



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer:	989 307 606
Organisasjonsform:	Allmennaksjeselskap
Foretaksnavn:	ECOTEQ ENERGY ASA
Forretningsadresse:	Professor Dahls gate 19A 0353 OSLO

### Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021
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### Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

### Regnskapsregler

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

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Harald Sætvedt
Dato for fastsettelse av årsregnskapet:	28.11.2022

### 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, 28.07.2023



## Resultatregnskap

Beløp i: NOK	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt		211 000	219 000
<b>Sum inntekter</b>		<b>211 000</b>	<b>219 000</b>
<b>Kostnader</b>			
Lønnskostnad	5	359 000	363 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler		324 000	583 000
Annen driftskostnad	2	1 156 000	1 844 000
<b>Sum kostnader</b>		<b>1 839 000</b>	<b>2 790 000</b>
<b>Driftsresultat</b>		<b>-1 628 000</b>	<b>-2 571 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt		0	26 000
Valutagevinst	3	2 000	1 000
<b>Sum finansinntekter</b>		<b>2 000</b>	<b>27 000</b>
Annen rentekostnad	3	1 617 000	1 328 000
<b>Sum finanskostnader</b>		<b>1 617 000</b>	<b>1 328 000</b>
<b>Netto finans</b>		<b>-1 615 000</b>	<b>-1 301 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-3 243 000</b>	<b>-3 872 000</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>-3 243 000</b>	<b>-3 872 000</b>
<b>Årsresultat</b>		<b>-3 243 000</b>	<b>-3 872 000</b>



## Balanse

Beløp i: NOK	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Sum anleggsmidler		0	0
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Andre fordringer		28 000	233 000
<b>Sum fordringer</b>		<b>28 000</b>	<b>233 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		16 000	18 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>16 000</b>	<b>18 000</b>
<b>Sum omløpsmidler</b>		<b>44 000</b>	<b>251 000</b>
<b>SUM EIENDELER</b>		<b>44 000</b>	<b>251 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	11	14 791 000	14 791 000
Overkurs		1 460 928 000	1 460 928 000
<b>Sum innskutt egenkapital</b>		<b>1 475 719 000</b>	<b>1 475 719 000</b>
<b>Opptjent egenkapital</b>			
Udekket tap		1 496 409 000	1 493 166 000
<b>Sum opptjent egenkapital</b>		<b>-1 496 409 000</b>	<b>-1 493 166 000</b>
<b>Sum egenkapital</b>		<b>-20 690 000</b>	<b>-17 447 000</b>



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Konvertible lån	12	18 089 000	15 241 000
Gjeld til kredittinstitusjoner	12	1 393 000	1 505 000
Leverandørgjeld		332 000	338 000
Skyldige offentlige avgifter		19 000	19 000
Annen kortsiktig gjeld		901 000	595 000
<b>Sum kortsiktig gjeld</b>		<b>20 734 000</b>	<b>17 698 000</b>
<b>Sum gjeld</b>		<b>20 734 000</b>	<b>17 698 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>44 000</b>	<b>251 000</b>



### Konsernets resultatregnskap

Beløp i: NOK	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt		211 000	219 000
<b>Sum inntekter</b>		<b>211 000</b>	<b>219 000</b>
<b>Kostnader</b>			
Lønnskostnad	13	359 000	363 000
Generelle admin kostnader	5	1 489 000	2 360 000
<b>Sum kostnader</b>		<b>1 848 000</b>	<b>2 723 000</b>
<b>Driftsresultat</b>		<b>-1 637 000</b>	<b>-2 504 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt		0	26 000
Valutagevinst		59 000	234 000
Annen finansinntekt		10 837 000	0
<b>Sum finansinntekter</b>		<b>10 896 000</b>	<b>260 000</b>
Annen rentekostnad		1 632 000	1 719 000
Annen finanskostnad			5 000
<b>Sum finanskostnader</b>		<b>1 632 000</b>	<b>1 724 000</b>
<b>Netto finans</b>		<b>9 264 000</b>	<b>-1 464 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>7 627 000</b>	<b>-3 968 000</b>
Skattekostnad på ordinært resultat	6	132 000	0
<b>Ordinært resultat etter skattekostnad</b>		<b>7 495 000</b>	<b>-3 968 000</b>
<b>Årsresultat</b>		<b>7 495 000</b>	<b>-3 968 000</b>
Omregningsdifferanser		-85 000	231 000
Sum resultatkomponenter for IFRS-foretak		-85 000	231 000
<b>Totalresultat</b>		<b>7 410 000</b>	<b>-3 737 000</b>



## Konsernets balanse

Beløp i: NOK	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Sum anleggsmidler		0	0
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Andre fordringer	8	37 000	237 000
<b>Sum fordringer</b>		<b>37 000</b>	<b>237 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		16 000	18 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>16 000</b>	<b>18 000</b>
<b>Sum omløpsmidler</b>		<b>53 000</b>	<b>255 000</b>
<b>SUM EIENDELER</b>		<b>53 000</b>	<b>255 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Aksjekapital	9	14 791 000	14 791 000
Overkurs		1 460 928 000	1 460 928 000
<b>Sum innskutt egenkapital</b>		<b>1 475 719 000</b>	<b>1 475 719 000</b>
<b>Opptjent egenkapital</b>			
Udekket tap		1 496 581 000	1 503 990 000
<b>Sum opptjent egenkapital</b>		<b>-1 496 581 000</b>	<b>-1 503 990 000</b>
<b>Sum egenkapital</b>		<b>-20 862 000</b>	<b>-28 271 000</b>



## Konsernets balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Konvertible lån	18	18 089 000	15 241 000
Gjeld til kredittinstitusjoner	18	1 393 000	1 505 000
Leverandørgjeld		332 000	10 264 000
Betalbar skatt		136 000	
Skyldige offentlige avgifter		19 000	19 000
Annen kortsiktig gjeld		946 000	1 497 000
<b>Sum kortsiktig gjeld</b>		<b>20 915 000</b>	<b>28 526 000</b>
<b>Sum gjeld</b>		<b>20 915 000</b>	<b>28 526 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>53 000</b>	<b>255 000</b>



## Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 30.01.2012	Vår dato 01.03.2012
Telefon 22078139	Deres referanse Britt Kollstrøm	Vår referanse 2012/92546

ALADDIN OIL & GAS COMPANY ASA  
Øvre Slottsgate 14  
0157 OSLO

### Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Aladdin Oil & Gas Company ASA, org. nr. 989 307 606

Det vises til deres brev av 30. januar 2012 samt telefonsamtale i sakens anledning. Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Aladdin Oil & Gas Company ASA.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Aladdin Oil & Gas Company ASA 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

Aladdin Oil & Gas Company ASA er et norsk holdingselskap som er notert på OTC-listen. Hovedaksjonær er det britiske selskapet Waterford Ltd med en eierandel på 60 %. Ca. 9 % av aksjene er eid av norske investorer som består av profesjonelle og private investorer. Ca 91 % av aksjene er således på utenlandske hender.

Aladdin Oil & Gas Company ASA har som formål å investere i olje- og gassvirksomhet i Russland. Selskapet er et lete- og produksjonsselskap med 100 % eierandel i de russiske oljeselskapene 000 Geotechnologia i Ukhta og 000 Veselovskoye i Orenburg. Disse selskapene eies gjennom to datterselskaper på Kypros, Larchbay Traders Ltd og Stikito Ltd. Aladdin Oil & Gas Company ASA i Oslo fungerer kun som et morselskap uten operasjonell drift, og har pr. dato tre ansatte.

Styret har medlemmer som er utenlandske statsborgere. Selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk. Konsernet er engelskspråklig og utarbeider sine regnskapsdokumenter på engelsk, blant annet av konsolideringshensyn. Arbeidsspråket i selskapet er også engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

#### Skattedirektoratets vurdering

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

Postadresse Postboks 9200 Grønland 0134 Oslo For elektronisk henvendelse se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>	Besøksadresse Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a> Org. nr: 996250318	Sentralbord 800 80 000 Telefaks 22 17 08 60
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I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”*

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

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, 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 i det vesentlige er eid fra utlandet og at hovedaksjonær med 60 % eierandel er britisk. All operasjonell drift foregår i datterselskapene i utlandet. Selskapets arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk. Videre er det vektlagt at konsernet er engelskspråklig og utarbeider sine regnskapsdokumenter på engelsk bl.a. av konsolideringshensyn.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Rune Tystad  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Torstein Kinden Helleland



**ARACA ENERGY ASA**

**CONSOLIDATED FINANCIAL STATEMENTS AND STANDALONE FINANCIAL STATEMENTS  
OF THE PARENT COMPANY PREPARED IN ACCORDANCE WITH SIMPLIFIED  
APPLICATION OF INTERNATIONAL ACCOUNTING STANDARDS ACCORDING TO THE  
NORWEGIAN ACCOUNTING ACT § 3-9**

**31 DECEMBER 2021**



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## BOARD OF DIRECTORS' REPORT

### Operations

Araca Energy ASA (the "Company" or "Araca") is an independent Norwegian exploration and production company engaged in the development and operation of oil and natural gas assets in Russia. In 2021 the Company had ownership interest in Aladdin Oil & Gas (Cyprus) Ltd ("Aladdin"), Culebra Holding Ltd ("Culebra"), Larchbay Traders & Consultants Ltd ("Larchbay") and Select Investment Ltd ("Select") together ("the Group").

Aladdin and Culebra are financial investments for Araca and the Company owns 47.6% and 34.3% respectively. Culebra owns 100% of the Russian company OOO Geotechnologia ("Geotechnologia"). Larchbay and Select are 100% owned subsidiaries.

Select has a minority interest in Timan Oil & Gas Plc ("Timan"). Timan has one subsidiary, OAO Geotermneftegaz ("Geoterm") and minority ownership interest in Neftegazopromyslovyte Tekhnologii LLC ("NGPT").

The Company's headquarter is located in Oslo, Norway.

### Highlights and status

The Company's main assets are minority shareholdings in companies with activity in Russia. In 2021 there have been limited progress in the development of the underlying assets. Due to the now ongoing war between Russia and Ukraine all activity has been very challenging and information from the companies have been limited.

The Board and Management have taken action and been closely monitoring the situation. The Company is subsequently evaluating possible solutions including a potential exit from all Russian activity. In this process the Company is reviewing alternative routes for future operations including renewable energy activity that lies within the competence and resources of the Company's Board and Management.

The Company is not aware that any of its stakeholders are on the official sanctions list and the Board will take immediate action should such information arise.

### Financial statements 2021

The Company prepares and presents its accounts in accordance with Simplified International Financial Reporting Standards (IFRS). The Board of Directors and the CEO consider the statements and corresponding notes presented in this report to give a correct and accurate summary of the Company's operations and position as at 31 December 2021.

Consolidated operating revenues for the year ended 31 December 2021 amounted to MNOK 0.2 compared to MNOK 0.2 in the year ended 31 December 2020. For the year ended 31 December 2021 the Group incurred a loss from operations of MNOK 1.6 (for the year ended 31 December 2020 a loss of MNOK 2.5).

Consolidated profit after tax for the year ended 31 December 2021 was MNOK 7.4, compared to MNOK 4.0 loss in 2020. The profit in 2021 is due to a reversal of accruals in the subsidiary Larchbay.

The Group's net working capital is negative with MNOK 20.9. (2020: MNOK negative MNOK 28.3). Available cash and cash equivalents as at 31 December 2021 were MNOK 0.1. The Group's current interest-bearing debt as at 31 December 2021 was MNOK 19.5.

As at 31 December 2021, the Group had total assets of MNOK 0.1. Total Shareholders' equity was minus MNOK 20.9.

### Board of directors and key management

In 2021 the Board consisted of:

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The accompanying notes are an integral part of these consolidated financial statements

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Mr Rashid Ibrahim, Chairman of the Board  
Mr Abdulkareem Al Mutawa  
Mrs Tatiana Melkaia

## **Gender equality**

Out of three employees and consultants in the Group as of the year ended 31 December 2021, there is one woman. Women are represented in the board members in Araca Energy ASA. The Company is trying to recruit women to Group management positions. Women are well represented in the Group. There are no significant differences in employee benefits between men and women.

## **Working conditions**

Safe working conditions are a fundamental prerequisite for the future growth of the Group. The Board and the CEO consider the working conditions in the Group to be satisfactory. No serious accidents resulting in major personal injuries or material damage have been reported in year ended 31 December 2021.

## **Research & development activities**

The Group has not undertaken any research and development (R&D) activities in year ended 31 December 2021.

## **Anti-discrimination**

The Discrimination Act's purpose is to promote equality, ensure equal opportunities and rights, and prevent discrimination. The Group is working actively to promote this in all of the Group's activities including recruitment, salary, working condition, promotion, development and protection against harassment.

## **The external environment**

The Company was in 2021 an indirect minority owner of Geotechnologia, an operator of the Group's oil & gas fields in Russia. During drilling, the responsibility for the wells may be transferred to a subcontractor (drilling company) which holds full responsibility for the operations and any reporting to Russian authorities until the well is finished. When a well is finished and ready for production, the responsibility for the well is transferred back to the operating entities. The Board is aware of the importance in finding industrial solutions protecting the external environment and ensuring co-existence with other important industries. The Company upholds the laws and regulations applying in Russia at all times. No environmental incidents have been reported to Araca for the year ended 31 December 2021 or to date. At current Russia is at war with Ukraine and the Company highlights there is a risk that not all information is available to the Board or Management of Araca.

## **Financial risk**

Mainly, the Group's financial risks are currency risk, price risk and liquidity risk. The Group seeks to achieve an acceptable risk level within these areas. As to interest rate risk, the Company's loan has both floating and fixed interest rates, and is therefore exposed to risk in fluctuating interest rate levels. The loans are in Norwegian kroner and in Great Britain Pounds and thus represent a currency risk. The functional and presentation currency for the Group is Norwegian kroner, while the subsidiaries in Cyprus and UAE has presentation currency is US dollars. The Group is therefore exposed to currency risk.

As to liquidity, the Group is in a development phase and has currently low or no revenue. The access to necessary funds to maintain its operation is considered a risk factor. This is planned to be covered through a combination of loans and equity.

## **Business ethics**

The Company has adopted a policy that all activities and operations are to be conducted in a professional and safe manner, without injuries to humans or environmental damage. Training and exercises are important measures to achieve such. The Company supports honesty and trustful relationships with its business partners as well as the local community and has zero tolerance of corruption.



## Going Concern

Levant Consultants LLP, that represents the major shareholder of the Company has confirmed that it will continue to provide the necessary financial support to the Company to enable the Company to meet its obligations and to carry on its operations. In 2021 Levant (and related parties) has provided funding for the Company of c. NOK 1.3 million which has been sufficient to repay outstanding debts and to cover administration and operational costs in the period. The Company currently has a negative equity. The Board of Directors is evaluating several options to improve the situation including issuing new equity, the conversion of debt to equity. The Board of Directors' intention is to maintain the Company as a going concern and the financial statements have been prepared based on the going concern assumption. As per the 15<sup>th</sup> November 2022 the Company received a conversion notice from Levant on its total debt including outstanding interests. When converted this will result in positive equity for the Company.

## Outlook

The outlook for the Company is uncertain. As all assets of the Company are in Russia and owned through minority positions it is highly uncertain whether any value can be retained from these. The Company is evaluating a range of alternatives including exiting all Russian assets entirely. The Company is monitoring the situation continuously.

Despite the challenging situation the Company is actively evaluating opportunities to grow inorganically. Araca focuses on onshore opportunities with active production or late stage development but also opportunities within renewable energy, with limited requirement for further capital expenditure. The target is to add assets with cash flow contribution that represent accretion to the shareholders. Consideration for such acquisitions will be sought through partners, new debt or the issuance of new shares in the Company.

## Parent company accounts and the coverage of the loss for the year

The profit and loss account for the parent company Araca Energy ASA showed a loss for the year ended 31 December 2021 of MNOK 3.2 (2020 Loss MNOK 4.0).

The Board propose to post the loss to accumulated losses.

Oslo, 17<sup>th</sup> November 2022

Rashid M. Ibrahim (Chairman of the Board)

Harald Sætvedt (CEO)

Tatiana Melkaia

Abdulkareem Al Mutawa



## Araca Energy ASA

### Consolidated Statement of Comprehensive Income for the year ended 31 December 2021

(Thousand NOK)	Note	Year ended 31 December 2021	Year ended 31 December 2020
<b>OPERATING REVENUE AND OPERATING EXPENSES</b>			
Revenue		211	219
<b>Gross profit</b>		<b>211</b>	<b>219</b>
Salaries	13	-359	-363
General and administrative expenses	5	-1,489	-2,360
<b>Operating loss</b>		<b>-1,637</b>	<b>-2,504</b>
<b>FINANCIAL INCOME AND FINANCIAL EXPENSES</b>			
Foreign exchange gain/(loss), net		59	234
Change in fair value of financial instruments		-	-
Interest income		-	26
Interest expense		-1,632	-1,719
Other financial income		10,837	-5
<b>Financial items, net</b>		<b>9,264</b>	<b>-1,464</b>
<b>Profit/ (loss) before income tax</b>		<b>7,627</b>	<b>-3,968</b>
Income tax expense	6	-132	-
<b>Profit/ (loss) for the period</b>		<b>7,495</b>	<b>-3,968</b>
<b>Other comprehensive income</b>			
Effect of translation to presentation currency		-85	231
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>-85</b>	<b>231</b>
<b>Total comprehensive income/(loss) for the year</b>			
		<b>7,410</b>	<b>-3,737</b>
Weighted average number of ordinary shares - basic	11	1,479,145,770	1,479,145,770
Weighted average number of ordinary shares - diluted	11	1,554,145,770	1,554,145,770
Profit/ (loss) for the period per ordinary share - basic	11	0.01	0.00
Profit/ (loss) for the period per ordinary share - diluted	11	0.01	0.00
Total comprehensive profit/ (loss) per share - basic	11	0.00	0.00
Total comprehensive profit/ (loss) per share - diluted	11	0.00	0.00

The accompanying notes are an integral part of these consolidated financial statements



## Araca Energy ASA Consolidated Statement of Financial Position as at 31 December 2021

(Thousand NOK)	Note	31 December 2021	31 December 2020
<b>ASSETS</b>			
<b>Current assets</b>			
Other receivables	8	37	237
Cash and cash equivalents	7	16	18
<b>Total current assets</b>		<b>53</b>	<b>255</b>
<b>TOTAL ASSETS</b>		<b>53</b>	<b>255</b>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>			
<b>Shareholder's equity</b>			
Share capital and other paid in capital	9	1,475,719	1,475,719
Other reserves		-1,496,581	-1,503,990
<b>TOTAL EQUITY</b>		<b>-20,862</b>	<b>-28,271</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Convertible loan</b>	18	-	-
<b>Long-term loans</b>	18	-	-
<b>Total non-current liabilities</b>		-	-
<b>Current liabilities</b>			
Convertible loan	18	18,089	15,241
Short-term loans	18	1,393	1,505
Trade accounts payable		332	10,264
Taxes payable		136	-
Other taxes payable		19	19
Other payables		946	1,498
<b>Total current liabilities</b>		<b>20,915</b>	<b>28,527</b>
<b>TOTAL LIABILITIES</b>		<b>20,915</b>	<b>28,527</b>
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>		<b>53</b>	<b>255</b>

Oslo, 17<sup>th</sup> November 2022

Rashid M. Ibrahim (Chairman of the Board)

Harald Sætvedt (CEO)

Tatiana Melkaia

Abdulkareem Al Mutawa

The accompanying notes are an integral part of these consolidated financial statements

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## Araca Energy ASA

### Consolidated Statement of Cash Flows for the year ended 31 December 2021

(Thousand NOK)	Note	Year ended 31 December 2021	Year ended 31 December 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Profit/ (loss) before income tax		7,625	-3,968
Change in fair value of financial instruments		-70	-129
Finance expense, net		1,632	1,683
Foreign exchange gain / (loss), net		-76	230
<b>Operating cash flows before working capital changes and income tax paid</b>		<b>9,111</b>	<b>-2,174</b>
Working capital changes		-11,834	-595
<b>Net cash used in operating activities</b>		<b>-2,723</b>	<b>-2,769</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Effect of changes in group structure		-	-
<b>Net cash used in investing activities</b>		<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Interest received		-	-
Interest paid		-16	-364
Proceeds from borrowings		2,736	3,146
<b>Net cash generated by financial activities</b>		<b>2,720</b>	<b>2,782</b>
<b>Change in cash and cash equivalents</b>		<b>-2</b>	<b>13</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>7</b>	<b>18</b>	<b>5</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>7</b>	<b>16</b>	<b>18</b>

The accompanying notes are an integral part of these consolidated financial statements

Araca Energy ASA  
Consolidated Statement of Changes in Equity for the year ended 31 December 2021

	Share capital	Other paid- in capital	Accumulated earnings	Revaluation reserve	Total equity
<b>As at 1 January 2021</b>	14,791	1,460,928	-1,558,452	54,461	-28,271
Profit/ (loss) for the period	-	-	7,495	-	7,495
Other comprehensive income (loss)	-	-	-	-85	-85
<b>As at 31 December 2021</b>	14,791	1,460,928	-1,550,956	54,376	-20,862

	Share capital	Other paid- in capital	Accumulated earnings	Revaluation reserve	Total equity
<b>As at 1 January 2020</b>	14,791	1,460,928	-1,554,483	54,229	-24,535
Profit/ (loss) for the period	-	-	-3,968	-	-3,968
Other comprehensive income (loss)	-	-	-	231	231
<b>As at 31 December 2020</b>	14,791	1,460,928	-1,558,452	54,461	-28,271

The accompanying notes are an integral part of these consolidated financial statements  
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## Araca Energy ASA

### Notes to the Consolidated Financial Statements for the year ended 31 December 2021

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#### Note 1. Accounting policies and effect of new accounting standards

Araca Energy ASA is a public limited company incorporated in Norway. The Company's main office is located in Professor Dahls gate 19A, 0353 Oslo. The list of subsidiaries is presented in Note 3.

In 2014 the Company changed its name to Araca Energy ASA. The previous name was Aladdin Oil & Gas Company ASA.

**Basis of preparation and going concern.** These consolidated financial statements of Araca Energy ASA (hereinafter, "the Company" or "the Parent Company") and its subsidiaries (together referred to as "the Group") have been prepared in accordance with the Norwegian Accounting Act §3-9 and the rules for simplified IFRS passed by the Norwegian Ministry of Finance on 21 January 2008. This requires that recognition and measurement is mainly performed according to International Financial Reporting Standards (IFRS) and presentation and notes to the financial statements are according to the Norwegian Accounting Act and Norwegian generally accepted accounting standards.

All transactions and balances between subsidiaries are eliminated. The financial statements are based on the financial statements of the individual entities which have been prepared using the same accounting policies. All entities have the same reporting date, 31 December 2021.

These consolidated annual financial statements were prepared on a going concern basis. There is at the date of these financial statements a reasonable expectation that the Group will have adequate resources to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Thus, the going concern basis of accounting has been adopted in preparing the financial statements.

At the same time the Board of Directors stresses there are uncertainties related to obtaining future financing and thereby the Groups ability to continue as a going concern.

#### **Financial Objectives, Policies and Processes**

The Company's financial objective is to address the need for capital in order to ensure the appropriateness of adopting the going concern basis for the preparation of the Company's accounts and to ensure liquidity in the business in both the short and the longer term. This is achieved by support from key shareholders with a short term objective of raising modest new capital to develop the Company's assets into profitability and in the longer term to identify and acquire by the issue of new capital further substantial assets.

**Foreign currency.** The Norwegian kroner (NOK) is the presentation currency for the Group's operations and functional currency of the Parent Company. The individual financial statements of each of the companies within the Group are prepared in the currency of the primary economic environment in which it operates (its functional currency). Financial statements of the UAE and Cyprus subsidiaries are measured in United States Dollar.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; exchange differences on transactions entered into in order to hedge certain foreign currency risks; For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into currency units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

Exchange differences on intercompany transactions with the predetermined maturity dates are recognized in

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The accompanying notes are an integral part of these consolidated financial statements



## Araca Energy ASA

### Notes to the Consolidated Financial Statements for the year ended 31 December 2021

income statement of the subsidiary which currency is other than the Parent's functional currency. If the intercompany balances are not expected to be repaid, exchange differences are recognized in equity.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in equity.

Summary exchange rates used for translation are provided below:

	31 December 2021	31 December 2020
<b>Exchange rate as at reporting date</b>		
NOK/USD	8.82	8.53
<b>Average exchange rate</b>		
NOK/USD	8.60	9.40

**Property, plant and equipment.** Property, plant and equipment are recorded at historical cost of acquisition and adjusted for accumulated depreciation, depletion and impairment. All subsequent additions are recorded at historical cost of acquisition or construction and adjusted for accumulated depreciation, depletion and impairment. The cost of property, plant and equipment includes provisions for dismantlement, abandonment and site restoration.

The Group accounts for exploration and evaluation activities in accordance with IFRS 6, *Exploration for and Evaluation of Mineral Resources*. Geological and geophysical exploration costs are charged against income as incurred. Costs directly associated with an exploration well are initially capitalised as an exploration and evaluation assets (E&E) until the drilling of the well is complete and the results have been evaluated. If oil and gas are not found, the exploration expenditure is written off as a dry hole. If oil and gas are found and, subject to further appraisal activity, which may include the drilling of further wells (exploration or exploratory-type stratigraphical test wells), are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written-off. When proved reserves of oil and natural gas are determined and development is sanctioned, the relevant expenditure is transferred to the oil and gas properties and an impairment review of the property is undertaken at that time.

Development and production assets are accumulated generally on a field-by-field basis and represent the cost of developing the commercial reserves discovered and bringing them to production together with E&E expenditures incurred in finding commercial reserves and transferred from the E&E assets described above. The cost of development and production assets also include the costs of acquisitions and purchases of such assets, directly attributable overheads, finance costs capitalised and the costs of recognising provisions for future restoration and decommissioning.

Depletion of capitalized costs of proved oil and gas properties is calculated using the unit-of-production method for each field based upon proved reserves for property acquisitions and proved developed reserves for development costs.

Depreciation of non-oil and gas property, plant and equipment is calculated using the straight-line method over their estimated remaining useful lives.

Useful lives of the assets that are depreciated by the straight-line method, in years, were as follows:

Type of facility	Years
Other property, plant and equipment	3-15

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other expense' in the consolidated statement of comprehensive income.

**Licenses.** The Group measures licences at cost less accumulated amortisation and impairment losses. Licences are amortised using the unit-of-production method for each field based upon proved reserves for property acquisitions.

**Provisions.** Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions, including those related to dismantlement, abandonment and site restoration, are evaluated and re-estimated annually, and are included in the consolidated financial statements at each reporting date at the



## Araca Energy ASA

### Notes to the Consolidated Financial Statements for the year ended 31 December 2021

present value of the expenditures expected to be required to settle the obligation using pre – tax discount rates which reflect the current market assessment of the time value of money and the risks specific to the liability.

Changes in provisions resulting from the passage of time are reflected in the consolidated statement of comprehensive income each year under financial items. Other changes in provisions, relating to a change in the expected pattern of settlement of the obligation, changes in the discount rate or in the estimated amount of the obligation, are treated as a change in accounting estimate in the period of the change. Changes in provisions relating to dismantlement, abandonment and site restoration are added to, or deducted from, the cost of the related asset in the current period. The amount deducted from the cost of the asset should not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognized immediately in profit or loss.

The provision for dismantlement liability is recorded on the consolidated statement of financial position, with a corresponding amount being recorded as part of property, plant and equipment.

**Impairment of assets.** Assets that are subject to depreciation and depletion are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped by license areas, which are the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**Inventories.** Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

**Financial instruments.** The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into other financial liabilities category.

#### **(i) Non-derivative financial assets and financial liabilities – recognition and derecognition**

The Group initially recognises loans and receivables and debt securities issued on the date that they are originated. All other financial assets and financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Financial assets at fair value through profit or loss**

A financial asset is classified at fair value through profit or loss -category if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

#### **Loans and receivables**

Loans and receivables are a category of financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

#### **Cash and cash equivalents**



## Araca Energy ASA

### Notes to the Consolidated Financial Statements for the year ended 31 December 2021

Cash and cash equivalents comprise cash balances, call deposits and highly liquid investments with maturities of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value.

In the statement of cash flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

#### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised or impaired, the cumulative gain or loss in other comprehensive income is reclassified to profit or loss for the period. Unquoted equity instruments whose fair value cannot reliably be measured are carried at cost.

#### **(ii) Non-derivative financial liabilities - measurement**

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings as well as trade and other payables.

#### **(iii) Measurement of fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**Value added tax.** Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognized in the consolidated balance sheet on a gross basis and disclosed separately as an asset and liability. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

**Borrowings.** Borrowings are recognized initially at the fair value of the liability, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between amount at initial recognition and the redemption amount is recognized as interest expense over the period of the borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least Year ended after the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets.

The commencement date for capitalisation is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.



## Araca Energy ASA

### Notes to the Consolidated Financial Statements for the year ended 31 December 2021

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Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalized.

**Warrants (subscription rights).** Warrants are equity instrument that allow the holder to subscribe for or purchase a fixed number of ordinary shares in the issuing entity in exchange for a fixed amount of cash or another financial asset. Warrants are initially recognized at fair value less issue cost as part of equity.

**Prepayments.** Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognized in profit or loss.

**Revenue.** The Group recognizes revenue when the amount of revenue can be reliably measured and it is probable that economic benefits will flow to the entity, typically when oil and gas are dispatched to customers and title has transferred. Gross revenues exclude value added taxes.

**Income taxes.** Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised in the same or a different period, in other comprehensive income or directly in equity.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using the applicable tax rate that has been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss, whether in other comprehensive income or directly in equity, in which case the tax is recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

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The accompanying notes are an integral part of these consolidated financial statements

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## Araca Energy ASA

### Notes to the Consolidated Financial Statements for the year ended 31 December 2021

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Deferred tax movements are recorded in the income statement except when they are related to the items directly charged to the shareholders' equity. In this case deferred taxes are recorded as part of the shareholders' equity.

**Critical accounting judgements.** The preparation of consolidated financial statements in conformity with IFRS requires the Group management to make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates. Information about areas of judgment and key sources of uncertainty and estimation is contained in the accounting policies and / or the notes to the consolidated financial statements.

The following are the key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

#### *Net realizable value of inventories*

In determining the net realizable value of inventories, the Group estimates the selling prices, based on published market rates, cost of completion and cost to sell. To the extent that future events impact the saleability of inventory these provisions could vary significantly.

#### *Estimated reserves, resources and exploration potential*

Reserves are estimates of the amount of product that can be extracted from the Group's properties, considering both economic and legal factors. Calculating reserves and estimates requires decisions on assumptions about geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, prices and exchange rates.

#### *Impairment of licences, property, plant and equipment*

For the purpose of determining the recoverable amount of assets or cash generating units, estimates are made of the discount rate. Future cash flow estimates are based on expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves, operating costs, restoration and rehabilitation costs and future capital expenditures. The Group management is required to make these estimates and assumptions which are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the asset may be impaired and the impairment would be recognized in the consolidated income statement.

#### *Expected economic lives of, estimated future operating results*

In applying the units of production method, depreciation is normally calculated using the quantity of material extracted from the well in the period as a percentage of the total quantity of material to be extracted in current and future periods based on proven and probable reserves.

In assessing the life of a well for accounting purposes, mineral resources are only taken into account where there is a high degree of confidence of economic extraction.

#### *Valuation of Financial Assets*

The valuation of the Company's investments are subject to key sources of estimation uncertainty which may be material and which comprise, inter alia, reliance on information supplied by investee companies which comprise their plans and programmes for the development of their assets, reliance on various reports and valuations which were not prepared for the Company but which are relevant in estimating value and key assumptions concerning discount rates, exchange rates and the future price of oil and gas.

## **Note 2. Application of new IFRSs**

There has not been any new or amended IFRS standards effective from 2021 with material impact to the group accounts.

## **Note 3. Subsidiaries**

The following are the subsidiaries which have been consolidated into these Consolidated Financial Statements.



## Araca Energy ASA

### Notes to the Consolidated Financial Statements for the year ended 31 December 2021

Company	Parent company	% of ownership	Country
<b>31 December 2021</b>			
Larchbay Traders & Consultants Ltd.	Araca Energy ASA	100%	Cyprus
Select Investments Limited	Araca Energy ASA	100%	UAE
<b>31 December 2020</b>			
Larchbay Traders & Consultants Ltd.	Araca Energy ASA	100%	Cyprus
Select Investments Limited	Araca Energy ASA	100%	UAE

#### Note 4. Financial investments

##### i. Timan Oil & Gas plc

Currently Select Investments Limited owns 21.3% of the issued share capital of Timan Oil and Gas Plc. Select Investments Limited is a single purpose company that holds the shares of Timan Oil and Gas Plc. and has no other assets or liabilities. The Management believes that it is appropriate to recognize the investment in Timan Oil and Gas Plc. as a financial instrument as the Company does not have a significant influence on Timan Oil and Gas Plc.

Timan Oil and Gas Plc is a UK incorporated independent oil and gas exploration and production company with two main assets that currently comprise 25% of Neftegazopromyslovye Tekhnologii Ltd. ("NGPT") in the Timan-Pechora region of Western Russia, and 60% of Geotermneftegaz Open Joint Stock Company ("Geoterm"), which holds the Izberbash Exploration Block and Sulak Exploration Block in a near shore shallow water area of the continental shelf of Caspian Sea in the territory of the Republic of Dagestan, Russia.

The value of the shares in Timan were set to zero at the end of 2016 due to the lack of financial statements in the company. Based on an evaluation of the progress the Company still finds itself in a position where there is lack of financial information and a sound valuation of its ownership in Timan Oil & Gas Plc is challenging. Thus, the Company maintains to value its shares in Timan Oil & Gas Plc to zero as of end of 2021.

##### ii. Culebra Holding Ltd

As per end 2021, Araca owns 34.3% of Culebra. Araca is represented in Culebra's Bord of Directors but does not have control of the company. Thus, the Management believes Culebra should be recognized as a financial investment. Araca has not received satisfactory audited accounts for Culebra since its inception.

##### iii. Aladdin Oil & Gas (Cyprus) Ltd

As per end 2021, Araca owned 47.6% of the issued share capital of Aladdin. The Management believes that it is appropriate to recognize the investment in Aladdin as a financial instrument as the Company does not control the company.

#### Note 5. General and administrative expenses

(Thousand NOK)	Year ended 31 December 2021	Year ended 31 December 2020
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**Araca Energy ASA**

**Notes to the Consolidated Financial Statements for the year ended 31 December 2021**

Consulting costs	896	1,269
Rent	24	39
Business trip expenses	67	67
Allowance for doubtful debts	254	454
Other administrative expenses	315	531
<b>Total general and administrative expenses</b>	<b>1,489</b>	<b>2,360</b>

**Note 6. Income tax**

(Thousand NOK)	Year ended 31 December 2021	Year ended 31 December 2020
Tax payable	136	-
<b>Tax expense</b>	<b>136</b>	<b>-</b>

A reconciliation between the expected and actual income tax expense is provided below:

(Thousand NOK)	Year ended 31 December 2021	Year ended 31 December 2020
<b>Profit/ (loss) before income tax</b>	<b>7,627</b>	<b>-3,968</b>
Theoretical tax benefit and expense at tax rate 22% applicable to Parent Company	-1,678	873
Effect of tax rates in different jurisdictions	1,013	-40
Other unrecognised deferred income tax asset movements	533	-832
<b>Total income tax (expense)/ benefit</b>	<b>-132</b>	<b>-</b>

(Thousand NOK)	Year ended 31 December 2021	Year ended 31 December 2020
<b>Temporary differences</b>		
Licenses	-	-
Shares in associated companies	-1,380,268	-1,380,268
Loans to associated companies	-1,851	-1,596
Tax losses to be carried forward	-15,482	-12,564
<b>Total temporary differences</b>	<b>-1,397,601</b>	<b>-1,394,428</b>
<b>Basis deferred tax</b>	<b>-1,397,601</b>	<b>-1,394,428</b>
Deferred tax (liability)/ asset	307,472	306,774
<b>Net deferred tax</b>	<b>307,472</b>	<b>306,774</b>
<b>Deferred tax asset not recognized in the consolidated statement of financial position</b>	<b>307,472</b>	<b>306,774</b>

The table below states the income tax rates applicable for the Group's subsidiaries and Parent Company:

	Year ended 31 December 2021	Year ended 31 December 2020
Parent Company	22%	22%
Cyprus subsidiaries	12.5%	12.5%



## Araca Energy ASA

### Notes to the Consolidated Financial Statements for the year ended 31 December 2021

#### Note 7. Cash and cash equivalents

(Thousand NOK)	31 December 2021	31 December 2020
Cash at bank	16	18
Cash on hand	-	-
<b>Total cash and cash equivalents</b>	<b>16</b>	<b>18</b>

#### Note 8. Accounts receivable and prepayments

(Thousand NOK)	31 December 2021	31 December 2020
Advances to suppliers and prepayments	-	183
VAT recoverable and prepaid	28	54
Other receivables	9	0
<b>Total accounts receivable and prepayments</b>	<b>37</b>	<b>237</b>

#### Note 9. Share capital

	31 December 2021	31 December 2020
Number of issued ordinary shares	1,479,145,808	1,479,145,808
Par value (in NOK)	0.01	0.01

#### Fully paid-in ordinary share capital

	Number of shares registered
Balance at 1 January 2020	1,479,145,808
-	-
Balance at 31 December 2020	1,479,145,808
-	-
Balance at 31 December 2021	1,479,145,808

The accompanying notes are an integral part of these consolidated financial statements



## Araca Energy ASA

### Notes to the Consolidated Financial Statements for the year ended 31 December 2021

Company's 10 largest shareholders as of 31 December 2021:

Name	Type	Number of shares	Country	% ownership
Union Bancaire Privee, UBP SA	NOM	521 159 054	Switzerland	35 %
CACEIS Bank	NOM	353 075 086	Switzerland	24 %
SIX SIS AG	NOM	339 502 452	Switzerland	23 %
PERSHING LLC	NOM	58 140 012	USA	4 %
Euroclear Bank S.A./N.V.	NOM	42 111 801	Belgium	3 %
Citibank Europe plc	NOM	36 450 000	Ireland	2 %
NORGESKRAFT AS		31 036 385	Norway	2 %
HÅPET INVEST AS		13 030 382	Norway	1 %
WITWATERSTRAND AS		10 219 434	Norway	1%
A. S. M. INVESTMENTS (UK) LTD.		8 900 000	United Kingdom	1 %
<b>Subtotal</b>		<b>1 413 624 606</b>		<b>96 %</b>
Other shareholders		65 521 202		4 %
<b>Total issued shares as of 31.12.2020</b>		<b>1 479 145 808</b>		<b>100 %</b>

#### Warrants:

The Company has established warrant programs that entitles key management personnel and members of the Board of Directors to purchase shares in the Company. In 2019, 15,000,000 warrants were issued with strike price of NOK 0.15, exercisable between 26.06.19 and 26.06.23. In 2020, the program was increased with 60,000,000 warrants with strike price of NOK 0.05. At the same time, strike price for warrants issued in 2019 was changed to NOK 0.05. None of the warrants were exercised as per 31 December 2021.

Name	Number of warrants
Rashid M. Ibrahim	18,500,000
Tatiana Melkaia	12,375,000
Abdul Kareem Al Mutawa	12,375,000
Kristina Stehling	12,375,000
Harald Sætedt	17,375,000
Henrik Wold v/Witwaterstrand AS	1,000,000
Oliviera Ilncic	1,000,000
<b>Total issued warrants as of 31 December 2021</b>	<b>75,000,000</b>

#### Note 10. Pension arrangement

The parent company is required to have a pension arrangement in accordance with the Mandatory Service Pension Act. The parent company's pension arrangement is in accordance with the requirements of the Act.



## Araca Energy ASA

### Notes to the Consolidated Financial Statements for the year ended 31 December 2021

#### Note 11. Earnings per share

(Thousand NOK)	Year ended 31 December 2021	Year ended 31 December 2020
<b>Profit/ (loss) for the period</b>	<b>7,495</b>	<b>-3,968</b>
Total comprehensive income	7,410	-3,737
<b>Weighted average number of ordinary shares - basic</b>	<b>1,479,145,770</b>	<b>1,479,145,770</b>
Effect of warrants (subscription rights)	75,000,000	75,000,000
<b>Weighted average number of ordinary shares - diluted</b>	<b>1,554,145,770</b>	<b>1,554,145,770</b>
Profit/ (loss) for the period per ordinary share - basic	0.005	-0.003
Profit/ (loss) for the period per ordinary share - diluted	0.005	-0.003
Total comprehensive profit/ (loss) per share - basic	0.005	-0.003
Total comprehensive profit/ (loss) per share - diluted	0.005	-0.002

#### Note 12. Related party transactions

Parties are generally considered to be related if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties are Companies within the group (Note 3), key management personnel (Note 13), shareholders (Note 9) and Lenders (Note 18).

Shares and warrants held by members of the Board and CEO, as at 31 December:

Name		Shares		Warrants	
		2021	2020	2021	2020
Mr. Rashid Ibrahim	Chairman	-	-	18,500,000	18,500,000
Mr. Abdulkareem Al Mutawa	Board member	64,340,000	64,340,000	12,375,000	12,375,000
Mrs. Kristina Stehling	Board member	-	-	12,375,000	12,375,000
Mrs. Tatiana Melkaia	Board member	-	-	12,375,000	12,375,000
Mr. Harald Sætvedt	CEO	440,000	440,000	17,375,000	17,375,000
<b>Total</b>		<b>64,340,000</b>	<b>64,340,000</b>	<b>73,000,000</b>	<b>73,000,000</b>

#### Note 13. Election Committee & Remuneration

The Company has appointed an Election Committee consisting of members chosen by the General Assembly. The members of the committee are shareholders or appointed by shareholders of the Company. The Election Committee makes suggestions to the general assembly as to who should be elected to the Board of Directors and recommends proposals for Director's remuneration. The members of the Election Committee will be elected for a period of two years.

#### Employees' Remuneration

(Thousand NOK)	Year ended 31 December 2021	Year ended 31 December 2020
<b>Type of remuneration</b>		
Salaries	308	310
Social security tax	44	45
Other	7	8
<b>Total employees' remuneration</b>	<b>359</b>	<b>363</b>

The accompanying notes are an integral part of these consolidated financial statements

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## Araca Energy ASA

### Notes to the Consolidated Financial Statements for the year ended 31 December 2021

Information on remuneration type of key management personal is provided below:

(Thousand NOK)	Title	From	To	Salary	Remuneration	Other expenses
<b>Year ended 31 December 2021</b>						
	Harald Sætvedt <sup>1)</sup>	1.1.2021	31.12.2021	-	322	-
	Tatiana Melkaia	1.1.2021	31.12.2021	308	-	7
<b>Total</b>				<b>308</b>	<b>322</b>	<b>7</b>

<sup>1)</sup> Harald Sætvedt is engaged as consultant through his company Alpine Resources AS.

See note 12 for freestanding subscription rights (warrants) issued to board and the interim CEO.

The Group has estimated 3 employees and consultants as of 31 December of 2021 (3 employees as of 31 December 2020).

#### Note 14. Auditors' fee

All amounts exclude VAT and expressed in thousand NOK.

Year ended 31 December 2021	Audit	Audit related	Other services	Total
Norway	89	-	-	89
Outside Norway	36	-	-	36
<b>Total</b>	<b>125</b>	<b>-</b>	<b>-</b>	<b>125</b>

Year ended 31 December 2020	Audit	Audit related	Other services	Total
Norway	146	-	-	146
Outside Norway	26	-	-	26
<b>Total</b>	<b>172</b>	<b>-</b>	<b>-</b>	<b>172</b>

#### Note 15. Financial risk management

The Company and the Group are exposed to credit risk, liquidity risk, interest rate risk, foreign exchange risk and operational risk for the financial instruments the Company and Group have. The Company and the Group does not use derivative financial instruments in connection with management of financial risk management.

**Credit risk.** The Company has significant credit risk attached to its loans to subsidiaries. The subsidiaries are involved in oil and gas extraction and their ability to repay the loans is dependent on the inherent risk in the subsidiaries operations.

**Liquidity risk.** Most of financial liabilities of the Company and the Group are short-term. The Company and the Group liquidity risk relates to the possibility for future access to necessary funding. Reasonable liquidity risk management will include maintaining certain level of adequacy of cash and liquid assets.

**Interest risk.** The Company and the Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group does not have a policy of hedging interest rate risk.

**Currency risk.** The Company and the Group are exposed to the fluctuations in foreign exchange rates. The Company and the Group have not been entered into any hedge agreement to manage the risk as of 31 December 2021 and 31 December 2020.



## Araca Energy ASA

### Notes to the Consolidated Financial Statements for the year ended 31 December 2021

#### Note 16. Loans to associated companies

(Thousand NOK)	Larchbay Traders & Consultants Ltd.	Total
<b>Book value 1.1.2021</b>	-	-
Additional loans issued	70	70
Fair value adjustment 2021	-70	-70
<b>Book value 31.12.2021</b>	-	-

#### Note 17. Investment in associated companies

Company	Registered office	Voting share / Ownership	Book value 31.12.21 (MNOK)
Culebra Holding Limited	Cyprus	33.4%	-

#### Note 18. Borrowings

(Thousand NOK)	Nominal rate of interest	2021	2020
Convertible loan	10%	18,089	15,241
Short term loans	0-5%	1,393	1,505
<b>Total borrowings</b>		<b>19,482</b>	<b>16,746</b>

The Company signed in June 2019 a loan agreement with Levant Consultants LLP ("Levant"), for a convertible loan to be used for the execution of the Company's business plan. Existing loans from Levant to the Company was included in the new loan, and the Company was entitled to receive additional loans up to a maximum loan amount of NOK 20 million as may be mutually agreed between the parties. As per 31 December 2021, the loan balance including accrued interest is NOK 18.1 million. Loan interest is 10%, and is accrued and repaid at the maturity date if not converted to shares. Maturity is in October 2022, or after a change of control, sale of assets or a listing on an exchange other than the Norwegian OTC. The loan can be converted to shares at the lower of (a) NOK 0.10 per share and (b) a 20% discount to the average of the market close for the Company's shares for the 90 business days immediately preceding the conversion date.

The Company has also issued a loan to Winrose International Limited. This loan has interest on 5%, and is due for repayment 31 December 2022.

#### Note 19. Going concern

Levant Consultants LLP, that represents the major shareholder of the Company has confirmed that it will continue to provide the necessary financial support to the Company to enable the Company to meet its obligations and to carry on its operations. In 2021 Levant (and related parties) has provided funding for the Company of c. NOK 1.3 million which has been sufficient to repay outstanding debts and to cover administration and operational costs in the period. The Company currently has a negative equity. The Board of Directors is evaluating several options to improve the situation including issuing new equity, the conversion of debt to equity and establishing satisfactory documentation to re-evaluate the Company's assets. The Board of Directors' intention is to maintain the Company as a going concern and the financial statements have been prepared based on the going concern assumption.



## Araca Energy ASA

### Notes to the Consolidated Financial Statements for the year ended 31 December 2021

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#### Note 20. Events after the reporting period

As per the 15<sup>th</sup> November 2022 Levant Consultants LLP ("Levant") has notified the Company that it wants to exercise its conversion rights and convert outstanding debt to equity. The Company has a convertible debt agreement with Levant that gives Levant the right to convert outstanding debt and accrued interests at a share price equal to the average share price over the past 90 days less a discount of 20%. This equals 3.2 øre per share. Total outstanding debt including accrued interests is NOK 22 678 273.504.

In addition, the Company has an outstanding debt including accrued interests to Per Morten Hansen of NOK 1 452 224,896 and the Board has proposed to the Annual General Meeting (the "AGM") that the outstanding debt including accrued interests to both Levant and Per Morten Hansen is converted to equity at 3.2 øre per share.

In light of the share price being traded around 4 øre per share the Board has proposed to the AGM to do a reverse split of the share of 2,000:1 such that 2,000 old shares are converted into one new share.

The Board has entered into an agreement to divest all of the Company's shares, subject to a decision in the Company's General Meeting, in the following companies; Aladdin Oil & Gas (Cyprus) Ltd ("Aladdin"), Culebra Holding Ltd ("Culebra"), Larchbay Traders & Consultants Ltd ("Larchbay") and Select Investment Ltd, to the company Cefn Forrest Homes Ltd. Payment for the shares is USD 100.

The Board has decided to propose a purchase of 100% of the shares in Valkor Environmental LLC ("Valkor") for the AGM. Valkor owns 6 parcels in Uintah County in Utah, a license to extract oil as well as a license to use the extraction technology of Petroteq Energy Inc. The company has 2P reserves corresponding to approx. 121 million BOE. The company is currently owned by Global Commodities Business Partners Ltd ("GCBP") and after the acquisition, GCBP will be the company's largest shareholder. The purchase price is set at NOK 2,624,964,120 and will be settled with new shares in Araca. The shares are issued at NOK 90 per share each with a face value of NOK 20, after splitting the share as stated in point 12 above, which values the equity in Araca to NOK 100,495,080

As a result of and conditional on the acquisition of Valkor being approved, it is agreed between the parties that the Company shall change its name to Ecoteq Energy ASA.



## Araca Energy ASA

### Income Statement for the year ended 31 December 2021

(in thousand NOK unless noted otherwise)

(Thousand NOK)	Note	Year ended 31 December 2021	Year ended 31 December 2020
<b>OPERATING REVENUE AND OPERATING EXPENSES</b>			
Other revenue		211	219
General and administrative expenses	2	-1,515	-2,207
Write down loans to and receivables Group companies		-324	-583
<b>Operating income/ (loss)</b>		<b>-1,628</b>	<b>-2,571</b>
Interest income from Group companies	3	-	-
Interest income	3	-	26
Interest expense	3	-1,617	-1,328
Change in fair value of financial instruments		-	-
Foreign exchange gain/(loss)	3	1	-2
Other finance expense	3	-	-
<b>Financial items, net</b>		<b>-1,615</b>	<b>-1,301</b>
<b>Profit/ (loss) before income tax</b>		<b>-3,243</b>	<b>-3,872</b>
Income tax (expense) / benefit	6	-	-
<b>Profit/ (loss) for the period</b>		<b>-3,243</b>	<b>-3,872</b>
Other comprehensive income		0	0
<b>Total comprehensive profit/ (loss) for the year</b>		<b>-3,243</b>	<b>-3,872</b>

The accompanying notes are an integral part of these consolidated financial statements

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**Araca Energy ASA**  
**Statement of Financial Position as at 31 December 2021**  
(in thousand NOK unless noted otherwise)

(Thousand NOK)	Note	31 December 2021	31 December 2020
<b>ASSETS</b>			
<b>Financial non-current assets</b>			
Financial investment	8	-	-
<b>Total financial non-current assets</b>		-	-
<b>Total non-current assets</b>		-	-
<b>Current assets</b>			
Accounts receivable and prepayments		28	233
Cash and cash equivalents	10	16	18
<b>Total current assets</b>		<b>44</b>	<b>251</b>
<b>TOTAL ASSETS</b>		<b>44</b>	<b>251</b>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	11	14,791	14,791
Additional paid-in capital		1,460,928	1,460,928
<b>Total paid-in capital</b>		<b>1,475,719</b>	<b>1,475,719</b>
Accumulated earnings		-1,496,409	-1,493,166
<b>TOTAL SHAREHOLDERS EQUITY</b>		<b>-20,690</b>	<b>-17,447</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Convertible loan	12	-	-
Long-term loans	12	-	-
<b>Total non-current liabilities</b>		-	-
<b>Current liabilities</b>			
Convertible loan	12	18,089	15,241
Short-term loans	12	1,393	1,505
Accounts payable and accruals		332	338
Profit tax payable		-	-
Other taxes and withholdings		19	19
Other payables		901	595
<b>Total current liabilities</b>		<b>20,734</b>	<b>17,698</b>
<b>TOTAL LIABILITIES</b>		<b>20,734</b>	<b>17,698</b>
<b>TOTAL SHAREHOLDERS EQUITY AND LIABILITIES</b>		<b>44</b>	<b>251</b>

Rashid M. Ibrahim (Chairman of the Board)

Tatiana Melkaia

Harald Sætvedt (CEO)

Abdulkareem Al Mutawa

The accompanying notes are an integral part of these consolidated financial statements

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## Araca Energy ASA

### Statement of Financial Position as at 31 December 2021

(in thousand NOK unless noted otherwise)

(Thousand NOK)	Note	Year ended 31 December 2021	Year ended 31 December 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
<b>Profit/(loss) before income tax</b>		<b>-3,243</b>	<b>-3,872</b>
Interest expense		1,617	1,328
Interest income		-	-26
Foreign exchange loss		-2	-1
Change in fair value of financial instruments		-	-
Other finance expense		-	-
<b>Operating cash flows before working capital changes and income tax paid</b>		<b>-1,628</b>	<b>-2,571</b>
Change in accounts receivable and prepayments		205	397
Change in accounts payable and accruals		-1,317	-986
Change in other taxes payable		-	-
<b>Net cash used in operating activities</b>		<b>-2,741</b>	<b>-3,160</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Loans to / repayment from subsidiaries		-	-
<b>Net cash used in investing activities</b>		<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from borrowings		2,736	3,146
Interest received		-	26
Interest paid		-	-
Foreign exchange loss		2	1
Purchase of shares in associated company		-	-
<b>Net cash generated by financial activities</b>		<b>2,738</b>	<b>3,173</b>
<b>Change in cash and cash equivalents</b>		<b>-2</b>	<b>13</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>18</b>	<b>5</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>16</b>	<b>18</b>

The accompanying notes are an integral part of these consolidated financial statements

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## Araca Energy ASA

### Statement of Changes in Equity for the year ended 31 December 2021

(in thousand NOK unless noted otherwise)

	Note	Share capital	Other paid-in capital	Accumulated earnings	Total equity
<b>Balance 1 January 2021</b>		<b>14,791</b>	<b>1,460,928</b>	<b>-1,493,166</b>	<b>-17,447</b>
Profit/ (loss) for the year		-	-	-3,243	-3,243
<b>Balance 31 December 2021</b>		<b>14,791</b>	<b>1,460,928</b>	<b>-1,496,409</b>	<b>-20,690</b>

	Note	Share capital	Additional paid-in capital	Accumulated earnings	Total equity
<b>Balance 1 January 2020</b>		<b>14,791</b>	<b>1,460,928</b>	<b>-1,489,294</b>	<b>-13,575</b>
Profit/ (loss) for the year		-	-	-3,872	-3,872
<b>Balance 31 December 2020</b>		<b>14,791</b>	<b>1,460,928</b>	<b>-1,493,166</b>	<b>-17,447</b>

The accompanying notes are an integral part of these consolidated financial statements

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## Araca Energy ASA

### Notes to the Financial Statements for the year ended 31 December 2021

(in thousand NOK unless noted otherwise)

#### Note 1. Accounting policies and effect of new accounting standards

Araca Energy ASA is a public limited company incorporated in Norway. The Company's main office is located in Professor Dahls gate 19A, 0353 Oslo.

**Basis of preparation.** These financial statements of Araca Energy ASA (hereinafter, "the Company" or "the Parent Company") have been prepared in accordance with the Norwegian Accounting Act §3-9 and the rules for simplified IFRS passed by the Norwegian Finance Ministry 21 January 2008. This implies that recognition and measurement mainly is performed according to International Financial Reporting Standards (IFRS) and presentation and notes to the financial statements are according to the Norwegian Accounting Act and Norwegian generally accepted accounting standards.

These annual financial statements were prepared on a going concern basis. There is as at the date of these financial statements a reasonable expectation that the Group will have adequate resources to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Thus the going concern basis of accounting has been adopted in preparing the financial statements.

At the same time the Board of Directors stresses there are uncertainties related to obtaining future financing and thereby the Groups ability to continue as a going concern.

**Foreign currency.** The Norwegian kroner (NOK) are the presentation and functional currency of the Parent Company.

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; exchange differences on transactions entered into in order to hedge certain foreign currency risks.

**Property, plant and equipment.** Property, plant and equipment are recorded at historical cost of acquisition and adjusted for accumulated depreciation. All subsequent additions are recorded at historical cost of acquisition and adjusted for accumulated depreciation.

**Impairment of assets.** Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use.

**Account receivables.** Account receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for expected losses. Provisions for expected losses are based on individual assessments of each receivable.

**Cash and cash equivalents.** Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Restricted cash balances are presented separately from cash available for the business to use until such time as restrictions are removed.

**Borrowings.** Borrowings are recognized initially at the fair value of the liability, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between amount at initial recognition and the redemption amount is recognized as interest expense over the period of the borrowings. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least Year ended after the reporting date.

**Warrants (Subscription rights).** Warrants are equity instrument that allow the holder to subscribe for or purchase a fixed number of ordinary shares in the issuing entity in exchange for a fixed amount of cash or another financial asset. Warrants are initially recognized at fair value less issue cost as part of equity.

The accompanying notes are an integral part of these consolidated financial statements

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## Araca Energy ASA

### Notes to the Financial Statements for the year ended 31 December 2021

(in thousand NOK unless noted otherwise)

**Prepayments.** Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss.

**Income taxes.** Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the applicable tax rate that has been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss, whether in other comprehensive income or directly in equity, in which case the tax is recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax movements are recorded in the income statement except when they are related to the items directly charged to the shareholders' equity. In this case deferred taxes are recorded as part of the shareholders' equity.

**Financial instruments.** The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into other financial liabilities category.

#### **(i) Non-derivative financial assets and financial liabilities – recognition and derecognition**

The Group initially recognises loans and receivables and debt securities issued on the date that they are originated. All other financial assets and financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.



## **Araca Energy ASA**

### **Notes to the Financial Statements for the year ended 31 December 2021**

(in thousand NOK unless noted otherwise)

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Financial assets at fair value through profit or loss**

A financial asset is classified at fair value through profit or loss -category if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

#### **Loans and receivables**

Loans and receivables are a category of financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, call deposits and highly liquid investments with maturities of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value.

In the statement of cash flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

#### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised or impaired, the cumulative gain or loss in other comprehensive income is reclassified to profit or loss for the period. Unquoted equity instruments whose fair value cannot reliably be measured are carried at cost.

#### **(ii) Non-derivative financial liabilities - measurement**

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings as well as trade and other payables.

#### **(iii) Measurement of fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The accompanying notes are an integral part of these consolidated financial statements

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## Araca Energy ASA

### Notes to the Financial Statements for the year ended 31 December 2021

(in thousand NOK unless noted otherwise)

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**Critical accounting judgements.** The preparation of the financial statements in conformity with IFRS requires the Company's management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from those estimates. Information about areas of judgment and key sources of uncertainty and estimation is contained in the accounting policies and / or the notes to the financial statements.

The following are the key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

#### *Net realizable value of inventories*

In determining the net realizable value of inventories, the Company estimates the selling prices, based on published market rates, cost of completion and cost to sell. To the extent that future events impact the saleability of inventory these provisions could vary significantly.

#### *Estimated reserves, resources and exploration potential*

Reserves are estimates of the amount of product that can be extracted from the Company's properties, considering both economic and legal factors. Calculating reserves and estimates requires decisions on assumptions about geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, prices and exchange rates.

#### *Measurement of investments into subsidiaries*

Investments into subsidiaries are accounted for at cost less impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use.

#### *Measurement of loans into subsidiaries*

Loans to subsidiaries are accounted for at amortised cost less impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use.



## Araca Energy ASA

### Notes to the Financial Statements for the year ended 31 December 2021

(in thousand NOK unless noted otherwise)

#### Note 2. General and administrative expenses

(Thousand NOK)	Year ended 31 December 2021	Year ended 31 December 2020
Consulting costs	1,002	1,523
Rent	24	39
Employees' remuneration	359	363
Business trip expenses	-	67
Communication services	3	28
Bank charges	6	14
Other administrative expenses	121	175
<b>Total general and administrative expenses</b>	<b>1,515</b>	<b>2,207</b>

#### Note 3. Finance costs

(Thousand NOK)	Year ended 31 December 2021	Year ended 31 December 2020
Interest income	-	26
Change in fair value of financial instruments	-	-
Foreign exchange gain/ (loss)	1	1
Interest expense	-1,617	-1,328
Other finance expense	-	-
<b>Total finance costs</b>	<b>-1,615</b>	<b>-1,301</b>

#### Note 4. Auditors' fee

All amounts exclude VAT. (Thousand NOK)	Year ended 31 December 2021	Year ended 31 December 2020
Statutory audit	89	146
<b>Total audit fee</b>	<b>89</b>	<b>146</b>

#### Note 5. Employees' remuneration

(Thousand NOK)	Year ended 31 December 2021	Year ended 31 December 2020
Salaries	308	310
Social security tax	44	45
Other benefits	7	8
Other staff costs	-	-
<b>Total employees' remuneration</b>	<b>359</b>	<b>363</b>

Also refer to Note 12 and Note 13 in the Consolidated Financial Statements. Araca Energy ASA had 3 employees at the end of 2021 (3 employees as of the end of 2019).



## Araca Energy ASA

### Notes to the Financial Statements for the year ended 31 December 2021

(in thousand NOK unless noted otherwise)

#### Note 6. Tax expense

(Thousand NOK)	Year ended 31 December 2021	Year ended 31 December 2020
<b>Tax expense</b>		
Profit/ (loss) for the period	-3,243	-3,872
Permanent differences	-	-
Change in temporary differences	324	583
<b>Tax base</b>	<b>-2,918</b>	<b>-3,289</b>
Tax payable at 22%	-	-
<b>Tax (expense)/ benefit</b>	<b>-</b>	<b>-</b>

The Company corporate tax rate was 22% in 2021 and 2020.

#### Note 7. Investments in Group Companies

Company	Date of acquisition	Registered office	Voting share / Ownership	Cost price (MNOK)	Equity 31.12.21 (MNOK)	Profit / -loss 2021
Larchbay Traders & Consultants Ltd.	18.07.2006	Cyprus	100%	153	-73,9	10,8
Select Investments Limited	19.03.2015	UAE	100%	1,371	-	-

As of 31 December 2021 the full amount of investments into Larchbay Traders & Consultants Ltd. and Select Investments Limited are impaired.

#### Note 8. Financial investment.

See note 4 and 17 in the Consolidated Financial Statements.

#### Note 9. Loans to Group and Associated Companies

(Thousand NOK)	Larchbay Traders & Consultants Ltd.	Total
<b>Book value 31.12.2019</b>	-	-
Additional loans issued/ (received)	129	129
Write down 2020	-129	-129
<b>Book value 31.12.2020</b>	-	-
Additional loans issued/ (received)	70	70
Write down 2021	-70	-70
<b>Book value 31.12.2021</b>	-	-

#### Note 10. Cash and cash equivalents

(Thousand NOK)	31 December 2021	31 December 2020
Cash at bank	16	18
<b>Total cash and cash equivalents</b>	<b>16</b>	<b>18</b>

#### Note 11. Share capital

Refer to Note 9 in the Consolidated Financial Statements.

The accompanying notes are an integral part of these consolidated financial statements

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## Araca Energy ASA

### Notes to the Financial Statements for the year ended 31 December 2021

(in thousand NOK unless noted otherwise)

#### Note 12. Borrowings

(Thousand NOK)	Nominal rate of interest	2021	2020
Convertible loan	10%	18,090	15,241
Other loans	0-5%	1,393	1,505
<b>Total borrowings</b>		<b>19,482</b>	<b>16,746</b>

The Company signed in June 2019 a loan agreement with Levant Consultants LLP ("Levant"), for a convertible loan to be used for the execution of the Company's business plan. Existing loans from Levant to the Company was included in the new loan, and the Company was entitled to receive additional loans up to a maximum loan amount of NOK 20 million as may be mutually agreed between the parties. As per 31 December 2021, the loan balance including accrued interest is NOK 18.1 million. Loan interest is 10%, and is accrued and repaid at the maturity date if not converted to shares. Maturity is in October 2022, or after a change of control, sale of assets or a listing on an exchange other than the Norwegian OTC. The loan can be converted to shares at the lower of (a) NOK 0.10 per share and (b) a 20% discount to the average of the market close for the Company's shares for the 90 business days immediately preceding the conversion date.

The Company has also issued a loan to Winrose International Limited. The loan has interest on 5%, and maturity 31 December 2022.

#### Note 13. Related party transactions

In 2021 the Company received revenue for management services provided to Timan Oil & Gas Plc in the amount of 0.211 MNOK (2020: 0.219 MNOK).

Most significant related party transactions are disclosed in Note 12 and 13 in the Consolidated Financial Statements.

#### Note 14. Financial risk management

The Company is exposed to credit risk, liquidity risk, interest rate risk, foreign exchange risk and operational risk for the financial instruments the Company has. The Company does not use derivative financial instruments in connection with management of financial risk management.

**Credit risk.** The Company has significant credit risk attached to its loans to subsidiaries. The subsidiaries are involved in oil and gas extraction and their ability to repay the loans is dependent on the inherent risk in the subsidiaries operations.

**Liquidity risk.** The Company's liquidity risk relates to the possibility for future access to necessary funding. Reasonable liquidity risk management will include maintaining certain level of adequacy of cash and liquid assets.

**Interest risk.** The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Company does not have a policy of hedging interest rate risk.

**Currency risk.** The Company is exposed to the fluctuations in foreign exchange rates. The Company has not entered into any hedge agreements to manage the risk as of 31 December 2021 or 31 December 2020.

#### Note 15. Events after the reporting period

Refer to Note 20 in the Consolidated Financial Statements.



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To the General Meeting of  
Araca Energy ASA

## Independent Auditor's Report

### Opinion

We have audited the financial statements of Araca Energy ASA showing a loss of NOK 3 242 895 in the financial statements of the parent company and a profit of NOK 7 410 000 in the financial statements of the group. The financial statements comprise:

- The financial statements of the parent company Araca Energy ASA (the Company), which comprise the balance sheet as at December 31, 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Araca Energy ASA and its subsidiaries (the Group), which comprise the balance sheet as at December 31, 2021, the income statement 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,
- the financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

### Basis for Opinion

We conducted our audit in accordance with 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 and the Group 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.



#### ***Material Uncertainty Related to Going Concern***

We draw attention to the statement of changes in equity, the Board of Directors' report and Note 19 in the Group Financial Statement, which indicates that the Company incurred a net loss of NOK 3 242 895 during the year ended December 31, 2021 and, as of that date, the Company's liabilities exceeded its total assets by NOK 20 690 027. In the same time period, the Group has incurred a net profit of NOK 7 410 000 and, as of that date, the Group's liabilities exceeded its total assets by NOK 20 862 000.

As stated in Note 19 and the Board of Directors' report, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

#### ***Other Matters***

The company's financial statements have been submitted after the expiry of the statutory time limit for preparation of financial statements.

#### ***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 the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

#### ***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.

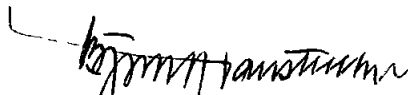


As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 or the Group'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 and the Group'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 and the Group 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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, November 17, 2022  
MOORE AS



Bjørn M. Naustheller  
State Authorized Public Accountant