



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 821 293 502
Organisasjonsform: Aksjeselskap
Foretaksnavn: SFAX PETROLEUM CORPORATION AS
Forretningsadresse: c/o Advokatfirmaet Schjødt AS
Ruseløkkveien 14
0251 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Marcus Seeli
Dato for fastsettelse av årsregnskapet: 05.05.2021

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, 15.06.2022



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
General and administrative costs	4	247 000	191 000
Non-recurring costs			275 000
Sum kostnader		247 000	466 000
Driftsresultat		-247 000	-466 000
Finansinntekter og finanskostnader			
Net gain (loss) on foregn exchange transactions			2 000
Sum finansinntekter			2 000
Annen rentekostnad			38 000
Net gain (loss) on foregn exchange transactions		1 000	
Sum finanskostnader		1 000	38 000
Netto finans		-1 000	-36 000
Ordinært resultat før skattekostnad		-248 000	-502 000
Skattekostnad på ordinært resultat	5		2 000
Ordinært resultat etter skattekostnad		-248 000	-504 000
Årsresultat		-248 000	-504 000



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	15	31 007 000	31 007 000
Sum finansielle anleggsmidler		31 007 000	31 007 000
Sum anleggsmidler		31 007 000	31 007 000
Omløpsmidler			
Varer			
Fordringer			
Konsernfordringer	14	16 582 000	12 450 000
Sum fordringer		16 582 000	12 450 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	9	3 000	6 000
Sum bankinnskudd, kontanter og lignende		3 000	6 000
Sum omløpsmidler		16 585 000	12 456 000
SUM EIENDELER		47 592 000	43 463 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		12 000	12 000
Overkurs		29 988 000	29 988 000
Sum innskutt egenkapital		30 000 000	30 000 000
Opptjent egenkapital			
Udekket tap		1 495 000	1 247 000



Balanse

Beløp i: USD	Note	2020	2019
Sum opptjent egenkapital		-1 495 000	-1 247 000
Sum egenkapital		28 505 000	28 753 000
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		60 000	32 000
Kortsiktig konserngjeld	14	19 027 000	14 678 000
Sum kortsiktig gjeld		19 087 000	14 710 000
Sum gjeld		19 087 000	14 710 000
SUM EGENKAPITAL OG GJELD		47 592 000	43 463 000



Konsernets resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	3	21 269 000	33 483 000
Sum inntekter		21 269 000	33 483 000
Kostnader			
Operating costs		12 075 000	10 536 000
Avskrivning på varige driftsmidler og immaterielle eiendeler		6 812 000	6 097 000
General and administrative costs	4	2 195 000	2 401 000
Exploration related costs	4	763 000	118 000
Sponsorship and Charitable Donations		1 000	14 000
Non-recurring costs		370 000	1 196 000
Sum kostnader		22 216 000	20 362 000
Driftsresultat		-947 000	13 121 000
Finansinntekter og finanskostnader			
Realised gain/(loss) on commodity hedges		7 537 000	
Unrealised gain/(loss) on commodity hedges	11	4 100 000	
Net gain/(loss) on foreign exchange transactions			103 000
Sum finansinntekter		11 637 000	103 000
Realised gain/(loss) on commodity hedges			1 633 000
Unrealised gain/(loss) on commodity hedges	11		3 061 000
Interest costs net of income	11	1 968 000	2 563 000
Commitment fees		367 000	437 000
Net gain/(loss) on foreign exchange transactions		560 000	
Interest expense decommissioning	8	822 000	799 000
Sum finanskostnader		3 717 000	8 493 000
Netto finans		7 920 000	-8 390 000
Ordinært resultat før skattekostnad		6 973 000	4 731 000
Income tax (expense)/benefit - current tax	5	1 039 000	12 662 000
Income tax (expense)/benefit - deferred tax	5	1 987 000	3 374 000
Ordinært resultat etter skattekostnad		3 947 000	-11 305 000



Konsernets resultatregnskap

Beløp i: USD	Note	2020	2019
Årsresultat		3 947 000	-11 305 000



Konsernets balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Production rights	7	44 125 000	48 127 000
Exploration assets and license interests	7	3 852 000	2 011 000
Sum immaterielle eiendeler		47 977 000	50 138 000
Varige driftsmidler			
Production assets and equipment	7	32 133 000	26 866 000
Development assets and equipment	7	2 641 000	1 013 000
Furniture, fixtures and equipment	7	211 000	325 000
Sum varige driftsmidler		34 985 000	28 204 000
Finansielle anleggsmidler			
Investment in associates		44 000	44 000
Sum finansielle anleggsmidler		44 000	44 000
Sum anleggsmidler		83 006 000	78 386 000
Omløpsmidler			
Varer			
Crude oil inventory		1 775 000	598 000
Materials inventory		5 218 000	5 463 000
Sum varer		6 993 000	6 061 000
Fordringer			
Trade and other receivables		4 831 000	3 218 000
Other current receivables		4 547 000	1 686 000
Sum fordringer		9 378 000	4 904 000
Investeringer			
Fair value of commodity hedges - current portion		2 299 000	
Sum investeringer		2 299 000	
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	9	7 437 000	9 817 000



Konsernets balanse

Beløp i: USD	Note	2020	2019
Cash held for bank guarantee	9	16 600 000	16 600 000
Sum bankinnskudd, kontanter og lignende		24 037 000	26 417 000
Sum omløpsmidler		42 707 000	37 382 000
SUM EIENDELER		125 713 000	115 768 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Selskapskapital	10	12 000	12 000
Overkurs	10	29 988 000	29 988 000
Annen innskutt egenkapital	10	54 000	
Sum innskutt egenkapital		30 054 000	30 000 000

Opptjent egenkapital

Udekket tap		8 731 000	12 678 000
Sum opptjent egenkapital		-8 731 000	-12 678 000

Sum egenkapital

21 323 000 **17 322 000**

Gjeld

Langsiktig gjeld

Utsatt skatt	5	5 361 000	3 374 000
Decommissioning liability	8	30 613 000	27 832 000
Licence obligations	6	7 876 000	7 876 000
Sum avsetninger for forpliktelser		43 850 000	39 082 000

Annen langsiktig gjeld

Gjeld til kredittinstitusjoner	13	16 101 000	21 819 000
Other non-current liabilities		4 278 000	3 205 000
Fair value of commodity hedges - non-current portion	11		177 000
Sum annen langsiktig gjeld		20 379 000	25 201 000

Sum langsiktig gjeld

64 229 000 **64 283 000**

Kortsiktig gjeld



Konsernets balanse

Beløp i: USD	Note	2020	2019
Gjeld til kredittinstitusjoner	13	6 829 000	5 742 000
Leverandørgjeld		8 134 000	697 000
Betalbar skatt	5	2 827 000	8 846 000
Interest payable on Senior Secured loan	13	374 000	586 000
Licence obligations - current portion	6	1 944 000	1 944 000
Fair value of commodity hedges - current portion	11		1 623 000
Other current liabilities		141 000	190 000
Crude oil over-lift		229 000	108 000
Loans from shareholders	14	16 133 000	12 000 000
Trade payable to Panoro Energy ASA	14	3 550 000	2 427 000
Sum kortsiktig gjeld		40 161 000	34 163 000
Sum gjeld		104 390 000	98 446 000
SUM EGENKAPITAL OG GJELD		125 713 000	115 768 000



Vår dato	Din dato	Saksbehandler
01.11.2018	17.09.2018	Henning Stokke
800 80 000	Din referanse	Telefon
Skatteetaten no	Anita Lilleland	800 80 000
Org.nr	Vår referanse	Postadresse
996250318	2018/1115259	Postboks 9200 Grønland 0134 Oslo

SAGA REGNSKAP HØNEFOSS AS
Postboks 29
3502 HØNEFOSS

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Sfax Petroleum Corporation AS, org. nr. 821 293 502

Vi viser til deres brev av 17. september 2018 hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Sfax Petroleum Corporation AS, org. nr. 821 293 502.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Sfax Petroleum Corporation AS, org. nr. 821 293 502, dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at det benyttes engelsk språk ved utarbeidelsen av årsregnskapet og årsberetningen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Bakgrunn

Fra søknaden gjengis:

Sfax Petroleum Corporation AS er datterselskap av Panoro Energy ASA. Panoro Energy ASA (org.nr. 994 051 067) med datterselskaper er en internasjonal olje og gass produsent.

Konsernets arbeidsspråk er engelsk. Styret har flere engelskspråklige styremedlemmer. Konsernet opererer i en sektor hvor engelsk er det klart dominerende språket. Morselskapets aksjonærer er i all hovedsak utenlandske personer eller selskaper, og morselskapet henvender seg jevnlig til potensielle investorer som er basert i utlandet. All kommunikasjon med konsernets primære kunder og kreditorer foregår på engelsk.

I lys av selskapets og konsernets situasjon, der flere av selskapets investorer kun behersker engelsk, all kommunikasjon med konsernets primære kunder og kreditorer skjer på engelsk, samt at engelsk er både arbeidsspråket til konsernet og bransjespråket der selskapet og konsernet opererer, fremstår kravet i regnskapsloven § 3-4 om utarbeidelse av årsregnskap og årsberetning på norsk som lite hensiktsmessig. I tillegg til at det er ressurskrevende, fører av og til tvil om oversettelse og uoverensstemmelser mellom engelsk og norsk versjon til unødvendige misforståelser.

Ettersom konsernets arbeidsspråk er engelsk vil alle ansatte forstå regnskapet og årsberetningen selv om disse dokumentene i fremtiden blir utarbeidet i sin endelige form på engelsk. Det samme vil være tilfelle for konsernets kunder og kreditorer. Ettersom engelsk også er bransjespråket innen sektoren vi opererer i, kan vi heller ikke se at andre, mer tilfeldige regnskapsbrukere skulle ha noe behov for at regnskapet utarbeides på norsk. Selskapet mener derfor at alle brukere av regnskapet i sum vil være tjent med at regnskapet kun utarbeides på engelsk.

I lys av argumentene fremført over søker selskapet derfor med dette om å få utarbeide selskapets årsregnskap og årsberetning på engelsk fra og med regnskapsåret 2018. Selskapet utarbeider også konsernregnskap. Konsernregnskapet er allerede godkjent for å bli utarbeidet på engelsk.



En norsk utarbeidelse av årsregnskap og årsberetning vil kun ha til formål å tilfredsstille regnskapslovens språkkrav.

Skattedirektoratets vurdering

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

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

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

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

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

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er heleid av et allmennaksjeselskap, hvor aksjonærene hovedsaklig er utenlandske. Eierkretsen er begrenset. Videre er det lagt vekt på at flere av styremedlemmene er utenlandske. Selskapets virksomhet er utpreget internasjonal, og arbeidsspråket er engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Jeanette Munkvold Skovholt
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Henning Stokke

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Vår dato	Din dato	Saksbehandler
01.11.2018	17.09.2018	Henning Stokke
800 80 000	Din referanse	Telefon
Skatteetaten.no	Anita Lilleland	800 80 000
Org.nr	Vår referanse	Postadresse
996250318	2018/1115259	Postboks 9200 Grønland 0134 Oslo

SAGA REGNSKAP HØNEFOSS AS
Postboks 29
3502 HØNEFOSS

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Pandoro Energy AS, org. nr. 921 000 413

Vi viser til deres brev av 17. september 2018 hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Pandoro Energy AS, org. nr. 921 000 413.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Pandoro Energy AS, org. nr. 921 000 413, dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at det benyttes engelsk språk ved utarbeidelsen av årsregnskapet og årsberetningen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Bakgrunn

Fra søknaden gjengis:

Pandoro Energy AS er datterselskap av Panoro Energy ASA. Panoro Energy ASA (org.nr. 994 051 067) med datterselskaper er en internasjonal olje og gass produsent.

Konsernets arbeidsspråk er engelsk. Styret har flere engelskspråklige styremedlemmer. Konsernet opererer i en sektor hvor engelsk er det klart dominerende språket. Morselskapets aksjonærer er i all hovedsak utenlandske personer eller selskaper, og morselskapet henvender seg jevnlig til potensielle investorer som er basert i utlandet. All kommunikasjon med konsernets primære kunder og kreditorer foregår på engelsk.

I lys av selskapets og konsernets situasjon, der flere av selskapets investorer kun behersker engelsk, all kommunikasjon med konsernets primære kunder og kreditorer skjer på engelsk, samt at engelsk er både arbeidsspråket til konsernet og bransjespråket der selskapet og konsernet opererer, fremstår kravet i regnskapsloven § 3-4 om utarbeidelse av årsregnskap og årsberetning på norsk som lite hensiktsmessig. I tillegg til at det er ressurskrevende, fører av og til tvil om oversettelse og uoverensstemmelser mellom engelsk og norsk versjon til unødvendige misforståelser.

Ettersom konsernets arbeidsspråk er engelsk vil alle ansatte forstå regnskapet og årsberetningen selv om disse dokumentene i fremtiden blir utarbeidet i sin endelige form på engelsk. Det samme vil være tilfelle for konsernets kunder og kreditorer. Ettersom engelsk også er bransjespråket innen sektoren vi opererer i, kan vi heller ikke se at andre, mer tilfeldige regnskapsbrukere skulle ha noe behov for at regnskapet utarbeides på norsk. Selskapet mener derfor at alle brukere av regnskapet i sum vil være tjent med at regnskapet kun utarbeides på engelsk.

I lys av argumentene fremført over søker selskapet derfor med dette om å få utarbeide selskapets årsregnskap og årsberetning på engelsk fra og med regnskapsåret 2018. Selskapet utarbeider også konsernregnskap. Konsernregnskapet er allerede godkjent for å bli utarbeidet på engelsk.



En norsk utarbeidelse av årsregnskap og årsberetning vil kun ha til formål å tilfredsstille regnskapslovens språkr krav.

Skattedirektoratets vurdering

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

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

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

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

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

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er heleid av et allmennaksjeselskap, hvor aksjonærene hovedsaklig er utenlandske. Eierkretsen er begrenset. Videre er det lagt vekt på at flere av styremedlemmene er utenlandske. Selskapets virksomhet er utpreget internasjonal, og arbeidsspråket er engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Jeanette Munkvold Skovholt
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Henning Stokke

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Vår dato 01.11.2018	Din dato 17.09.2018	Saksbehandler Henning Stokke
800 80 000 Skatteetaten.no	Din referanse Anita Lilleland	Telefon 800 80 000
Org.nr 996250318	Vår referanse 2018/1115259	Postadresse Postboks 9200 Grønland 0134 Oslo

SAGA REGNSKAP HØNEFOSS AS
Postboks 29
3502 HØNEFOSS

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Panoro Tunisia Exploration AS, org. nr. 995 739 879

Vi viser til deres brev av 17. september 2018 hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Panoro Tunisia Exploration AS, org. nr. 995 739 879.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Panoro Tunisia Exploration AS, org. nr. 995 739 879, dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at det benyttes engelsk språk ved utarbeidelsen av årsregnskapet og årsberetningen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Bakgrunn

Fra søknaden gjengis:

Panoro Tunisia Exploration AS er datterselskap av Panoro Energy ASA. Panoro Energy ASA (org.nr. 994 051 067) med datterselskaper er en internasjonal olje og gass produsent.

Konsernets arbeidsspråk er engelsk. Styret har flere engelskspråklige styremedlemmer. Konsernet opererer i en sektor hvor engelsk er det klart dominerende språket. Morselskapets aksjonærer er i all hovedsak utenlandske personer eller selskaper, og morselskapet henvender seg jevnlig til potensielle investorer som er basert i utlandet. All kommunikasjon med konsernets primære kunder og kreditorer foregår på engelsk.

I lys av selskapets og konsernets situasjon, der flere av selskapets investorer kun behersker engelsk, all kommunikasjon med konsernets primære kunder og kreditorer skjer på engelsk, samt at engelsk er både arbeidsspråket til konsernet og bransjespråket der selskapet og konsernet opererer, fremstår kravet i regnskapsloven § 3-4 om utarbeidelse av årsregnskap og årsberetning på norsk som lite hensiktsmessig. I tillegg til at det er ressurskrevende, fører av og til tvil om oversettelse og uoverensstemmelser mellom engelsk og norsk versjon til unødvendige misforståelser.

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Skattedirektoratets vurdering

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Med hilsen

Jeanette Munkvold Skovholt
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Henning Stokke

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Vår dato 01.11.2018	Din dato 17.09.2018	Saksbehandler Henning Stokke
800 80 000 Skatteetaten.no	Din referanse Anita Lilleland	Telefon 800 80 000
Org nr 996250318	Vår referanse 2018/1115259	Postadresse Postboks 9200 Grønland 0134 Oslo

SAGA REGNSKAP HØNEFOSS AS
Postboks 29
3502 HØNEFOSS

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Panoro Tunisia Production AS, org. nr. 921 293 453

Vi viser til deres brev av 17. september 2018 hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Panoro Tunisia Production AS, org. nr. 921 293 453.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Panoro Tunisia Production AS, org. nr. 921 293 453, dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at det benyttes engelsk språk ved utarbeidelsen av årsregnskapet og årsberetningen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Bakgrunn

Fra søknaden gjengis:

Panoro Tunisia Production AS er datterselskap av Panoro Energy ASA. Panoro Energy ASA (org.nr. 994 051 067) med datterselskaper er en internasjonal olje og gass produsent.

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SFAX PETROLEUM CORPORATION AS

Report and Consolidated Financial Statements

For the year ended 31 December 2020

Registered number 821 293 502



Sfax Petroleum Corporation AS

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Sfax Petroleum Corporation AS

GENERAL INFORMATION

Directors

Qazi Muhammad Abdul Qadeer
Julien Guillaume Olivier Balkany
Richard Morton
Slim Bouricha
Carmelo Borg

Secretary

None

Registered office

c/o Advokatfirmaet Schjødt AS
Ruseløkkveien 14
0251 Oslo
Norway

Registered number

821 293 502



Sfax Petroleum Corporation AS

DIRECTORS' REPORT

The Board of Directors present their report together with the consolidated and standalone financial statements of Sfax Petroleum Corporation AS ("Sfax" or the "Company") for the year ended 31 December 2020. The consolidated financial statements of the Group consist of the Company, and its wholly owned subsidiaries, Panoro Tunisia Production AS (PTP) and Panoro Energy AS (PEAS), (the "Group").

PRINCIPAL ACTIVITIES

The Company and its subsidiaries are engaged in the exploration and production of oil and gas resources in Tunisia. The Company holds no oil or gas assets outside Tunisia.

CORPORATE

Sfax was incorporated on 8 August 2018 as a limited company under the Norwegian Private Limited Companies Act. The registered organization number of the Company is 821 293 502 and its registered office is c/o Advokatfirmaet Schjødt AS, Ruselekkveien 14, 0251 Oslo, Norway. These consolidated and standalone financial statements of Sfax Petroleum Corporation AS for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 5 May 2021.

The Company is a fully owned subsidiary of Panoro Energy ASA ("Panoro"), an independent exploration and production (E&P) company based in London and listed on the Oslo Stock Exchange, together with Beender Petroleum Tunisia Limited ("Beender") jointly owns and controls interests of 60% and 40% respectively in Sfax.

At 31 December 2020, PTP owes Mercuria Assets Holdings (Hong Kong) Ltd ("Mercuria") USD 23.9 million under a Senior Secured Loan facility of USD 30 million ("Senior Secured Loan"). Shares in the following companies were pledged as collateral as part of the security package:

- Panoro TPS Production GmbH a fully owned subsidiary of the Company;
- Panoro TPS (UK) Production Limited a fully owned subsidiary of Panoro TPS Production GmbH;
- Panoro Energy AS, a wholly owned subsidiary of the Company's parent company, Sfax Petroleum Corporation AS (holding company for Panoro Tunisia Exploration AS).

The Senior Secured Loan has a term of 5 years from 30 June 2019 with interest charged at USD 3-month LIBOR plus 6% on the balance outstanding, with repayments due each quarter.

Key financial covenants are required to be tested at the end of every 3-month period and are applicable at levels of the borrower group as defined in the loan documentation, include the following:

- (i) Field life coverage ratio: 1.50x
- (ii) Minimum cash balance of USD 3.5 million to be maintained at all times in the collection account of Panoro TPS Production GmbH
- (iii) Debt service coverage ratio: between 1.15x and 1.25x subject to specifications in the loan agreement.
- (iv) Liquidity Test: Customary to the loan instrument.

With the exception of waivers obtained for breach of covenants, the Group was not in breach of any financial covenants as at any of the balance sheet dates presented.

The Group initiated a commodity hedging program to strategically hedge a portion of its 2P oil reserves to protect against a fall in oil prices and consequently, to protect the Group's ability to service its debt obligations and to fund operations including planned capital expenditure. The hedge instruments used include "zero cost collars" and "commodity swap" contracts to protect the downside in 'Dated Brent' oil price. The hedging program continues to be closely monitored and adjusted according to the Group's risk management policies and cashflow requirements. The Group continues to monitor and optimise its hedging programme on an on-going basis.

Results and dividends

The results of the Group and Company for the year ended 31 December 2020 are set out on Page 11. The profit for the period amounted to USD 4 million (31 December 2019: loss of USD 11.3 million). The Board of Directors do not propose the payment of a dividend for 2020.



Sfax Petroleum Corporation AS

OPERATIONAL UPDATE – EXPLORATION ACTIVITIES

The Group has interest in two exploration assets, the Sfax Offshore Exploration Permit ("SOEP") and the Rash El Besh Concession, which is within the SOEP area. The Directors provide the following update related to the Group's exploration activities in Tunisia.

SOEP: Sfax (Operator, 87.5% interest)

Sfax is the Operator of the Sfax Offshore Exploration Permit ("SOEP"), an exploration license offshore Tunisia in the northern part of the Gulf of Gabes. The Company's current interest in the license is 87.5%. SOEP lies in the prolific oil and gas Cretaceous and Eocene carbonate platforms of the Pelagian Basin offshore Tunisia. In the vicinity of the Permit area are numerous existing producing fields with infrastructure and spare capacity in pipelines and facilities. There are three oil discoveries on the permit, Salloum, Ras El Besh, and Jawhara. In addition to these discoveries there is considerable exploration potential in the Permit, with unrisks gross estimates of 250 million barrels of prospective resources. Sfax also has a 87.5% interest in the Ras El Besh Concession which is within the area of the SOEP and contains the undeveloped Ras El Besh field.

Hammamet Offshore Exploration Permit: Medco (Operator), Sfax (46% interest)

The Hammamet Offshore Exploration Permit expired in September 2018 and is in the process of being formally relinquished with estimated associated costs of approximately USD 3 million.

OPERATIONAL UPDATE – PRODUCTION ACTIVITIES

The Group has interests in five producing concessions in Tunisia, namely El Hajeb/Guebiba, Gremda/El Ain, Rhemoura, Cercina and Cercina South (together referred to as "TPS assets"). The Directors provide the following update related to the Company's production activities in Tunisia.

TPS Assets: ETAP (51% interest), PTP (49% interest)

PTP indirectly owns a 49% interest in the fields and a 50% interest in the TPS operating company. The remaining interests are held by the Tunisian State Oil Company, Entreprise Tunisienne D' Activites Petrolieres (ETAP). The TPS Assets comprise five oil field concessions in the region of the city of Sfax, onshore and shallow water offshore Tunisia. The concessions are Cercina, Cercina Sud, Rhemoura, El Ain/Gremda and El Hajeb/Guebiba.

The oil fields were discovered in the 1980's and early 1990's and have produced a total of around 57 million barrels of oil to date. The current gross production is stable and ranging between 4,500 and 5,000 barrels of oil per day. Approximately 50 wells have been drilled in the TPS fields to date, whilst some of these wells have been abandoned, 14 remain on production with 5 wells currently shut-in awaiting workovers or reactivation. Two wells are used for disposal of produced water. Production facilities consist of the various wellhead installations, connected via intra-field pipelines to processing, storage and transportation systems. Crude is transported to a storage and export terminal about 70 km south of the Assets at La Skhira.

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Production from the TPS assets amounted to 1.42 MMbbl gross, which is approximately 0.7 MMbbl net to PTP's working interest share, an average annual gross rate of 3,890 bopd. Fourth quarter production rose to approximately 4,500 bopd average gross with rates being lifted by a series of drilling and workover operations during the third quarter. The current production is stable at around 4,700 barrels of oil per day gross.

After some COVID-19 related delays, drilling and workover activity resumed during the second and third quarters. The GUE-10AST side-track drilling operation brought into production the lower Bireno interval whilst a highly productive Douleb reservoir was drilled through and has the potential to be produced in the future. Multiple workover activities were performed during the third quarter: Electrical Submersible Pumps (ESPs) were replaced in the CER-2 and GUE-3 wells; a fishing operation at GUE-4 failed to fully retrieve a fish comprising a failed ESP and power cable; and a workover to install an ESP at GUE-5A failed to bring that well into production. Finally, replacement of a surface flowline at GUE-9 resulted in a significant boost to that well's production rates. This combined activity resulted in the 5,000 bopd gross production target being achieved during October, all of these operational activities were completed safely and without incident.

In March 2021 GCA certified (3rd party) reserves and resources from the fields as of end December 2020. These



Sfax Petroleum Corporation AS

reserves amount to 1P Proved Reserves of 8.63 MMbbl, 2P Proved plus Probable Reserves of 15.08 MMbbls and 3P Proved plus Probable plus Possible reserves of 21.61 MMbbl. PTP's net working interest 1P Proved reserves are 4.23 MMbbl, 2P Proved plus Probable are 7.38 MMbbl and 3P Proved plus Probable plus Possible are 10.58 MMbbl.

In addition to these reserves, GCA also certified gross 1C Contingent Resources of 1.6 MMbbl, 2C Contingent Resources of 5.3 MMbbls and 3C Contingent Resources of 10.0 MMbbl, all assigned to the Cercina oil field. PTP's net working interest 1C Contingent Resource is 0.78 MMbbl, net working interest 2C Contingent Resource is 2.6 MMbbl and a net working interest 3C Contingent Resource is 4.9 MMbbl. These Reserves and Contingent Resources are PTP's net volumes before deductions for royalties and other taxes.

Total revenue for the full year amounted to USD 21.3 million comprising three international liftings and six smaller domestic liftings.

THE ACCOUNTS

The Board of Directors confirm that these financial statements have been prepared pursuant to the going concern assumption, in accordance with §3-3a of the Norwegian Accounting Act, and that this assumption was realistic as at the balance sheet date. The going concern assumption is based upon the financial position of the Company and the development plans currently in place. In the Board of Directors' view, the annual accounts give a true and fair view of the group's assets and liabilities, financial position and results. Sfax is the parent company of the Group and its financial statements have been prepared on the assumption that it will continue as a going concern.

The Group had USD 7.4 million in available cash and balances at 31 December 2020 (31 December 2019: USD 9.8 million). In addition, the Group had USD 16.6 million of cash held for a bank guarantee issued towards SOEP drilling obligations. These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as provided for by the EU and the Norwegian Accounting Act.

The consolidated and company stand alone accounts are presented in US dollars, rounded to the nearest thousand dollars (USD 000).

PRINCIPAL RISKS AND UNCERTAINTIES

Risks relating to the oil and gas industry

The Group's, results of operations, cash flow and financial condition depend significantly on the level of oil and gas prices and market expectations to these, and may be adversely affected by volatile oil and gas prices and by the general global economic and financial market situation.

The Group's profitability is determined in large part by the difference between the income received from the oil and gas produced and the operational costs, taxation costs relating to recovery (which are assessable irrespective of sales), as well as costs incurred in transporting and selling the oil and gas. Lower prices for oil and gas may thus reduce the amount of oil and gas that the Group is able to produce economically. This may also reduce the economic viability of the production levels of specific wells or of projects planned or in development to the extent that production costs exceed anticipated revenue from such production.

The economics of producing from some wells and assets may also result in a reduction in the volumes of the Group's reserves. The Group might also elect not to produce from certain wells at lower prices. These factors could result in a material decrease in net production revenue, causing a reduction in oil and gas acquisition and development activities. In addition, certain development projects could become unprofitable because of a decline in price and could result in the Group having to postpone or cancel a planned project, or if it is not possible to cancel the project, carry out the project with negative economic impact.

In addition, a substantial material decline in prices from historical average prices could reduce the Group's ability to refinance its outstanding credit facilities and could result in a reduced borrowing base under credit facilities available to the Group, including the existing acquisition loan facility in place. Changes in the oil and gas prices may thus adversely affect the Group's business, results of operations, cash flow, financial condition and prospects.



Sfax Petroleum Corporation AS

Exploration, development and production operations involve numerous safety and environmental risks and hazards that may result in material losses or additional expenditures

Developing oil and gas resources and reserves into commercial production involves risk. The Group's exploration operations are subject to all the risks common in the oil and gas industry. These risks include, but are not limited to, encountering unusual or unexpected rock formations or geological pressures, geological uncertainties, seismic shifts, blowouts, oil spills, uncontrollable flows of oil, natural gas or well fluids, explosions, fires, improper installation or operation of equipment and equipment damage or failure. Given the nature of offshore operations, the Group's exploration, operating and drilling facilities are also subject to the hazards inherent in marine operations, such as capsizing, sinking, grounding and damage from severe storms or other severe weather conditions, as well as loss of containment, fires or explosions.

The market in which the Group operates is highly competitive

The oil and gas industry is very competitive and rapidly changing. Competition is particularly intense in the acquisition of (prospective) oil and gas licenses. The Group's competitive position depends on its geological, geophysical and engineering expertise, financial resources, the ability to develop its assets and the ability to select, acquire, and develop proven reserves.

Risks relating to the business of the Group

Risk relating to the outbreak of pandemics, including the ongoing Covid-19 pandemic

The ongoing Covid-19 pandemic has created uncertainty on all aspects of the operations and financial position of the Group, and has made countries and organisations, including the Group, take measures to mitigate risk for communities, employees and business operations.

Despite oil prices partially recovering from lows in April 2020, they remained volatile throughout 2020 and made it challenging to predict the full extent and duration of resulting operational and economic impact for the Company and the Group, which makes key assumptions applied in the valuation of the Group's assets and measurement of its liabilities difficult. Although the Group's production were relatively unaffected by the COVID-19 pandemic throughout the year 2020, there can be no assurances that the Group's operations will continue without major interruptions arising from outbreaks of pandemics in the future.

Developing a hydrocarbon production field requires significant investment

The Group expects to be involved in developments in Tunisia. Developing a hydrocarbon production field requires significant investment, sometimes over several decades, to build the requisite operating facilities, drilling of production wells along with implementation of advanced technologies for the extraction and exploitation of hydrocarbons with complex properties. Making these investments and implementing these technologies, normally under difficult conditions, can result in uncertainties about the amount of investment necessary, operating costs and additional expenses incurred as compared with the initial budget, thereby negatively affecting the business, prospects, financial condition and results of operations of the Group. Further, with respect to contingent resources, the amount of investment needed may be prohibitive, such that conversion of resources into reserves may not be commercially viable. The Group may be unable to obtain needed capital or financing on satisfactory terms. If the Group's revenues decrease, it may have limited ability to obtain the capital necessary to sustain operations at current levels. If the Group's available cash is not sufficient to fund its committed or planned investments, a curtailment of its operations relating to development of its business prospects could occur, which in turn could lead to a decline in its oil and natural gas production and reserves, or if it is not possible to cancel or stop a project, be legally obliged to carry out the project contrary to its desire or with negative economic impact. Further, the Group may inter alia fail to make required cash calls and thus breach license obligations, which again could lead to adverse consequences. All of the above may have a material adverse effect on the Group and its financial position.

There are risks and uncertainties relating to extension of existing licenses and permits, including whether any extensions will be subject to onerous conditions

The Group's license interests for the exploration and exploitation of hydrocarbons will be subject to fixed terms, some of which will expire before the economic life of the asset is over. For example, the licences relating to the interest in five oil production concessions in Tunisia acquired in the OMV Transaction will expire at the end of their economic life.

The Group plans to extend any permit or license where such extension is in the best interest of the Group. However, the process for obtaining such extensions is not certain and no assurances can be given that an extension in fact will be possible. Even if an extension is granted, such extension may only be given on conditions which are onerous or not acceptable to the Group.



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If any licence expires, the Group may lose its investments into the licence, charged penalties relating to unfulfilled work program obligations (such as Hammamet) and forego the opportunity to take part in any successful development of, and future production from, the relevant license area, which could have a material adverse effect on the Group's financial position and future prospects.

Sfax's current production and expected future production is concentrated in a few fields

The Group's production of oil and gas comes from a limited number of fields. If mechanical or technical problems, storms or other events or problems affect the production on one of these offshore fields, it may have direct and significant impact on a substantial portion of the Group's production. Also, if the actual reserves associated with any one of these fields are less than the estimated reserves, the Group's results from operations and financial condition could be materially adversely affected.

Oil and gas production could vary significantly from reported reserves and resources

The Group's reserve evaluations have been prepared in accordance with existing guidelines. These evaluations include many assumptions relating to factors such as initial production rates, recovery rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of oil and gas, operating costs, and royalties and other government levies that may be imposed over the producing life of the reserves and resources. Actual production and cash flows will vary from these evaluations, and such variations could be material. Hence, although the Group understands the life expectancy of each of its assets, the life of an asset may be shorter than anticipated. Among other things, evaluations are based, in part, on the assumed success of exploration activities intended to be undertaken in future years. The reserves, resources and estimated cash flows to be derived therefrom contained in such evaluations will be reduced to the extent that such exploration activities do not achieve the level of success assumed in the evaluations, and such reductions may have a material adverse effect on the Group's business, results of operations, cash flow and financial condition.

The Company faces risks related to decommissioning activities and related costs

Several of the Group's license interests concern fields which have been in operation for years and which, consequently, will have equipment which from time to time will have to be decommissioned.

There are significant uncertainties relating to the estimated liabilities, costs and time for decommissioning of the Group's current and future licenses. Such liabilities are derived from legislative and regulatory requirements and require the Group to make provisions for such liabilities.

It is, therefore, difficult to forecast accurately the costs that the Group will incur in satisfying decommissioning liabilities. No assurance can be given that the anticipated cost and timing of removal are correct and any deviation from current estimates or significant increase in decommissioning costs relating to the Group's previous, current or future licenses, may have a material adverse effect on the Group.

The Group may be subject to liability under environmental laws and regulations

All phases of oil and gas activities present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and national laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, and releases or emissions of various substances. The legislation also requires that wells and facility sites are operated, maintained and abandoned to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties in addition to loss of reputation. Any pollution may give rise to material liabilities and may require the Group to incur material costs to remedy such discharge. No assurance can be given that current or future environmental laws and regulations will not result in a curtailment or shut down of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Group.

The Group's business and financial condition could be adversely affected if tax regulations for the petroleum industry are amended

There is no assurance that future political conditions will not result in the Tunisian government adopting different policies for petroleum taxation. In the event there are changes to such tax regimes, it could lead to new investments being less attractive, increase costs for the Group and prevent the Group from further growth. In addition, taxing authorities could review and question the Group's historical tax returns leading to additional taxes and tax penalties which could be material.



Sfax Petroleum Corporation AS

The Group faces the risk of litigation or other proceedings in relation to its business

The Group faces the risk of litigation and other proceedings in relation to its business. The outcome of any litigation may expose the Group to unexpected costs and losses, reputational and other non-financial consequences and diverting management attention away from operational matters, all of which could have a material adverse effect on the Group's business and financial position.

The Group will have guarantee and indemnity obligations

The Group will in its ordinary course of business provide guarantees and indemnities to governmental agencies, joint venture partners or third-party contractors in respect of activities relating to its subsidiaries, inter alia for such subsidiaries working and abandonment obligations under licences or obligations under the relevant terms of agreements with third party contractors.

Should any guarantees or indemnities given by the Company be called upon, this may have a material adverse effect on the Company's financial position.

Financial risks

Financial risk is managed by the finance department under policies approved by the Board of Directors. The overall risk management program seeks to minimize the potential adverse effects of unpredictable fluctuations in financial and commodity markets on financial performance, i.e., risks associated with currency exposures, debt servicing and oil and gas prices. Financial instruments such as derivatives, forward contracts and currency swaps are continuously being evaluated for the hedging of such risk exposures.

The Group is exposed to interest rate and liquidity risk associated with its borrowing portfolio and fluctuations in underlying interest rates

The Group's long-term debt is primarily based on floating interest rates. An increase in interest rates can therefore materially adversely affect the Group's cash flows, operating results and financial condition and make it difficult to service its financial obligations. The Group has, and will in the future have, covenants related to its financial commitments. Failure to comply with financial obligations, financial covenants and other covenants may entail several material adverse consequences, including the need to refinance, restructure, or dispose of certain parts of, the Group's businesses in order to fulfil the financial obligations and there can be no assurances that the Group in such event will be able to fulfil its financial obligations.

Changes in foreign exchange rates may affect the company's results of operations and financial position

The Group is exposed to market fluctuations in foreign exchange rates due to the fact that the company reports profit and loss and the balance sheet in USD. Revenues are in USD for export sales in Tunisia and Tunisian Dinars (TND) for domestic market sales. Operational costs in Tunisia are primarily in TND. Moreover, taxes are calculated and paid in TND. The Group may, from time to time, enter into foreign currency exchange hedging arrangements to manage the risk of foreign currency exposure and may also be required to provide security for such derivative transactions. Such security, if provided, could make it difficult for the Group to service its debt.

The company is exposed to risk of counterparties being unable to fulfil their financial obligations

The Tunisian petroleum ministry, ETAP, is the Company's primary partner and counterparty in Tunisia. A general downturn in financial markets and economic activity may result in a higher volume of late payments and outstanding receivables, which may in turn adversely affect the company's business, operating results, cash flows and financial condition.

ORGANISATION AND HEALTH, SAFETY, SECURITY AND ENVIRONMENT (HSSE)

The Company is managed in compliance with the HSSE policies and Corporate Governance framework of Panoro Energy ASA, an independent exploration and production (E&P) company headquartered in London and listed on the Oslo Stock Exchange with ticker PEN and also a 60% shareholder in the Company. The HSSE objective for Panoro is zero accidents, zero unwanted incidents in all activities and striving towards performing all its activities with no harm to people or the environment. Details of Panoro's HSSE Policy and Corporate Governance framework are available on the website: <http://www.panoroenergy.com/>. Sfax and its subsidiaries experienced no major accidents, injuries, incidents or any environmental claims during the period with respect to its existing and recently acquired businesses in Tunisia from the respective acquisition dates.



Sfax Petroleum Corporation AS

DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITIES

Sfax is an equal opportunity employer, with an equality concept integrated in its human resources policies. A diversified working environment is embraced, and the Company's personnel policies promote equal opportunities and rights and prevent discrimination based on gender, ethnicity, colour, language, religion or belief. All employees are governed by Panoro Energy ASA's Code of Conduct, to ensure uniformity in behaviour across the workforce in Tunisia. Sfax Petroleum Corporation AS experienced no major accidents, injuries, incidents, or any environmental claims during the year with respect to its operations in Tunisia. Sickness absences during the year was less than 1%.

Sfax is a knowledge-based company in which a majority of the workforce has earned college or university level educations, or has obtained industry-recognized skills and qualifications specific to their job requirements. Employees are remunerated exclusively based upon skill level, performance and position.

The Group had 16 permanent employees at 31 December 2020, all based in Tunisia. Of these, 69% were male and 31% were female. (31 December 2019: 25 permanent employees, all based in Tunisia, 80% male and 20% female). There are currently no women in Sfax's senior management (2019: None). These statistics exclude employments at joint venture level where assets are jointly controlled and Sfax is not an operator.

5 May 2021

The Board of Directors
Sfax Petroleum Corporation AS

Qazi Muhammad Abdul Qadeer
Chairman of the Board

Julien Guillaume Olivier Balkany
Director

Slim Bouricha
Director

Carmelo Borg
Director

Richard Morton
Director



Sfax Petroleum Corporation AS

CONSOLIDATED AND COMPANY STATEMENT OF
COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER

USD '000	Note	Group		Company	
		2020	2019	2020	2019
Continuing operations					
Oil revenue	3	21,269	33,483	-	-
Total revenues		21,269	33,483	-	-
Expenses					
Operating costs		(12,075)	(10,536)	-	-
Depreciation		(6,812)	(6,097)	-	-
General and administrative costs	4	(2,195)	(2,401)	(247)	(191)
Exploration related costs	4	(763)	(118)	-	-
Sponsorship and Charitable Donations		(1)	(14)	-	-
Non-recurring costs		(370)	(1,195)	-	(275)
Total operating expenses	4	(22,216)	(20,362)	(247)	(466)
Operating profit/(loss)		(947)	13,121	(247)	(466)
Realised gain/(loss) on commodity hedges		7,537	(1,633)	-	-
Unrealised gain/(loss) on commodity hedges	11	4,100	(3,061)	-	-
Interest costs net of income	11	(1,968)	(2,563)	-	(38)
Commitment fees		(367)	(437)	-	-
Dividends received from subsidiaries		-	-	-	-
Net gain (loss) on foreign exchange transactions		(560)	103	(1)	2
Interest expense decommissioning	8	(822)	(799)	-	-
Profit/(loss) before taxes and dividends		6,973	4,731	(248)	(502)
Income tax (expense)/benefit - current tax	5	(1,039)	(12,662)	-	(2)
Income tax (expense)/benefit - deferred tax	5	(1,987)	(3,374)	-	-
Net (loss)/profit from continuing operations		3,947	(11,305)	(248)	(504)
Total comprehensive (loss) / income		3,947	(11,305)	(248)	(504)

The annexed notes form an integral part of these financial statements.



Sfax Petroleum Corporation AS

CONSOLIDATED AND COMPANY STATEMENT OF
FINANCIAL POSITION AS AT 31 DECEMBER

USD '000	Note	Group		Company	
		2020	2019	2020	2019
ASSETS					
Non-current assets					
Production rights	7	44,125	48,127	-	-
Production assets and equipment	7	32,133	26,866	-	-
Development assets and equipment	7	2,641	1,013	-	-
Exploration assets and license interests	7	3,852	2,011	-	-
Furniture, fixtures and equipment	7	211	325	-	-
Investment in associates		44	44	-	-
Investment in subsidiaries	15	-	-	31,007	31,007
Total Non-current assets		83,006	78,386	31,007	31,007
Current assets					
Crude oil inventory		1,775	598	-	-
Materials inventory		5,218	5,463	-	-
Trade and other receivables		4,831	3,218	-	-
Fair value of commodity hedges - current portion		2,299	-	-	-
Cash and cash equivalents	9	7,437	9,817	3	6
Cash held for bank guarantee	9	16,600	16,600	-	-
Other current receivables		4,547	1,686	-	-
Loan receivable from Panoro Tunisia Exploration AS	14	-	-	16,582	12,450
Total current assets		42,707	37,382	16,585	12,456
TOTAL ASSETS		125,713	115,768	47,592	43,463
EQUITY					
Equity					
Share capital	10	12	12	12	12
Share premium reserve	10	29,988	29,988	29,988	29,988
Share based payment reserve	10	54	-	-	-
Total paid-in equity		30,054	30,000	30,000	30,000
Retained earnings		(8,731)	(12,678)	(1,495)	(1,247)
Total equity attributable to shareholder of the parent		21,323	17,322	28,505	28,753




Sfax Petroleum Corporation AS

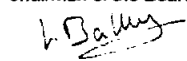
CONSOLIDATED AND COMPANY STATEMENT OF
FINANCIAL POSITION AS AT 31 DECEMBER
CONTINUED

USD '000	Note	Group		Company	
		2020	2019	2020	2019
LIABILITIES					
Non-current liabilities					
Decommissioning liability	8	30,613	27,832	-	-
Senior Secured loan	13	16,101	21,819	-	-
Licence obligations	6	7,876	7,876	-	-
Deferred tax liabilities	5	5,361	3,374	-	-
Other non-current liabilities		4,278	3,205	-	-
Fair value of commodity hedges - non-current portion	11	-	177	-	-
Loan payable to Panoro Tunisia Exploration AS		-	-	-	-
Total non-current liabilities		64,229	64,283	-	-
Current liabilities					
Accounts payable and accrued liabilities		8,134	697	60	32
Senior Secured loan - current portion	13	6,829	5,742	-	-
Interest payable on Senior Secured loan	13	374	586	-	-
Licence obligations - current portion	6	1,944	1,944	-	-
Corporation tax liabilities	5	2,827	8,846	-	-
Fair value of commodity hedges - current portion	11	-	1,623	-	-
Other current liabilities		142	190	-	-
Crude oil over-lift		229	108	-	-
Loans from shareholders	14	16,133	12,000	16,133	12,000
Trade payable to Panoro Energy ASA	14	3,550	2,427	1,395	1,178
Trade payable to Panoro Tunisia Production AS	14	-	-	1,500	1,500
Total current liabilities		40,161	34,163	19,087	14,710
TOTAL EQUITY AND LIABILITIES		125,713	115,768	47,592	43,463

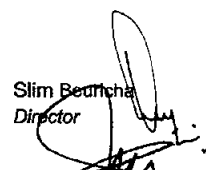
The annexed notes form an integral part of these financial statements.
5 May 2021

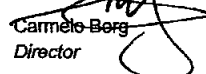
The Board of Directors
Sfax Petroleum Corporation AS


Qazi Muhammad Abdul Qadeer
Chairman of the Board


Julian Guillaume Olivier Balkany
Director


Richard Morton
Director


Slim Beuricha
Director


Carmelo Borg
Director



Sfax Petroleum Corporation AS

CONSOLIDATED AND COMPANY STATEMENT OF
CHANGES IN EQUITY FOR THE YEAR ENDED

Attributable to equity holders of Parent

Group (USD '000)	Issued capital	Share premium	Share based payment reserve	Retained earnings	Total
At 1 January 2019	12	29,988	-	(1,373)	28,627
Net (loss)/income - continuing operations	-	-	-	(11,305)	(11,305)
At 31 December 2019	12	29,988	-	(12,678)	17,322
Employee share options	-	-	54	-	54
Net (loss)/income - continuing operations	-	-	-	3,947	3,947
At 31 December 2020	12	29,988	54	(8,731)	21,323

Attributable to equity holders of Parent

Company (USD '000)	Issued capital	Share premium	Share based payment reserve	Retained earnings	Total
At 1 January 2019	12	29,988	-	(743)	29,257
Net income/(loss) - continuing operations	-	-	-	(504)	(504)
At 31 December 2019	12	29,988	-	(1,247)	28,753
Net income/(loss) - continuing operations	-	-	-	(248)	(248)
At 31 December 2019	12	29,988	-	(1,495)	28,505

The annexed notes form an integral part of these financial statements.



Sfax Petroleum Corporation AS

CONSOLIDATED AND COMPANY CASH FLOW
STATEMENT FOR THE YEAR ENDED 31 DECEMBER

USD '000	Note	Group		Company	
		2020	2019	2020	2019
Cash flow from operating activities					
		6,973	4,731	(248)	(502)
Net (loss) / income for the period before tax - continuing operations					
Adjusted for:					
	7	6,812	6,097	-	-
		763	118	-	-
		370	-	-	-
	11	(11,637)	4,694	-	-
		3,157	3,800	-	38
		(7,058)	(13,422)	-	-
		(811)	815	-	-
		560	(103)	1	(2)
		13,771	(1,445)	28	(67)
		(4,474)	(1,218)	-	-
		8,426	4,067	(219)	(533)
Net cash flows from operating activities					
Cash flow from investing activities					
	15	-	19	-	-
	6	-	(850)	-	-
		(8,651)	(3,864)	-	-
		-	2,427	217	530
		(370)	-	-	-
		(763)	(118)	-	-
		-	-	(4,132)	(12,450)
		(9,784)	(2,386)	(3,916)	(11,920)
Net cash flow from investing activities					
Cash flow from financing activities					
		(560)	103	(1)	(38)
		-	-	-	(1,013)
		-	-	-	1,500
		-	12,000	4,133	12,000
	13	-	4,100	-	-
		(4,800)	(2,800)	-	-
	11	7,538	(1,633)	-	-
	9	-	(16,600)	-	-
		-	127	-	-
		(3,200)	(2,481)	-	-
		(1,022)	(7,184)	4,132	12,449
Net cash flow from financing activities					
		(2,380)	(5,503)	(3)	(4)
Change in cash and cash equivalents during the period					
		9,817	15,320	6	10
		7,437	9,817	3	6
Cash and cash equivalents at the end of the period					

The annexed notes form an integral part of these financial statements.



Sfax Petroleum Corporation AS

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. CORPORATE INFORMATION

Sfax Petroleum Corporation AS ("the Company"), was incorporated on 8 August 2018 as a limited company under the Norwegian Private Limited Companies Act. The registered organization number of the Company is 821 293 502 and its registered office is c/o Advokatfirmaet Schjødt AS, Ruselekkveien 14, 0251 Oslo, Norway.

The Company and its subsidiaries are engaged in the exploration and production of oil and gas resources in Tunisia. The Company holds no oil or gas assets outside Tunisia. The consolidated financial statements of the Group and the standalone financial statements of the Company for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 5 May 2021.

The Board of Directors confirms that the consolidated and standalone annual financial statements have been prepared pursuant to the going concern assumption, in accordance with §3-3a of the Norwegian Accounting Act, and that this assumption was realistic as at the balance sheet date. The going concern assumption is based upon the financial position of the Company and the Group and the development plans currently in place. In the Board of Directors' view, the annual accounts give a true and fair view of the Company and the Group's assets and liabilities, financial position and results.

NOTE 2. BASIS OF PREPARATION

The stand-alone parent company accounts for Sfax Petroleum Corporation AS (the "Company") and consolidated financial statements have been prepared under International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU")

The consolidated financial statements are prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

The consolidated and standalone financial statements are presented in USD. The amounts in these financial statements have been rounded to the nearest USD thousand unless otherwise stated. USD is the currency used for accounting purposes and is the functional currency of the Company and the Group. Shares in subsidiaries and other shares are recorded in the Company's accounts using the cost method of accounting and reduced by impairment, if any.

NOTE 2.1 BASIS OF CONSOLIDATION

2.1.1 Subsidiaries

The consolidated financial statements include Sfax Petroleum Corporation AS and its wholly owned subsidiaries as of 31 December 2019 and 31 December 2020, Panoro Tunisia Production AS (PTP) and Panoro Energy AS (PEAS). Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary
- derecognises the carrying amount of any NCI
- derecognises the cumulative translation differences recognised in equity
- recognises the fair value of the consideration received



Sfax Petroleum Corporation AS

- recognises the fair value of any investment retained
- recognises any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

The purchase method of accounting is applied for business combinations. The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquirer.

If the initial accounting for a business combination can only be determined provisionally, then provisional values are used. However, these provisional values may be adjusted within 12 months from the date of the combination.

2.1.2 Associated companies

Associated companies are those entities in which the Company has significant influence, but not control or joint control over the financial and operating policies. Joint arrangements, which are arrangements of which the Company has joint control together with one or more parties, are classified into joint ventures and joint operations. Joint ventures are joint arrangements in which the parties that share control have rights to the net assets of the arrangement. Joint operations are joint arrangements in which the parties that share joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement.

2.1.3 Interests in joint arrangements

A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

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

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Expenses, including its share of any expenses incurred jointly

The Group, through its subsidiary Panoro TPS (UK) Production Limited ("Panoro TPS") has a 49% interest in five oil and gas concessions alongside ETAP at 51%. In addition, Panoro TPS owns 50% of the shares in Thyna Petroleum Services SA ("TPS") which operates these oil and gas concessions. TPS being a joint operating company, is not considered a subsidiary of the Group. The 49% interest in the five oil and gas concessions are managed through an operating agreement between Panoro TPS and ETAP which requires unanimity in most of the operational decision making. Panoro TPS has rights to the assets, and obligations for the liabilities, relating to the arrangement. The five oil concessions are therefore considered a joint operation.

TPS operates on a cost basis and bills all the spending back to the JV partners. The sole purpose of existence of TPS is to manage the named concessions and it does not generate any meaningful income or results. Panoro TPS has no rights to the assets, or obligations for the liabilities, in the joint arrangement. The investment in TPS is therefore considered a joint venture and accounted for using the equity method.

Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The Group's investment in its joint venture is accounted for using the equity method.

Under the equity method, the investment in the joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of joint ventures. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.



Sfax Petroleum Corporation AS

The aggregate of the Group's share of profit or loss of the joint venture is shown on the face of the statement of profit or loss and other comprehensive income as part of operating profit and represents profit or loss after tax and NCI in the subsidiaries of the joint venture. The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss and other comprehensive income.

On loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss and other comprehensive income.

Reimbursement of costs of the operator of the joint arrangement

When the Group, acting as an operator or manager of a joint arrangement, receives reimbursement of direct costs recharged to the joint arrangement, such recharges represent reimbursements of costs that the operator incurred as an agent for the joint arrangement and therefore have no effect on profit or loss.

When the Group charges a management fee (based on a fixed percentage of total costs incurred for the period) to cover other general costs incurred in carrying out the activities on behalf of the joint arrangement, it is not acting as an agent. Therefore, the general overhead expenses and the management fee are recognised in the statement of profit or loss and other comprehensive income as an expense and income, respectively.

NOTE 2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

2.2.1. Estimates and assumptions

The preparation of the financial statements in conformity with IFRS as adopted by the EU requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are as follows:

Hydrocarbon reserve estimates

Hydrocarbon reserves are estimates of the amount of hydrocarbons that can be economically and legally extracted from the Group's oil and gas properties. The Group estimates its commercial reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the Production-Sharing Agreements. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs.

The Group estimates and reports hydrocarbon reserves in line with the principles contained in the SPE Petroleum Resources Management Reporting System (PRMS) framework and generally obtains independent evaluations for each asset whenever new information becomes available that materially influences the reported results. As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results, which include:

- The carrying value of exploration and evaluation assets; oil and gas properties; property, plant and equipment; and goodwill may be affected due to changes in estimated future cash flows



Sfax Petroleum Corporation AS

- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the UOP method, or where the useful life of the related assets change
- Provisions for decommissioning may change — where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities
- The recognition and carrying value of deferred tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets

Income taxes

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction, to the extent that future cash flows and taxable income differ significantly from estimates. The ability of the Group to realise the net deferred tax assets recorded at the date of the statement of financial position could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

Impairment indicators

The Group assesses each cash-generating unit quarterly to determine whether an indication of impairment exists. When an indication of impairment exists, a formal estimate of the recoverable amount is made.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell, or if relevant, a combination of these two models. These calculations require the use of estimates and assumptions. It is reasonably possible that the oil price assumption may change which may then impact the estimated life of the field and may then require a material adjustment to the carrying value of tangible assets. The Group monitors internal and external indicators of impairment relating to its tangible and intangible assets.

Asset retirement obligations

Asset retirement costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its retirement obligation at each reporting date. The ultimate asset retirement costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for asset retirement obligation. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future asset retirement costs required.

Technical risk in development of oil and gas fields

The development of the oil and gas fields, in which the Group has an ownership, is associated with significant technical risk and uncertainty with regards to timing of additional production from new development activities. Risks include, but are not limited to, cost overruns, production disruptions as well as delays compared to initial plans laid out by the operator. Some of the most important risk factors are related to the determination of reserves, the recoverability of reserves, and the planning of a cost efficient and suitable production method. There are also technical risks present in the production phase that may cause cost overruns, failed investment and destruction of wells and reservoirs.

Estimates have been made after taking into account information available to management and factors in unknown uncertainties as of the date of the balance sheet.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

2.2.2 Judgments

In the process of applying the Group's accounting policies, the directors have made the following judgments, apart from those involving estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:



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COVID-19 virus pandemic

The ongoing COVID-19 pandemic has created uncertainty on all aspects of the operations and financial position of the Group, and has made countries and organisations, including the Group, take measures to mitigate risk for communities, employees and business operations.

Despite oil prices partially recovering from lows in April 2020, they remained volatile throughout 2020 and made it challenging to predict the full extent and duration of resulting operational and economic impact for the Company and the Group, which makes key assumptions applied in the valuation of the Group's assets and measurement of its liabilities difficult.

Continued development of the pandemic and mitigating actions enforced by health authorities create uncertainty related to key assumptions applied in the valuation of our assets and measurement of our liabilities. These key assumptions include commodity prices, changes to demand for and supply of oil and gas, and the discount rate to be applied.

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

NOTE 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.3.1 Foreign Currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company and the Group, including its subsidiaries is the US dollar ('USD').

Transactions in foreign currencies are initially recorded at the functional currency spot rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the spot exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.3.2 Business combinations and goodwill

In order to consider an acquisition as a business combination, the acquired asset or groups of assets must constitute a business (an integrated set of operations and assets conducted and managed for the purpose of providing a return to the investors). The combination consists of inputs and processes applied to these inputs that have the ability to create output. Acquired businesses are included in the financial statements from the transaction date. The transaction date is defined as the date on which the company achieves control over the financial and operating assets. This date may differ from the actual date on which the assets are transferred. Comparative figures are not adjusted for acquired, sold or liquidated businesses. On acquisition of a licence that involves the right to explore for and produce petroleum resources, it is considered in each case whether the acquisition should be treated as a business combination or an asset purchase. Generally, purchases of licences in a development or production phase will be regarded as a business combination. Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (NCI) in the acquiree. For each business combination, the Group elects whether to measure NCI in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Those acquired petroleum reserves and resources that can be reliably measured are recognised separately in the



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assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognised separately, but instead are subsumed in goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments* is measured at fair value, with changes in fair value recognised either in the statement of profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured, and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for NCI over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred (bargain purchase), before recognising a gain, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the statement of profit or loss and other comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation in that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

2.3.3 License interests, exploration and evaluation assets, field investments, and depreciation

License interests and exploration and evaluation assets

The Group applies the 'successful efforts' method of accounting for Exploration and Evaluation ('E&E') costs, in accordance with IFRS 6 *Exploration for and Evaluation of Mineral Resources*. E&E expenditure is capitalised when it is considered probable that future economic benefits will be recoverable. Costs that are known at the time of incurrence to fail to meet this criterion are generally charged to expense in the period they are incurred.

E&E expenditure capitalised as intangible assets includes license acquisition costs, and exploration drilling, geological and geophysical costs and any other directly attributable costs. E&E expenditure, which is not sufficiently related to a specific mineral resource to support capitalization, is expensed as incurred.

E&E assets are carried forward, until the existence, or otherwise, of commercial reserves have been determined subject to certain limitations including review for indications of impairment. If no reserves are found the costs to drill exploratory wells, including exploratory geological and geophysical costs and costs of carrying and retaining unproved properties, are written off.

Once commercial reserves have been discovered, the carrying value after any impairment loss of the relevant E&E assets is transferred to development tangible and intangible assets. No depreciation and/or amortisation are charged during the exploration and development phase. If however, commercial reserves have not been discovered, the capitalised costs are charged to expense after the conclusion of appraisal activities.

Development tangible and intangible assets

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of commercially proven development wells, is capitalised within property, plant and equipment and intangible assets according to nature. When development is completed on a specific field, it is transferred to production assets. No depreciation or amortisation is charged during the Exploration and Evaluation phase.

Development costs

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



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Oil & gas production assets

Development and production assets are accumulated on a cash-generating unit basis and represent the cost of developing the commercial reserves discovered and bringing them into production together with E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets, as outlined in accounting policy above.

The cost of development and production assets also includes the cost of acquisitions and purchases of such assets, directly attributable overheads and the cost of recognising provisions for future restoration and decommissioning.

Where major and identifiable parts of the production assets have different useful lives, they are accounted for as separate items of property, plant and equipment. Costs of minor repairs and maintenance are expensed as incurred.

Depreciation/amortisation

Oil and gas properties are not depleted until production commences. Costs relating to each single field cost centre are depleted on a unit of production method based on the commercial proved and probable reserves for that cost centre. The depletion calculation takes account of the estimated future costs of development of management's assessment of proved and probable reserves, reflecting risks applicable to the specific assets. Changes in reserve quantities and cost estimates are recognised prospectively from the last reporting date.

Field infrastructure exceeding beyond the life of the field is depreciated over the useful life of the infrastructure using a straight-line method.

Depreciation/amortisation on assets held for sale is ceased from the date of such classification.

Impairment – exploration and evaluation assets

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount and when they are reclassified to PP&E assets. For the purpose of impairment testing, E&E assets are grouped by concession or field with other E&E and PP&E assets belonging to the same CGU. The impairment loss will be calculated as the excess of the carrying value over recoverable amount of the E&E impairment grouping and any resulting impairment loss is recognized in profit or loss. The recoverable amount of a CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In assessing fair value less costs to sell, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Fair value less costs to sell is generally computed by reference to the present value of the future cash flows expected to be derived from production of proved and probable reserves.

Impairment – proved oil and gas production properties and intangible assets

Proven oil and gas properties and intangible assets are reviewed annually 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 carrying value is compared against the expected recoverable amount of the asset, generally by net present value of the future net cash flows, expected to be derived from production of commercial reserves or consideration expected to be achieved through the sale of its interest in an arms-length transaction, less any associated costs to sell. The cash generating unit applied for impairment test purposes is generally the field, except that a number of field interests may be grouped together where there are common facilities.

2.3.4 Financial instruments

2.3.4.1 Derivative financial instruments and hedge accounting

The Group enters into derivative financial instruments to manage its exposure to volatility in the commodity prices realised for a proportion of its crude oil production. All derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each period end. Apart from those derivatives designated as qualifying cash flow hedging instruments, all changes in fair value are recorded as financial income or expense in the year in which they arise, otherwise they are recognised in other comprehensive income.

For derivatives not designed as qualifying for cash flow hedging, the fair value at balance sheet date is based on fair value provided by the counterparties with whom the trades have been entered into. The derivatives are valued using a Black-Scholes based methodology. The inputs to these valuations include price of oil and its volatility. Fair value is the amount for which a financial asset, liability or instrument could be exchanged between knowledgeable and willing



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parties in an arm's length transaction. It is determined by reference to quoted market prices adjusted for estimated transaction costs that would be incurred in an actual transaction, or by the use of established estimation techniques such as option pricing models and estimated discounted values of cash flows.

2.3.4.2 Financial assets

Financial assets are recognized initially at fair value, normally being the transaction price. In the case of financial assets not at fair value through profit or loss, directly attributable transaction costs are also included. The subsequent measurement of financial assets depends on their classification, as set out below. The group derecognizes financial assets when the contractual rights to the cash flows expire or the financial asset is transferred to a third party. This includes the derecognition of receivables for which discounting arrangements are entered into. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

Financial assets are classified as measured at amortized cost when they are held in a business model the objective of which is to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the assets are derecognized or impaired and when interest is recognized using the effective interest method. This category of financial assets includes trade and other receivables.

Financial assets measured at fair value through profit or loss

Financial assets are classified as measured at fair value through profit or loss when the asset does not meet the criteria to be measured at amortized cost or fair value through other comprehensive income. Such assets are carried on the balance sheet at fair value with gains or losses recognized in the income statement. Derivatives, other than those designated as effective hedging instruments, are included in this category.

Cash equivalents

Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risk of changes in value and generally have a maturity of three months or less from the date of acquisition. Cash equivalents are classified as financial assets measured at amortised cost.

Other financial assets – Restricted cash

Restricted cash relates to resources or collateral held by the Group which can only be accessed through fulfilment of conditions imposed by third parties. Funds are only classified from restricted cash status to cash equivalents when monies are transferred to and under the control of the Group.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets measured at amortized cost

The group assesses on a forward looking basis the expected credit losses associated with financial assets classified as measured at amortized cost at each balance sheet date. Expected credit losses are measured based on the maximum contractual period over which the group is exposed to credit risk. Since this is typically less than 12 months there is no significant difference between the measurement of 12-month and lifetime expected credit losses for the group's in-scope financial assets. The measurement of expected credit losses is a function of the probability of default, loss given default and exposure at default. The expected credit loss is estimated as the difference between the asset's carrying amount and the present value of the future cash flows the group expects to receive discounted at the financial asset's original effective interest rate. The carrying amount of the asset is adjusted, with the amount of the impairment gain or loss recognized in the income statement. A financial asset or group of financial assets classified as measured at amortized cost is considered to be credit-impaired if there is reasonable and supportable evidence that one or more events that have a detrimental impact on the estimated future cash flows of the financial asset (or group of financial assets) have occurred. Financial assets are written off where the group has no reasonable expectation of recovering amounts due.

2.3.4.3 Financial liabilities

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities measured at fair value through profit or loss



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Financial liabilities that meet the definition of held for trading are classified as measured at fair value through profit or loss. Such liabilities are carried on the balance sheet at fair value with gains or losses recognized in the income statement. Derivatives, other than those designated as effective hedging instruments, are included in this category.

Financial liabilities measured at amortized cost

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. This category of financial liabilities includes trade and other payables and finance debt.

2.3.5 Fair value measurement and hierarchy

The Group measures derivatives at fair value at each balance sheet date and, for the purposes of impairment testing, uses fair value less costs of disposal to determine the recoverable amount of some of its non-financial assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly or indirectly; and
- Level 3: fair value measurements are those derived from valuation techniques which include inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.3.6 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognised through profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest expense. The present obligation under onerous contracts is recognised as a provision.



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2.3.7 Asset retirement obligation

An asset retirement liability is recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the obligation is also recognised as part of the cost of the related production plant and equipment. The amount recognised is the estimated cost of asset retirement, discounted to its present value. Changes in the estimated timing of asset retirement or asset retirement cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to production plant and equipment. The unwinding of the discount on the asset retirement provision is included as a finance cost.

2.3.8 Income tax

Income tax expense represents the sum of the tax currently payable and movement in deferred tax.

Current 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 taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations which applicable tax regulations are subject to interpretation and established provisions where appropriate.

Deferred tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences; carry forward to unused tax credits and unused tax losses, to the extent that it is probable that future 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 utilized except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associate with investments in subsidiaries, associate and interest in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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



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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances arose. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it occurred during the measurement period or in profit or loss.

Production-sharing arrangements

According to the production-sharing arrangement (PSA) in certain licenses, the share of the profit oil to which the government is entitled in any calendar year in accordance with the PSA is deemed to include a portion representing the corporate income tax imposed upon and due by the Group. This amount will be paid directly by the government on behalf of Group to the appropriate tax authorities. This portion of income tax and revenue are presented net in income statement.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.3.9 Revenue recognition

Revenue from petroleum products

Petroleum products revenue from the sale of crude oil is recognised when a customer obtains control ("sales" or "lifting" method), normally this is when title passes at point of delivery. Revenues from production of oil properties are recognised based on actual volumes lifted and sold to customers during the period. Where the Group has lifted and sold more than the ownership interest, an accrual is recognised for the cost of the overlift. Where the Group has lifted and sold less than the ownership interest, costs are deferred for the underlift. Over and underlifts are valued at production cost. An overlift liability is valued at net realisable value while an underlift asset is valued at production cost in the Consolidated statement of financial position. Lifting imbalances are a part of the operating cycle and as such classified as other current liabilities/assets.

Revenue from test production is recognised as a direct off-set to the capitalised cost of the exploration and evaluation asset.

Interest income and financial instruments measured at amortised cost

Interest income is recognized on an accruals basis. For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest revenue is included in finance income in income statement.



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2.3.10 Leases

The Group assesses at contract inception, all arrangements to determine whether they are, or contain, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group is not a lessor in any transactions, it is only a lessee.

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. All leases in the Group for 2020 were either short-term or low-value.

2.3.11 Property, plant and equipment

Property, plant and equipment not associated with exploration and production activities are carried at cost less accumulated depreciation. These assets are also evaluated for impairment. Depreciation of other assets is calculated on a straight-line basis as follows:

Furniture, Fixtures & fittings	10-33.33%
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2.3.12 Inventories

Inventories, consisting of crude oil, and drilling and maintenance materials, are stated at the lower of cost and net realisable value. Costs comprise costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily inter-changeable items.

2.3.13 Impairments of non-oil and gas interests

Non-financial assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is assessed for impairment on an annual basis. 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 and value in use.



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In assessing value in use, the estimated future cash flows are discounted to their present value 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 grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Non-financial assets that were previously impaired are reviewed for possible reversal of the impairment at each reporting date.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the income statement. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Financial assets

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date, any subsequent reversal of an impairment loss is recognised in the income statement.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

2.3.14 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is either:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within 12 months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as non-current.

A liability is current when either:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTE 2.4 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES IN THE CURRENT PERIOD

The Group implemented IFRS 16 with effect from 1 January 2019 and the implementation did not result in any additional lease liabilities and corresponding right-of-use asset on the asset side. Consequently, equity was not impacted from the implementation of IFRS 16.

Other standard amendments or interpretations of standards effective as of 1 January 2020 and adopted by Sfax and the Group, were not material to the financial statements upon adoption.



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NOTE 2.5 STANDARDS, AMENDMENTS TO STANDARDS, AND INTERPRETATIONS OF STANDARDS, ISSUED BUT NOT YET ADOPTED

At the date of these Consolidated financial statements, standards amendments to standards, and interpretations of standards, issued but not yet effective, are either not expected to materially impact Sfax's Consolidated financial statements, or are not expected to be relevant to Sfax's Consolidated financial statements upon adoption.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

NOTE 2.6 OTHER STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS OF STANDARDS

Other standards, amendments to standards, and interpretations of standards, issued but not yet effective, are either not expected to materially impact the Group and Company consolidated and standalone financial statements, or are not expected to be relevant to Group and Company consolidated and standalone financial statements upon adoption.

NOTE 3. OPERATING SEGMENTS

The Group's business is entirely related to exploration and production of petroleum in Tunisia. The Group's activities are considered to have a homogenous risk and return profile before tax, and the business is located in the geographical area of Tunisia. The Group operates within a single operating segment which matches the internal reporting to the company's management.

There are no differences in the nature of measurement methods used on segment level compared with the consolidated financial statements. The oil revenue in 2020 related to sale of hydrocarbons from the Group's TPS production assets in Tunisia. The Group has local obligations in Tunisia and 20% of produced volumes are sold to the Tunisian State Oil Company, Entreprise Tunisienne D' Activites Petrolieres (ETAP) in order to fulfil the Group's domestic market obligations. All international sales of the Group during 2020 were to a single customer, Mercuria Energy Trading SA, through a crude marketing agreement.



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NOTE 4. OPERATING EXPENSES

Operating loss is stated after charging/ (crediting):

USD '000	Group		Company	
	2020	2019	2020	2019
Employee benefits expenses	359	655	-	-
Depreciation	6,812	6,097	-	-
Statutory audit fees	78	70	40	31
Management fees - Panoro Energy ASA	827	515	149	73
Non-recurring costs - redundancies	-	911	-	-
Non-recurring costs - post acquisition restructure	370	284	-	275

EMPLOYEE BENEFIT EXPENSES

USD '000	Group		Company	
	2020	2019	2020	2019
Salaries	218	427	-	-
Pension costs	45	185	-	-
Other compensation	96	43	-	-
	359	655	-	-
Total number of employees as at 31 December	18	16	-	-

As of 31 December 2020 and 31 December 2019, the Group only had employees in Tunisia. No occupational pension scheme is mandated in Tunisia. Companies are required to pay a fixed percentage of gross salary of each employee as "social security" to the government authorities, in addition to a fixed deduction from gross monthly salary as employee contribution. As such, no pension liability is recognised in the statement of financial position for these deductions. Since the Company has no Norwegian employees, it is not required to have an occupational Pension scheme in accordance with the Norwegian law on required occupational pension ("Lov om obligatorisk tjenestepensjon").

No remuneration was paid to any Board member during the year ended 31 December 2020 (period ended 31 December 2019: USD Nil).

The Group's auditors are Ernst & Young, Norway. Statutory audit fee for the year ended 31 December 2020 was USD 78 thousand (period ended 31 December 2019: USD 70 thousand, recharged by Panoro Energy ASA).



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NOTE 5. INCOME TAX

The major components of income tax in the consolidated statement of comprehensive income are as follows:

USD '000	Group		Company	
	2020	2019	2020	2019
Income taxes				
Current income tax	1,039	12,662	-	2
Deferred income tax	1,987	3,374	-	-
	3,026	16,036	-	2

A reconciliation of the income tax expense applicable to the accounting profit before tax at the statutory income tax rate (22% in Norway) to the expense at the Group's effective income tax rate is as follows:

USD '000	Group		Company	
	2020	2019	2020	2019
Profit/(loss) before taxes and dividends	6,973	4,731	(248)	(502)
Income tax calculated at domestic tax rates applicable in the respective countries	6,102	8,595	-	(110)
Tax losses calculated at domestic tax rates applicable in the respective countries	(4,076)	(2,250)	(55)	-
Unrealised (gain)/loss on commodity hedges not taxable in current year	(902)	(673)	-	-
Expenses not deductible	1,100	4,067	-	-
Deferred tax arising on temporary taxable differences	-	3,374	-	-
Tax effect of losses not utilised in the period	2,017	2,923	55	112
Tax effect of previous years' losses utilised in the period	(1,215)	-	-	-
Tax charge/(benefit)	3,026	16,036	-	2

Tax rates in Tunisia vary by permit and concession and ranges between 50% to 60% applicable to the relevant concession's taxable income.

There are no recognised deferred tax assets as of 31 December 2020 (31 December 2019: Nil). Deferred tax liability as of 31 December 2020 amounted to USD 5.3 million, entirely related to temporary differences between the tax value of assets versus IFRS valuation for certain production assets in Tunisia (31 December 2019: USD 3.4 million).

Corporation tax liability at 31 December 2020 of USD 2.8 million comprised entirely of taxes due on income from the Group's producing assets in Tunisia (31 December 2019: USD 8.8 million).

NOTE 6. LICENCE OBLIGATION

License obligations and estimated contingent consideration include remaining work obligations up to a maximum of USD 3 million in relation to the Hammamet Permit which is under relinquishment. The remaining balance, amongst others, includes an estimate of the fair value of the deferred consideration due to DNO ASA. A deferred consideration of up to a maximum of USD 13.2 million may be payable to DNO ASA, subject to achieving operational milestones on Sfax Offshore Exploration Permit. Due to uncertainty of achievement of such milestones on the acquisition date, the deferred consideration has not been recognised as a liability to its maximum value.



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NOTE 7. LICENCE INTERESTS, EXPLORATION AND EVALUATION, DEVELOPMENT AND PRODUCTION ASSETS

	Production rights	Production assets and equipment	Development assets and equipment	Exploration assets and license interests	Furniture, fixtures and equipment
<i>USD '000</i>					
At 1 January 2020	48,127	26,866	1,013	2,011	325
Additions during the year	-	5,861	1,756	1,841	19
Adjustments to asset retirement estimates	-	1,955	-	-	-
Depreciation/write-offs during the year	(4,002)	(2,549)	(128)	-	(133)
At 31 December 2020	44,125	32,133	2,641	3,852	211
At 1 January 2019	51,803	28,975	1,053	-	127
Additions during the year	-	1,432	42	2,011	379
Adjustments to asset retirement estimates	-	(1,382)	-	-	-
Depreciation/write-offs during the year	(3,676)	(2,159)	(82)	-	(181)
At 31 December 2019	48,127	26,866	1,013	2,011	325

Depreciation method and rates

Category	Method	Rate	Useful life
Furniture, fixtures and fittings	Straight-line	20%	5 years
Computer equipment	Straight-line	20%	5 years

Oil and gas assets are depreciated using the Unit of production method, as described above in Note 2.3.3 above.

NOTE 8. DECOMMISSIONING PROVISION

<i>USD '000</i>	Group		Company	
	2020	2019	2020	2019
Balance of provision at 1 January	27,832	28,415	-	-
Acquired during the year through acquisitions	-	-	-	-
Recognised during the period	-	-	-	-
Unwinding of discount	822	799	-	-
Change in exchange rates	4	-	-	-
Change in inflation and discount rate (estimate)	1,955	(1,382)	-	-
Balance at 31 December	30,613	27,832	-	-

The current bases for the decommissioning provision at 31 December 2020 are a discount rate of 2.5% and an inflation rate of 2% (31 December 2019: 3% discount rate and 2% inflation rate).



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NOTE 9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at 31 December 2019 amounted to USD 7.4 million compared to USD 9.8 million as at 31 December 2019.

The Group had USD 16.6 million of cash held for a bank guarantee issued towards SOEP drilling obligations. During January 2019, the Tunisian Directorate General of Hydrocarbons advised that the Tunisian Consultative Hydrocarbons Committee had required Panoro Tunisia Exploration ("PTE") to deposit a bank guarantee in relation to the drilling operations on SOEP, which will be released at successive operational stages commencing with the spudding of the well. Accordingly, the Group procured a bank guarantee of USD 16.6 million through its group company, PTE. This amount is classified under current assets as at 31 December 2020 and 2019.

NOTE 10. SHARE CAPITAL AND RESERVES

<i>USD '000</i>	Number of shares	Nominal share capital
Shares issued on incorporation, 8 August 2018	30,000	4
Share capital reduction	(30,000)	(4)
Share capital increase	100,000	12
At 31 December 2019 and 31 December 2020	100,000	12

The Company was incorporated on 8 August 2018 in Norway and the share capital is denominated in NOK. The share capital given above is translated to USD at the foreign exchange rate in effect at the time of each share issue. All shares are fully paid-up and carry equal voting rights.

As at 31 December 2020 and 31 December 2019 the Company had a registered share capital of NOK 100,000 divided into 100,000 shares, each with a nominal value of NOK 1.

Reserves

Share premium

Share premium reserve of USD 30 million represents excess of subscription value of the shares over the nominal amount.

NOTE 11: FINANCIAL INSTRUMENTS

Fair values of financial assets and liabilities

The Group considers the carrying value of all its financial assets and liabilities to be materially the same as their fair value. The Group has no material financial assets that are past due. No material financial assets are impaired at the balance sheet date. All financial assets and liabilities with the exception of derivatives are measured at amortised cost.



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Fair value of derivative instruments

All derivatives are recognised at fair value on the balance sheet with valuation changes recognised immediately in the income statement, unless the derivatives have been designated as a cash flow hedge. Fair value is the amount for which the asset or liability could be exchanged in an arm's length transaction at the relevant date. Where available, fair values are determined using quoted prices in active markets. To the extent that market prices are not available, fair values are estimated by reference to market-based transactions or using standard valuation techniques for the applicable instruments and commodities involved.

The Group operates a commodity hedging program which continues to be closely monitored and adjusted according to the Group's risk management policies and cashflow requirements. The Group continues to monitor and optimise its hedging programme on an on-going basis. The outstanding commodity hedge contracts as at the respective balance sheet dates presented were as follows:

Zero cost collar instruments	Remaining term	Remaining contract amount	Average contract price	Average contract price	Fair value Asset / (Liability)	Fair value Asset / (Liability)
		Bbls	Buy Put (USD/Bbl)	Sell Call (USD/Bbl)	Current (USD '000)	Non-Current (USD '000)
At 31 December 2019	Jan 20 - Dec 21	851,440	55	61	(1,480)	(177)
At 31 December 2020	Jan 21 - Dec 21	405,720	55	61	2,299	-

Commodity Swaps instruments	Remaining term	Remaining contract amount	Average contract price	Fair value Asset / (Liability)
		Bbls	Settlement price ceiling (USD/Bbl)	Non-Current (USD '000)
At 31 December 2019	March 2020	40,000	61	(143)
At 31 December 2020	-	-	-	-

Realised gains on these derivative contracts were USD 7.5 million in 2020 compared to losses of USD 1.6 million during 2019.

The fair values of the commodity price options (zero cost collars and commodity swaps) were provided by the counterparty with whom the trades have been entered into. These consist of put and call options to sell/buy crude oil. The options are valued using a Black-Scholes based methodology. The inputs to these valuations include the price of oil, its volatility and the settlement period.

All the Group's derivatives are Level 2. There were no transfers between fair value levels during the year. For financial instruments which are recognised on a recurring basis, the Group determines whether transfers have occurred between levels by re-assessing categorisation (based on the lowest-level input which is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTE 12: FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise of loans and borrowings and trade and other financial liabilities. The main purpose of these financial instruments is to finance the Group's operations, including the Group's capital expenditure programme. The Group has various financial assets such as accounts receivable and cash.

The Group manages its exposure to key financial risks in accordance with its financial risk management policy. The objective of the policy is to support the Group's financial targets while protecting future financial security. The Group is exposed to the following risks:

- Market risk, including commodity price, foreign currency exchange and interest rate risks
- Credit risk
- Liquidity risk

Management reviews and agrees policies for managing each of these risks which are summarised below. The Group's policy is that all transactions involving derivatives must be directly related to the underlying business of the Group and does not use derivative financial instruments for speculative purposes.



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Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The primary commodity price risks that the Group is exposed to include oil prices that could adversely affect the value of the group's financial assets, liabilities or expected future cash flows. In accordance with the Group's financial risk management framework, the Group enters into various transactions using derivatives for risk management purposes. The major components of market risk relevant for the Group are commodity price risk, foreign currency exchange risk and interest rate risk, each of which is discussed below.

Commodity price risk

The Group is exposed to the risk of fluctuations in prevailing market commodity prices (primarily crude oil) on the oil and gas it produces. The Group's policy is to manage these risks through the use of derivative financial instruments. The following table summarises the impact on profit before tax for changes in commodity prices on the fair value of derivative financial instruments. The impact on equity is the same as the impact on profit before tax as these derivative financial instruments have not been designated as hedges and are classified as held-for-trading. The analysis is based on derivative contracts existing at the balance sheet date, the assumption that crude oil price moves 25% over all future periods, with all other variables held constant. Management believe that 25% is a reasonable sensitivity based on forward forecasts of estimated oil price volatility.

USD '000	Percentage change	2020	2019
Increase /(decrease) in loss before tax and equity	+25%	(575)	450
Increase /(decrease) in loss before tax and equity	-25%	575	(450)

Foreign currency exchange risk

The Company operates internationally and is exposed to risk arising from various currency exposures, primarily with respect to the Tunisian Dinar (TND), and the Euro (EUR).

The Group has transactional currency exposures. Such exposure arises from sales or purchases in currencies other than the respective functional currency. Group companies are required to manage their foreign exchange risk against their functional currency.

The Group evaluates on a continuous basis to use cross currency swaps if deemed appropriate by management in order to hedge the forward foreign currency risk. The Group used no forex derivatives/swaps during 2020 and 2019.

A 20% strengthening or weakening of the USD against the following currencies at 31 December 2020 and 31 December 2019 would have increased / (decreased) equity and profit or loss by the amounts shown below.

USD '000	2020		2019	
	+20%	-20%	+20%	-20%
USD versus TND				
Cash and cash equivalents	6	(8)	95	(143)
Receivables	1,468	(2,203)	713	(1,071)
Corporation taxes payable	(462)	693	(1,410)	2,115
Payables	(1,713)	2,570	(139)	209
Net effect	(701)	1,052	(741)	1,110
USD versus EUR				
Cash and cash equivalents	1	(1)	1	(2)
Other short term receivables	1	(1)	1	(2)
Payables	(6)	10	(5)	8
Net effect	(4)	8	(3)	4

The Group's assessment of what a reasonable potential change in foreign currencies that it is currently exposed to have been changed as a result of the changes observed in the world financial markets. This hypothetical analysis assumes that all other variables, including interest rates and commodity prices, remain constant.



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Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and borrowings and cash balances.

The following table demonstrates the sensitivity of annualised finance revenue and finance costs to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax through the impact on fixed rate short-term deposits and applicable floating rate Senior Secured debt:

USD '000	2020		2019	
	+100 bps	-100 bps	+100 bps	-100 bps
Loans and borrowings (Senior Secured facility)	239	(239)	289	(289)
Net effect	239	(239)	289	(289)

Credit risk

The Group is exposed to credit risk that arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. Any change of financial institutions (except minor issues) are approved by the Board. The Company may engage with counterparties of a lower rating, for commercial reason, or by taking lower exposures in such counterparties to mitigate the risks following necessary approvals.

If the Group's customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control in the operating units assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilization of credit limits is regularly monitored and kept within approved budgets.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2020 based on contractual undiscounted payments.

USD '000	On demand	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
31 December 2020					
Loans and borrowings (Senior Secured facility)	-	7,000	16,500	-	23,500
Interest on loans and borrowings	-	374	-	-	374
Accounts payable and accrued liabilities	-	8,134	-	-	8,134
Short term licence obligations	-	1,944	-	-	1,944
Corporation taxes payable	-	2,827	-	-	2,827
Other current liabilities	-	142	-	-	142
Net effect	-	20,421	16,500	-	36,921
31 December 2019					
Loans and borrowings (Senior Secured facility)	-	6,000	22,300	-	28,300
Interest on loans and borrowings	-	587	-	-	587
Accounts payable and accrued liabilities	-	381	-	-	381
Short term licence obligations	-	1,944	-	-	1,944
Corporation taxes payable	-	8,846	-	-	8,846
Other current liabilities	-	505	-	-	505
Net effect	-	18,263	22,300	-	40,563



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Management considers that the Group has adequate current assets and forecast cash from operations to manage liquidity risks arising from current and non-current liabilities.

Capital Management

The Group manages its capital structure to ensure that it remains sufficiently funded to support its business strategy and maximise shareholder value. In order to maintain or change the capital structure, the Group may adjust the amount of dividend payments to shareholders, return capital to shareholders or issue new shares.

The Group's funding requirements are met through a combination of debt and equity and adjustments are made in light of changes in economic conditions. The Group's strategy is to maintain ratios in line with covenants associated with its Senior Secured loan. The Group includes interest bearing loans less cash, cash equivalents and restricted cash in net debt. Capital includes share capital, share premium, other reserves and accumulated profits/losses. The Group is continuously evaluating the capital structure with the aim of having an optimal mix of equity and debt capital to reduce the Group's cost of capital and looking at avenues to procure that in the forthcoming year.

NOTE 13: LOANS AND BORROWINGS

USD '000	2020	2019
Senior Loan facility - Non-current	16,500	22,300
Senior Loan facility - Current	7,000	6,000
Accumulated interest accrued - Current	374	586
Total Senior Secured facility	23,874	28,886
Unamortised borrowing costs - Non-current	(399)	(481)
Unamortised borrowing costs - Current	(171)	(258)
Total unamortised borrowing costs	(570)	(739)
Total Senior Secured loan facility	23,304	28,147

On 13 December 2018, the Group entered into an agreement with Mercuria Assets Holdings (Hong Kong) Ltd ("Mercuria"), whereby Mercuria provided PTP an acquisition loan facility comprising: i) a Senior Secured Loan facility of USD 27 million, and ii) an additional Junior Loan facility for a further USD 8 million gross. The Senior Secured Loan facility was fully drawn in December 2018. The Junior Loan facility was available for up to six months from 17 December 2018. In May 2019, the Group opted to cancel the Junior loan facility. The Senior Loan facility initially had term of 5 years with interest charged at USD 3-month LIBOR plus 6% on quarterly amounts drawn, with repayments due each quarter. Interest of USD 0.4 million was accrued up to 31 December 2020 (31 December 2019: USD 0.6 million).

On 25 June 2019, the Group and Mercuria mutually agreed to make minor adjustments to the Facility terms, resulting in the Facility amount increasing by USD 4.1 million to USD 30 million. As part of the security package for the enhanced facility size, shares in Panoro Energy AS (holding company for Panoro Tunisia Exploration AS) have been pledged as collateral. The amended Senior Loan facility has a term of 5 years from 30 June 2019 with interest charged at USD 3-month LIBOR plus 6% on the balance outstanding, with repayments due each quarter.

Key financial covenants were unchanged as a result of the amendment and are required to be tested at the end of every 3-month period. These covenants, applicable at levels of the borrower group as defined in the loan documentation, include the following:

- (i) Field life coverage ratio: 1.50x
- (ii) Minimum cash balance of USD 3.5 million to be maintained at all times in the collection account of Panoro TPS Production GmbH
- (iii) Debt service coverage ratio: between 1.15x and 1.25x subject to specifications in the loan agreement.
- (iv) Liquidity Test: Customary to the loan instrument.

With the exception of waivers obtained from the lender, the Group was not in breach of any financial covenants as at any of the balance sheet dates presented. Un-amortised borrowing costs include structuring fees and directly attributable third-party costs. These costs are expensed using an effective interest rate of 6.95% per annum over the term of the remaining term of the facility (effective interest rate 31 December 2019: 9.8%).



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Security package for the original Senior Secured loan comprised a Guarantee from Panoro Energy ASA, share pledge over shares in Panoro TPS Production GmbH and from Sfax Petroleum Corporation AS, shareholder and intercompany loans (subordinated at all times), rights under hedging agreements, and the Account Management Agreement (for the Collection Account), negative pledge over the assets. In an event, the guarantee placed by Panoro Energy ASA is called upon, the shareholders' agreement with Beender for the ownership on Sfax Petroleum Corporation AS provides that Sfax Petroleum Corporation AS shall indemnify Panoro Energy ASA. If Sfax Petroleum Corporation AS is unable to indemnify, Panoro Energy ASA, such indemnification, pro rata to its ownership, shall be made by Beender. As part of the amendment in June 2019 as noted above, the security package for the enhanced facility size was amended to also include a pledge over the shares in Panoro Energy AS (holding company for Panoro Tunisia Exploration AS).

NOTE 14: RELATED PARTY TRANSACTIONS AND ULTIMATE PARENT UNDERTAKING

The Company is owned 60% by Panoro Energy ASA (60%), a company incorporated in Norway ("Panoro") and 40% by Beender Petroleum Tunisia Limited, a company incorporated in Cyprus ("Beender").

The shareholders of the Company, Panoro Energy ASA (60%) and Beender Petroleum Corporation (40%) provided loans amounting to USD 12 million in January 2019, USD 2.6 million in January 2020 and USD 1.6 million in September 2020 to the Company. These loans were all provided in proportion to the shareholders respective shareholding, are non-interest bearing with no set maturity date. At 31 December 2020, USD 9.7 million was owing to Panoro Energy ASA (31 December 2019: USD 7.2 million) and USD 6.5 million to Beender Petroleum (31 December 2019: USD 4.8 million). These loans are classified as current as of 31 December 2020 and 31 December 2019.

The Company advanced loans of USD 4.1 million in 2020 and USD 12 million in 2019 to its wholly owned subsidiary, PTE which are non-interest bearing with no set maturity date and remain outstanding as at 31 December 2020 with a balance of USD 16.1 million. These loans are classified as current. In October 2019, the Company advanced a loan of USD 1.5 million to PTE, USD 1 million of which was utilised to settle a USD 1 million interest bearing loan from PTE to Sfax made in 2018. Therefore, the total non-interest-bearing loan receivable by the Company from its subsidiary, PTE, at 31 December 2020 was USD 16.6 million.

At 31 December 2020, the Company also had a trade payable to its wholly owned subsidiary, Panoro Tunisia Production AS of USD 1.5 million (31 December 2019: USD 1.5 million). This was non-interest bearing and classified as current.

In addition, At 31 December 2020, the Company has an interest free trade payable balance owing to Panoro Energy ASA, a parent company, of USD 1.4 million (31 December 2019: USD 1.2 million), classified as current at both balance sheet dates. This balance is not interest bearing and has no set maturity date. Of this amount, USD 0.4 million is owed to Panoro Energy ASA for management services provided to the Company through Panoro's management team based in London under a service agreement in place.

Panoro Energy ASA also provides management services to the other companies in the Group under similar service agreements. The total balances payable by the Sfax Group companies to Panoro Energy ASA for management services and routine trade payables are summarised in the table below:

<i>USD '000</i>	Management fees charged	Trade (payable) / receivable
Sfax Petroleum Corporation AS	119	(1,395)
Panoro Tunisia Production AS	159	(336)
Panoro TPS Production GmbH	433	(589)
Panoro TPS (UK) Production Limited	-	(125)
Panoro Energy AS	-	(302)
Panoro Tunisia Exploration AS	122	(802)



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Additional related party transactions and balance at 31 December 2020 for the remaining entities in the Group are as below:

- Panoro Energy AS had a trade payable balance due to its wholly owned subsidiary, Panoro Tunisia Exploration AS of USD 237 thousand
- Panoro Tunisia Production AS had a trade receivable balance due from Panoro Tunisia Exploration of USD 207 thousand. Both companies are wholly owned subsidiaries Sfax Petroleum Corporation AS
- Panoro Tunisia Production AS had a trade receivable balance due from its wholly owned subsidiary, Panoro TPS Production GmbH of USD 0.5 million
- Panoro TPS Production GmbH had a trade receivable balance due from its wholly owned subsidiary, Panoro TPS (UK) Production Limited of USD 0.8 million.

NOTE 15: SUBSIDIARIES AND ASSOCIATED COMPANIES

Details of the Group's subsidiaries and associated companies at 31 December 2020 are as follows:

Subsidiaries	Place of incorporation	Ownership interest and voting rights
Panoro Tunisia Production AS	Norway	100%
Panoro TPS Production GmbH	Austria	100%
Panoro TPS (UK) Production Limited	United Kingdom	100%
Panoro Energy AS	Norway	100%
Panoro Tunisia Exploration AS	Norway	100%
Associated company		
Thyna Petroleum Services SA	Tunisia	50%

Details of the Company's subsidiaries at 31 December 2020 are as follows:

Subsidiaries	Place of incorporation	Ownership interest and voting rights
Panoro Tunisia Production AS	Norway	100%
Panoro Energy AS	Norway	100%

The Company had no direct investments in associated companies. No provision for impairment were recognised against investment in subsidiaries as at 31 December 2020 (31 December 2019: USD Nil).

USD '000	Panoro Tunisia Production AS	Panoro Energy AS
<i>Investment at cost:</i>		
At 1 January 2019	31,003	4
As at 31 December 2019	31,003	4
As at 31 December 2020	31,003	4

NOTE 16: GUARANTEES, PLEDGES AND CONTINGENT LIABILITIES

Under section 479A of the UK Companies Act 2006, the Company's indirect subsidiary, Panoro TPS (UK) Production Limited (Registration number: 11790067) has availed exemption for audit of their statutory financial statements pursuant to guarantees issued by the Company to indemnify the subsidiaries of any losses towards third parties that may arise in the financial year ended 31 December 2020 in such Companies. The Company can make an annual election to support such guarantee for each financial year.



Sfax Petroleum Corporation AS

NOTE 18: RESERVES (UNAUDITED)

In March 2021, Gaffney Cline & Associates Limited (GCA, 3rd party) certified reserves and resources for TPS assets which comprise five oil field concessions in the region of the city of Sfax, onshore and shallow water offshore Tunisia. The reserves were certified as of 31 December 2020.

The following is a summary of key results from the GCA reserve report (net of the Group's share):

Reserves	Gross (MMbbl)			Interest	Net (MMbbl)		
	1P	2P	3P		1P	2P	3P
Field							
Cercina / Cercina Sud	3.5	5.5	7.9	49%	1.7	2.7	3.9
El Hajeb / Guebiba	3.9	7.5	10.9	49%	1.9	3.7	5.3
Gremda / El Ain	1.1	1.8	2.5	49%	0.5	0.9	1.2
Rhemoura	0.2	0.3	0.4	49%	0.1	0.1	0.2
TOTAL	8.7	15.1	21.7		4.3	7.4	10.6

Contingent Resources	Gross (MMbbl)			Interest	Net (MMbbl)		
	1C	2C	3C		1C	2C	3C
Field							
Cercina	1.6	5.3	10.0	49%	0.7	2.3	4.3
TOTAL	1.6	5.3	10.0		0.7	2.3	4.3

Definitions:

1P) Proved Reserves

Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations.

2P) Proved plus Probable Reserves

Probable Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.

3P) Proved plus Probable plus Possible Reserves

Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Probable Reserves.

Notes:

1. Proved Reserves are truncated at the current license expiry dates; Probable and Possible Reserves assume the license will be extended under the same fiscal conditions as long as commercial production remains possible.
2. Gross Field Reserves are 100% of the volumes expected to be recovered from the asset under the intended development plan.
3. Reserves Net to PTP Group's Interest are the working interest fraction of the Gross Field Reserves, less Royalty.
4. Contingent Resources are "unrisked" in the sense that no adjustment has been made for the risk that the project may not go ahead and should not be aggregated with Reserves because of the different levels of risk involved.



Sfax Petroleum Corporation AS

AUDITOR'S REPORT



Statsautoriserte revisorer
Ernst & Young AS

Vassbotnen 11a Forus, NO-4313 Sandnes
Postboks 8015, NO-4068 Stavanger

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Sfax Petroleum Corporation AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sfax Petroleum Corporation AS, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the statement of financial position as at 31 December 2020, the statements of comprehensive income, the statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2020 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

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

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

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

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



Auditor's responsibilities for the audit of the financial statements

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

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

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

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

Independent auditor's report - Sfax Petroleum Corporation AS

A member firm of Ernst & Young Global Limited



Stavanger, 5 May 2021
ERNST & YOUNG AS

Erik Søreng
State Authorised Public Accountant (Norway)