange rates at the date of the transaction and subsequently not retranslated.

Acquisition of interests in joint operations (not under common control)

The acquisition of interests in joint operations in which the activity constitutes a business are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets transferred, equity instruments issued, and liabilities incurred or assumed at the date of completion of the acquisition. Acquisition costs incurred are expensed and included in administrative expenses. Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its fair value at acquisition.

The identifiable assets, liabilities and contingent liabilities acquired that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Company of an acquirer's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and discontinued operations are measured in accordance with that Standard.

If the initial accounting for the acquisition is incomplete by the end of the reporting period in which the acquisition occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement period is the period from the date of acquisition to the date the Company obtains complete information about facts and circumstances that existed as of the acquisition date, subject to a maximum of one year.

Acquisition of interests in joint operations (under common control)

The acquisition of interests in joint operations under common control are not included within the scope of IFRS 3 and therefore, the Company has applied what it sees the most appropriate method of accounting for these transactions. The Company uses the pooling of interests method which involves the following:

Notes to the financial statements

for the year ended 31 December 2020 (continued)

- reflects the value of the assets and liabilities of the acquired interests at their carrying amounts on the date of acquisition;
- no adjustments are made to reflect fair values, or recognise any new assets or liabilities at the date of the combination that would otherwise be done under the acquisition method under IFRS 3;
- no 'new' goodwill is recognised as a result of the combination. The only goodwill that is recognised is any existing goodwill relating to either of the combining parties;
- any difference between the consideration transferred and the acquired net assets is reflected within equity; and
- no restatement of periods prior to the acquisition. The acquiring entity accounts for the combination prospectively from the date on which it occurred.

Intangible assets - exploration and evaluation assets

Exploration and evaluation expenditure is accounted for using the successful efforts method of accounting.

(a) Pre-licence costs

Pre-licencing costs are expensed in the year in which they are incurred.

(b) Licencing and property acquisition costs

Licence and property acquisition costs paid in connection with a right to explore in an existing exploration area are capitalised as exploration and evaluation costs within intangible assets.

Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds that recoverable amount. If no future activity is planned or the related licence has been relinquished or has expired, the carrying value of the property acquisition costs is written off through the Income statement. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties within development and production assets.

(c) Exploration and evaluation costs

Once the legal right to explore has been acquired, costs directly associated with the exploration are capitalised as exploration and evaluation intangible non-current assets until the exploration is complete and the results have been evaluated. If no potential commercial resources are discovered, the exploration asset is written off.

All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least annually. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through the Income statement.

When proved reserves of oil and natural gas are identified and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to oil and gas properties within development and production assets. No amortisation is charged during the exploration and evaluation phase.

Notes to the financial statements

for the year ended 31 December 2020 (continued)

(d) Farm-outs - in the exploration and evaluation phase

The Company does not record any expenditure made by the farminee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but re-designates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farminee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

Property, plant and equipment - Oil and gas development and production assets

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells including unsuccessful development or delineation wells, is capitalised as oil and gas properties within development and production assets.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property, plant and equipment.

All costs relating to a development are accumulated and not depreciated until the commencement of production. Depreciation is provided using the unit of production method based on proven and probable reserves. When there is a change in the estimated total recoverable proven and probable reserves of a field, that change is accounted for prospectively in the depreciation charge over the revised remaining proven and probable reserves.

An item of development and production expenditure and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income statement.

Impairment of non-current assets (excluding goodwill)

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the recoverable amount of the associated asset or cash generating unit, being the higher of the fair value less costs of disposal and value in use. When the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the difference is recognised in the Income statement as an impairment charge.

Financial Instruments

(a) ***Financial Assets***

The Company uses two criteria to determine the classification of financial assets: the Company's business model and contractual cash flow characteristics of the financial assets. Where appropriate the Company identifies three categories of financial assets: amortised cost, fair value through profit or loss (FVTPL), and fair value through other comprehensive income (FVOCI).

Notes to the financial statements

for the year ended 31 December 2020 (continued)

Loans and receivables

Loans and receivables are initially measured at fair value and subsequently carried at amortised cost using the effective interest rate (EIR) method, less impairment. The EIR amortisation is presented within finance income in the Income statement.

Cash and cash equivalents
Cash at bank and in hand in the balance sheet comprise cash deposits with banks and in hand.

Impairment of financial assets
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

(b) ***Financial liabilities***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Borrowings and Loans
As noted above, these financial liabilities are recognised initially at fair value plus directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

(c) Derivative financial instruments

Derivative financial instruments are initially recognised and subsequently re-measured at fair value. Certain derivative financial instruments are designated as cash flow hedges in line with the Company's risk management policies. When derivatives do not qualify for hedge accounting or are not designated as accounting hedges, changes in the fair value of the instrument are recognised within the Income statement.

Notes to the financial statements

for the year ended 31 December 2020 (continued)

(d) Fair Values

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

Inventories
Hydrocarbon inventories are stated at fair value less cost to sell with movements recognised in the income statement. Inventories are stated at the lower of cost and net realisable value. The cost of materials is the purchase cost, determined on first-in, first-out basis.

Employee Benefits

According to Norwegian law employees are mandatory members of the Company's Pension Scheme ("obligatorisk tjenestepensjon"). The scheme is based on a contribution plan. Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

Leasing commitments
Rentals payable under operating leases are charged in the income statement on a straight-line basis over the lease term. Lease incentives are recognised over the lease term taking account of reasonably expected extensions.

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

Provisions for liabilities
A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in the income statement.

The estimated cost of dismantling and restoring the production and related facilities at the end of the economic life of each field is recognised in full at the commencement of oil and gas production. The amount provided is the present value of the estimated future restoration cost. A non-current asset is also recognised. Any changes to estimated costs or discount rates are dealt with prospectively.

Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2020 (continued)

Taxes

(a) ***Current tax***

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax related to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or directly in equity not in the income statement.

(b) ***Deferred tax***

Deferred taxation is recognised in respect of all timing differences arising between the tax bases of the assets and liabilities and their carrying amounts in the financial statements with the following exceptions:

- Deferred income tax assets are recognised only to the extent that it is probable that the taxable profit will be available against which the deductible temporary difference, carried forward tax credits or tax losses can be utilised.
- Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised, or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The carrying amount of the deferred income tax asset is reviewed at each balance sheet date.
- Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to be offset current assets against current tax liabilities, the deferred income tax relates to the same tax authority and that same tax authority permits the Company to make a single net payment.

Companies operating on the Norwegian Continental Shelf under the offshore tax regime can claim the tax value of any unused tax losses or other tax credits related to its offshore activities to be paid in cash (including interest) from the tax authorities when operations cease. Deferred tax assets that are based on offshore tax losses carry forward are therefore normally recognised in full. The carrying amount of deferred income tax assets related to onshore activities are reviewed at each balance sheet date. Onshore deferred income tax assets are only recognised to the extent that there is sufficient future onshore taxable profit available to allow the deferred income tax asset to be utilised. Unrecognised deferred income tax assets related to onshore activities are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Interest income

Interest income is recognised on an accruals basis, by reference to the principal outstanding and at the effective interest rate method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective assets.

Notes to the financial statements

for the year ended 31 December 2020 (continued)

Cash and cash equivalents
Cash and cash equivalents comprise of cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities in the balance sheet.

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

Related parties
Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial or operational decisions. Parties are also related if they are subject to common control.

Transactions between related parties are transfers of resources, services or obligations, regardless of whether a price is charged. All transactions between related parties are made based on the principle of 'arm's length', which is the estimated market price.

New accounting standards and interpretations
The Company adopted new and revised accounting standards and interpretations relevant to its business and effective for accounting periods beginning on or after 1 January 2020 but none of these had any significant impact on the Company's financial statements.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2021. None of these new standards and amendments to standards and interpretations have been applied in preparing these financial statements and they are not expected to have any significant impact on the Company's financial statements upon implementation.

Critical judgements and estimates
The preparation of the Company's financial statement requires management to make judgements, estimates and assumptions at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

In particular the Company has identified the following areas where significant judgement, estimates and assumptions are required:

Exploration and evaluation expenditure
The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement to determine whether it is likely that future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in the Income statement in the period when the new information becomes available.

Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2020 (continued)

Climate Change

The Company recognises that there may be potential financial implications in the future from climate change risk. The Company expects that climate change policies, legislation and regulation will increase, and likely on accelerating timelines which, although will result in intended benefits, is likely to increase associated costs and administration requirements as well as potentially limiting the investment capital available to the industry. These in due course may well have an impact across a number of areas of accounting including impairment, fair values, increased costs, onerous contracts, contingent liabilities. However as at the balance sheet date the Company believes there is no material impact on balance sheet carrying values of assets or liabilities. Although this is an estimate, it is not considered a critical estimate, as management's view is that at the end of the current reporting period there is no significant risk of climate change resulting in a material adjustment to the carrying amounts of assets and liabilities, within the next financial year.

3. Exploration and evaluation expenditure

	2020	*2019*
	NOK 000	*NOK 000*
Exploration costs written off	35 505	-
Pre-licence seismic and other direct pre-licence purchases	11 255	48 947
Allocation of indirect costs	39 127	40 570
	85 887	89 517

Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2020 (continued)

4. Salary and personnel costs

(a) Personnel costs

	2020 NOK 000	2019 NOK 000
Salaries	37 871	28 895
Social security tax	5 505	3 896
Pension expenses	3 300	2 506
Other benefits	1 392	1 066
Allocation to operated licences, exploration expenditure and capitalised exploration	(44 482)	(32 715)
Total salary and personnel costs	3 586	3 648
Total other operating expenses, see note 5	8 110	10 782
Total general and administrative costs	11 696	14 430
Average number of man-years during the period	23	17

(b) Remuneration of Country Manager

	2020 NOK 000	2019 NOK 000
Salary	2 227	2 013
Bonus	672	346
Pension	215	206
Other benefits	17	14
	3 131	2 579

(c) Compensation to Board of Directors

There has been no remuneration to the Board of Directors in 2020 or 2019.

The Country Manager has a 6 months contractual notice period. There is no agreement regarding severance pay on termination of employment to the Country Manager or to members of the Board of Directors. No loans have been granted and no guarantees have been issued to the Country Manager or any member of the Board of Directors. The Country Manager has an agreement regarding bonus, given certain criteria.

Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2020 (continued)

5. Other operating expenses

	2020 NOK 000	2019 NOK 000
Hired personnel and services	8 375	7 967
Intercompany services *)	22 948	14 069
Depreciation, amortisation and write-downs	4 972	3 626
Other operating expenses	6 483	3 755
Allocation to operated licences, exploration expenditure and capitalised exploration	(34 668)	(18 635)
Total other operating expenses	8 110	10 782
Total salary and personnel costs, see note 4	3 586	3 648
Total general and administrative costs	11 696	14 430

*) The majority of the intercompany services is related to the re-invoicing of 3rd party services related to IT, including IT hardware/software, as well as travel expenses as the Chrysaor Group purchases such services at a central level.

Remuneration to auditor is allocated as specified below:

	2020 NOK 000	2019 NOK 000
Auditors' remuneration	383	284
Other attestation services	83	-
	466	284

6. Finance income and finance expenses

	2020 NOK 000	2019 NOK 000
Finance income		
Interest receivable	1 755	654
Foreign exchange gain	2 496	-
	4 271	654
Finance expenses		
Intercompany interest payable	-	(5 154)
Other interest payable	(8 096)	(2 917)
Other financial expenses	(777)	(741)
Foreign exchange loss	-	(7 765)
	(8 873)	(16 577)
Net Finance expenses	(4 602)	(15 923)

Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2020 (continued)

7. Tax credit

(a) Tax credit in the income statement

The major components of income tax credit for the periods below:

	2020 NOK 000	*2019 NOK 000*
Current income tax:		
Tax refund current year	171 326	103 292
Adjustment current tax prior year	281	(38)
Changes in deferred tax	(95 542)	(18 148)
Tax credit in the income statement	76 065	85 106

(b) Reconciliation of the total tax credit

	2020 NOK 000	*2019 NOK 000*
Loss before taxation	(102 185)	(119 870)
Expected income tax at nominal tax rate, 22% (2018: 23%)	22 481	26 371
Expected petroleum tax, 56% (2018: 55%)	57 224	67 127
Permanent differences and valuation allowance	(99)	(159)
Financial items	(3 337)	(9 531)
Adjustments prior year	(204)	1 298
Total tax credit reported in the income statement	76 065	85 106
Effective tax rate	74%	71%

(c) Deferred tax included in the balance sheet is as follows:

	2020 NOK 000	*2019 NOK 000*
Non-current assets	(129 449)	(34 392)
Tax losses carried forward, corporate tax 22%	8 992	9 072
Tax losses carried forward, offshore 56%	10 613	11 018
Deferred tax liability in the balance sheet	(109 844)	(14 302)

Deferred tax is calculated based on tax rates applicable on the balance sheet date. Ordinary income tax is 22%, to which is added a special tax for oil and gas companies at the rate of 56%, giving a total tax rate of 78%.

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

Notes to the financial statements

for the year ended 31 December 2020 (continued)

There is no time limit on the right to carry tax losses forward in Norway.

Specification of tax refund in the balance sheet

	2020	*2019*
	NOK 000	*NOK 000*
Tax refund current year income statement	171 326	103 292
Tax received related to refund of tax losses during the year	(7 602)	-
Tax refund recorded on acquisition of licence	-	11 876
Tax refund in the balance sheet	163 724	115 168

In June 2020, the Norwegian Parliament enacted a temporary change to the tax regime for oil and gas companies for the income years 2020 and 2021, whereby the tax value of any tax losses is paid in cash in six instalments.

8. Exploration and evaluation assets

	Exploration & evaluation assets
	NOK 000
At 1 January 2020	52 614
Additions	156 253
Amounts written-off	(35 505)
At 31 December 2020	173 362

	NOK 000
At 1 January 2019	3 828
Additions	48 786
Amounts written-off	-
At 31 December 2019	52 614

The Company has assessed whether there are any impairment indicators present at year end 31 December 2020. All of the relevant prospects are either in an early stage or they are prospects that the Company plans to mature with further exploration activities in the coming periods. The Company has therefore concluded that no impairment indicators are present at year end. In March 2021, the Jerv well drilled in PL 973 was found to be unsuccessful. Based on this, the Company has written off NOK 35.5 million in 2020 as an adjusting event after the reporting period. See note 23.

The Company's share of committed capital expenditure in 2021 is NOK 367.8 million.

Additions in 2019 includes the purchase of a 20% working interest in the production licence PL038D and 18.57% in PL974.

Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2020 (continued)

9. Property, plant and equipment

	Furniture, fixtures and office machines *NOK 000*
Cost:	
At 1 January 2020	3 999
Additions	3 505
Disposals	-
At 31 December 2020	7 504
Accumulated Depreciation:	
At 1 January 2020	(1 116)
Charge for the year	(1 486)
At 31 December 2020	(2 602)
Net book value:	
At 31 December 2020	4 902

	NOK 000
Cost:	
At 1 January 2019	2 930
Additions	1 069
Disposals	-
At 31 December 2019	3 999
Accumulated Depreciation:	
At 1 January 2019	(171)
Charge for the year	(945)
At 31 December 2019	(1 116)
Net book value:	
At 31 December 2019	2 883

Economic life	3-5 years
Depreciation method	Straight line

Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2020 (continued)

10. Right-of-use-assets

	Right of Use Assets NOK 000
Cost:	
At 1 January 2020	15 749
Additions	-
Disposals	-
At 31 December 2020	15 749
Accumulated Depreciation:	
At 1 January 2020	(2 681)
Charge for the year	(3 487)
At 31 December 2020	(6 168)
Net book value:	
At 31 December 2020	9 582

	NOK 000
Cost:	
At 1 January 2019	12 667
Additions	3 082
Disposals	-
At 31 December 2019	15 749
Accumulated Depreciation:	
At 1 January 2019	-
Charge for the year	(2 681)
At 31 December 2019	(2 681)
Net book value:	
At 31 December 2019	13 068

Depreciation period	Lease period
Depreciation method	Straight line

The right-of-use assets are offices that the Company leases.

Notes to the financial statements

for the year ended 31 December 2020 (continued)

11. Jointly controlled assets

The Company accounts for jointly controlled assets by recognising its share of the arrangement's asset liabilities and cash flows. At year end the Company holds the follow licence interests:

	Working interest	Operator	End of concession period
PL 973	50%	Chrysaor Norge AS	March 2026
PL 973 B	50%	Chrysaor Norge AS	March 2026
PL 1034	60%	Chrysaor Norge AS	February 2027
PL 1046	40%	Chrysaor Norge AS	February 2027
PL 038 D	35%	OKEA ASA	December 2032
PL 974	40%	OKEA ASA	December 2022
PL 1032	40%	Lundin Energy Norway ASA	February 2027
PL 1033	40%	OMV (Norge) AS	February 2027
PL 1058	40%	Equinor Energy AS	February 2027
PL 1060	20%	Equinor Energy AS	February 2025
PL 1066	50%	Aker BP ASA	February 2027

In January 2021 the Company was awarded six additional production licences by the Ministry of Petroleum and Energy (MPE) in relation to the APA 2020 Offshore Licensing Round, see note 23.

12. Debtors: amounts falling due within one year

	2020	2019
	NOK 000	NOK 000
Trade debtors	276	2 257
Prepayments	665	1 467
VAT receivable	4 418	851
Overcall, joint operations	4 763	11 736
	10 122	16 311

Trade receivables are non-interest bearing and are generally on 20 to 30 days' terms. As at 31 December 2020, there were no (2019: nil) trade receivables that were past due but not impaired.

13. Cash and cash equivalents

	2020	2019
	NOK 000	NOK 000
Cash at bank and in hand, unrestricted	25 391	83 590
Bank deposit, employee taxes	4 430	3 788
	29 821	87 378

Notes to the financial statements

for the year ended 31 December 2020 (continued)

14. Creditors: amounts falling due within one year

	2020 NOK 000	2019 NOK 000
Trade creditors	5 313	1 554
Intercompany payable	3 097	2 752
Accrued holiday pay and employee benefit provision	11 034	7 566
Public duties payable	3 763	2 629
Accruals	14 198	27 409
	37 405	41 910

All liabilities fall due within 12 months from the balance sheet date.

15. Current borrowings, exploration loan

	2020 NOK 000	2019 NOK 000
Exploration financing facility, funds drawn	124 000	83 000
Exploration financing facility, transaction costs	(2 596)	(3 981)
	121 404	79 019

In July 2019, the Company entered into an Exploration Financing Facility agreement with Skandinaviska Enskilda Banken (SEB) of NOK 750 million with an accordion option of NOK 250 million. The expiry date of the facility is 31 December 2021 with an option to extend to 31 December 2022. Available amount for funding will at all times be 95% of the tax value of the eligible costs which have not already been refunded by tax authorities. Interest rate is NIBOR 3 months + 1.5%.

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

16. Intercompany loan

The Company has been funded through 2019 by its parent company Chrysaor E&P Limited. In 2019 the funds drawn have been denominated in USD. Interest has been calculated at a rate of 3.5% p.a. At the end of 2019 the loan was converted to equity.

Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2020 (continued)

	2020	*2019*
	NOK 000	*NOK 000*
Intercompany loan period beginning	-	82 718
Cash flows:		
Proceeds from intercompany borrowings	-	95 973
Total cash flows	-	95 973
Non-cash changes:		
Accrued interest	-	5 154
Foreign exchange	-	7 602
Conversion of loan to equity	-	(191 447)
Total intercompany loan period end	-	-

17. Lease liabilities

The Company implemented IFRS 16 Leases from 1 January 2019 and recognised a right-of-use asset related to leasing of offices, see note 10.

Lease liability

	2020	*2019*
	NOK 000	*NOK 000*
Lease liability 1 January	13 431	12 667
Additions lease contracts	-	3 082
Accretion lease liability, included in finance cost	793	751
Cash payments, lease liability	(4 004)	(3 069)
Lease liability 31 December	10 220	13 431
Current lease liability	4 076	3 617
Non-current lease liability	6 144	9 814
Lease liability 31 December	10 220	13 431

Future minimum lease payments under non-cancellable lease agreement (undiscounted):

	2020	*2019*
As at 31 December	*NOK 000*	*NOK 000*
Within 1 year	4 076	4 003
1 to 5 years	7 321	11 397
After 5 years	-	-
	11 397	15 400

Notes to the financial statements

for the year ended 31 December 2020 (continued)

18. Financial risk management

Overview

The Company is exposed to a variety of risks, including credit risk, liquidity risk, interest rate risk and currency risk. This note presents information about the Company's exposure to each of the above-mentioned risks, and the Company's objectives, policies and processes for managing such risks. The note also presents the Company's objectives, policies and process for managing capital.

Credit risk

The Company has no significant credit risk. The Company is exposed to credit risk related to trade receivables and cash and cash equivalents. Sales are only made to customers that have not experienced any significant payment problems. Cash and cash equivalents are receivables from banks.

Liquidity risk

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

The table below shows a maturity analysis for financial liabilities:

The cash flows below assume repayment on the latest date available, even if expected repayment may be earlier.

As at 31 December 2020	*Carrying amount NOK 000*	*Cash flow NOK 000*	*< 1 year NOK 000*	*1-5 years NOK 000*
Trade and other payables	8 410	8 410	8 410	-
Current borrowings, exploration loan	121 404	126 262	126 262	-
Total financial liabilities	129 814	134 672	134 672	-

With reference to intercompany loan, please see note 16.

As at 31 December 2019	*Carrying amount NOK 000*	*Cash flow NOK 000*	*< 1 year NOK 000*	*1-5 years NOK 000*
Trade and other payables	4 306	4 306	4 306	-
Current borrowings, exploration loan	79 019	85 541	85 541	-
Total financial liabilities	83 325	89 847	89 847	-

Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2020 (continued)

The table below shows a maturity analysis for financial assets:

As at 31 December 2020	*Carrying amount NOK 000*	*Cash flow NOK 000*	*< 1 year NOK 000*	*1-5 years NOK 000*
Trade and other receivables	5 039	5 039	5 039	-
Cash and cash equivalents	29 821	29 821	29 821	-
Total financial assets	34 860	34 860	34 860	-

As at 31 December 2019	*Carrying amount NOK 000*	*Cash flow NOK 000*	*< 1 year NOK 000*	*1-5 years NOK 000*
Trade and other receivables	13 993	13 993	13 993	-
Cash and cash equivalents	87 378	87 378	87 378	-
Total financial assets	101 371	101 371	101 371	-

Interest rate risk
The Company has external borrowings with floating interest rate conditions and is consequently exposed to interest rate risk to borrowings.

Sensitivity analysis at 31 December 2020:

Interest rate sensitivity is calculated based on the exposure to interest-bearing debt with floating interest rate conditions on the balance sheet date.

- If 3-month NIBOR had been 50 basis points higher / lower, the Company's net loss would have been NOK 0.5 million (in 2019; NOK 0.3 million) higher / lower respectively.

Currency risk
The Company is exposed to foreign exchange rate risk related to the value of NOK relative to other currencies, mainly related to bank deposits denominated in US Dollar.

Sensitivity analysis at 31 December 2020:

- If the NOK had gained 10% against the US Dollar, the Company's net loss would have been NOK 0.1 million higher.
- If the NOK had weakened 10% against the US Dollar, the Company's net loss would have been NOK 0.1 million lower.

Sensitivity analysis at 31 December 2019:

- If the NOK had gained 10% against the US Dollar, the Company's net loss would have been NOK 0.5 million higher.
- If the NOK had weakened 10% against the US Dollar, the Company's net loss would have been NOK 0.5 million lower.

Chrysaor Norge AS

Notes to the financial statements

for the year ended 31 December 2020 (continued)

Capital management

The overall objective of the Company is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure, and makes adjustments to it, in light of changes in economic conditions.

19. Financial instruments

Financial instruments by category

Financial assets *As at 31 December 2020*	*Loans & receivables* *NOK 000*	*Total carrying amount* *NOK 000*
Debtors: amounts falling due within one year	5 039	5 039
Cash and cash equivalents	29 821	29 821
Total	34 860	34 860

Financial liabilities *As at 31 December 2020*	*Amortised cost* *NOK 000*	*Total carrying amount* *NOK 000*
Creditors: amounts falling due within one year	8 410	8 410
Current borrowings, exploration loan	121 404	121 404
Total	129 814	129 814

Prepaid expenses, accrued receivables and accrued expenses are not included.

Financial assets *As at 31 December 2019*	*Loans & receivables* *NOK 000*	*Total carrying amount* *NOK 000*
Debtors: amounts falling due within one year	13 993	13 993
Cash and cash equivalents	87 378	87 378
Total	101 371	101 371

Financial liabilities *As at 31 December 2019*	*Amortised cost* *NOK 000*	*Total carrying amount* *NOK 000*
Creditors: amounts falling due within one year	4 306	4 306
Current borrowings, exploration loan	79 019	79 019
Total	83 325	83 325

Prepaid expenses, accrued receivables and accrued expenses are not included.

Notes to the financial statements

for the year ended 31 December 2020 (continued)

Fair value of financial instruments

It is assessed that the carrying amounts of financial assets and creditors and intercompany loan is approximately equal to its fair values. For current borrowings, exploration loan it is assessed that the fair value is approximately NOK 124 million at year end 2020 (2019; NOK 83 million).

20. Contingent liabilities and other commitments

The Company has not been involved in any legal or financial disputes in 2019 or 2020.

Minimum work programmes

The Company is required to participate in the approved work programmes for the licences. See note 8 for a specification of future committed capital expenditure.

Liability for damages / insurance

The Company's operations involve risk for damages, including pollution. The operations are covered by an operation insurance policy.

Seismic uplift/seismic transfer fee

The Company has entered into contracts for purchase of seismic data that will entitle the vendors to additional amounts ("seismic uplift") if the Company is awarded exploration licences in the area of the seismic data. See note 23.

As a result of the merger with Premier Oil plc which completed 31 March 2021 the majority of the Company's geological and seismic Master Licence Agreements will trigger a payment of transfer fees. The actual amounts will depend on negotiations and final agreement with the respective vendors.

21. Called up share capital

	2020	*2019*
Ordinary shares of NOK 1 each	30 001	30 000

Chrysaor Norge AS has one class of shares with equal rights for all shares. No dividends have been proposed or paid in 2020 or 2019. All shares are owned by Chrysaor E&P Limited.

The share capital was increased by one share at NOK 1 nominal value and NOK 191 447 408 share premium in December 2019 by conversion of debt to the shareholder, see note 16. The capital increase was registered in 2020.

22. Related party disclosure

See note 4 for information about compensation to Country Manager and Board of Directors.

The Company has also purchased services from its parent company Chrysaor E&P Limited. The amount is specified in note 5.

See note 16 for information about loan from parent company Chrysaor E&P Limited. Interest expense relating to this loan is specified in note 6.

See note 14 for information about short-term payable to parent company Chrysaor E&P Limited.

Notes to the financial statements

for the year ended 31 December 2020 (continued)

23. Post balance sheet events

In January 2021, the Company was awarded six (6) production licenses by the Ministry of Petroleum and Energy (MPE) in relation to the Awards in Predefined Areas (APA) 2020 Offshore Licensing Round; PL 1087 (blocks 2/2 & 5) where the company's working interest is 50%, PL 1089 (blocks 1/5 & 6) where the company's working interest is 50%, PL 1092 (blocks 15/6 & 9) where the company's working interest is 50%, PL 1093 (blocks 16/4, 5, 6, 8 & 9) where the company's working interest is 50%, PL 1113 (blocks 6407/8, 9 & 11) where the company's working interest is 30% and PL 1114 (blocks 6407/7, 8, 10 & 11) where the company's working interest is 40%.

The awards of the licences listed above has triggered additional payments related to seismic uplift to vendors in accordance with and regulated by the existing Master Licence Agreements. See note 20. The additional payments of seismic uplift amount to approximately NOK 46 million and will be accounted for in 2021.

In February 2021, the Company spudded well 15/12-25 which marked the start of the two (2) well drilling campaign in PL 973 and the Company's first operated well on the Norwegian Continental Shelf. In March 2021, CNAS completed well 15/12 - 25 designed to test the Paleocene (Ty Fm) Jerv Prospect in PL 973. The well was drilled to a vertical depth of 2795 m below mean sea level using the COSL Innovator semisubmersible rig with the following result:

(i) The well encountered a 40 m gas/condensate column in the Ty Formation of which 30 m in sandstone with good reservoir quality - the gas/water contact was not encountered.

(ii) Collected pressure data in the reservoir showed low pressures due to pressure reduction (depletion).

(iii) The PL 973 licence partners have anchored in the limited in place resources and in turn limited recoverable resources due to depletion, concluded that the discovery is not possible to develop commercially.

Based on this, the Company has written off NOK 35.5 million in 2020 as an adjusting event after the reporting period. See note 8.

In March 2021, CNAS spudded 15/12 - 26 (Ilder) the second well in the PL 973 2021 drilling campaign.

In March 2021, the Company amended the existing three (3) year Exploration Financing Facility with Skandinaviska Enskilda Banken (SEB) as follows:
(i) The total available amount was increased from NOK 750 million to NOK 1 billion.
(ii) The accordion option was increased from NOK 250 million to NOK 600 million.
(iii) The availability period was extended with one (1) year to 31st December 2022.
(iv) ING Bank N.V joined Skandinaviska Enskilda Banken (SEB) as lender.

24. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Chrysaor E&P Limited. The ultimate and controlling parent is Harbour Energy plc, a company incorporated in Great Britain and registered in Scotland. Harbour Energy plc is the parent undertaking of the largest and smallest group of which the company is a member and for which group financial statements are prepared. Copies of these consolidated financial statements are available upon request from Harbour Energy plc, 23 Lower Belgrave Street, London SW1W 0NR.

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To the General Meeting of Chrysaor Norge AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Chrysaor Norge AS, which comprise the balance sheet as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

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

Other information

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

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

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

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

PricewaterhouseCoopers AS, Kanalsletta 8, Postboks 8017, NO-4068 Stavanger
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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

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Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to https://revisorforeningen.no/revisjonsberetninger

Report on Other Legal and Regulatory Requirements

Opinion on Registration and Documentation

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

Stavanger, 27 April 2021
PricewaterhouseCoopers AS

Arne Birkeland
State Authorised Public Accountant

(This document is signed electronically)

Securely signed with Brevio

Audit report 2020

Signers:

Name	***Method***	***Date***
Birkeland, Arne	BANKID_MOBILE	2021-04-29 14:58

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