Brønnøysundregistrene

# ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

**Enheten**

| | |
|---|---|
| Organisasjonsnummer: | 998 726 441 |
| Organisasjonsform: | Aksjeselskap |
| Foretaksnavn: | LIME PETROLEUM AS |
| Forretningsadresse: | Drammensveien 145 A<br>0277 OSLO |

**Regnskapsår**

| | |
|---|---|
| Årsregnskapets periode: | 01.01.2021 - 31.12.2021 |

**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: | Kari Loe Nystog |
| Dato for fastsettelse av årsregnskapet: | 06.06.2022 |

**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, 18.07.2023

# Resultatregnskap

| Beløp i: NOK | Note | 2021 | 2020 |
|---|---|---|---|
| **RESULTATREGNSKAP** | | | |
| **Inntekter** | | | |
| Gain from sale of licences | 4 | 160 684 000 | |
| **Sum inntekter** | | **160 684 000** | |
| **Kostnader** | | | |
| Exploration expenses | 5 | 38 673 000 | 26 180 000 |
| Payroll and related cost | 6 | 35 843 000 | 22 136 000 |
| Depreciation and amortisation | 11,12 | 1 570 000 | 1 523 000 |
| Other operating expenses | 7 | 13 078 000 | 8 966 000 |
| **Sum kostnader** | | **89 164 000** | **58 805 000** |
| **Driftsresultat** | | **71 520 000** | **-58 805 000** |
| **Finansinntekter og finanskostnader** | | | |
| Finance income | | 427 000 | 5 475 000 |
| **Sum finansinntekter** | | **427 000** | **5 475 000** |
| Finance costs | | 34 068 000 | 7 851 000 |
| **Sum finanskostnader** | | **34 068 000** | **7 851 000** |
| **Netto finans** | 8 | **-33 641 000** | **-2 376 000** |
| **Ordinært resultat før skattekostnad** | | **37 879 000** | **-61 181 000** |
| Income tax credit | 9 | -81 785 000 | -46 136 000 |
| **Ordinært resultat etter skattekostnad** | | **119 664 000** | **-15 045 000** |
| **Årsresultat** | | **119 664 000** | **-15 045 000** |

# Balanse

| Beløp i: NOK | Note | 2021 | 2020 |
|---|---|---|---|
| **BALANSE - EIENDELER** | | | |
| **Anleggsmidler** | | | |
| **Immaterielle eiendeler** | | | |
| Exploration and evaluation assets | 10 | 355 010 000 | 246 513 000 |
| **Sum immaterielle eiendeler** | | **355 010 000** | **246 513 000** |
| **Varige driftsmidler** | | | |
| Oil and gas properties | 4,9 | 727 670 000 | |
| Property, plant and equipment | 11 | 583 000 | 814 000 |
| Intangible assets | 12 | 78 000 | 144 000 |
| Right-of-use assets | 12 | 2 256 000 | 3 545 000 |
| **Sum varige driftsmidler** | | **730 587 000** | **4 503 000** |
| **Finansielle anleggsmidler** | | | |
| Non-current receivables | 4 | 1 473 184 000 | |
| **Sum finansielle anleggsmidler** | | **1 473 184 000** | |
| **Sum anleggsmidler** | | **2 558 781 000** | **251 016 000** |
| **Omløpsmidler** | | | |
| **Varer** | | | |
| Spareparts, equipment and inventory | | 104 539 000 | |
| **Sum varer** | | **104 539 000** | |
| **Fordringer** | | | |
| Prepayments and other receivables | 13 | 51 623 000 | 15 960 000 |
| Tax receivable refund tax value exploration expenses | 9,16 | 355 488 000 | 162 738 000 |
| Other financial asset - restricted cash | 14 | 84 500 000 | |
| **Sum fordringer** | | **491 611 000** | **178 698 000** |
| **Bankinnskudd, kontanter og lignende** | | | |
| Cash and cash equivalents | 14 | 146 262 000 | 17 337 000 |
| **Sum bankinnskudd, kontanter og lignende** | | **146 262 000** | **17 337 000** |
| **Sum omløpsmidler** | | **742 412 000** | **196 035 000** |

# Balanse

| Beløp i: NOK | Note | 2021 | 2020 |
|---|---|---|---|
| **SUM EIENDELER** | | **3 301 193 000** | **447 051 000** |

**BALANSE - EGENKAPITAL OG GJELD**

| | | | |
|---|---|---|---|
| **Egenkapital** | | | |
| **Innskutt egenkapital** | | | |
| Share capital | 15 | 130 320 000 | 130 320 000 |
| Annen innskutt egenkapital | | 212 052 000 | 11 386 000 |
| **Sum innskutt egenkapital** | | **342 372 000** | **141 706 000** |
| **Opptjent egenkapital** | | | |
| Retained earnings | | 105 650 000 | |
| Udekket tap | | | 14 014 000 |
| **Sum opptjent egenkapital** | | **105 650 000** | **-14 014 000** |
| **Sum egenkapital** | | **448 022 000** | **127 692 000** |
| **Gjeld** | | | |
| **Langsiktig gjeld** | | | |
| Utsatt skatt | 9 | 359 777 000 | 112 564 000 |
| Asset retirement obligations | | 1 674 828 000 | |
| Leasing liabilities | 12 | 969 000 | 2 262 000 |
| **Sum avsetninger for forpliktelser** | | **2 035 574 000** | **114 826 000** |
| **Annen langsiktig gjeld** | | | |
| Obligasjonslån | 16 | 415 077 000 | |
| Langsiktig konserngjeld | 16 | 93 412 000 | |
| **Sum annen langsiktig gjeld** | | **508 489 000** | |
| **Sum langsiktig gjeld** | | **2 544 063 000** | **114 826 000** |
| **Kortsiktig gjeld** | | | |
| Leverandørgjeld | 17 | 24 652 000 | 7 536 000 |
| Interest-bearing loans and borrowings | 16 | 75 000 000 | 184 720 000 |
| Other current liabilities | 18 | 209 456 000 | 12 277 000 |
| **Sum kortsiktig gjeld** | | **309 108 000** | **204 533 000** |
| **Sum gjeld** | | **2 853 171 000** | **319 359 000** |

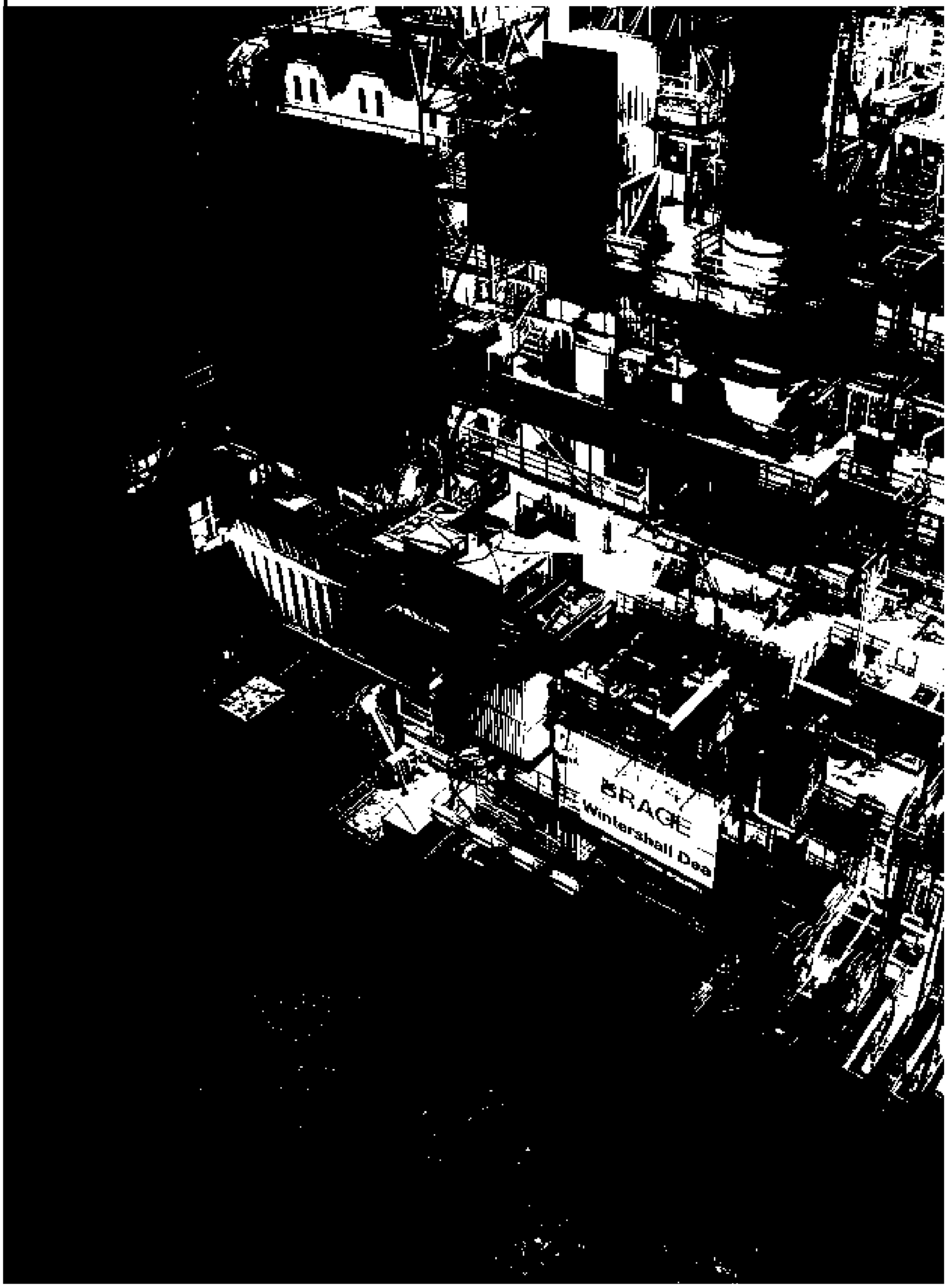
## Balanse

| Beløp i: NOK | Note | 2021 | 2020 |
|---|---|---|---|
| **SUM EGENKAPITAL OG GJELD** | | **3 301 193 000** | **447 051 000** |

Lime PETROLEUM

# ANNUAL REPORT 2021

LIME PETROLEUM
ANNUAL REPORT 2021




*Brage platform at night*

# 2021

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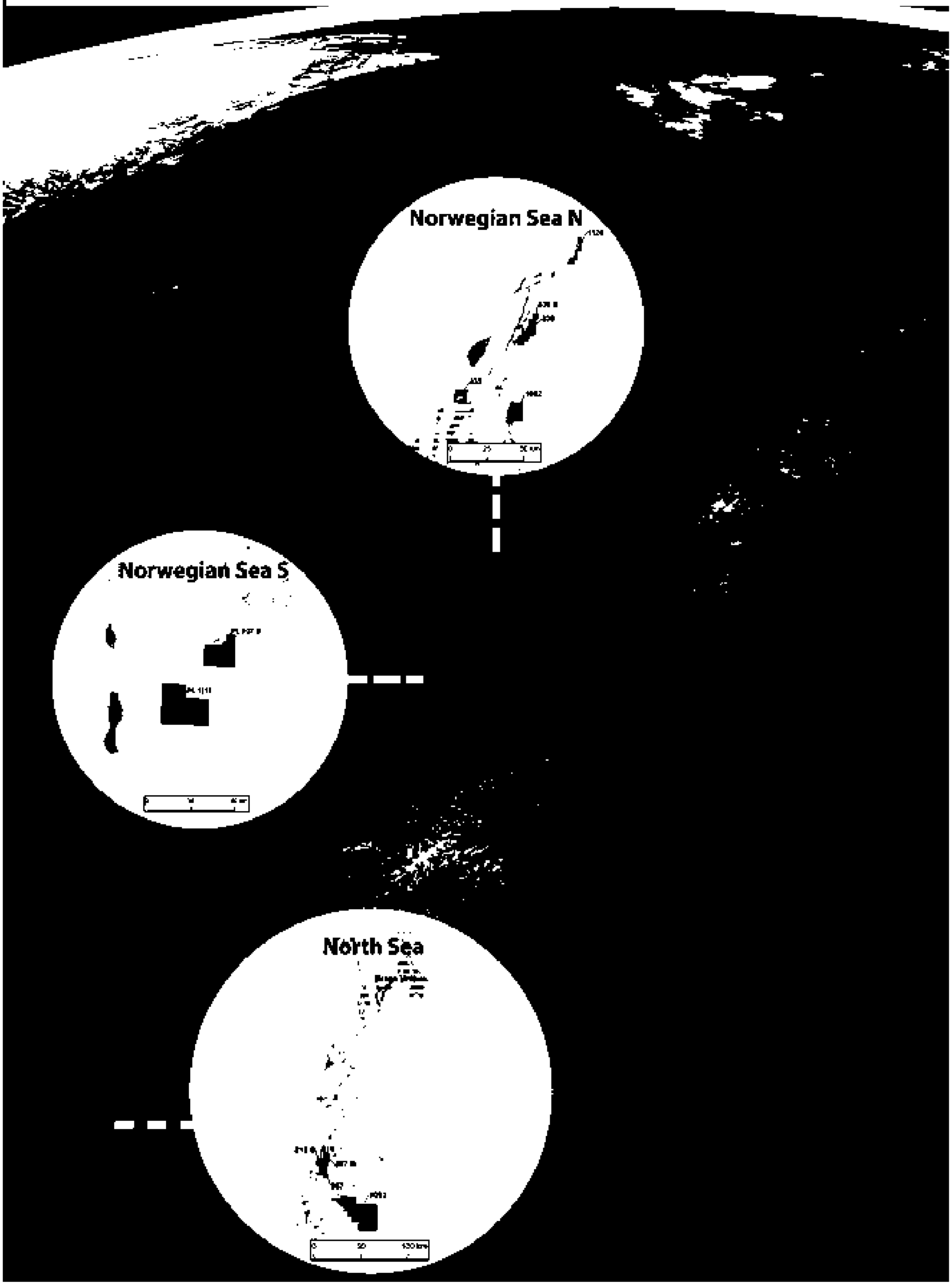
Front page: Waterfall at Loen River Sundmøre, Norway. Photo: Victoria Fondenær


Norwegian Sea N
Norwegian Sea S
North Sea

# Licence Portfolio Information

| Licence | Location | Lime stake | Operator | Other Partners | Expiry date |
|---|---|---|---|---|---|
| | **North Sea** | | | | |
| PL 053 B | Bjørgvin Arch | 33,84% | Wintershall Dea Norge AS | DNO Norge AS, Vår Energy ASA, Mvest Energy AS | 06/04/2030 |
| PL 055 | Bjørgvin Arch | 33,84% | Wintershall Dea Norge AS | DNO Norge AS, Vår Energy ASA, Mvest Energy AS | 06/04/2030 |
| PL 055 B | Bjørgvin Arch | 33,84% | Wintershall Dea Norge AS | DNO Norge AS, Vår Energy ASA, Mvest Energy AS | 06/04/2030 |
| PL 055 D | Bjørgvin Arch | 33,84% | Wintershall Dea Norge AS | DNO Norge AS, Vår Energy ASA, Mvest Energy AS | 06/04/2030 |
| PL 055 E | Bjørgvin Arch | 33,84% | Wintershall Dea Norge AS | DNO Norge AS, Vår Energy ASA, Mvest Energy AS | 06/04/2022 |
| PL 185 | Bjørgvin Arch | 33,84% | Wintershall Dea Norge AS | DNO Norge AS, Vår Energy ASA, Mvest Energy AS | 06/04/2030 |
| PL 818 | Gudrun Terrace | 30,00% | Aker BP ASA | Equinor Energy AS | 05/02/2026 |
| PL 818 B | Gudrun Terrace | 30,00% | Aker BP ASA | Equinor Energy AS | 05/02/2026 |
| PL 867 | Gudrun Terrace | 20,00% | Neptune Energy Norge AS | Equinor Energy AS | 10/02/2026 |
| PL 867 B | Gudrun Terrace | 20,00% | Neptune Energy Norge AS | Equinor Energy AS | 10/02/2026 |
| PL 1093 | Utsira High | 20,00% | Chrysaor Norge AS | Petoro AS | 19/02/2028 |
| PL 820 S (1) | Utsira High | 40,00% | MOL Norway AS | Lundin Energy Norway AS, Pandion Energy AS, Wintershall Dea Norway AS | 05/02/2024 |
| PL 820 SB (1) | Utsira High | 40,00% | MOL Norway AS | Lundin Energy Norway AS, Pandion Energy AS, Wintershall Dea Norway AS | 05/02/2024 |
| | **Norwegian Sea** | | | | |
| PL 433 | Halten Terrace | 15,65% | Spirit Energy Norway AS | PGNiG Upstream Norway AS | 16/02/2042 |
| PL 838 | Nordland Ridge | 30,00% | PGNiG Upstream Norway AS | Aker BP ASA | 05/08/2023 |
| PL 838 B | Nordland Ridge | 30,00% | PGNiG Upstream Norway AS | Aker BP ASA | 01/03/2028 |
| PL 937 (2) | Frøya High | 15,00% | PGNiG Upstream Norway AS | Equinor Energy AS | 02/03/2024 |
| PL 937 B (2) | Frøya High | 15,00% | PGNiG Upstream Norway AS | Equinor Energy AS | 02/03/2024 |
| PL 1062 | Haltenbanken | 30,00% | Neptune Energy Norge AS | Pandion Energy AS | 14/02/2027 |
| PL 1111 | Frøya High | 40,00% | PGNiG Upstream Norway AS | | 19/02/2028 |
| PL 1125 | Nordland Ridge | 50,00% | OKEA ASA | | 19/02/2024 |

(1) Acquisition agreement signed between Lime petroleum AS and MOL Norway AS on 14 April 2022
(2) PL937 Relinquished 02.03.2022

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# Message from the CEO

At the time of writing, war has broken out in Europe, we are seeing scenes in European cities we thought belonged to the past. Lime employees have directly felt the consequences of war through their families, with all the uncertainty, fear, and heartbreak that comes with war. Through all this, oil and gas prices have risen to record levels. However, this new price point comes with much uncertainty. In 2020, although war was not even remotely on the horizon, we discussed how to reduce risk and add value at times of increasing uncertainty. One of the solutions was to add production to the Lime portfolio.

In 2021 we achieved our goal from the previous year of transforming Lime Petroleum from a pure-play exploration company to a full cycle exploration and production company – E and P. The purchase of 33.8434% in the Brage field is driving Lime Petroleum forward, along with the maturation of field development projects, Shrek and Fogelberg as well as our traditional exploration work. Additionally, Lime is participating in the green shift initially through a carbon storage project, and likely with further projects seeking to reduce the greenhouse gas footprint and enable sustainable offshore operations. This all means Lime's skillsets are being expanded upon, the scope of our processes is being increased and new relationships are being forged. This is very much in line with the Petroleum Safety Authority's 2022 focus on capacity and competence.

Despite restricted personal interaction in 2021 due to the Covid pandemic, Lime managed to achieve three major transactions by the end of the year. The Brage transaction was agreed on with Repsol in May, quickly followed by a swap of assets with ONE Dyas, bringing the Fogelberg development into the portfolio, and capped by farming in the Gjegnalunden prospect, which closed on New Year's Eve.

Gjegnalunden, in PL867 and PL867B, is an exciting prospect adjacent to Lime's PL818 licence. With a discovery in Gjegnalunden, a development can readily be tied back to AkerBP's Ivar Aasen platform. Success will also de-risk other prospects in the area. Unfortunately, the Fat Canyon exploration well in the Norwegian Sea turned out to be dry after drilling late in 2021. We will be looking at how this will impact other prospects in the area. Other prospects are being worked up, with likely more exploration drilling in 2023.

Two field development projects are maturing, with field development plans likely to be submitted in late 2022. The Fogelberg gas development is being worked up by the operator, Spirit, along with PGNiG as our partner. Lime traded into Fogelberg to be able to get to gas production faster than staying in Sierra. First gas is expected in 2026. The Shrek oil development will be tied back to AkerBP's Skarv FPSO, with the first oil likely in 2025. Lime is playing an active role in the development planning, seeking to ensure safe and efficient operations with high hydrocarbon recovery.

*Brage Unit*

As mentioned, the Brage acquisition is perhaps the most significant for Lime. The deal was agreed with Repsol in the spring and closed on New Year's Eve. In the meantime, Lime raised the funds for the acquisition through a combination of new equity and bond financing. This is the first time Lime has raised a bond and we are very happy about the reception in the market. Lime will now have proven, producing reserves in the portfolio, with the cash flow from production. In preparation for the duties that come with being the second largest partner in Brage, Lime has increased the staffing level and added skills. Several of the heretofore exploration-focused G&G staff are morphing into production geoscientists, working alongside our new engineers. New technology is added, and new processes are being developed.

Brage is proving to be just the asset we were hoping it would be when the deal was signed. In 2021, two production wells were completed and an exploration target, Talisker, was tested. Talisker exceeded the pre-drill best estimate, and the production wells were completed well ahead of schedule. Further production drilling will take place in 2022, and the Brage South exploration target will be tested. Furthermore, electrification of Brage will be evaluated in 2022, using floating wind turbines. Along with sustained high commodity prices and success in these operations, the Brage life may well extend past the current shut-down date in 2030. Brage is an aging platform and attention must be paid to maintenance, as well as operation expenditures. Lime will be working closely with the Operator and our partners on all these aspects of Brage in the years to come.

As a small company, technology is one of the keys to success. We have long used the novel frequency-based seismic technology, RVD, developed by our sister company, Rex Technology Management. In 2021, Lime expanded on technology development using Big Data and machine learning technology both in geology and geophysics to develop better and more cost-effective methods for exploration. In 2022 we are looking to further expand this use of technology for production purposes.

With production alongside our exploration work, Lime has additional responsibility through our see-to-duty to ensure operations are safe for people and the environment. We are expanding our management systems to encompass the new operations, and through 2022, we will work closely with our partners, suppliers, and authorities to ensure our see-to-duty is accomplished. This gets back to the focus on capacity and competence. Through the right competence, and the capacity to apply this competence, Lime's aim in 2022 is to be a preferred partner building value for our shareholders, all the while ensuring safe operations and a good work environment. Hopefully in next year's Letter from the CEO, we can read about peace in Europe, as well as a thriving, sustainable, and safe offshore energy production.

Lars Hübert
**CEO**

# The Brage Unit

## (Lime - 33.8434%)

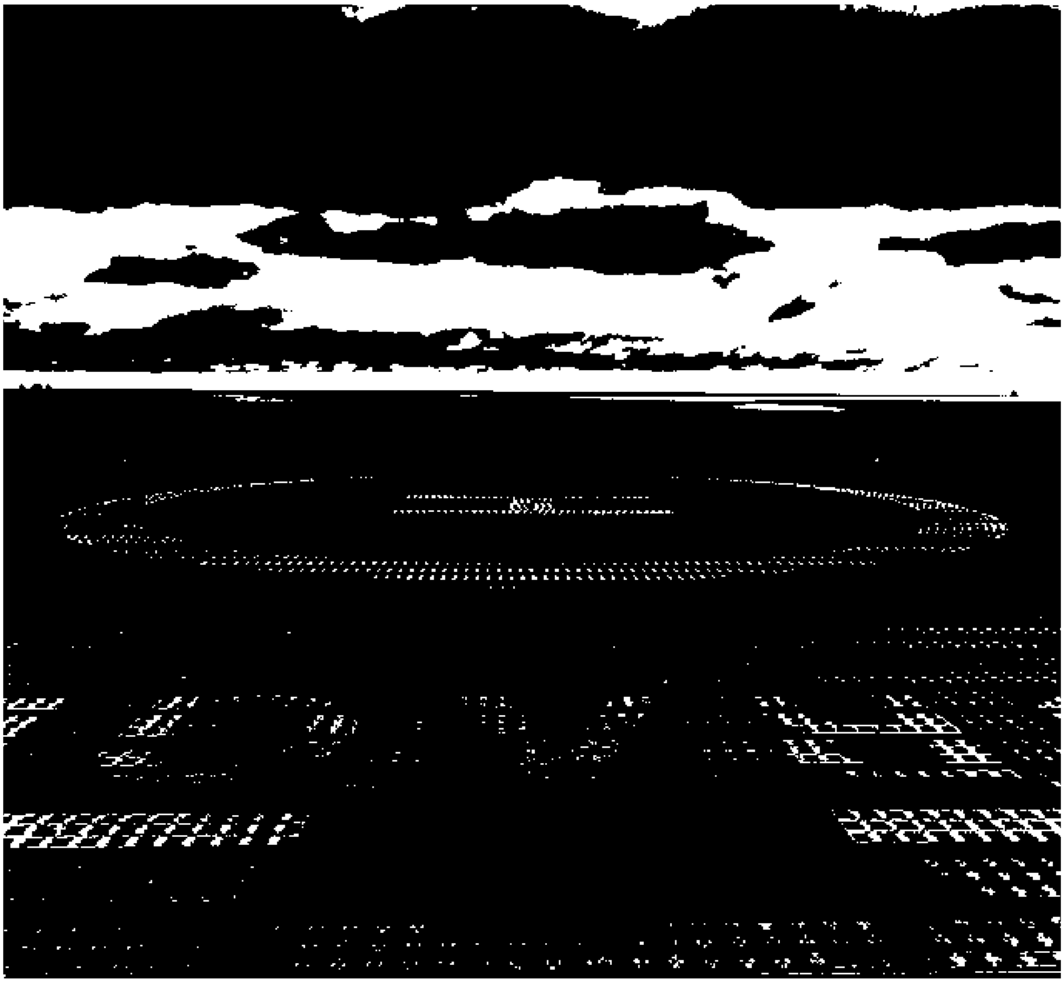
Brage is a one billion bbls (in-place) oilfield in the Norwegian North Sea, located about 130 km west of Bergen in Block 31/4, in close proximity to the giant Oseberg field. After discovery of oil in the Jurassic Fensfjord and Sognefjord Formation sandstone reservoirs in 1980, the well 31/4-7 discovered hydrocarbons also in the Statfjord Formation reservoir in 1984.

Brage was then developed with a fixed eight-leg steel jacket PDQ platform (production, drilling, and living quarter) and 40 well slots at a water depth of about 137 m. First oil was produced in September 1993, initially from Statfjord, Fensfjord, and Sognefjord reservoirs. Later, in 2008, oil was also discovered in the Brent formation which today is the best producing Brage reservoir (3 wells produce +30% of total field production). Normally, Brage has around 100 workers on the platform at all times. WintershallDea has been the Operator since it took over the Brage licence share from Equinor in 2012. The Brage Unit licences (PL 053 B, PL 055, PL 185, PL 055 B, and PL 055 D) will expire in 2030.

Brage is a mature oil field producing at its tail-end from 18-20 active oil wells and injecting water in 4 wells. Water cut is high between 90-99%. At YE2021 the field had produced 378 mmbbls oil (402 mmboe). The average oil recovery factor is 40% and varies between 20-60% for the four producing reservoirs. Due to the large in-place volumes and with multiple reservoirs, there is still a lot of potential for improving oil recovery by drilling infill wells, in particular the Fensfjord reservoir where the oil recovery factor is only around 30%. The drilling rig and systems were upgraded in 2012 and are currently drilling 3-4 new wells successfully per year at a total cost of around 1 billion NOK. Each infill well adds between 0.7-1.5 mmboe gross reserves. The current end of field life is 2030 which is when the Brage Unit Licence expires.

Drilling operations on Brage were restarted in April 2021 after a stop due to the Covid-19 situation developing from March 2019. As a result, only two infill wells were drilled and completed in 2021. One of the producers also included a side-track exploration well proving new reserves in an unproven Brent segment (Talisker). The plan is to continue drilling infill wells without further drilling breaks until around 2026. Drilling performance has been very good in 2021 and 43 days ahead of schedule. Brage has further exploration targets within the license boundaries. Brage South exploration well will be drilled Q3 2022 from the platform, and further exploration targets are under consideration.

During Q4 2021 the Licence partners decided to initiate the BCR (Brage Climate Response) project to significantly reduce the emission of CO2. A floating wind concept is recommended to be further matured. This concept includes semisubmersible units with offshore wind turbines, energy storage, transformers, power management systems, and mooring systems with sub-sea power cables tied into Brage. The project will also apply for ENOVA funds which will help reduce Capex further. The project schedule is fast-tracked with a target DG4 completion by Q4-2024 when the windmills will be in full operation. The strategic driver for the BCR project is that the reduction in CO2 and NOx related taxes will be a pre-requisite for applying for a new life-time extension beyond 2030. Lifetime could potentially be extended to 2040 depending on the success of the upcoming infill and exploration drilling campaigns and a positive decision to execute the BCR project.



*Heliport Brage*

# Development Assets

## PL433 Fogelberg (Lime 15.7%)

Fogelberg is located in the Halten Terrace area of the Norwegian Sea at a 300-meter water depth. The Licence was awarded as part of the APA 2006 Licensing Round. Fogelberg was discovered in 2010 and is located 18 km north of Åsgard and 30 km south of Heidrun fields. The licence is operated by Spirit Energy (60.8%) with PGNiG (23.5%) and Lime Petroleum (15.7%) as partners.

The first exploration well discovered gas in the Middle Jurassic Garn and Ile Fms. Two further appraisal wells were drilled in 2018. Both appraisal wells encountered gas in the Garn and Ile Fms proving substantial in-place volumes. A production test was run in the second appraisal well testing the Garn Fm. The drainage strategy for the Garn reservoir is via pressure depletion with four long horizontal wells. Gross reserves are around 40 mmboe. The Fogelberg field will be developed from a 4-slot subsea template and tied back 15 km to the Åsgard B semi-submersible production host platform. The concept was selected and approved (Decision Gate 2/BOV) in October 2021. First gas is expected in second half 2026.

## PL838 Shrek (Lime 30%)

Shrek is a combined gas and oil field discovered in 2019. Shrek is located 5 km south-east of the Skarv Field at a 360-meter water depth. The discovery has a 110 m total hydrocarbon column in Middle Jurassic sandstones in Fangst and Båt Groups. The reservoir is of good to excellent quality. Shrek is a combined four-way closure and hanging wall trap. Shrek is expected to produce between 12-24 mmboe reserves.

A feasibility study for a subsea tie-back to the nearby Skarv floating production storage and offloading (FPSO) host vessel has been completed and commerciality (Decision Gate 1/BOK) was confirmed in August 2021. A concept was selected in December. The Shrek reference case includes a 4-slot subsea template and two long horizontal oil producers with gas lift from Skarv. First oil is expected in summer 2025. The Shrek Licence is operated by AkerBP (35%) with PGNiG (35%) and Lime Petroleum (30%) as partners.

*Fogelberg 3D Field Layout toward Åsgard - High. Source Spirit Energy*

LIME PETROLEUM
ANNUAL REPORT 2021

# Sustainability and environmental commitment

Lime is actively seizing opportunities for developing energy projects in the Norwegian Continental Shelf that enhance economic value while engaging and developing its highly qualified workforce, as well as collaborating in the creation of a more sustainable future for generations to come.

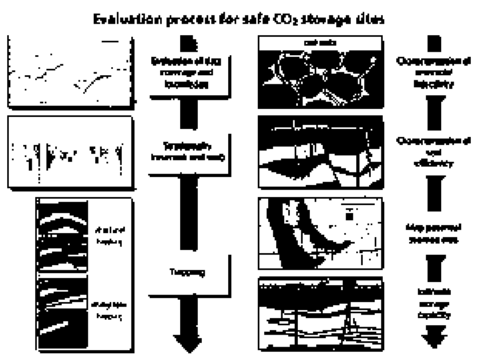
Climate change has become a major concern as rising levels of greenhouse gases accumulate in the atmosphere causing disruptions in ecosystems that could be irreversible. Lime is committed to forming part of the solution to slow down climate change and has joined initiatives for energy transformation as the Wind Units project to electrify the Brage field and a Carbon Capture and Storage (CCS) project.

Although many efforts have been made in recent years to mitigate climate change, it is evident that a greater amount of CO2 emissions will need to be removed over the next years and decades if net-zero goals for 2050 are to be met. In a world with ambitious goals for decarbonization whilst acknowledging the need for energy, having a strategy for carbon reduction is a required necessity.

A major concern to Lime is to reduce our own carbon footprint. Lime seeks to find low-carbon solutions for both exploration and production. Reducing the number of dry wells drilled, by employing state-of-the-art exploration technology to select drilling locations, is one aspect. Direct reduction of emissions during operations is another. For the drilling of the Fat Canyon exploration well in the fall of 2021, the Borgland Dolphin semi-submersible rig was chosen. Part of the rig-decision was the fact that Borgland Dolphin, according to Rystad Energy, has one of the lowest carbon footprints for all the rigs operating on the Norwegian Continental Shelf.

Lime is also working closely with the partners in the Brage unit to electrify the platform - the Brage Climate Response Program. This will not only reduce the CO2 footprint for producing the oil and gas but will also result in more gas for export to a gas-starved European continent. Several solutions have been considered for electrification, including cables from land, and offshore wind turbines. Currently offshore wind is looking like the most likely solution, with a possible start-up in 2024, reducing CO2 emissions by some 60%.

Carbon capture and permanent storage in geological formations will play an integral role in helping reduce global emissions. Lime's analyses considering the number of carbon capture projects in Europe, the time that it takes to develop them, and the levels of CO2 emitted by industrial sites, suggest that there will be a shortage in CO2 storage capacity of up to 40 million tonnes per year by 2030.



*Loen Birksdalsbreen National Park, Norway*

*Seven Sisters, Sognefjord, Norway*

In view of the need to fill this gap, Lime decided to participate in the Carbon Capture and Storage joint industry project (JIP) with Nautilus Carbon Services involving five industries. The Nautilus JIP project aims to secure an optimal CO2 storage site in Northwest Europe. The project started with a kick-off meeting in September 2021 and by the end of the year 2021, an initial screening assessment of approximately 20 storage sites on the Norwegian Continental Shelf had been carried out. From this, three storage sites were selected to be assessed in detail and determine the feasibility, capacity, and security of each storage site, along with an economic evaluation. A review of the Carbon Capture and Storage value chain identified the main cost drivers and benchmarked them against selected full-scale ongoing projects in Norway and elsewhere in Europe. The plan forward is to focus on one of the assessed storage sites, that has proven to present the best qualities for carbon storage. Further analysis and detailed interpretation are to be conducted, as well as a definition of the viable business case for the chosen location, eyeing a possible concession application before the end of 2022. CO2 storage at the site could then possibly start as soon as 2027.

Lime being part of the solution to climate change mitigation is vital to the world in general, both to mitigate climate change, but also to ensure the world has energy; and is thus key for creating value for its stakeholders.

# Directors' Report

An unprecedented chain of international events in the past two years has left the oil and gas market on a tighter balance. Unexpected rise in demand due to increased mobility under lighter covid restrictions and unscheduled supply shortages have pushed oil prices to record highs. This is aggravated by the recent war in Ukraine, which will mean we will be facing another volatile year in 2022. Despite the market uncertainties, Lime Petroleum AS continues to successfully conduct its business, building upon its growth strategy. In 2021 Lime Petroleum AS made the transition from pure exploration to a full cycle exploration and production company. Lime Petroleum AS consolidated its asset portfolio in 2021 by acquiring a significant 33.8434% interest in the oil producing Brage field. During the year, Lime has also added one exploration licence and one licence planning for PDO (Plan for Development and Operation) by the end of 2022, to its portfolio. In the autumn Lime acquired 15.65% interest in licence PL433 Fogelberg and to close the year, bought a 20% interest in licences PL867/B.

Lime Petroleum AS (hereinafter referred to as Lime) is a Norwegian oil company owned by Rex International Investment Pte Ltd (Rex; 91.65% share capital) a wholly owned subsidiary of the Singapore-listed Rex International Holding Limited, and Schroeder & Co Banque SA (Schroeder; 8.35% share capital). Lime`s office is located at Skøyen in Oslo, Norway.

Lime`s main business is to explore for, develop and produce oil and gas on the Norwegian Continental Shelf. In the role as a pure exploration company until acquisition of the Brage field in 2021, Lime has participated in drilling of nine exploration and appraisal wells in both mature and frontier areas resulting in three commercial discoveries, the PL338C Rolvsnes discovery on Utsira High in the North Sea (monetised in 2019), the PL838 Shrek discovery on the Nordland Ridge in the Norwegian Sea and the PL263D/E/F Sierra South discovery on Haltenbanken in the Norwegian Sea made in 2020. The company has also participated in one technical oil/gas discovery on PL708 in the Barents Sea.

## Operational review

The highlight of 2021 was marked by the acquisition of 33.8434% interest of the licenses PL053B, PL055, PL055B, PL055D, PL055E and PL185 that constitute the producing Brage field operated by Wintershall DEA Norge AS in June 2021, making it the most significant transaction for the company. On 15 June 2021, Lime signed a sales and purchase agreement with Repsol Norge AS to acquire their 33.8434% interest in the Brage field. The transaction of NOK 376.3 million, was approved by the Ministry of Petroleum and Energy and the Ministry of Finance on 14 December 2021, and completion took place on 31 December 2021. The transaction had the nature and financial effect of a business combination by way of accounting treatment, for which NOK 160.7 million was booked as a gain from bargain purchase.

On 31 August 2021 Lime closed on a transaction with ONE-Dyas Norge AS. In this transaction Lime swapped 20% interest in PL263D/E/F with the Sierra South discovery for 15.65% share in PL433 and the Fogelberg gas development, adding an additional development project to the portfolio. The sales and purchase agreement with ONE-Dyas Norge AS was signed 6 April 2021. The approval from the Ministry of Petroleum and Energy was received 23 August 2021. The swap of equity stakes was considered gainful for Lime

*Brage platform view*

providing the opportunity to get into production faster than in Sierra South, with less drilling uncertainty. Based on the reserves estimate available at the time of the transaction taking place, the PL263D/E/F book values were maintained under the assumption of equal exchange. At the same time, Lime closed on a transaction with AkerBP ASA and obtained a 20% share in PL867 and PL 867B with the Gjegnalunden exploration prospect just west of the Ivar Aasen field, and moreover adjacent to license PL818/B, thereby strengthening the exploration portfolio. The Gjegnalunden well will be drilled in Q4 2022. Success in Gjegnalunden will serve to de-risk additional prospects in PL867/B and PL818/B. The sales and purchase agreement of the licenses PL867 and PL867B with AkerBP ASA was signed 9 August 2021 and the transaction was formally approved by the Ministry of Petroleum and Energy 9 December 2021.

The Brage acquisition is transformational for Lime and has proven to be a sound investment for the company beyond the gain from bargain purchase. In 2021, the operator (Wintershall DEA) completed the drilling of two additional production wells, as well as the Talisker exploration well. All wells came in better than expected, resulting in reserve replacement for Brage in 2021. Production on Brage has been on stable decline, though the addition of new infill wells will increase production in 2022. Fogelberg and Shrek, operated by Spirit Energy Norway AS and AkerBP ASA respectively, are moving towards PDO (Plan for Development and Operation) in late 2022, in time to qualify for the temporary covid-19 tax incentives. Both projects have sound economics, and Lime is playing an active role as a partner company.

Lime participated in one exploration well in 2021, 6306/3-1 S (Fat Canyon) in PL937. PGNiG Upstream Norway AS was the operator, and Equinor farmed in just ahead of drilling. Lime has 15% in PL937 and PL937B. The well was a high risk/high reward well in the Frøya High just south of the Njord field, eyeing a prospect similar to the giant Draugen field. Unfortunately, the well was dry. The license has a budget for 2022 for evaluating the prospect further and impairment has been assumed not required. Lime will evaluate the well results against other prospects in the area, most notably in PL1111 just south of PL937.

As part of the green transition, Lime is actively taking part by participating in the Nautilus "Joint Industry Project" aiming at securing a CCS (Carbon Capture and Storage) license on the Norwegian Continental Shelf. Lime joined the first phase of the project in 2021 and will play a part also in the second phase in 2022. Lime sees a growing market for carbon storage, which aligns with Lime's technical skills and business interests. Lime is also actively participating in projects to reduce CO2 emissions from operations in which Lime is involved. The company is committed to the NOROG targets for emission reductions on the Norwegian Continental Shelf and is in that respect engaged in an early phase electrification study for the Brage field.

To accommodate the increased portfolio, Lime has over the past 6 months strengthened the team. In addition to the exploration personnel, the team now includes engineers, as well as dedicated HSEQ advisor on staff.

Although the covid-19 restrictions have been moderated, Lime continues to monitor the situation with the objective of making sure necessary measures are taken to protect staff and operations. The company has taken the Corona Virus pandemic very seriously and has at all times followed the recommendations from the Norwegian Institute of Public Health (FHI) to mitigate the virus and to safeguard the employees, consultants, and their families. The company instituted home officing for the employees, eliminated business travel and replaced it with videoconferencing. The measures have been in place as long as they have been recommended by FHI. Lime Petroleum AS is a non-operator and not directly involved in the execution of offshore operations on a day-to day basis. However, as becoming a partner in the Brage Field, formally as of 1 January 2022, the company will take part in the dialogues with the operator to ensure that all necessary steps are taken to protect offshore personnel against the pandemic. The covid-19 pandemic has created challenges for the oil industry and could present significant impacts on economic activity. Under these circumstances, Lime continues to take necessary steps to ensure that the company remains financially sound.

## Subsequent Events

On 21 January 2022, the capital increase of NOK 200 million, resolved in an extraordinary general assembly held on 16 December 2021, was formally registered in the Register of Business Enterprises (Foretaksregisteret). The Company`s share capital was increased from 130 320 000 share to 216 900 087 shares.

On 31 January 2022, Lime Petroleum AS established an oil price hedging programme in order to reduce the risk related to oil price fluctuations. The company has, effective from 1 February 2022, hedged approximately half of the Company's hydrocarbon production from the Brage Field through January 2023. The hedge is based on an Asian style monthly average put option structure. The strike price is 35 USD/barrel ensuring a price floor for the company's oil production. The average price for the put option is USD 0.50 average cost per barrel totalling the option premium to USD 240,000.

On 24 February 2022, Russia invaded Ukraine. Battles in Ukraine are on-going creating significant uncertainties regarding global political and economic stability. Severe sanction actions have been imposed which may lead to business disruption and have an impact on the global economy. The extent to which this impacts the company's results will depend on future developments and thus difficult to predict. The energy markets are heavily affected by the invasion experiencing spiking oil and gas prices, thus the level of prices going forward is subject to significant uncertainty.

In February/ March 2022 the partners in the licenses PL937 and PL937B approved the decision of relinquishment of the licenses. The relinquishment report is expected in Q2 2022. As at 31.12.2021 the book value of the licenses is NOK 82.3 million. The licenses are expected written down in 2022 and the after-tax value will have an impact (loss) on the net result in 2022 amounting to approximately NOK 18.1 million (22%).

The authorities' approval for relinquishment of the license PL1062, as response to the application submitted to MPE 3 February 2022, was received 9 March 2022. The license was written down in 2021 by book value NOK 8.8 million. The after-tax effect (loss) on the net result was NOK 1.9 million. For further information refer to Investments in Oil and Gas licenses described in Note 10. Application for one-year extension of the licenses PL818 and PL818B was submitted to the Ministry of Petroleum and Energy 2 February 2022. The authorities' approval of the extension of drill decision until February 2023 was received 6 April 2022.

On 8 April 2022 the General Assembly resolved in extraordinary general meeting that Nicolai Alexander Sebastian Bonnevier resigns as Director to the Board of Lime Petroleum AS.

On 14 April 2022, Lime Petroleum AS signed an agreement with MOL Norge AS to purchase its 40 per cent interest in the licenses PL820S and PL820SB on the Norwegian Continental Shelf. Approval from the Ministry of Petroleum and Energy is expected during third quarter 2022.

On 14 April 2022, Lime Petroleum AS signed an agreement with MOL Norge AS to transfer operator responsibilities and thereby maintaining continuity in progressing the licenses PL820S and PL820SB work program and projects. Application to the Ministry of Petroleum and Energy (MPE) for operatorship replacement is expected during second quarter 2022. The transfer of operatorship will be subject to MPE approval.

Following these events affecting the license portfolio the company has interests in 18 concessions, of which 6 of the licenses are related to the producing Brage field.

### Rex Virtual Drilling

Lime has strong focus on technology. Lime has a licence agreement with Rex Technology Investments Pte Ltd granting access to use their proprietary technology Rex Virtual Drilling (RVD). RVD uses standard seismic data to differentiate between liquid hydrocarbons and water in the subsurface reservoirs by analysing the dispersive properties of the resonant seismic waves. The company uses the RVD technology as a de-risking tool and to provide further evidence of the prospectivity of a given area of prospect. Rex Technology Investments Pte Ltd is a wholly owned subsidiary of Rex International Investments Pte Ltd.

In July 2021, the company received a letter from the Oil Taxation Office (OTO) inquiring more information to the use of the technology. A response letter was submitted by Lime to OTO 30 September 2021. Lime is awaiting OTO's reply to the letter.

### Intra-company cooperation

The Rex Group has three E&P companies; Lime Petroleum AS in Norway owned 91.65%, Masirah Oil Ltd in Oman owned 91.81% and Pantai Rhu Energy SDN BHD in Malaysia owned 100%.

Masirah Oil Ltd is the operator of Block 50 with 100% participating interest offshore located in Gulf of Masirah, east of Oman. Since the Yumna field achieved first-oil milestone in 2020 the Lime team has provided support during the planning and drilling of the Yumna 2 and the

Yumna 3 wells, both wells resulted in successful appraisal of the field providing increased production early 2021.

Further development of the Block 50 in Oman continued in 2021, and the Lime team supported Masirah with subsurface exploration expertise in conjunction with a three well exploration campaign in 2021.

## Changes to the Management and Board of Directors

On 1 September 2021 Lime strengthened its management team with the addition of a dedicated asset manager.

In late 2021 Schroeder notified Lime that Nicolai Alexander Sebastian Bonnevier would be leaving Schroeder and would be stepping down as a Lime board member. Bonnevier confirmed his resignation from the Board of Directors in Lime 11 March 2022. Schroeder has waived their dedicated board position in Lime notified by letter received 16 February 2022. Additional board members are being considered.

At the signing of this report the Board of Directors consist of the following members:

| | |
|---|---|
| Svein Helge Kjellesvik | Executive Chairman |
| Peter Nikolaus Eckhard Oehms | Director |
| Christopher David Atkinson | Director |

## Health Safety, Environment, and Quality (HSEQ) and equal opportunity

Health, safety, environment, and quality (HSEQ) is of paramount importance to Lime, including the office setting where most of the Lime`s work is done, the offshore operations Lime participates in, and society at large. The operations of the company could potentially pollute the external environment. The company together with its joint venture partners work actively on measures to prevent and reduce any negative impact on the environment. Lime recognizes the changing sentiments towards the industry as a whole and works actively within the industry to address issues related to climate change, industry recruitment, and the like.

Becoming a production company underscores the importance that Lime constantly places on HSEQ. Operators managing exploration drillings in which Lime participates are closely monitored to ensure compliance with all HSEQ regulations. Furthermore, Lime has added to its team of professionals a dedicated HSEQ expert.

In seeking ways to reduce Lime`s footprint, the company is actively taking part in the Brage Climate Response Project for the electrification of the Brage platform by use of renewable wind power. This could result in a significant reduction in CO2 emissions.

When participating in the drilling of an exploration well on the Fat Canyon prospect in the Norwegian Sea licences PL937/B, Lime conducted a review of the operator's Health, Safety, Environment, and Quality (HSEQ) management system in advance of the drilling to verify that there were no missing elements and compliance to relevant HSEQ regulations.

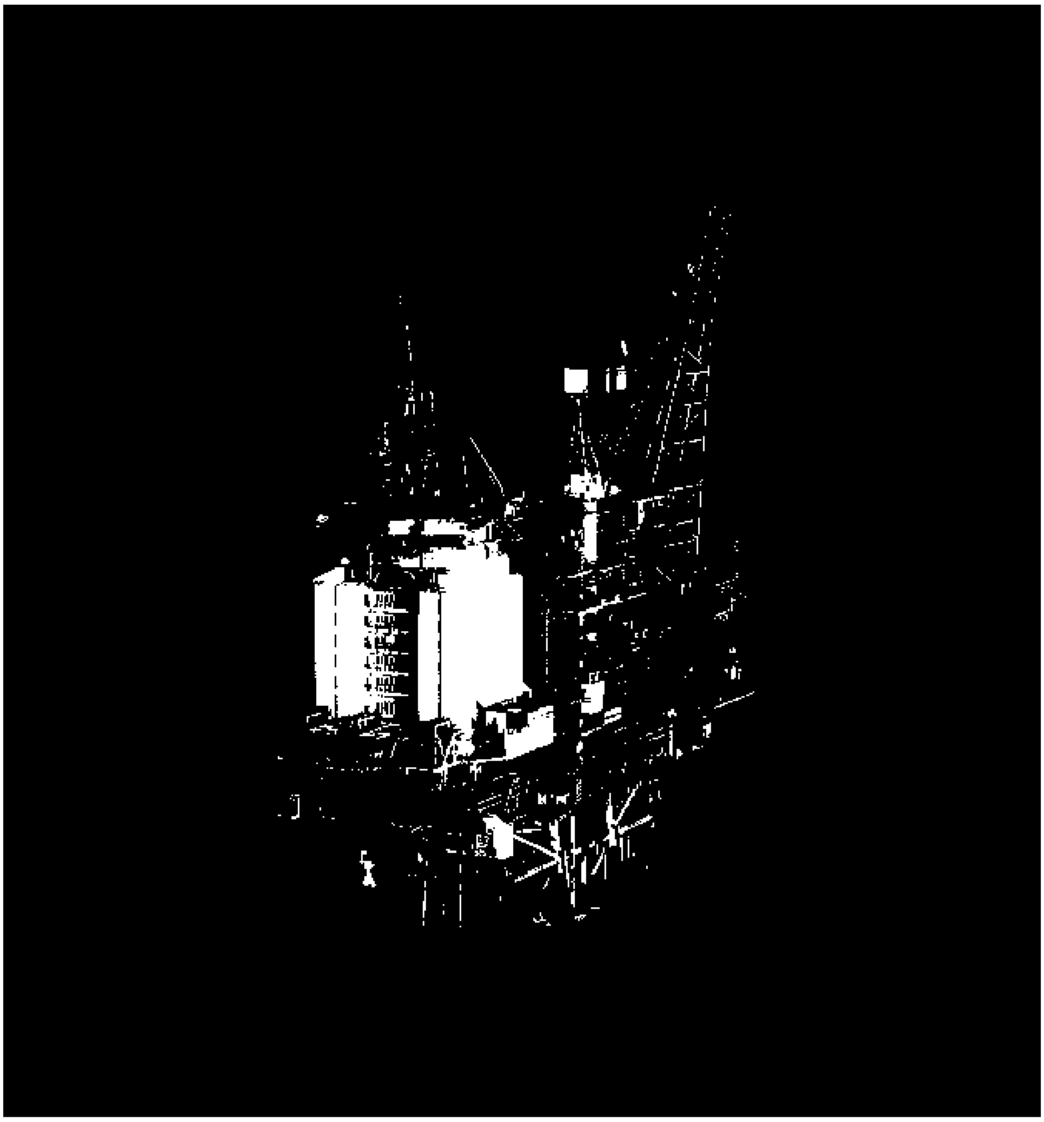
Lime Petroleum has been following all Norwegian guidelines for covid-19. In December 2021, only half of our team worked from the office to maintain safe social distancing. Despite this, four staff members, or 33% of the employees, contracted covid-19 and the office was immediately closed and sanitized. All our members of staff are believed to be fully vaccinated. Nevertheless, several of the employees have also been ill with covid, however none with long lasting effects.

At the end of 2021, the company had a total of 12 employees balanced between 5 women and 7 men, with 5 different nationalities. Accounting, tax, legal, and IT services are out-sourced and contracted from professional service providers. The company hires support services from consultants usually on temporary short-term contracts.

Lime practices equal rights and opportunities between gender with respect to employment, wages, and professional development. Factors determining wages are work area, seniority, skills, and education. Vacant positions are filled on a gender-neutral basis. The company follows the provisions of the Norwegian Equal Opportunities Act always following no discrimination policies. At present, there are no female directors on the Board.

The working environment in the company is good and efforts are made for continuous improvement. Absence due to illness during 2021 was 3% compared to 2.2% in 2020. None of the company's employees have been injured or caused damage to property of any kind.

Lime Petroleum has its offices in a modern corporate complex at Drammensveien 145a, close to Oslo city centre.



*Brage platform*

## Annual Financial Statements

(2020 figures in brackets)

Pursuant to § 3-3 of the Norwegian Accounting Act,. it is confirmed that the accounts have been prepared on the assumption that Lime Petroleum AS is a going concern and the board confirms that this assumption continues to apply.

In 2021, the company had gain from bargain purchase of NOK 160.7 million (no income in 2020), related to the acquisition of Repsol Norge AS 33.8434% participating share in Brage field. The conditional sales and purchase agreement was signed 15 June 2021, and the transaction was completed 31 December 2021. The gain from bargain purchase arises as a consequence of the oil market moving favorable compared to the market outlook at the time of the bid. Through its purchase of the Brage share of 33.8434%, the company acquired its first recurrent cash-generating asset.

Operating expenses totaled NOK 89.2 million (NOK 58.8 million in 2020). The increase in cost is mainly due to transaction cost, bonus performance appreciation paid to executives and employees of the company and the net impairment following the relinquishment of the licence PL1062. No impairment on the asset portfolio was done in 2020.

Net financial costs in 2021 were NOK 33.6 million (NOK 2.4 million in 2020). The increased financial cost in 2021 compared to 2020 was primarily related to the issuance of the senior secured bond of NOK 500 million and the shareholder loan facility.

The interest-bearing debt was NOK 583.5 million at the end of 2021 compared to NOK 184.7 million end of 2020. The Brage purchase required the establishment of a senior secured bond of NOK 500 million, put in place 9 July 2021 and subject to the completion of the Brage deal. The exploration financing facility (EFF) with Skandinaviska Enskilda Banken AB originally dated in November 2013, was repaid by NOK 180 million and cancelled in August 2021. The loan facility agreement with the company`s shareholder Rex International Investments Pte, had a balance of NOK 93.4 million including interest end of 2021 (NOK 31.8 million end of 2020).

Profit before taxes was NOK 37.9 million (loss of NOK 61.2 million in 2020). Tax income amounted to NOK 81.8 million (NOK 46.1 million in 2020). The company's tax refund related to the 2021 activity is calculated to NOK 170.8 million at year end (NOK 161.8 million in 2020). The tax refund related to 2020 was received in November 2021, amounting to NOK 164.3 million (NOK 166.1 million) including interest. The company benefits from the temporary covid-19 tax regime sanctioned by the Norwegian parliament in June 2020. The exploration tax refund and the tax refund related to covid- 19 rules received in 2021 amounted to NOK 170.8 million (NOK 165.5 million). The estimated tax refund related to 2021 to be received in 2022, is estimated to be NOK 355.5 million.

Profit for the full year amounted to NOK 119 million while there was an annual loss amounted to NOK 15.0 million in 2020.

### Investments

During the year, the cash flow from investing activities amounted to NOK 575.9 million (NOK 149.1 million) of which the bigger part (NOK 364.9 million) was linked to the acquisition of the Brage share of 33.8434% and the Brage decommissioning security (NOK 84.5 million). The Brage transaction has been determined to constitute a business combination and has been accounted for using the acquisition method of accounting required by IFRS 3. The capitalized cost related to exploration activity of NOK 126.4 million was mainly driven by the PL937/ PL937B Fat Canyon well operation..

### Financing

As a result of the Brage acquisition the company restructured its financing. The current borrowing base is the senior secured bond of NOK 500 million established 9 July 2021. The conditions precedent in accordance with the Bond Terms was met on 31 August 2021 and the covenants for a full release of the bond was met on 29 December 2021. The maturity date for the bond is 9 January 2024. The conversion rights in relation to the put option and call option set out in the Bond Terms are considered to be embedded derivatives but evaluated to be immaterial so not bifurcated and accounted for separately.

The company strengthened its capital structure by a capital injection from the existing shareholders of NOK 200 million in December 2021. The capital increase was made through a combination of cash contribution and conversion of debt. The share capital was increased from NOK 130,320,000 to NOK 216,900,087 by issuing 86,580,087 new shares with a nominal value of NOK 1,- per share, at a subscription price of

NOK 2.31 per share. At the same time, the company`s debt to shareholder Rex of NOK 72,000,000 was set-off as capital contribution and converted into equity capital. The capital increase was resolved in an extraordinary general assembly held on 16 December 2021 and registered in the Register of Business Enterprise 21 January 2022. After the completion of the share capital increase, Rex International Investments Pte Ltd holds 91.65% (previously 90%) of the shares in the company and Schroder & Co Banque SA holds 8.35% (previously 10%) of the shares in the company.

The exploration financing facility with Skandinaviska Enskilda Banken AB originally dated in November 2013, was repaid and cancelled 31 August 2021.

Conditional to the bond, the shareholder loan agreement still stands. The loan facility agreement had a balance of NOK 93.4 million of 31 December 2021. By the amendment to the loan facility agreement dated 22 October 2021, the maturity date was further extended to 25 February 2024.

The capital contribution and the profit for the year lifted the total equity from NOK 127.7 million end of 2020 to NOK 448.0 million at the year end of 2021.

## Risk factors and risk management

Lime Petroleum AS is subject to controllable and uncontrollable risks associated with the oil and gas industry and operations. Companies operating in the oil and gas are exposed to a variety of operational, financial, and external risks which it may not be possible to eliminate completely. The company is focusing on identifying risks, implementing preventive measures, and mitigating effects of such risks. The management in Lime works closely with its main shareholder and parent company Rex, to develop a risk management strategy and framework to enable the management to prevent events and to handle them effectively.

Lime has established internal procedures and system for ethical guidelines and social responsibility policy. The company is applying IT policies to ensure IT security and cybersecurity risk. In 2021, Lime initiated an IT audit and engaged EY to conduct a cyber program assessment (CPA) for the company. No significant risks were uncovered; however, Lime has implemented suggestions for improvements.

Lime has previously, as a pure exploration company, to a certain extent been exposed to exchange rate fluctuations as exploration operations are partly in foreign currency, primarily in USD. The company has also been exposed to changes in market interest rates, as its financing facilities has variable rate terms (NIBOR).

As of 2021, the company acknowledges a higher level of operational, financial, and external risk exposure as a consequence of becoming a partner of the oil producing Brage field and expanded loan obligations.

## Operational risk

Lime recognizes the risks associated with the operations of the company`s operational assets. The regulations of activities on the Norwegian Continental Shelf (NCS) provides the framework for handling these risks, and Lime intends to act as an active and responsible partner supplementing technical expertise in all aspects of the operations. However, drilling, development, production, and decommissioning activities will never be risk-free and there will always be a risk for a major operational incident to occur.

Furthermore, there are risks related to the future production of oil and gas which is dependent on the ability to find or acquire reserves and resources, and to develop them. The company`s assets are non-operated and there will be risk associated with third-party contractors or operators. Also, costs related to exploration and development projects are uncertain.

Lime works together with the operator to establish risk mitigation actions to reduce the possibility of operational incidents occurring. When participating in the drilling of an exploration well on the Fat Canyon prospect in the Norwegian Sea licences PL937/B, Lime conducted a review of the operator's Health, Safety, Environment, and Quality (HSEQ) management system in advance of the drilling to verify that there were no missing elements and compliance to relevant HSEQ regulations.

## Commodity price risk

Being partner of the oil producing Brage Field, the company is exposed to market fluctuations in commodity prices influencing the company`s revenues. Commodity price risk represents one of the most notable risks for the company going forward. In order to reduce the risk related to oil price fluctuations, the company has established an oil price hedging program. Lime has, effective from 1 February 2022, hedged approximately half of the company`s hydrocarbon production from the Brage Field through January 2023. The hedge is based on an Asian style monthly average put option structure. The strike price is 35 USD/barrel ensuring a price floor for the company`s oil production. The average price for the put option is USD 0.50 average cost per barrel totalling the option premium to USD 240,000.

## Financial risk

In addition to the company being exposed to market fluctuations in commodity prices, Lime will be exposed to risks related to foreign exchange rates and interest rates. Currency risks arise as the multi-currency cash flows in the company. The company`s revenues from sale of hydrocarbons are primarily in USD. Lime is also exposed to foreign currency risk related to its operating and capital expenditures. Going forward, hedging for currency risk will be considered. The company`s interest risk arises from its interest-bearing borrowings involving variable rate terms (NIBOR). The company`s current borrowing base is the senior secured bond of NOK 500 million established 9 July 2021. The bonds bear an interest rate of 3 months Norwegian interbank offered rate («NIBOR») plus margin of 8.25 per annum. Interests and redemption of bonds is repayable in semi-annual instalments, with first repayment in July 2022. The final maturity date of the bonds is 9 January 2024.

The company considers its credit risk to be low, since its licence partners are creditworthy oil companies and cash, and cash equivalents are receivables from banks.

Lime is focused on active risk management concentrating on liquidity, and insurance. The company has insured its liabilities related to exploration and production activities on the NCS in line with industry best practices and has offshore insurance programmes covering the following risks (non-exhaustive):

- loss of production income
- physical damage to assets
- well control
- third-party liability

The company stresses focus on liquidity and the company's financing needs are continuously monitored to ensure appropriate funding. Liquidity risk is the risk that the company will not be able to meet its financial liabilities when they become due. Lime develops short-term (12 months) and long-term forecasts to plan its liquidity. These forecasts are updated regularly for various scenarios, and form part of the decision basis for the company's management and board. The company's future capital requirements depend on many factors, and the company is closely monitoring the need for funds to fulfil its commitments related to exploration and development programs associated with the company`s licence portfolio. It is a possibility to reduce future commitment by withdrawing from a license. The 2022 commitments will be financed in full by the revenues from Brage production and the tax refund for 2021. (For further information refer to note 9 Tax). No further capital injection or loans are budgeted.

For further information refer to Financial Risk Management described in Note 17.

## External risks

The business environment in which the company operates can change rapidly. The global pandemic which took hold in 2020 created a challenging backdrop and increased uncertainty about recovery phase. Although the covid-19 restrictions have been moderated, Lime continues to monitor the situation with the objective of making sure necessary measures are taken to protect staff and operations.

Lime Petroleum AS is a non-operator and not directly involved in the execution of offshore operations on a day-to day basis. However, as becoming a partner in the Brage Field, formally as of 1 January 2021, the company will take part in the dialogues with the operator to ensure that all necessary steps are taken to protect offshore personnel against the pandemic. The covid-19 pandemic has created challenges for the oil industry and could still present significant impacts on economic activity. Under these circumstances, Lime Petroleum continues to take necessary steps to ensure that the company remains financially sound.

Russia`s invasion of Ukraine, which commenced in February 2022 involves material influence on the oil industry. The on-going battles in Ukraine are creating significant uncertainties regarding global political and economic stability. Severe sanction actions have been imposed which may lead to business disruption and have an impact on the global economy. The extent to which the impacts the company`s results will depend on future developments and thus difficult to predict. The energy markets are heavily affected by the invasion experiencing spiking oil and gas prices, thus the level of prices going forward is subject to significant uncertainty.

In June 2020, the authorities decided to ease tax rules for the oil industry to counteract negative consequences related to the covid-19 pandemic, mainly due to depressed oil prices. The temporary covid-19 tax regime, effective for the tax year 2020 and 2021, has positive effects for Lime assets. In August 2021, the Government announced a proposal for further amendments to the petroleum tax act. In September 2021, The Ministry of Finance (MOF) called for a public consultation in which Lime participated with a public response. On 8 April 2022, MOF put forward the Government's proposal to the Parliament. The proposed new tax regime will have positive effects for Lime. The proposal will likely be passed by the Parliament before the summer and take effect as of 2022.

Lime has a potential risk exposure from the response to climate change and ESG initiatives. The company aims to develop a portfolio of assets that remains resilient as the Government`s response to climate change evolves.

## Outlook

Lime Petroleum AS stays focused on its business strategy of increasing its assets portfolio, to achieve an even stronger position on the Norwegian Continental Shelf, in addition to continuing to look for new possibilities to expand its activity for further value creation. The Company constantly pursues M&A opportunities offered in the market. Lime Petroleum AS is actively taking part in the energy transition by participating in the Nautilus "Joint Industry Project" for CO2 carbon storage and is engaged in early phase electrification studies for the Brage Field Climate Response Project which shows its commitment to the NOROG targets for emission reductions on the Norwegian Continental Shelf.

The Board of Directors of Lime Petroleum AS
Oslo, 30 April 2022

| | | |
|---|---|---|
| Svein H. Kjellesvik<br>Executive Chairman | Christopher D. Atkinson<br>Director | Peter N. Eckhard Oehms<br>Director |

Lars B. Hübert
CEO

# Income Statement

| *(Amounts in TNOK)* | **Note** | **2021** | **2020** |
|---|---|---|---|
| Gain from sale of licences | 4 | 160 684 | 0 |
| | | | |
| Exploration expenses | 5 | -38 673 | -26 180 |
| Payroll and related cost | 6 | -35 843 | -22 136 |
| Depreciation and amortisation | 11,12 | -1 570 | -1 523 |
| Other operating expenses | 7 | -13 078 | -8 966 |
| **Operating profit (loss)** | | **71 521** | **-58 804** |
| | | | |
| Finance income | | 427 | 5 475 |
| Finance costs | | -34 068 | -7 851 |
| **Net financial items** | **8** | **-33 641** | **-2 376** |
| | | | |
| **Profit (loss) before income tax** | | **37 880** | **-61 181** |
| | | | |
| Income tax credit | 9 | 81 785 | 46 136 |
| | | | |
| **Profit (loss) for the year** | | **119 664** | **-15 045** |

# Statement of comprehensive income

| *(Amounts in TNOK)* | Note | 2021 | 2020 |
|---|---|---|---|
| **Profit/loss(-) for the year** | | 119 664 | -15 045 |
| | | | |
| **Other comprehensive income, net of tax:** | | 0 | 0 |
| **Total comprehensive income for the year** | | **119 664** | **-15 045** |

# Balance Sheet as at 31 December

| *(Amounts in TNOK)* | Note | 2021 | 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Exploration and evaluation assets | 10 | 355 010 | 246 513 |
| Oil and gas properties | 4,9 | 727 670 | 0 |
| Property, plant and equipment | 11 | 583 | 814 |
| Intangible asset | 11 | 78 | 144 |
| Right-of-use assets | 12 | 2 256 | 3 545 |
| Non-current receivables | 4 | 1 473 184 | 0 |
| **Total non-current assets** | | **2 558 780** | **251 016** |
| **Current assets** | | | |
| Prepayments and other receivables | 13 | 51 623 | 15 960 |
| Spareparts, equipment and inventory | | 104 539 | 0 |
| Tax receivable refund tax value exploration expenses | 9,16 | 355 488 | 162 738 |
| Other financial asset - restricted cash | 14 | 84 500 | 0 |
| Cash and cash equivalents | 14 | 146 262 | 17 337 |
| **Total current assets** | | **742 412** | **196 035** |
| **Total assets** | | **3 301 193** | **447 051** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 15 | 130 320 | 130 320 |
| Other paid-in capital | | 12 052 | 11 386 |
| Capital increase pending registration | | 200 000 | 0 |
| Retained earnings / Uncovered loss | | 105 650 | -14 014 |
| **Total equity** | | **448 022** | **127 692** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Asset retirement obligations | | 1 674 828 | 0 |
| Deferred tax liabilities | 9 | 359 777 | 112 564 |
| Leasing liabilities | 12 | 969 | 2 262 |
| Interest-bearing loans and borrowings | 16 | 508 489 | 0 |
| **Total non-current liabilities** | | **2 544 063** | **114 826** |
| **Current liabilities** | | | |
| Interest-bearing loans and borrowings | 16 | 75 000 | 184 720 |
| Trade creditors | 17 | 24 652 | 7 536 |
| Other current liabilities | 18 | 209 456 | 12 277 |
| **Total current liabilities** | | **309 108** | **204 533** |
| **Total liabilities** | | **2 853 171** | **319 359** |
| **Total equity and liabilities** | | **3 301 193** | **447 051** |

The Board of Directors of Lime Petroleum AS
Oslo, 30 April 2022

Svein H. Kjellesvik
Executive Chairman

Christopher D. Atkinson
Director

Peter N. Eckhard Oehms
Director

Lars B. Hübert
CEO

# Statement of changes in equity

| (*Amounts in TNOK*) | **Share capital** | **Not registered capital increase** | **Other paid in capital** | **Retained earnings / Uncovered loss** | **Total equity** |
|---|---|---|---|---|---|
| Equity at 1 January 2020 | 130 320 | | 11 261 | 1 031 | 142 612 |
| Profit /loss(-) for the year | | | | -15 045 | -15 045 |
| Other comprehensive income for the year | 0 | | | 0 | 0 |
| Total comprehensive income for the year | | | | -15 045 | -15 045 |
| Shares issued in 2018 | | | | 0 | 0 |
| Share-based payment | | | 125 | | 125 |
| **Equity at 31 December 2020** | **130 320** | | **11 386** | **-14 014** | **127 692** |
| | | | | | |
| Equity at 1 January 2021 | 130 320 | | 11 386 | -14 014 | 127 692 |
| Profit/loss(-) for the year | | | | 119 664 | 119 664 |
| Other comprehensive income for the year | 0 | | | 0 | 0 |
| Total comprehensive income for the year | | | | 119 664 | 119 664 |
| | | | | | 0 |
| Share-based payment | | | 665 | | 665 |
| Shares issued in 2021, registered in 2022 | | 200 000 | | | 200 000 |
| **Equity at 31 December 2021** | **130 320** | **200 000** | **12 052** | **105 650** | **448 022** |

# Cash Flow Statement

| *(Amounts in TNOK)* | Note | **2021** | **2020** |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit (loss) before income tax | | 37 880 | -61 181 |
| Adjustments: | | | |
| Gain from bargain purchase | 4 | -160 684 | 0 |
| Tax refunded | 9 | 170 848 | 165 493 |
| Depreciation | 11,12 | 1 637 | 1 578 |
| Impairment/disposals exploration assets | 10 | 8 745 | 0 |
| Changes in trade creditors | | 17 116 | -11 134 |
| Changes in other current receivables and liabilities | | 41 616 | 19 068 |
| Net cash flow from operating activities | | 117 157 | 113 825 |
| **Cash flow from investing activities** | | | |
| Investment in exploration and evaluation assets | 10 | -126 446 | -148 088 |
| Net cash paid in business combination | 4 | -364 889 | 0 |
| Brage abandonment liability - restricted cash | 4 | -84 500 | 0 |
| Purchase of property, plant and equipment | 11 | -51 | -1 032 |
| Net cash flow from investing activities | | -575 885 | -149 120 |
| **Cash flow from financing activities** | | | |
| Funds drawn current borrowings, net of transaction costs incurred | 16 | 25 000 | 128 775 |
| Net proceeds from borrowings, bond loan | 16 | 486 875 | 0 |
| Repayments of current borrowings | 16 | -180 000 | -115 000 |
| Repayments of lease liabilities | 12,16 | -1 370 | -1 370 |
| Loans from shareholder | 16 | 129 148 | 20 000 |
| Proceeds from share issues | 15 | 128 000 | 0 |
| Net cash flow from financing activities | | 587 653 | 32 405 |
| **Net change in cash and cash equivalents** | | **128 925** | **-2 891** |
| Cash and cash equivalents at 1st January | | 17 337 | 20 228 |
| **Cash and cash equivalents at 31st of December** | | **146 262** | 17 337 |
| **Interest paid** | | **14 769** | 5 625 |

# Notes

## Note 1 General information

The Financial Statements of Lime Petroleum AS were approved by the Board of Directors and CEO on 30 April 2022 and will be presented for approval at the Annual General Meeting in 2022.

Lime Petroleum AS is a private limited company incorporated and domiciled in Norway, with its main office in Oslo. The company is a part of the consolidated Financial Statement of Rex International Holding Ltd. The consolidated Financial Statement can be retrieved from http://rex.listedcompany.com. Lime Petroleum AS was incorporated 18 August 2012.

The company's only business segment is exploration for, development and production of oil and gas on the Norwegian Continental Shelf.

## Note 2 Summary of significant accounting policies

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

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

Operating expenses in the Income statement are presented as a combination of function and nature in conformity with industry practice.

**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 noncurrent.

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

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

**Intangible assets**
*Exploration costs for oil and gas properties*

The company uses a "modified full cost method" to account for exploration costs. All exploration costs directly related to areas where Lime holds an interest is capitalized. As a rule, each license constitutes one cost area, but in areas where two or more licences have boundaries against each other, it may be natural to view multiple licences together as a separate cost area. A cost area will be tested for impairment if facts and circumstances suggest that the carrying amount of the asset(s) on the area may exceed its recoverable amount. Typical facts and circumstances that would indicate that a cost area should be tested for impairment are:

- the right to explore in the specific area has expired or will expire in the near future and is not expected to be renewed.
- further exploration in the specific area is neither budgeted nor planned.
- commercially viable reserves have not been discovered and the company plans to discontinue activities in the specific area, and
- existing data shows that the carrying amount of the asset(s) will not be recovered in full through development activity.

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

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

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in operating profit.

**Interests in joint arrangements**
The company applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint

operations or joint ventures depending on the contractual rights and obligations each investor.

The company has assets in licences which are not incorporated entities. All of these are related to licences on the Norwegian Continental Shelf. The company has classified these joint arrangements as joint operations. The company accounts for its share of assets, liabilities, income and expenses, debt and cash flow under the respective items in the company's financial statements.

**Acquisitions of interests in oil and gas licences**
Acquisitions of interests in oil and gas licences or similar joint operations are accounted for according to IFRS 11. Where the joint operation constitutes a business, are accounted for in accordance with the principles in IFRS 3 Business Combinations (acquisition method). Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred. The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If, following careful consideration, the consideration transferred is less than the fair value of the net identifiable assets of the joint operation acquired, such difference is recognised directly in profit or loss. Acquisitions of interests in oil and gas licences or similar joint operations where the joint operation is not considered to be a business, are accounted for as acquisitions of assets. The consideration for the interest is allocated to individual assets and liabilities acquired.

*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.

**Leases (as lessee)**
IFRS 16 defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For each contract that meets this definition, IFRS 16 requires lessees to recognize a right-of-use asset and a lease liability in the balance sheet with certain exemptions for short term and low value leases. Lease payments are to be reflected as interest expense and a reduction of lease liabilities, while the right-of-use assets are to be depreciated over the shorter of the lease term and the assets' useful life. Lease liabilities are measured at the present value of remaining lease payments, discounted using the Company's calculated borrowing rate. Right-of-use assets are measured at an amount equal to the lease liability at initial recognition.

**Overlift and underlift of petroleum products**
Over/underlift balances are measured at the lower of production cost including depreciation and net realisable value. Changes in over/underlift balances are presented as an adjustment to cost in the statement of income. Overlift and underlift is calculated as the difference between the company's share of production and its actual sales and are classified as current assets and current liabilities respectively. If accumulated production exceeds accumulated sales, there is an underlift (asset) and if accumulated sales exceed accumulated production there is an overlift (liability).

**Spare parts, equipment and inventory**
Inventories of petroleum products are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and comprises direct purchase costs, cost of production, transportation and processing expenses. Inventories of spare parts and consumables are valued at the lower of cost price (based on weighted average cost) and net realisable value. Capital spare parts are accounted for under the same principles as property, plant and equipment.

**Receivables**
Trade receivables are recognized in the Statement of Financial Position at nominal value after a deduction for the provision for credit losses. Historically there have been no significant credit losses.

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

**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, interests-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 income statement over the term of the loan.

**Income taxes**
Income taxes for the period comprise tax payable, refundable tax from refund tax value of exploration expenses and other refunds as presented in note 9 and changes in deferred tax.

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

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

*Uplift*

Uplift is a special income deduction in the basis for calculation of the special tax relief. The uplift is calculated on the basis of the original capitalised cost of offshore production installations and generally amounts to 5.2% of the investment per year. The uplift may be deducted from taxable income for a period of four years (i.e. in total 20.8% over four years), starting in the year in which the capital expenditures incur. The tax effect on uplift is recognised when the deduction is included in the current year tax return and impacts taxes payable. Unused uplift may be carried forward indefinitely.

**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 due to passage of time is recognised as finance cost.

The company recognises a provision and an expense for severance payment when there exists a legal obligation to pay severance payment.

*Asset retirement obligations*

The company recognises an asset retirement obligation when the oil and gas installations are installed or at the later date when the obligation is incurred. The obligation is measured at the present value of the estimated future expenditures determined in accordance with current technology, local conditions and requirements for the dismantlement or removal of oil and gas installations.

Applicable asset retirement costs are capitalised as part of the carrying value of the tangible fixed asset and are depreciated over the useful life of the asset (i.e., unit-of-production method). The liability is accreted for the change in its present value on each balance sheet date. The accretion effect is classified as financial expense. The asset retirement provision and the discount rate are reviewed at each balance sheet date.

**Trade creditors**

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

**Contingent liabilities**

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

**Segment reporting**

The company has identified its reportable segment based on the nature of the risk and return within its business. The company's only business segment is exploration for and development/production of oil and gas on the Norwegian continental shelf. Based on this no segment note is presented and this is in accordance with management's reporting.

**Cost of equity transactions**

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

**Cash flow statement**

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

**Events after the balance sheet date**

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

**New and amended standards and interpretations adopted by the company**

New standards and amendments to standards and interpretations effective from 1 January 2021 did not have any significant impact on the financial statements.

**New and amended standards and interpretations issued but not adopted**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2022 and have not been applied in preparing these financial statements. None of these new standards and amendments to standards and interpretations are expected to have any significant impact on the company's financial statements.

# Note 3 Financial risk management

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

Furthermore, the company is exposed to financial risks in relation to receivables, loans, accounts payable and drawing rights to financial institutions. The business activities of the company involve exposure to credit risk, interest rate risk, liquidity risk and currency risk The company is exposed to exchange rate fluctuations as exploration, development and production operations including revenues are partly in foreign currency, primarily in USD, whilst the loan agreement is in NOK. See note 16 for further information.

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

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

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

a) Taxes
Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income.

The Norwegian entities are subject to the Norwegian oil taxation regime which involves an allocation of indirect costs to exploration expenses as items allowable for tax deductions and subsequent tax refunds. The allocation and the calculated tax receivable are based on judgments and understanding by the company regarding items allowable for tax deduction, and the view may differ from the Norwegian Authorities' practice in the final settlement of the tax refund.

Judgement is also required in determining whether deferred income tax assets are recognised in the statement of financial position. Deferred income tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred income tax assets. See note 9.

**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:

*a) Accounting policy for exploration expenses*
The company uses a "modified full cost method" to account for exploration costs. All exploration costs directly related to areas where the company holds an interest are initially capitalised in cost centres by well, field or exploration area, as appropriate.

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. These estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. Circumstances may suggest that the carrying amount may exceed the recoverable value of the asset, and such assessment of circumstances involves judgment as to likely future commerciality of the asset and also when such commerciality should be determined.

*b) Asset retirement obligations*
Production of oil and gas is subject to statutory requirements relating to decommissioning and removal. Provisions to cover such future asset retirement obligations is recognised at the time the statutory requirement arises, which is defined as when the equipment has been installed or a well has been drilled. The estimates are uncertain and may vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example in response the changes in reserves or changes in laws and regulations or their interpretation. A premise in the estimation for the future obligations is current technology and market conditions. As such, there is also inherent risk related to future developments in technology and market prices. Furthermore, future price levels, market conditions and development in technology can impact the timing of the closing of production and thus the timing of abandonment. The company is reviewing the estimates and assumptions related to asset retirement obligations to ensure the financial statements reflect the company's best estimate at any reporting date.

# Note 4 Business combination IFRS 3

**Acquisitions in 2021**

**Acquisition of a 33.8434% interest in Brage Unit**
On 31 December 2021, Lime Petroleum AS completed the acquisition of a 33.8434 per cent working interest in licenses PL053B, PL055, PL055B, PL055D, PL055E and PL185 constituting the oil producing Brage Unit from Repsol Norge AS. Brage is a joint operation and is accounted for in accordance with IFRS 11 Joint Arrangements.

The acquisition was financed through the issuance of a NOK 500 million secured bond loan in July 2021. The acquisition is accounted for according to IFRS 11. The activity of the joint operation constitutes a business, and the company has applied, to the extent of its share, the principles on business combinations accounting in IFRS 3. The economic date of the transaction, which will be used for tax purposes, is 1 January 2021. The acquisition date for accounting purposes has been determined to be 31 December 2021.

A preliminary purchase price allocation (PPA) has been performed and all identified assets and liabilities have been measured at their acquisition date fair values in accordance with the requirements of IFRS 3. The agreed purchase price is USD 42.6 million (NOK 376.3 million). Adjusted for interim period adjustments and working capital, the total cash consideration is estimated to USD 41.3 million (NOK 364.9 million).

The acquired licences did not contribute to any income or profit before tax in 2021, other than the recognition of gain from bargain purchase because the acquisition took place at 31 December 2021. In addition, expenses related to the acquisition of Brage Unit NOK 1.8 million are expensed as "Other operating expenses". A preliminary estimation of the impact from the transaction indicates that if the acquisition had taken place at the beginning of the year, total revenues for the year would have been approximately NOK 657.8 million higher and profit before tax would have been approximately NOK 280.6 million higher. This includes operating and production costs of NOK 307.8 million and DD&A (depreciation depletion and amortisation) and amortisations of NOK 69.4 million.

At this stage, the purchase price allocation is preliminary due to the complexity of the transaction and the fact that the Company is in the process of performing a detailed review of the final completion statement prepared by the seller. As a result, the final PPA and the impact on the financial statements from the transaction may differ. The final PPA will be completed within 12 months of the acquisition at the latest. The fair values of the identifiable assets and liabilities in the transaction as at the date of the acquisition have been estimated as follows:

| *Amounts in* | **USD '000** | **NOK '000** |
|---|---|---|
| Brage oil field | 82 374 | 727 670 |
| Abandonment retirement obligation (1) | (189 594) | (1 674 828) |
| Receivable on seller (1) | 166 767 | 1 473 184 |
| Deferred tax liability (2) | (18 435) | (162 852) |
| Tax receivable | 21 310 | 188 250 |
| Trade and other receivables | 1 874 | 16 557 |
| Inventory | 11 144 | 98 442 |
| Trade and other payables | (15 945) | (140 851) |
| **Total allocated to assets and liabilities** | **59 496** | **525 572** |
| Purchase price | (41 306) | (364 888) |
| **Gain from bargain purchase** | **(18 190)** | **(160 684)** |

A purchase price allocation (PPA) has been performed for application of the business combination requirements for financial reporting purposes under IFRS 3. Based on the fair value estimates, a gain from bargain purchase of USD 18.2 million has been estimated. The gain from bargain purchase arises as a consequence of the time difference between effective date (1 January 2021) and closing date (31 December 2021) of the transaction where the oilmarket has moved favourable compared to the market outlook at the time of the bid.

'Management primarily used a discounted cash flow model (net present value of expected future cash flows) to determine the fail value of the oil and gas properties. The model incorporated expected future cash flows based on estimates of projected revenues, production costs and capital expenditures as at the acquisition date. The cash flows were estimated using post-tax basis in accordance with the industry practice where acquisition of licenses on Norwegian continental shelf without grossing up the value with a tax amortisation benefit.

(1) The parties have agreed that the seller shall cover 95% of the costs of decommissioning, plugging and abandonment (ABEX) of the acquired oilfields limited to an agreed cap of NOK 2 260 million. Lime Petroleum AS will pay an effective 1.69% of the total estimated decommissioning costs for the current Brage field, in respect of its 33.8434 per cent share in Brage field. The abandonment retirement obligation (ARO) of USD 189.6 million is calculated based on a nominal ABEX estimate of NOK 2 021 million, with decommissioning in 2031 and an ARO discount rate of 2% equivalent to the risk free interest rate. Since the expected future nominal ABEX is below the cap of NOK 2 260 million, the decommissioning receivable is calculated by discounting NOK 1 920 million (95% of NOK 2 021 million) with a discount rate of 2.8%. The discount rate for the receivable is equivalent to the discount rate for the ARO plus the estimated credit spread for Repsol.

Management primarily used a discounted cash flow model (net present value of expected future cash flows) to determine the fail value of the oil and gas properties. The model incorporated expected future cash flows based on estimates of projected revenues, production costs and capital expenditures as at the acquisition date. The cash flows were estimated using post-tax basis in accordance with the industry practice where acquisition of licenses on Norwegian continental shelf without grossing up the value with a tax amortisation benefit.The deferred tax liability arise from the difference between fair values and tax values multiplied with the tax rate applicable at the date of transaction.

'(2) Deferred tax is calculated using the Tax rates at the transaction date and are specified in the table below:

| *Description* | **Temporary difference - NOK '000** | **Tax rate** | **Deferred tax in NOK '000** |
|---|---|---|---|
| Brage oil field | (67 049) | 22% | (14 751) |
| Brage oil field | (433 825) | 56% | (242 942) |
| Abandonment retirement obligation | 1 635 559 | 78% | 1 275 736 |
| Receivable on seller | (1 473 184) | 78% | (1 149 083) |
| Inventory, including Over-/underlift | (40 784) | 78% | (31 811) |
| Total | **(379 284)** | **22%/56%/78%** | **(162 852)** |
| Total in USD | | | **(18 435)** |

# Note 5 Exploration Expenses

| *(Amounts in TNOK)* | 2021 | 2020 |
|---|---|---|
| Expensed capitalized exploration (1) | 8 745 | 0 |
| Direct seismic costs and field evaluation | 3 752 | 3 306 |
| Geological and geophysical costs | 13 256 | 16 113 |
| Consultants exploration | 7 835 | 3 657 |
| Other operating exploration expenses | 5 084 | 3 103 |
| **Total exploration expenses** | **38 673** | **26 180** |

(1) Expensed capitalized exploration in 2021 is related to impairment of licence PL1062.

# Note 6 Payroll and related cost

| *(Amounts in TNOK)* | 2021 | 2020 |
|---|---|---|
| Salaries employees | 15 810 | 8 629 |
| Director's fee | 15 059 | 11 561 |
| Consultancy fees, hours invoiced to other companies | -1 628 | -2 183 |
| Social security | 4 546 | 2 886 |
| Pension costs | 1 275 | 1 007 |
| Share-based payment | 665 | 125 |
| Other employee related expenses | 115 | 110 |
| **Total** | **35 843** | **22 136** |
| Average number of employees | 10 | 10 |

The increase in cost is mainly due to bonus performance appreciation paid to executives and employees of the Company.

**Remuneration to board of directors and management:**
See information in note 19 Related party disclosure regarding remuneration of key management and note 15 Share capital regarding share-based bonus program for key management.

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

**Share-based payment**
The Company has a share-based payment plan for key employees as originally approved on 28 November 2014. These employees have been granted options that vest over a time frame of two years. The options expire three years subsequent to first possible date of exercise.

Following the divestment of Rolvsnes and Goddo options awarded as per date of sale vested and exercised as a result of Change of Control. The options representing cash value were paid out in cash, the cash value of each option valued to NOK 2.1 less strike price of the option of NOK 1.0.

In November 2021 the share-based incentive payment plan was decided cancelled, and options awarded as per end of 2021 were exercised as a result of the program being abandoned. The options representing cash value were paid out in cash, the cash value of each option valued to NOK 2.13 less strike price of the option of NOK 1.0.

| *Options (1000)* | Total granted and outstanding | Vested |
|---|---|---|
| **2021** | | |
| At 1 January | 2 813 | 0 |
| Granted | 0 | 2 078 |
| Vested | -2 813 | -2 078 |
| Forfeited | 0 | 0 |
| At 31 December | **0** | **0** |

| *Options (1000)* | Total granted and outstanding | Vested |
|---|---|---|
| **2020** | | |
| At 1 January | 877 | 0 |
| Granted | 1 935 | 0 |
| Vested* | 0 | 0 |
| Forfeited | 0 | 0 |
| At 31 December | **2 813** | **0** |

Weighted average exercise price is NOK 1.0

The Committee administering the share based plan during the financial year ending 31 December 2021 was the Board of Directors. No options were granted to Management or Directors nor to controlling shareholders and their associates.

# Note 7 Other operating expenses

**Other operating expenses include:**

| *(Amounts in TNOK)* | 2021 | 2020 |
|---|---|---|
| Travelling expenses | 195 | 122 |
| Consultant's and other fees [1] | 11 206 | 5 413 |
| Other administrative expenses | 1 677 | 3 431 |
| **Total** | **13 078** | **8 966** |

[1] Fees includes payments to related parties. See note 18 for further information.

**Remuneration to auditor is allocated as specified below:**

| *(Amounts in TNOK)* | 2021 | 2020 |
|---|---|---|
| Audit | 360 | 597 |
| Attestations | 186 | 0 |
| Other assistance | 95 | 78 |
| **Total, excl. VAT** | **642** | **675** |

# Note 8 Finance income and costs

**Finance income:**

| (Amounts in TNOK) | 2021 | 2020 |
|---|---|---|
| Interest income | 20 | 2 248 |
| Net Foreign exchange effects | 407 | 3 226 |
| **Total finance income** | **427** | **5 475** |

**Finance costs:**

| (Amounts in TNOK) | 2021 | 2020 |
|---|---|---|
| Interest expense on loan from parent companies | 5 445 | 731 |
| Interest expenses other loans and borrowings | 28 418 | 6 818 |
| Other finance costs | 205 | 303 |
| Total finance costs | 34 068 | 7 851 |
| **Net financial items** | **-33 641** | **-2 376** |

# Note 9 Tax

Certain temporary changes in the Norwegian Petroleum Tax Law were enacted on 19 June 2020. These changes included a temporary change in the tax rules for depreciation and uplift, whereas all investments incurred for income years 2020 and 2021 including 24 per cent uplift can be deducted from the basis for special tax in the year of investment. These changes also apply for all investments according to Plans for Development and Operation delivered within 31 December 2022 and approved within 31 December 2023. In addition, the tax value of any losses incurred in 2020 and 2021 will be refunded from the state. The tax effect of the temporary changes is included as of 31 December 2020 and contributes to increase in deferred tax liabilities and increase in tax receivable short term.

The tax refund exceeding the ordinary refund of the tax value of the exploration costs can be repaid in 6 installment, 3 installment in the current year and 3 in the next year. As at 31 December 2021, the Company has received 3 installment, in total TNOK 8 096.

**Specification of income tax:**

| *(Amounts in TNOK)* | 2021 | 2020 |
|---|---|---|
| Calculated refund tax value of exploration costs this year * | 150 252 | 161 808 |
| Calculated tax refund due to the temporary change in the tax rules this year | 213 332 | 2 500 |
| Of this refund not recognised in income statement (acquisition of licences recognised net of tax) | -197 454 | -5 792 |
| Correction refund previous years | 14 | -4 123 |
| Change deferred tax | -84 360 | -108 257 |
| **Total income tax credit** | **81 785** | **46 136** |

* Under the current petroleum tax legislation, companies not in tax position may, in their annual income tax returns, claim a refund from the state of the tax value (78%) of direct and indirect costs except financial charges, incurred in exploration for petroleum resources - the exploration refund scheme.

**Specification of tax receivable refund tax value exploration and other expenses:**

| *(Amounts in TNOK)* | 2021 | 2020 |
|---|---|---|
| Calculated refund tax value of exploration costs and other costs this year | 363 584 | 164 308 |
| Received prepaid payable tax, short term ("negativ terminskatt") | -8 096 | -1 570 |
| **Total tax receivable refund tax value exploration expenses and other expenses** | **355 488** | **162 738** |

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

| *(Amounts in TNOK)* | 2021 | 2020 |
|---|---|---|
| Capitalised exploration and licence costs | -332 263 | -174 305 |
| Capitalised fields in production | -183 616 | 0 |
| Temporay differences other non current assets | -2 505 | -2 772 |
| Temporay differences current assets | -31 711 | 99 |
| Provisions, ARO, leasing liabilities | 128 433 | 2 772 |
| Non-current borrowings | 0 | -242 |
| Tax losses carried forward, onshore | 165 | 165 |
| Tax losses carried forward, offshore 22 % basis | 27 995 | 27 995 |
| Tax losses carried forward, 56 % basis | 33 889 | 33 889 |
| Deferred tax liability (-) / tax asset (+) | -359 612 | -112 399 |
| Not capitalised deferred tax asset (valuation allowance) | -165 | -165 |
| **Deferred tax liability (-) / tax asset (+) in balance sheet** | **-359 777** | **-112 564** |

**Change in deferred taxes:**

| *Correction refund previous years, assessed but not settled (amounts in TNOK)* | | 2020 |
|---|---|---|
| Deferred taxes recorded in income statement | -84 360 | -108 257 |
| Deferred taxes recorded in balance sheet on acquisition of licences | -162 852 | 0 |
| **Total change in deferred taxes** | **-247 213** | **-108 257** |

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.

**Reconciliation of effective tax rate:**

| *(Amounts in TNOK)* | 2021 | 2020 |
|---|---|---|
| Profit (loss) before tax | 37 880 | -61 181 |
| Expected income tax 78% | -29 546 | 47 721 |
| Adjusted for tax effects (22%-78%) of the following items: | | |
| Permanent differences; Non taxable income | 125 334 | 0 |
| Permanent differences; capitalized deferred tax as part of acquisition cost | -2 025 | 0 |
| Other permanent differences | -588 | -198 |
| Finance items (tax rate 22%) (*) | -11 405 | -1 926 |
| Adjustment previous years and other | 16 | 539 |
| **Total income tax credit** | **81 785** | **46 136** |

# Note 10 Investments in oil and gas licences

Exploration and evaluation assets are considered intangible assets.

| *(Amounts in TNOK)* | EXPLORATION AND EVALUATION ASSETS | OIL AND GAS PROPERTIES |
|---|---|---|
| **2021** | | |
| **Cost:** | | |
| At 1 January 2021 | 817 441 | 0 |
| Additions | 225 768 | 0 |
| Business combination [1] | 0 | 727 670 |
| Disposals/ retirements | -108 526 | 0 |
| Cost at 31 December 2021 | 934 683 | 727 670 |
| | | |
| *Depreciation and impairment losses* | | |
| At 1 January 2021 | 570 928 | 0 |
| Depreciation this year | 0 | 0 |
| Impairment this year [2] | 8 745 | 0 |
| Disposals/ retirements | 0 | 0 |
| Accumulated amortisation and impairment at 31 December 2021 | 579 674 | 0 |
| **Carrying amount at 31 December 2021** | **355 010** | **727 670** |

[1] Reference is made to Note 4 Business Combination IFRS 3.
[2] Impairment in 2021 is related to PL1062 whcich was decided relinquished in Q4 2021. In 2022 it is decided to relungish PL937/PL937B. For more information reference is made to Note 22. Events after the balance sheet date.

Exploration and evaluation assets: The assets have been evaluated according to IFRS 6. Typical facts and circumstances that would indicate that a cost area should be tested for impairment are: • The right to explore in the specific area has expired or will expire in the near future and is not expected to be renewed • Further exploration in the specific area is neither budgeted or planned • Commercially viable reserves have not been discovered and the company plans to discontinue activities in the specific area and • Existing data shows that the carrying amount of the asset(s) will not be recovered in full through development activity.

Oil and gas properties: The amortisation method is Unit of Production and the expected lifetime of the assets is 2031.

| **2020** | | |
|---|---|---|
| **Cost:** | | |
| At 1 January 2020 | 675 145 | 0 |
| Additions | 142 296 | 0 |
| Disposals/retirements | 0 | 0 |
| Cost at 31 December 2020 | 817 441 | 0 |
| | | |
| *Depreciation and impairment losses* | | |
| At 1 January 2020 | 570 928 | 0 |
| Depreciation this year | 0 | 0 |
| Impairment this year | 0 | 0 |
| Disposals/retirements | 0 | 0 |
| Accumulated amortisation and impairment at 31 December 2020 | 570 928 | 0 |
| **Carrying amount at 31 December 2020** | **246 513** | **0** |

| **Licence portfolio** | **31.12.2021** | **31.12.2020** | |
|---|---|---|---|
| | Lime's share | Lime's share | |
| PL 053B, PL 055, PL 055B, PL 055D, PL 185 (Brage Unit) | 33,84% | 0,0 % | Brage transaction ref. Note 4 Business Combination. Valid to 6 April 2030. |
| PL 263 D | 0,00% | 0,0 % | Swapped for PL433 Fogelberg. Completion 31 August 2021. |
| PL 263 E | 0,00% | 0,0 % | Swapped for PL433 Fogelberg. Completion 31 August 2021 |
| PL 433 | 15,65% | 0,0 % | Maturing Fogelberg discovery, planning for PDO submission by end of 2022. Valid to 16 February 2042 |
| PL 818 | 30,00% | 30,0 % | Extension of drill decision until February 2023 approved 6 April 2022. Valid to 5 February 2026 |
| PL 818B | 30,00% | 30,0 % | Extension of drill decision until February 2023 approved 6 April 2022. Valid to 5 February 2026. |
| PL 838 | 30,00% | 30,0 % | Maturing Shrek discovery, planning for PDO submission by end of 2022. Valid to 5 August 2023. |
| PL 838B | 30,00% | 30,0 % | The initial period of the license is extended to 1 March 2028 |
| PL 867 | 20,00% | 0,0 % | Drilling of Gjegnalunden well in Q3 2022. Valid to 10 February 2026. |
| PL 937 | 15,00% | 0,0 % | Decided relinquished in Q2 2022 |
| PL 937B | 15,00% | 0,0 % | Decided relinquished in Q2 2022 |
| PL1062 | 30,00% | 30,0 % | Decided relinquished in Q4 2021 |
| PL 1093 | 20,00% | 0,0 % | Perform technical work and re-interpretation of 3D seismic. Valid to 19 February 2028. |
| PL 1111 | 40,00% | 0,0 % | Perform prospect assessment leading to drilling decision in 2023. Valid to 19 February 2028. |
| PL 1125 | 50,00% | 0,0 % | Assumes DG0 in 2022. Valid to 19 February 2024. |

# Note 11 Property, plant, equipment and intangible assets

| *(Amounts in TNOK)* | Fixtures and data equipment | Intangible asset (software) |
|---|---|---|
| **2021** | | |
| **Cost:** | | |
| At 1 January 2021 | 2 589 | 1 750 |
| Additions | 51 | 0 |
| Disposals | 0 | 0 |
| Cost at 31 December 2021 | 2 640 | 1 750 |
| Depreciation and impairment: | | |
| At 1 January 2021 | -1 776 | -1 606 |
| Depreciation this year [1] | -281 | -67 |
| Impairment this year | 0 | 0 |
| Disposals | 0 | 0 |
| Accumulated amortisation and impairment at 31 December 2021 | -2 057 | -1 673 |
| **Carrying amount at 31 December 2021** | **583** | **78** |

[1] TNOK 67 of depreciation of software is included in Exploration expenses.

| *(Amounts in TNOK)* | **Fixtures and data equipment** | **Intangible asset (software)** |
|---|---|---|
| **2020** | | |
| **Cost:** | | |
| At 1 January 2020 | 1758 | 1550 |
| Additions | 832 | 200 |
| Disposals | 0 | 0 |
| Cost at 31 December 2020 | 2 589 | 1750 |
| Depreciation and impairment: | | |
| At 1 January 2020 | -1542 | -1550 |
| Depreciation this year [2] | -234 | -56 |
| Impairment this year | 0 | 0 |
| Disposals | 0 | 0 |
| Accumulated amortisation and impairment at 31 December 2020 | -1776 | -1606 |
| **Carrying amount at 31 December 2020** | **814** | **144** |

[2] TNOK 56 of depreciation of software is included in Exploration expenses.

| | | |
|---|---|---|
| Economic life | 3-5 years | 3 years |
| Depreciation method | linear | linear |

# Note 12 Leases (IFRS 16)

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

*(Amounts in TNOK)*

| Right-of-use assets | Office facilities |
|---|---|
| Acquisition cost 1 January 2021 | 6 123 |
| Addition of right-of-use assets | 0 |
| Disposal of right-of-use assets | 0 |
| Acquisition cost 31 December 2021 | 6 123 |
| | |
| Accumulated depreciation and impairment 1 January 2021 | -2 578 |
| Depreciation | -1 289 |
| Impairment | 0 |
| Disposal | 0 |
| Accumulated depreciation and impairment 31 December 2021 | -3 867 |
| | |
| **Carrying amount of right-of-use assets 31 December 2021** | **2 256** |
| | |
| Lower of remaining lease term or economic life | 3.75 years |
| Depreciation method | Linear |
| | |
| Acquisition cost at 1 January 2020 | 6 123 |
| Addition of right-of-use assets | 0 |
| Disposal of right-of-use assets | 0 |
| Acquisition cost 31 December 2020 | 6 123 |
| | |
| Accumulated depreciation and impairment 1 January 2020 | -1 289 |
| Depreciation | -1 289 |
| Impairment | 0 |
| Disposal | 0 |
| Accumulated depreciation and impairment 31 December 2020 | -2 578 |
| **Carrying amount of right-of-use assets 31 December 2020** | **3 545** |
| | |
| Lower of remaining lease term or economic life | 4.75 years |
| Depreciation method | Linear |

| **Leasing liabilities:** | |
|---|---|
| Lease liabilities 1 January 2021 | 3 632 |
| Additions new lease contracts | 0 |
| Disposal | 0 |
| Accretion lease liabilities | 78 |
| Payments of lease liabilities | -1 370 |
| **Total leasing liabilities 31 December 2021** | **2 340** |

| | |
|---|---|
| Break down of lease debt: | |
| Short-term | 1 370 |
| Long-term | 969 |
| **Total lease debt** | **2 340** |

Maturity of future undiscounted lease payments under non-cancellable lease agreements:

| | 31/12/2021 |
|---|---|
| Within 1 year | 1 370 |
| 1 to 5 years | 2 398 |
| After 5 years | 0 |
| **Total** | 3 768 |

| | |
|---|---|
| Lease liabilities 1 January 2020 | 4 893 |
| Additions new lease contracts | 0 |
| Disposal | 0 |
| Accretion lease liabilities | 110 |
| Payments of lease liabilities | -1 370 |
| **Total leasing liabilities 31 December 2020** | **3 632** |

| | |
|---|---|
| Break down of lease debt: | |
| Short-term | 1 370 |
| Long-term | 2 262 |
| **Total lease debt** | **3 632** |

Maturity of future undiscounted lease payments under non-cancellable lease agreements:

| | 31/12/2020 |
|---|---|
| Within 1 year | 1 370 |
| 1 to 5 years | 2 398 |
| After 5 years | 0 |
| **Total** | **3 768** |

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

# Note 13 Prepayments and other receivables

**Prepayments and other receivables include:**

| *(Amounts in TNOK)* | **2021** | **2020** |
|---|---|---|
| Prepaid expenses | 15 791 | 1 462 |
| VAT receivables | 1 903 | 220 |
| Receivables from group companies | 687 | 1 116 |
| Working capital and receivable, joint operations/licences | 33 054 | 13 162 |
| Other short term receivables | 188 | 0 |
| **Total** | **51 623** | **15 960** |

# Note 14 Cash and cash equivalents

| *(Amounts in TNOK)* | **2021** | **2020** |
|---|---|---|
| Bank deposits | 146 262 | 17 337 |
| **Total cash and cash equivalents** | **146 262** | **17 337** |
| Of this: | | |
| Restricted cash for "Tax Refund Threshold" according to Bond Terms [1] | 77 556 | 0 |
| Restricted cash for withheld taxes from employees salaries | 3 467 | 953 |
| Restricted cash for deposit office lease | 868 | 868 |
| Restricted cash for interest reserve on bank loan | 0 | 3 019 |
| **Other financial asset - restricted cash** | 84 500 | 0 |
| The amount is related to Brage abandonment liability [2] | | |

[1] The company shall ensure that the aggregate of 95% of the exploration tax amount and the amount standing to the debit on the Exploration Tax Refund Account exceeds the «Tax Refund Threshold» of NOK 200,000,000

[2] The company has provided a Letter og Credit (LoC) issued by Skandinaviska Enskilda Banken AB of the amount of NOK 84,500,000 to Repsol Norge AS to guarantee for the Brage abandonment obligations according to the Decommissioning Security Agreement. The LoC was signed 31 December 2021, and the expiry date is the date falling 364 days after the date of the LoC.

# Note 15 Share capital and shareholder information

| ***Movements in share capital (amounts in NOK)*** | **Number of shares** | **Share capital** |
|---|---|---|
| Share capital at 1 January 2020 | 130 320 000 | 130 320 000 |
| Capital increase in 2020 | 0 | 0 |
| **End balance at 31 December 2020** | **130 320 000** | **130 320 000** |
| | | |
| Share capital at 1 January 2021 | 130 320 000 | 130 320 000 |
| Capital increase in 2021 | 0 | 0 |
| **End balance at 31 December 2021** | **130 320 000** | **130 320 000** |

The share capital is denominated in NOK, and the nominal value per share as of 31 December 2021 was NOK 1. All issued shares are of equal rights.

In December 2021, the Company strengthened its capital structure by a capital injection from the existing shareholders of NOK 200 million. The capital increase was made through a combination of cash contribution and conversion of debt. The share capital was increased from NOK 130,320,000 to NOK 216,900,087 by issuing 86,580,087 new shares with a nominal value of NOK 1, - per share, at a subscription price of NOK 2.31 per share. At the same time, the company ' s debt to shareholder Rex of NOK 72,000,000, which was drawn and paid to the company in 2021, was set-off as capital contribution and converted into equity capital. The capital increase was resolved in an extraordinary general assembly held on 16 December 2021 and registered in the Register of Business Enterprises 21 January 2022. After the completion of the share capital increase, Rex International Investments Pte Ltd holds 91.65% (previously 90%) of the shares in the Company and Schroder & Co Banque SA holds 8.35% (previously 10%) of the shares in the company.

The Company may remunerate employees in the form of options or other remuneration linked to the Company's shares or share value. Such employees participate in the Company's share-based bonus program. The share-based bonus program ended in 2021. See information Note 6.

| Shareholders as of 31 December 2021 | Shares | Ownership |
|---|---|---|
| Schroder & Co Banque SA | 18 107 068 | 8,3 % |
| Rex International Investments Pte. Ltd | 198 793 019 | 91,7 % |
| **Total number of shares** | **216 900 087** | **100,0 %** |

(1) Including share capital increase in December 2021.

Rex International Investments Pte. Ltd is a wholly owned subsidiary of Rex International Holding Ltd. Board member Svein Helge Kjellesvik is a shareholder in Rex International Holding Ltd.

# Note 16 Interest-bearing loans and borrowings

| *(Amounts in TNOK)* | Presentation in balance | 31/12/2021 | 31/12/2020 |
|---|---|---|---|
| Bond loan, nominal amount drawn | Non-current | 500 000 | 0 |
| Bond loan, short-term | Non-current | -75 000 | 0 |
| Bond loan; Capitalised arrangement fee (subject to amortisation) | Non-current | -9 923 | 0 |
| Shareholder loan incl. capitalized interest, nominal amount drawn in NOK | Non-current | 93 412 | 0 |
| **Carrying amount** | | **508 489** | **0** |

| *(Amounts in TNOK)* | Presentation in balance | 2021 | 2020 |
|---|---|---|---|
| Credit facility, nominal amount drawn | Current | 0 | 155 000 |
| Credit facility; Capitalised arrangement fee (subject to amortisation) | Current | 0 | -1 100 |
| Shareholder loan incl. capitalized interest, nominal amount drawn in NOK | Current | 0 | 30 820 |
| Bond loan, short-term | Current | 75 000 | 0 |
| **Carrying amount** | | **75 000** | **184 720** |

Reconciliation of liabilities arising from financing activities:

| (*Amounts in TNOK*) | Leasing liabilities, long term | Interest-bearing loans, long-term | Leasing liabilities, shoort-term | Interest-bearing loans, short-term | Total liabilities from financing activities |
|---|---|---|---|---|---|
| **Balance at 31 December 2019** | **3 522** | **0** | **1 370** | **149 039** | **153 931** |
| Cash flows - continuing operations | | | -1 370 | 33 775 | 32 405 |
| Non-cash changes: | | | | | |
| Net changes in current balances | -1 370 | | 1 370 | | 0 |
| New leases | | | | | 0 |
| Added accrued interests on loan | | | | 731 | 731 |
| Accretion lease liabilities | 110 | | | | 110 |
| Amortizations | | | | 1 175 | 1 175 |
| Converted IC loans to equity | | | | | 0 |
| **Balance at 31 December 2020** | **2 262** | **0** | **1 370** | **184 720** | **188 352** |
| Cash flows - continuing operations | | 541 023 | -1 370 | -80 000 | 459 653 |
| Non-cash changes: | | | | | |
| Net changes in current balances | -1 370 | -35 735 | 1 370 | 35 735 | 0 |
| New leases | | | | | 0 |
| Added accrued interests on loan | | | | 5 445 | 5 445 |
| Accretion lease liabilities | 78 | | | | 78 |
| Amortizations | | 3 201 | | 1 100 | 4 301 |
| Converted IC loans to equity | | 0 | | -72 000 | -72 000 |
| **Balance at 31 December 2021** | **969** | **508 489** | **1 370** | **75 000** | **585 828** |

**Senior Secured Bond Issue 2021/2024 ISIN NO0011037343**
On 9 July 2021, Lime Petroleum AS completed the issuance of NOK 500 million worth of 2.5-year senior secured bonds. The bonds bear an interest rate of 3 months Norwegian interbank offered rate («NIBOR») plus margin of 8.25 per annum. Interests and redemption of bonds is repayable in semi-annual instalments, with first repayment in July 2022. The final maturity date of the bonds is 9 January 2024.

The conversion rights in relation to the put option and call option set out in the Bond Terms are considered to be embedded derivatives but evaluated to be immaterial so not bifurcated and accounted for separately.

**Redemption of Bonds:**

| | |
|---|---|
| July 2022 | NOK 75,000,000 |
| January 2023 | NOK 75,000,000 |
| July 2023 | NOK 75,000,000 |

Maturity Date NOK The remaining outstanding bonds (100 per cent of the nominal amount)
From the closing date of the Brage transaction, the Company shall ensure to comply with the following covenants related to the Senior Secured Bond Issue 2021/2024 ISIN NO0011037343:

(i) Minimum Liquidity: The Issuer shall at all times maintain a minimum Liquidity of NOK 30,000,000.
(ii) Maximum Leverage Ratio: The Issuer shall, in respect of any Calculation Date, maintain a Leverage Ratio not exceeding 2:1. The Leverage Ratio means the ratio of Net Debt to EBITDA. The Calculation Date means 30 June and 31 December.
(iii) Tax Shelter: The Issuer shall at all time ensure that the aggregate of (A) 95 per cent. of the Exploration Tax Refund Amount and (B) the amount standing to the debit of the Exploration Tax Refund Account exceeds the Tax Refund Threshold.
Tax Refund Threshold means the sum of (a) NOK 200,000,000 less (b) the Initial Nominal Value of the Bonds that have been redeemed by the Issuer pursuant to the Call Options.

**(i) Minimum liquidity per 31.12.2021**
Aggregate amount standing on Accounts excluding restricted accounts: NOK 64,371,108

**(ii) Leverage Ratio per 31.12.2021**

| EBITDA 31.12.2021 | MNOK |
|---|---|
| Operating profit | 71,5 |
| Depreciation and amortisation | 1,6 |
| **EBITDA** | **73,1** |
| | |
| **NET DEBT 31.12.2021** | |
| Bond loan | 500,0 |
| Cash deposit Decommissioning Security Agreement | -84,5 |
| Cash deposit on the Tax Refund Account | -77,6 |
| The Tax Refund Amount | -355,5 |
| Total cash and cash equivalents | -146,3 |
| **NET DEBT** | **-163,8** |
| | |
| Leverage Ratio: Net debt/EBITDA < 2 | -2,2 |

**Net Debt** means the aggregate amount of all obligations of the company excluding shareholder loans and less cash deposits on the DSRA, cash deposits on the exploration tax refund account, the tax refund amount and any liquidity of the company.

**(iii) Tax Shelter per 31.12.2021**

| Confirmation Tax Refund | Tax Refund 78% | |
|---|---|---|
| (NOK) | | |
| Tax Refund Claims 2021 | 150 252 248 | Final Tax calculation 2021 |
| | | |
| TOTAL | 150 252 248 | |
| | 95 % | |
| (i) Tax Refund Claims 2021 | 142 739 636 | 150,252,248 x 95% |
| exceeds threshold NOK 200,000,000 | (57 260 364) | |
| **Account 9750 01 02563 31.12.2021** | **77 555 850** | |

**Credit facility**

The Company had until August 2021 a Revolving Exploration Financing Facility (EFF) agreement of NOK 350 000 000 with Skandinaviska Enskilda Banken AB (SEB). The facility ran until December 2021, under the condition that the debt as at 31 December 2021 should be repaid in December next year following receipt of tax refund (ref note 9). The debt was therefore classified as current liability as at 31.12.2020. The agreed interest rate was three month NIBOR + 2.0 %.

The EFF with Skandinaviska Enskilda Banken AB originally dated in November 2013, was repaid and cancelled 31 August 2021.

**Shareholder loan agreement**

Lime has a shareholder loan agreement with Rex International Investments Pte. Ltd. Conditional to the bond, the shareholder loan agreement still stands. By the amendment to the shareholder loan facility agreement dated 22 October 2021, the maturity date was further extended to 25 February 2024. The loan facility agreement had a balance of NOK 93.4 million on 31 December 2021.

**Assets pledged as security**

The Bond loan mentioned above is for the lender secured by a first priority assignment of all shares issued by the company, monetary claims under the Shareholder Loan Agreement, mortage over the interest in the hydrocarbon licenses, monetary claims under the company`s insurances and tax refunds, first priority charge over the Tax Refund Account and bank accounts, and floating charges over the trade receivables, operating asstes and inventory, and the DSRA (Debt Service Reserve Account).

**Guarantee**

Rex International Investments Pte. Ltd (Rex) has provided a parent company guarantee to the Ministry of Petroleum and Energy on basis of the Norwegian Petroleum Act sec. 10-7. According to request from the Ministry of Petroleum and Energy, Rex has as the parent company of Lime, issued a parent company guarantee in accordance with the standard guarantee statement.

According to the Decommissioning Security Agreement (DSA) dated 15.06.2021, Lime Petroleum AS has provided a Letter of Credit (LoC) issued by Skandinaviska Enskilda Banken AB of the amount of NOK 84,500,000 to Repsol Norge AS.
The LoC was signed 31 December 2021, and the expiry date is the date falling 364 days after the date of the Letter of Credit.

# Note 17 Financial instruments

**Financial instruments by category**
*(Amounts in TNOK)*

**At 31 December 2021**

| **Financial assets** | **Amortized cost** | **Total carrying amount** |
|---|---|---|
| Receivables from group companies | 687 | 687 |
| Other receivables [1] | 188 | 188 |
| Other financial asset - restricted cash | 84 500 | 84 500 |
| Cash and cash equivalents | 146 262 | 146 262 |
| **Total** | **231 637** | **231 637** |

[1] Prepayments, VAT receivables and tax receivables are not included.

| **Financial liabilities** | **Amortized cost** | **Total carrying amount** |
|---|---|---|
| Borrowings, long term | 508 489 | 508 489 |
| Borrowings, short term | 75 000 | 75 000 |
| Trade creditors | 24 652 | 24 652 |
| Other current liabilities [1] | 12 151 | 12 151 |
| **Total** | **620 292** | **620 292** |

[1] Public duties payable, tax payables and accruals are not included.

**At 31 December 2020**

| **Financial assets** | **Amortized cost** | **Total carrying amount** |
|---|---|---|
| Receivables from Group companies | 1 116 | 1 116 |
| Other receivables [1] | 0 | 0 |
| Cash and cash equivalents | 17 337 | 17 337 |
| **Total** | **18 453** | **18 453** |

[1] Prepayments and VAT receivables are not included.

| **Financial liabilities** | **Amortized cost** | **Total carrying amount** |
|---|---|---|
| Borrowings, short term | 184 720 | 184 720 |
| Trade creditors | 7 536 | 7 536 |
| Other current liabilities [1] | 1 346 | 1 346 |
| **Total** | **193 602** | **193 602** |

[1] Public duties payable and accruals are not included

**Fair value of financial instruments**
It is assessed that the carrying amounts of financial instruments recognized at amortized cost in the financial statements approximate their fair values.

## Financial risk management

**Overview**

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

**Market risk from financial instruments**

**a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest risk arises from its bond loan which has variable rates terms. As at 31 December 2021, if the interest rate had been 0,5% higher, the interest cost before tax would have been TNOK 2.500 higher (TNOK 775 in 2020).

**b) Foreign currency risk**

The Company has limited exposure to currency risk from assets and liabilities recognised as at 31 December 2021, through trade receivables and payables denominated in USD. An increase in the exchange rate of USD of 10 % would have resulted in a finance loss pre tax of TNOK 1.643 (TNOK 274 in 2020).

**Credit risk**

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

**Liquidity risk**

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

Lime develops short-term (12 months) and long-term forecasts to plan its liquidity. These forecasts are updated regularly for various scenarios, and form part of the decision basis for the company's management and board. The company's future capital requirements depend on many factors, and the company is closely monitoring the need for funds to fulfil its commitments related to exploration and development programs associated with the company ' s license portfolio. It is a possibility to reduce future commitment by withdrawing from a license. The 2022 commitments will be financed in full by the revenues from Brage production and the tax refund for 2021. (For further information refer to note 9 Tax). No further capital injections or loans are budgeted.

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

**At 31 December 2021**

| *(Amounts in TNOK)* | Less than 3 months | 3 to 12 months | 1 to 2 years | 2 to 3 years | 3 to 5 years | Total |
|---|---|---|---|---|---|---|
| Shareholder loan | 0 | 0 | 0 | 102 753 | 0 | 102 753 |
| Bond loan | 11 223 | 110 027 | 163 875 | 300 438 | 0 | 585 563 |
| Trade creditors and other short term liabilities | 22 735 | **14 068** | 0 | | 0 | 36 803 |
| **Total liabilities** | **33 958** | **124 094** | **163 875** | **403 191** | **0** | **725 119** |

**At 31 December 2020**

| *(Amounts in TNOK)* | Less than 3 months | 3 to 12 months | 1 to 5 years | Total |
|---|---|---|---|---|
| Shareholder loan | 0 | 30 820 | 0 | 30 820 |
| Borrowings, short term | 969 | 157 906 | 0 | 158 875 |
| Trade creditors and other short term liabilities | 7 912 | **970** | 0 | 8 882 |
| **Total liabilities** | **8 882** | **189 696** | **0** | **198 577** |

**Capital management**

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

# Note 18 Other current liabilities

| *(Amounts in TNOK)* | 2021 | 2020 |
|---|---|---|
| Working capital and other debt, joint operations/licences | 152 835 | 7 751 |
| Overlift of petroleum products, joint operations/licences | 23 248 | 0 |
| Public duties payable | 6 231 | 1 509 |
| Salary and vacation payable | 12 151 | 1 346 |
| Short-term leasing debt | 1 370 | 1 370 |
| Other accruals for incurred costs | 13 620 | 301 |
| **Total** | **209 456** | **12 277** |

# Note 19 Related party disclosure

*(Amounts in TNOK)*

**a) Purchases from related parties**

| Purchase of services from | Description of services | 2021 | 2020 |
|---|---|---|---|
| Rex International Holding Ltd[1] | Consulting services | 1 665 | 2 114 |
| Rex Technology Investments Pte Ltd [2] | Rex Virtual Drilling analysis | 13 256 | 16 113 |

[1] Rex International Holding Ltd owns 100 % of the shares in Rex International Investments Pte. Ltd which owns 91.65 % of the shares in Lime Petroleum AS·

[2] Rex Technology Investments Pte Ltd is owned 100 % by Rex International Investments Pte. Ltd.

**b) Sales to related parties**

| Sales of consulting services to (see also note 6 Payroll) | 2021 | 2020 |
|---|---|---|
| Group companies under control of Rex International Holding Ltd | 1 478 | 2 183 |

[3] A company jointly controlled by Karl Lidgren, Hans Lidgren and Svein Helge Kjellesvik who has significant influence over Rex International Holding Ltd through their shareholding.

**c) Balances with related parties (trade payables)**

| Related party | 2021 | 2020 |
|---|---|---|
| Group companies under control of Rex International Holding Ltd | 687 | 1 116 |

**d) Balances with related parties (trade payables)**

| Related party | 2021 | 2020 |
|---|---|---|
| Group companies under control of Rex International Holding Ltd | 492 | 402 |

**e) Balances with related parties (non-current liabilities)**

See note 16. Interest-bearing loans and borrowings.

**Compensation to key management 2021**

*(Amounts in TNOK)*

| Position | Salary / Board fee | Pension contribution | Total 2021 |
|---|---|---|---|
| CEO Lars B. Hübert | 3 972 | 0 | 3 972 |
| Board of Directors (including accrued bonus) | 15 059 | 0 | 15 059 |

CEO Lars B. Hübert is remunerated through invoicing as self-employed.

As at 31 December 2021 there is no agreement of bonus to key management.

The Company may remunerate employees in the form of options or other remuneration linked to the Company's shares or share value. Such employees participate in the Company's share-based bonus program. The share-based bonus program ended in 2021. .

**Compensation to key management 2020**

*(Amounts in TNOK)*

| Position | Salary / Board fee | Pension contribution | Total 2020 |
|---|---|---|---|
| CEO Lars B. Hübert | 3 220 | 0 | 3 220 |
| Board of Directors | 11 561 | 0 | 11 561 |

CEO Lars B. Hübert is remunarated through invoicing as self-employed.

# Note 20 Contingent liabilities

The company has not been involved in any legal or financial disputes in 2021 where adversely outcome is considered more likely than remote.

# Note 21 Shares in licences and obligations

The company`s 2022 obligations related to the total licence portfolio including exploration, development and production assets as at year end, is estimated to a total of 822 million. This forecast is based on operator's licence budgets for 2022. The operators will, according to the Joint Venture Agreements, call for funds as needed during the budget period. For further information refer to Financial Instruments and liquidity risk described in Note 17.

# Note 22 Events after the balance sheet date

On 21 January 2022, the capital increase of NOK 200 million, resolved in an extraordinary general assembly held on 16 December 2021, was formally registered in the Register of Business Enterprises (Foretaksregistreret). The Company`s share capital was increased from 130 320 000 shares to 216 900 087 shares.

On 31 January 2022, Lime Petroleum AS established an oil price hedging programme in order to reduce risk related to oil price fluctuations. Lime Petroleum AS has effective from 1 February 2022 hedged approximately half of the Company`s hydrocarbon production from the Brage Field through January 2023. The hedge is based on an Asian style monthly average put option structure. The strike price is 35 USD/barrel ensuring a price floor for the company`s oil production. The average price for the put option is USD 0.50 per barrel totalling the option premium to USD 240,000.

On 24 February 2022, Russia invaded Ukraine. Battles in Ukraine are ongoing creating significant uncertainties regarding global political and economic stability. Severe sanction actions have been imposed which may lead to business disruption and have an impact on the global economy. The extent to which the impacts the Company`s results will depend on future developments and thus difficult to predict. The energy markets are heavily affected by the invasion experiencing spiking oil and gas prices, thus the level of prices going forward is subject to significant uncertainty.

In February/ March 2022 the partners in the licenses PL937 and PL937B approved the decision of relinquishment of the licenses. The relinquishment report is expected in Q2 2022. The book value of the licenses is NOK 82.3 million as per 31.12.2021. The licenses are expected written down in 2022 and the after tax value will have an impact (loss) on the net result in 2022 amounting to approximately NOK 18.1 million (22%).

The authorities` approval for relinquishment of the license PL1062, as response to the application submitted to MPE 3 February 2022, was received 9 March 2022. Book value of PL1062, NOK 8.7 million, was impaired and resulting in a net loss of NOK 1.9 million.

Application for one-year extension of the licenses PL818 and PL818B was submitted to the Ministry of Petroleum and Energy 2 February 2022. The authorities` approval of the extension of drill decision until February 2023 was received 6 April 2022.

On 8 April 2022 the General Assembly resolved in extraordinary general meeting that Nicolai Alexander Sebastian Bonnevier resigns as Director to the Board of Lime Petroleum AS.

On 14 April 2022, Lime Petroleum AS signed an agreement with MOL Norge AS to purchase its 40 per cent interest in the licenses PL820S and PL820SB in the North Sea containing the Iving and Evra discoveries. In connection with the completion of the transaction Lime shall pay to seller a post-tax amount of approximately NOK 12.8 million (USD 1.5 million). In addition, Lime shall pay to seller a post-tax contingent consideration of approxemately NOK 25.5 million (USD 3.0 million) in the event that a Plan for Development and Operation ("PDO") is submitted for a discovery in either PL820 S or PL820 SB to the Ministry of Petroleum and Energy. Approval from the Ministry of Petroleum and Energy is expected during third quarter 2022.

On 14 April 2022, Lime Petroleum AS signed an agreement with MOL Norge AS to transfer of operator responsibilities to Lime and thereby maintaining continuity in progressing the licenses PL820S and PL820SB work program and projects. Application to the Ministry of Petroleum and Energy (MPE) for operatorship replacement is expected during second quarter 2022. The transfer of operatorship will be subject to MPE approval.

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To the General Meeting of Lime Petroleum AS

# Independent Auditor's Report

## Opinion

We have audited the financial statements of Lime Petroleum AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 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. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors 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.

Oslo, 30 April 2022
KPMG AS

Stian Tørrestad

Stian Tørrestad
State Authorised Public Accountant

Design: aprilreklameoslo.no

**LIME PETROLEUM AS**
Drammensveien 145A | 0277 Oslo, Norway

www.limepetroleum.com

Skattedirektoratet

| Saksbehandler | Deres dato | Vår dato |
|---|---|---|
| Torstein Kinden Helleland | 24.06.2013 | 25.06.2013 |
| Telefon | Deres referanse | Vår referanse |
| 22078139 | Knut Åke Lennart Knutsson | 2013/500057 |

LIME PETROLEUM NORWAY AS
Drammensveien 145 A
0277 OSLO

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Lime Petroleum Norway AS, org. nr. 998 726 441

Det vises til deres brev mottatt 25. juni 2013 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Lime Petroleum Norway AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Lime Petroleum Norway 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.

**Bakgrunn**
Lime Petroleum Norway AS er datterselskap til det britiske selskapet Lime Petroleum Plc. Lime Petroleum Norway AS er et nystartet olje- og gass selskap. Selskapets hovedaktivitet er å delta i leting etter, samt utbygging og produksjon av olje og naturgass. Dette er en internasjonal bransje og alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Selskapet har engelsk som arbeidsspråk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

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

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

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en*

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*forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

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

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er eiet av et utenlandsk selskap. Eierkretsen er således begrenset. Selskapets arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad

Rune Tystad
*seniorrådgiver*
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland