



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 998 152 550
Organisasjonsform: Aksjeselskap
Foretaksnavn: LUKOIL OVERSEAS NORTH SHELF AS
Forretningsadresse: Karenslyst allé 4
0278 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Robert Gulla
Dato for fastsettelse av årsregnskapet: 20.05.2021

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 03.08.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	4	34 001 000	23 420 000
Sum inntekter		34 001 000	23 420 000
Kostnader			
Exploration expense	5	104 877 000	18 388 000
Lønnskostnad	6	52 515 000	43 916 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	10	1 105 000	1 548 000
Annen driftskostnad	7	16 153 000	17 642 000
Sum kostnader		174 650 000	81 494 000
Driftsresultat		-140 649 000	-58 074 000
Finansinntekter og finanskostnader			
Annen renteinntekt	8	639 000	405 000
Annen finansinntekt	8	11 202 000	542 000
Sum finansinntekter		11 841 000	947 000
Rentekostnad til foretak i samme konsern	8, 16	2 573 000	678 000
Annen rentekostnad	8	1 000	3 000
Annen finanskostnad	8	3 236 000	1 674 000
Sum finanskostnader		5 810 000	2 355 000
Netto finans		6 031 000	-1 408 000
Ordinært resultat før skattekostnad		-134 618 000	-59 482 000
Skattekostnad på ordinært resultat	9	-109 805 000	-44 983 000
Ordinært resultat etter skattekostnad		-24 813 000	-14 499 000
Årsresultat		-24 813 000	-14 499 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Other intangible assets	12	182 000	663 000
Utsatt skattefordel	9	15 741 000	16 974 000
Capitalized exploration asset	11	14 508 000	13 980 000
Sum immaterielle eiendeler		30 431 000	31 617 000
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	10	690 000	1 312 000
Sum varige driftsmidler		690 000	1 312 000
Sum anleggsmidler		31 121 000	32 929 000
Omløpsmidler			
Varer			
Fordringer			
Prepayments and other receivables	13	38 878 000	25 060 000
Tax receivable	9	49 730 000	47 041 000
Sum fordringer		88 608 000	72 101 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	14	2 710 000	3 308 000
Sum bankinnskudd, kontanter og lignende		2 710 000	3 308 000
Sum omløpsmidler		91 318 000	75 409 000
SUM EIENDELER		122 439 000	108 338 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	15	3 000 000	3 000 000



Balanse

Beløp i: NOK	Note	2020	2019
Annen innskutt egenkapital	15	304 632 000	304 632 000
Sum innskutt egenkapital		307 632 000	307 632 000
Opptjent egenkapital			
Udekket tap	15	254 647 000	229 835 000
Sum opptjent egenkapital		-254 647 000	-229 835 000
Sum egenkapital		52 985 000	77 797 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	16	37 904 000	12 714 000
Sum annen langsiktig gjeld		37 904 000	12 714 000
Sum langsiktig gjeld		37 904 000	12 714 000
Kortsiktig gjeld			
Leverandørgjeld	17	13 614 000	4 439 000
Annen kortsiktig gjeld	18	17 936 000	13 388 000
Sum kortsiktig gjeld		31 550 000	17 827 000
Sum gjeld		69 454 000	30 541 000
SUM EGENKAPITAL OG GJELD		122 439 000	108 338 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Journalnummer: 2021 315467

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Brønnøysundregistrene, 15.06.2021



Organisasjonsnr: 998 152 550
LUKOIL OVERSEAS NORTH SHELF AS

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Organisasjonsnr: 998 152 550
LUKOIL OVERSEAS NORTH SHELF AS

BALANSE

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BALANSE - EIENDELER

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Omløpsmidler

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BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

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Organisasjonsnr: 998 152 550
LUKOIL OVERSEAS NORTH SHELF AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
2

Regnskapsprinsipper
Årsregnskapet er satt opp etter regnskapsloven. Regnskapsreglene for små foretak er fulgt.

Note
3

Antall aksjer og aksjeeiere

<u>Aksjeklasse</u>	<u>Ant. aksjer</u>	<u>Pålydende</u>	<u>Bokført verdi</u>
Ordinære aksjer	30004.00	100.00	3000400.00
<u>Aksjeeiere - fritekst</u>	<u>Antall</u>	<u>Eierandel</u>	<u>Aksjeklasse</u>
LUKOIL International	30004.00	100.00%	Ordinære
Upstream Holding			aksjer
<u>Sum</u>	<u>Sum antall</u>	<u>Sum eierandel</u>	
	30004.00	100.00%	

Note
6

Lønn og ytelser

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	43668000.00	36476000.00
<u>Arbeidsgiveravgift</u>	<u>Årets</u>	<u>Fjorårets</u>
	5716000.00	5037000.00
<u>Pensjonskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	913000.00	714000.00
<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	2218000.00	1689000.00
<u>Sum lønnskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	52515000.00	43916000.00

Note
6

Ytelser til ledende personer

Ytelser til daglig leder



<u>Ytelser</u>	<u>Lønn</u>	<u>Pensj.forpl.</u>	<u>Andre godtgj.</u>
	3961000.00	40000.00	69000.00

Note

Ytelser til revisjon

<u>Revisjon</u>	<u>Årets</u>	<u>Fjorårets</u>
	199000.00	145000.00
<u>Andre tjenester</u>	<u>Årets</u>	<u>Fjorårets</u>
	42000.00	21000.00
<u>Sum godtgjørelse til revisor</u>	<u>Årets</u>	<u>Fjorårets</u>
	241000.00	166000.00

Note

6

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:
26.00

Note

Lån og sikkerhetsstillelse til ledende personer og aksjeeiere

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei



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Sørkedalsveien 6
Postboks 7000 Majorstuen
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Enterprise 935 174 627 MVA

To the General Meeting of LUKOIL Overseas North Shelf AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LUKOIL Overseas North Shelf AS showing a loss of NOK 24 813 000. The financial statements comprise the balance sheet as at 31 December 2020, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

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

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

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit

Offices in:

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bode	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Alesund



LUKOIL Overseas North Shelf AS

evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Opinion on Registration and Documentation

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

29 April 2021
KPMG AS

Monica Hansen
State Authorised Public Accountant



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 06.12.2012	Vår dato 10.12.2012
Telefon 22078139	Deres referanse LONS-54-2012	Vår referanse 2012/930625

LUKOIL OVERSEAS NORTH SHELF AS
Postboks 543 Skøyen
0214 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Lukoil Overseas North Shelf AS, org. nr. 998 152 550

Det vises til deres brev av 6. desember 2012 samt telefonsamtale i sakens anledning. Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Lukoil Overseas North Shelf AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Lukoil Overseas North Shelf AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Bakgrunn

Lukoil Overseas North Shelf AS er et nystartet olje- og gass selskap. Selskapet inngår i Lukoil konsernet der det russiske selskapet Lukoil Oil Company er konsernspiss. Samtlige styremedlemmer er russiske statsborgere og har ingen eller begrenset kunnskap om norsk språk. Selskapets hovedaktivitet er å delta i leting etter, samt utbygging og produksjon av olje og naturgass. Selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk. Arbeidsspråket er engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

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

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

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

Postadresse Postboks 9200 Grønland 0134 Oslo For elektronisk henvendelse se www.skatteetaten.no	Besøksadresse: Se www.skatteetaten.no Org.nr: 996250318	Sentralbord 800 80 000 Telefaks 22 17 08 60
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gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

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

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

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

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad

seniorrådgiver

Rettsavdelingen, foretaksskatt

Skattedirektoratet

Torstein Kinden Helleland



LUKOIL OVERSEAS NORTH SHELF AS

PROTOKOLL FRA ORDINÆR GENERALFORSAMLING 2021
MINUTES FROM GENERAL ASSEMBLY 2021
LUKOIL OVERSEAS NORTH SHELF AS
Organisasjonsnummer 998 152 550

<p>Den 20/5/2021 ble det avholdt ordinær generalforsamling i LUKOIL Overseas North Shelf AS (heretter «Selskapet») uten møte jf. Aksjeloven § 5-7.</p> <p>Selskapets eneaksjonær, LUKOIL International Upstream Holding B.V. ble representert ved daglig leder Robert Gulla som handlet i henhold til vedtektene. Relevante dokumenter nevnt i punkt 1 ble tilsendt Robert Gulla.</p> <p>100% av selskapets aksjer var derved representert.</p> <p>På agendaen stod:</p> <ol style="list-style-type: none">1. Godkjenning av innkalling og dagsorden <p>Innkalling og dagsorden ble godkjent av eiers representant.</p> <ol style="list-style-type: none">2. Godkjenning av årsregnskap og årsberetning for 2020 <p>Generalforsamlingen godkjente årsregnskapet og årsberetningen til LUKOIL Overseas North Shelf AS for 2020. Det ble bestemt å ikke dele ut utbytte. Revisjonsberetningen ble tatt til gjennomgått og notert av generalforsamlingen.</p>	<p>On 20/5/2021 the annual general meeting was held in LUKOIL Overseas North Shelf AS (hereinafter the “company”) without convening a physical meeting, cf. the Companies Act section 5-7.</p> <p>The sole shareholder, LUKOIL International Upstream Holding B.V. was represented by Robert Gulla, the Managing Director, acting according to the Articles of Association. Relevant documents according to item 1 were sent to Robert Gulla.</p> <p>Thus 100% of the shares in the company were represented.</p> <p>At the agenda was the following:</p> <ol style="list-style-type: none">1. Approval of the notice for the AGM, the agenda and the distribution of case documents <p>The items above were approved by the representative of the shareholder.</p> <ol style="list-style-type: none">2. Approval of annual accounts and the annual statement for 2020 <p>The AGM approved the 2020 Financial Statements of LUKOIL Overseas North Shelf AS. It was decided not to allocate any funds for dividend. The Auditor’s report was reviewed and taken into consideration by the AGM.</p>
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LUKOIL Overseas North Shelf AS
Org.nr. 998152550
Karenslyst alle 4
0278 Oslo

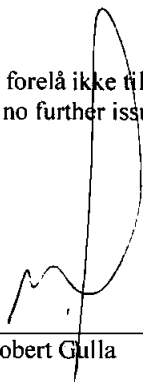
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LUKOIL OVERSEAS NORTH SHELF AS

<p>3. Godkjenning av godtgjørelse til revisor Revisors godtgjørelse på 171 000 NOK (eks. mva.) for 2020 ble godkjent av generalforsamlingen. KPMG er selskapets revisor.</p> <p>4. Fastsettelse av godtgjørelse til styrets medlemmer Det ble vedtatt at styrets medlemmer ikke skal motta styrehonorar av LUKOIL Overseas North Shelf AS.</p>	<p>3. Approval of auditor's fee The audit fee of 171 000 NOK (excl. VAT) for 2020 was accepted by the AGM. KPMG is the company's auditor.</p> <p>4. Remuneration of Board of Directors It was determined that the directors should receive no remuneration from LUKOIL Overseas North Shelf AS for their work in the Board of Directors.</p>
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Alle beslutninger var enstemmige. Mer forelå ikke til behandling, og møtet ble hevet. / All decisions were unanimous. There were no further issues on the agenda and the meeting was adjourned.



Robert Gulla



Annual Report 2020

LUKOIL Overseas North Shelf AS

Org.no 998 152 550

Income Statement
Balance Sheet
Notes to the Financial Statements
Auditors' Report



INCOME STATEMENT

<i>(Amounts in NOK 000)</i>	Note	2020	2019
Operating income	4	34 001	23 420
Exploration expense	5	-104 877	-18 388
Payroll and related cost	6	-52 515	-43 916
Depreciation and amortization	10	-1 105	-1 548
Other operating expense	7	-16 153	-17 642
Operating profit/-loss		-140 649	-58 073
Finance income	8	11 841	947
Finance costs	8	-5 810	-2 356
Net financial items		6 031	-1 408
Profit/-loss before income tax		-134 618	-59 482
Income tax credit	9	109 805	44 983
Profit/-loss for the year		-24 813	-14 499

**BALANCE SHEET**

(Amounts in NOK 000)	Note	31.12.2020	31.12.2019
ASSETS			
Non-current assets			
Deferred tax asset	9	15 741	16 974
Capitalized exploration and license costs	11	14 508	13 980
Other intangible assets	12	181	665
Total intangible assets		30 431	31 618
Property, plant and equipment	10	690	1 312
Total tangible assets		690	1 312
Total non-current assets		31 121	32 929
Current assets			
Prepayments and other receivables	13	38 878	25 060
Tax receivable refund tax value exploration expense	9	49 730	47 041
Cash and cash equivalents	14	2 709	3 307
Total current assets		91 318	75 408
Total assets		122 439	108 338
EQUITY AND LIABILITIES			
Equity			
Share capital	15	3 000	3 000
Other paid-in capital		304 632	304 632
Paid-in capital		307 632	307 632
Loss carried forward		-254 647	-229 834
Total equity	3	52 985	77 797
Liabilities			
Non-current liabilities			
Borrowings from group companies	16	37 904	12 714
Total non-current liabilities		37 904	12 714
Current liabilities			
Trade creditors	17	13 614	4 439
Other current liabilities	18	17 936	13 387
Total current liabilities		31 550	17 826
Total liabilities		69 454	30 540
Total equity and liabilities		122 439	108 338

Oslo, April 28, 2020

Oleg Shurubor
Chairman of the BoardLeonid Surguchev
Board Member / General DirectorHenrik Jorem
Board Member /
General Counsel



NOTES TO THE FINANCIAL STATEMENTS

Note 1. Corporate Information

LUKOIL Overseas North Shelf AS ("the Company") is a private limited company incorporated and domiciled in Norway, with its main office in Oslo. The company is a single entity and was incorporated February 27, 2012. The Company's main business is to explore for, develop and produce oil and natural gas on the Norwegian Continental Shelf.

Note 2. Accounting Principles

Basis of Preparation

The financial statements have been prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles for small companies. § 1-2 of the Norwegian Accounting Act states that the Company is required to provide stand-alone financial statements, as it is a private limited company registered in Norway.

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

The accounting and presentation currency of the Company is NOK.

Interest in Joint Ventures and Oil and Gas Licenses

The Company accounts for joint ventures, including jointly controlled operations (oil and gas licenses), by using the gross method in accordance with § 5-18 of the Norwegian Accounting Act, i.e. by recording its share of the joint ventures' individual income, expenses, assets, liabilities and cash flows, on a line-by-line basis with similar items in the Company's financial statements.

Foreign Currency Translation and Transactions

Transactions and Balances

The Company's foreign currency transactions are translated into NOK which is being used as the accounting currency. Foreign currency transactions are translated into the accounting currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into accounting currency at the balance sheet date exchange rates. Non-monetary items are translated at the historical exchange rate on the transaction date and non-monetary items that are measured at fair value are translated at the exchange rate on the date when the fair value was determined. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. The Norwegian Central Bank's daily rates have been used for foreign currency translation.

Property, Plant and Equipment, including Oil and Gas Properties

Property plant and equipment are measured at historic cost less accumulated depreciation and any impairment loss.

Expense in connection with periodic maintenance on property plant and equipment are recognised as assets and depreciated on a systematic basis until the next periodic maintenance, provided the criteria



for capitalising such items have been met. Expenses in connection with ordinary maintenance and repairs are recognised in the income statement as incurred.

Property, plant and equipment are depreciated on a straight-line basis over expected useful life. If individual parts of property, plant and equipment have different useful lives they are accounted for and depreciated separately.

Exploration and Development Costs for Oil and Gas Properties

Oil and gas properties are accounted for using the successful efforts method of accounting whereby property acquisitions, successful exploratory wells, all development costs (including development dry holes and the Company's share of operators' expenses during the development stage of production sharing and risk service contracts), and support equipment and facilities are capitalized. Unsuccessful exploratory wells are expensed when a well is determined to be non-productive. Other exploratory expenditures, including geological and geophysical costs are expensed as incurred.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired through a business combination is based on fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortised. Such intangible assets are subject to impairment testing annually, irrespective of whether there is any indication of impairment or more frequently if indication of impairment exists. Testing is made either individually or at the cash generating level. Intangible assets with an indefinite life are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made prospectively.

Intangible assets with finite lives are amortised over the useful economic life. These intangible assets are subject to impairment testing when there is an indication that the intangible asset may be impaired.

Impairment of Assets

Property, plant and equipment and other non-current assets are subject to impairment testing when there is an indication that the assets may be impaired. At each reporting date the Company assess whether there is any indication that the assets may be impaired. If any indications exist, an impairment test is performed, i.e. the Company estimates the recoverable amount of the asset.

The recoverable amount is the higher of fair value less expected cost to sell and value in use (present value based on the future use of the asset). If the carrying amount of an asset is higher than the recoverable amount an impairment loss is recognised in the income statement. The impairment loss is the amount by which the carrying amount of the asset exceeds the recoverable amount.

The value in use is determined by reference to discounted future net cash flows expected to be generated by the asset. Cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are tested at the lowest levels for which there are separately identifiable cash inflows. An oil and gas field is considered one cash generating unit, all other assets are assessed separately.



Financial assets and liabilities

Financial instruments include trade receivables and other receivables, cash and cash equivalents, loans, trade payables and other payables. These are initially recognised at fair value adjusted for directly attributable transaction costs. After initial recognition, the measurement and accounting treatment depend on the type of instrument and classification. Investments classified as loans and receivables are measured at amortised cost using the effective interest rate method. If the amortisation effect not material, the recognised amount equals the nominal, less any impairment. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Amortised Cost

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the years to maturity. For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Cost of Equity Transactions

Transaction costs directly attributable to an equity transaction are recognised directly in equity, net of taxes.

Income Taxes

The income tax expense/credit consists of current income tax (taxes payable/receivable) and changes in deferred income tax.

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Oil-exploration companies operating on the Norwegian Continental Shelf under the offshore tax regime can claim a 78% cash refund of their exploration costs, limited to taxable losses for the year. The refund is paid out in the following year. This tax receivable is classified as current asset.



Deferred Income Tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Companies operating on the Norwegian Continental Shelf under the offshore tax regime can claim the tax value of any unused tax losses or other tax credits related to its offshore activities to be paid in cash (including interest) from the tax authorities when operations cease. Deferred tax assets that are based on offshore tax losses carry forward are therefore normally recognised in full. The carrying amount of deferred income tax assets related to onshore activities are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority/tax regime. Timing differences are considered.

Provisions and Contingent Liabilities

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Pensions

According to Norwegian law employees are mandatory members of the Norwegian Pension Scheme ("obligatorisk tjenestepensjon"). The scheme is based on a defined benefit plan. The pension plan is not recognised in the balance sheet, according to Norwegian generally accepted accounting principles for small companies. The premiums paid are charged to the income statement.

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.



Note 3. Equity

<i>Amounts in NOK</i>	Share capital	Other paid in capital	Paid in capital	Loss carried forward	Total equity
Equity at 01.01.2020	3 000 400	304 631 500	307 631 900	-229 834 443	77 797 458
Additional paid in capital			0		0
Loss for the year				-24 812 941	-24 812 941
Equity at 31.12.2020	3 000 400	304 631 500	307 631 900	-254 647 383	52 984 517

Note 4. Operating income

<i>(Amounts in NOK 000)</i>	2020	2019
Revenues from other sales and services	34 001	23 420
Total operating income	34 001	23 420

Revenues from other sales and services were derived from rendering technical and administrative services to LUKOIL E&P projects in Ghana and Cameroon. The income is subject to corporate tax and possible to offset against deferred tax assets. The corporate tax rate was 22 %.

Note 5. Exploration Expense

<i>(Amounts in NOK 000)</i>	2020	2019
Direct seismic costs and field evaluation	241	305
Exploration drilling related expenses	86 227	-
Other operating exploration expenses	18 410	18 084
Total exploration expenses	104 877	18 388



Note 6. Payroll and related cost

<i>(Amounts in NOK 000)</i>	2020	2019
Salaries	43 668	36 476
Payroll tax	5 716	5 037
Pension costs	913	714
Other benefits	2 218	1 689
Total	52 515	43 916
Average number of employees	26	24

Pensions

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

Compensation to the General Director:

<i>(Amounts in NOK 000)</i>	2020
Salary	2 904
Bonus	1 057
Pension	40
Other benefits	69
Total compensation to General Director	4 071

Compensation to Board of Directors:

The Board of Directors have not received any remuneration in 2020. There are no specific agreements with the General Director or the Board of Directors for special bonuses or remunerations in connection with termination of their employment.

The General Director's bonus plan is linked to a set of target goals based on the performance of the company. Certain employees of LUKOIL Overseas North Shelf AS were invited to participate in the restricted share plan of PJSC LUKOIL.

No loans have been granted and no guarantees have been issued to the General Director or any member of the Board of Directors.



Note 7. Other operating expense

Other operating expenses include:

<i>(Amounts in NOK 000)</i>	2020	2019
Offices rental and other lease expenses	3 773	3 731
Travelling expenses	833	1 523
Consultant's and other fees	1 423	757
Service agreement with group companies	19	411
Withholding tax Cameroon and Ghana	-24	970
Other administrative expenses	10 129	10 249
Total	16 153	17 642

Remuneration to auditor is allocated as specified below:

<i>(Amounts in NOK 000)</i>	2020	2019
Audit	199	145
Other assistance	42	21
Total, excl. VAT	241	166

Note 8. Finance income and costs

Finance income:

<i>(Amounts in NOK 000)</i>	2020	2019
Interest income	639	405
Foreign exchange gain	11 202	542
Other finance income	0	0
Total finance income	11 841	947

Finance costs:

<i>(Amounts in NOK 000)</i>	2020	2019
Interest expense on loan from group companies	2 573	678
Interest expenses other loans	1	3
Foreign exchange loss	4 746	1 678
Other finance costs	-1 509	-4
Total finance costs	5 810	2 356



Note 9. Tax

Specification of income tax:

<i>(Amounts in NOK 000)</i>	2020	2019
Calculated refund tax value of exploration costs this year	111 037	47 041
Correction previous years (Tax refund)	0	0
Correction previous years (Deferred tax)	0	0
Change deferred tax	-1 232	-2 059
Total income tax credit	109 805	44 983

Oil-exploration companies operating on the Norwegian Continental Shelf may claim a 78 % refund of their exploration costs limited to taxable losses of the year. For 2020, the refund is paid out in six bi-monthly installments from August 2020 until June 2021.

Reconciliation of effective tax rate:

<i>(Amounts in NOK 000)</i>	2020	2019
Profit/-loss before tax	-134 618	-59 482
Expected income tax credit 78%	105 002	46 396
Adjusted for tax effects (22% - 78%) of the following items:		
Permanent differences	-314	-304
Finance items	3 348	-760
Change in valuation allowance for deferred tax assets and other items	1 770	-349
Total income tax credit	109 805	44 983

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

<i>(Amounts in NOK 000)</i>	2020	2019
Property, plant and equipment	-9 860	-9 409
Non-current liabilities	-661	0
Tax losses carried forward, onshore 22 % basis	0	276
Tax losses carried forward, offshore 22% basis	18 581	18 470
Tax losses carried forward, offshore 56% basis	7 682	7 636
Deferred tax liability (-) / tax asset (+)	15 741	16 974
Not capitalized deferred tax asset (valuation allowance)	0	0
Deferred tax liability (-) / tax asset (+) in balance sheet	15 741	16 974

Deferred tax is calculated based on tax rates applicable on the balance sheet date. Ordinary income tax is 22%, to which is added a special tax for oil and gas companies at the rate of 56%, giving a total tax rate of 78%. The deferred tax is calculated based on the tax legislations that was put into effect from 1.1.2019.

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



Note 10. Property, plant and equipment

(Amounts in NOK 000)

	Furniture, fixtures and data equipment etc.
Carrying amount 1.1.2020	1 312
Cost:	
At 01.01.2020	5 990
Additions	0
Disposals	0
Cost at 31.12.2020	5 990
Depreciation and impairment:	
At 01.01.2020	-4 678
Depreciation this year	-622
Impairment this year	0
Disposals	0
Accumulated depreciation and impairment at 31.12.2020	-5 300
Carrying amount at 31.12.2020	690
Economic life	3-10 years
Depreciation method	linear



Note 11. Capitalized exploration and license costs

(Amounts in NOK 000)

	Capitalized exploration and license costs
Carrying amount 1.1.2020	13 980
Cost:	
At 01.01.2020	13 980
Additions, capitalized exploration and license costs	7 395
Disposals, impairment	0
Disposals, sale	0
Cost at 31.12.2020	21 375
Depreciation and impairment:	
At 01.01.2020	0
Amortization this year	0
Impairment this year	-6 866
Disposals	0
Accumulated depreciation and impairment at 31.12.2020	-6 866
Carrying amount at 31.12.2020	14 508

Write-off related to dry well on PL 719. Additions related to PL 858.



Note 12. Other intangible assets

(Amounts in NOK 000)

	Software, licenses etc.
Carrying amount 1.1.2020	665
Cost:	
At 01.01.2020	14 191
Additions	0
Disposals	0
Cost at 31.12.2020	14 191
Amortization and impairment:	
At 01.01.2020	-13 526
Depreciation this year	-483
Impairment this year	0
Disposals	0
Accumulated amortization and impairment at 31.12.2020	-14 010
Carrying amount at 31.12.2020	181
Economic life	3-10 years
Depreciation method	linear



Note 13. Prepayments and other receivables

Prepayments and other receivables include:

<i>(Amounts in NOK 000)</i>	2020	2019
Prepaid expenses	671	1 119
Deposit	0	0
VAT receivables	366	349
Receivables from group companies	6 980	8 196
Short-term loan to group companies	0	0
Billing related items	29 269	14 163
Other short term receivables	1 592	1 232
Total	38 878	25 060

Note 14. Cash and cash equivalents

<i>(Amounts in NOK 000)</i>	2 020	2 019
Bank deposits	2 709	3 307
Total cash and cash equivalents	2 709	3 307

Of this:

Restricted cash for withheld taxes from employees' salaries	1 875	1 721
Restricted cash for deposits house rent	0	0

Note 15. Share capital and shareholder information

The share capital is denominated in NOK, and the nominal value per share as of December 31 2020 was NOK 100. All issued shares are of equal rights. No potential shares, such as share options, were issued as of December 31 2020.

<i>Shareholders as of 31 December 2020</i>	Shares	Ownership
LUKOIL International Upstream Holding B.V.	30 004	100 %
Total number of shares	30 004	100 %

Note 16. Borrowings from group companies

The Company has obtained a credit facility of USD 70 million from the group company LUKINTER Finance B.V.. The facility expires on 27 December 2027.

Carrying amount in currency	Currency	Interest rate	Maturity
4 141	USD 000	3 month LIBOR USD + 160 points	31.12.2027



Note 17. Trade payables

<i>(Amounts in NOK 000)</i>	2020	2019
Trade creditors	13 227	1 750
Trade creditors group companies	387	2 689
Total	13 614	4 439

Note 18. Other current liabilities

<i>(Amounts in NOK 000)</i>	2020	2019
Current borrowings from group companies	0	-
Public duties payable	3 436	3 058
Salary and vacation payable	10 574	8 694
Billing related liabilities	3 894	473
Other accruals for incurred costs	32	1 162
Total	17 936	13 387

Note 19. Events after the balance sheet date

There have not been any material events after the balance sheet day.