# DIRECTORS' REPORT 2013

**General**

Concedo is a privately owned public limited liability company focusing on exploration on the Norwegian Continental Shelf. It has been an active year in the company in terms of drilling exploration wells, applying for new licences, and recruiting additional expertise. After the award of the concession round APA (Awards in Predefined Areas) 2013, Concedo holds all together sixteen exploration licences, nine in North Sea, two in mid Norway and five in the Barents Sea. This portfolio gives strong position in pursuing future exploration prospects. The company is financially healthy and well positioned to pursue these exploration opportunities.

**Objectives and strategy**

Concedo's main objective is to be one of the best exploration teams on the Norwegian Continental Shelf (NCS). This means capitalising on the staff`s excellent knowledge of leads and unmapped resources on the NCS, working in those areas most aligned with the strengths of the technical team and creating value by selling discoveries prior to development. The company will then avoid capital-intensive investments in development projects, which takes several years to give positive return.

**Highlights 2013**

The previous years' exploration successes have allowed Concedo to have a high activity level in 2013. Sales of discoveries such as Hyme in 2010 and Maria in 2011 proved the business model to be strong.

**Drilling**

In March 2013, Concedo participated in its first well in Barents Sea, in licence PL 531 with Repsol Exploration as operator. The Darwin well (7218/11-1) was drilled by the rig Trancocean Barents. The licence is located west of the large Johan Castberg discoveries operated by Statoil. The objectives were to prove hydrocarbons in the Paleocene and Upper Cretaceous reservoirs. Gas shows were recorded during drilling of the Paleocene interval. No hydrocarbons were found in the Cretaceous interval. The well was declared dry. The evaluation of remaining prospectivity in the licence is ongoing and the licence has applied for an extension of part of the acreage.

A second well spudded later in the year was in the licence PL 541 located in the southern North Sea, close to the Danish border, also with Repsol as Operator. The objective here was to prove petroleum in Upper Paleocene reservoir rocks (the Lista formation). The well encountered the Lista formation. Data acquisition and sampling were carried out which showed that the reservoir rock was water bearing. The well was classified as dry.

In December, the third well of the year was spudded at the Novus prospect in licence PL 645 with Faroe Petroleum as operator. The exploration well 6507/10-2S was targeting the Jurassic reservoirs of the Garn, Ile, and Tilje formations on the Novus prospect. Strong AVO (amplitude versus offset) and 3D seismic amplitude anomalies at the target level were observed and analogous to discoveries in nearby fields. In January 2014, the main well bore targeting the Novus West prospect encountered a 12 meter net gas column and a 12.5 meter net oil column in a high quality and thicker than expected Garn formation. The Ile and Tilje formations were encountered in line with expectations but were found to be water wet. Extensive data gathering has been undertaken, including pressure and fluid samples from the main reservoir zones, and the preliminary volumetric estimate of the size of the discovery is between 6 and 15 mmboe recoverable gross. The well result will be used to refine the geological model and de-risk additional prospects and leads on the licence for potential future drilling.

**Licence rounds**
In the APA 2013 application round, Concedo made its most comprehensive submission ever. The result of our efforts was certainly encouraging as the reward was substantial; Concedo got partnerships in seven new licences. Our extensive application area in the Barents Sea, covering parts of twelve blocks, was split in two licences by the authorities; PL 768 and PL 769.

Concedo got high shares in all the licences, 30% share in four licences, 25% in one licence and a 20% share (of which one was an extension of PL 670) in two licences. The seven licences are operated by six different oil companies.

The Concedo organisation is excited about the new areas and promising prospects, all with unique challenges. Below is a short summary of the licences awarded:

**PL 670 B** – an extension of licence 670 in the North Sea including a southern extension of the prospect Betula. It has the same work programme as the "mother licence."

**PL 727** - in the Southern North Sea including blocks/part of blocks 3/3, 4/1, 2 and 3. Edison is the Operator.

**PL 737 S** - in the North Sea including part of blocks 25/4 and 25/5. Two paleocene prospects have been mapped. This is a stratigraphic licence including levels above Top Cretaceous. Dana is the Operator.

**PL 746 S** – in the northern North Sea including part of block 29/3. The main prospect is within Jurassic sequences, upflank from an earlier discovery well. Rocksource is the Operator.

**PL 756** – in Mid Norway including part of block 6608/10. The prospect is a Jurassic structure. Edison is the Operator.

**PL 768** – located in the south-eastern open part of the Barents Sea. It includes part of blocks 7123/5, 6, 7, 8, 9 and 7124/4 and 7. The main prospect is within the Paleozoic. Wintershall is the Operator.

**PL 769** – is bordering PL 768 to the east including parts of blocks 7123/5,6,7,8.9 and 7124/4 and 7. The main prospect is within the Triassic sequence updip from the Nucula discovery. OMV is the Operator.

Concedo was not awarded licences in 22nd Concession round, however, Concedo has started to prepare for next 23rd round. The nomination deadline was in January 2014 and the nomination map was published soon afterwards. A hearing process will be undertaken by the Authorities in 2014. The application deadline will be in 2015.

**Other licence activities in 2013**
**PL 541** (7,5%): Evaluation after the Brattholmen well.

**PL 645** (10%): Evaluation after the Novus well

**PL 393B** (20%): Spud on the Ensis prospect is planned for September 2014.

**PL 607** (20%): Spud of the well on the Byrkje prospect is scheduled to the first half of March 2014.

**PL531** (20%): Evaluation of remaining prospectivity in the licence after the Darwin well.

**PL616** (southern North Sea): Several prospects are under evaluation. A drill or drop decision will be made in 2014.

**PL629** (central North Sea): Prospect evaluation is ongoing.

**PL670**: Interpretation and re-processing of seismic is ongoing.

**PL 680**: The partnership has concluded that the license will be relinquished.

The licences PL370, PL 576 and PL 561 were relinquished in 2013

On the financial side, in 2013, the company renegotiated the exploration Finance Facility with DNB to NOK 350 mill, to meet the level of working capital needed for the exploration program for the next three years.

**Business office**

Concedo has modern offices in Asker outside Oslo.

**History**

Concedo became an oil company, pre-qualified as a licensee on the Norwegian Continental Shelf in 2007. From the beginning, the company had a regular staff of eight employees and ever since has had a core staff with sound experience and competence. The number of staff was increased in pace with the scope of our assignments and the number of licences in our portfolio. The company had in 2013 a staff of 13 employees. The company made its first discovery (gas) in 2008, the Galtvort prospect in licence PL 348 and in 2009 oil was found in the Gygrid prospect in the same licence. Concedo's interest in this licence was sold to Statoil in 2010. In the course of 2010, Maria was proven oil-bearing. The discovery is located just south of the Åsgard field. In 2011 the interest in the Maria prospect was sold to the operator, Wintershall.  The Novus discovery was made in the beginning of 2014.

**Research and Development**

Concedo is a member of FORCE (Forum for Reservoir Characterisation, Reservoir Engineering and Exploration). FORCE is organised by Norwegian Petroleum Directorate  to stimulate industrial cooperation to improve exploration processes and to enhance recovery of resources on the Norwegian shelf. Concedo is contributing actively with members in three different committees, the technical committee, the sedimentology committee and the structural geology group.

From 2008 Concedo has been engaged in a development programme for the seismic tool GIM and has used this technology in the latest licensing rounds and in several of the company's exploration areas. The development of GIM is now completed and we expect that many companies will see the benefits of this tool.

In 2010 Concedo entered into the first contract with PetroMarker AS for using a new electromagnetic technology. Since then Concedo has gained significant experience with this method. The company contributes with its user experience to further development of the technology. Concedo is also a member of a consortium supporting 2D inversion software.

Concedo has also been an active participant in the Norwegian oil and gas committee for licensing policies and the Norwegian Oil and Gas Scout Group.

**Health, Safety and the Environment**

The company's aim is that all activities shall be carried out without injury to human beings or the environment. Safeguarding people, the environment and economic assets is an integral part of our management system and daily operations. There were no injuries or accidents in 2013. Nor were there any spills from licences in which Concedo holds interests.

As a licensee on the Norwegian shelf, Concedo bears responsibility for and makes conscious choices designed to minimise risk for itself and its partners. Concedo actively supports the operator through its expertise and experience in preventing undesirable incidents while participating in drilling operations. In connection with the planned drilling operations on the Darwin and Brattholmen prospects Concedo was actively involved in risk assessment and audit meetings.

The working environment is considered good and there is a continuous effort to improve it further. In 2013, the employees participated in health and environment activities to prevent injuries.

Sick leaves were recorded to be 1.52 % in 2013.

An HSE audit of the control system and compliance with it was carried out at the December 2012. Concedo was assisted in this by AGR, which concluded that Concedo maintained operations in line with the descriptions in the Business Management Manual and the underlying procedures. Concedo is a company that works to maintain an agile organisation with low bureaucracy and a creative and good working environment. Concedo is pro-active in licences and focuses continually on risk and safety.

**Gender equality**

By the end of 2013 there were thirteen employees, three women and ten men. The Board of Directors consists of five directors, two women and three men. The composition of the Board of Directors satisfies the gender equality requirements in the Act relating to public limited companies. Concedo emphasises equality between the sexes and the equal treatment of all employees.

**Corporate Social Responsibility (CSR)**

Concedo integrates and incorporates its Corporate Social Responsibility through the daily work routines and by use of its management system.

We seek to minimize negative effects caused by our activities. It is an integral part of our business to ensure respect for human rights, take responsibility as an employer, minimize our effect on the environment, fight corruption, and enhance a transparent corporate culture towards all our stakeholders. We consider this necessary and a natural part of the way we carry out our business operations.

To generate and sustain support from shareholders as well as stakeholders we must at all times:

- Continuously improve our business practices in compliance with the Norwegian Authorities requirements and expectations
- Maintain open and reflective dialogue with stakeholders
- Make decisions based on how they affect our interests and the interests of society.

- Identify any gaps between our goals and the actual performance, and seek to amend them

The Board of Directors are focused on strengthening the Corporate Responsibility (CR) policies and performance, taking account of both internal and external feedback.

Aligned with our CSR Vision, the policy seeks to develop and maintain simple and transparent systems that enable us to implement and meet internal and external sustainability expectations on an operational level.

Our key areas that constitute the Company's CSR platform as part of the business strategy:

- Improve and develop HSE issues
- Have a zero-emission tolerance related to the harm of the environment
- Support and respect the protection of human rights in all operations
- Comply with Norwegian legislation
- Have a zero-tolerance against both the giving and receiving of bribes or other ways of corruption, including extortion
- Have a zero-tolerance towards discrimination

Our management system and routines cover the issues described above related to our CSR policy. The company does not have an individual CSR manual.

**Corporate Governance**

The company's management system for owner control and management are in accordance with Norwegian recommendations. Concedo aspires, where relevant, to comply with the Norwegian Code of Practice (NUES) regarding Corporate Governance.

The Board of Directors held 11 meetings in 2013. Key strategic and operational issues that were covered:

- Close monitoring of operational and financial performance, including Quality, Health, Safety and Environment. Lessons learned discussions after completion of important activities such as drilling of wells and awards in concession rounds.

- Strategic balancing of portfolio of exploration licences and assessment of licence applications in APA 2013 and 22$^{nd}$ licensing rounds

- Assessment of investment opportunities

- Supervision of risk management processes and internal control reporting

- Self-assessment of the Board's work performance.

**Salaries for management and employees**

The Board of Concedo ASA has prepared guidelines for determining salaries and other remuneration for the company's management and employees, in accordance with section 6-16a of the Act relating to public limited companies.

## Financial Performance 2013

Financial statements are prepared in accordance with the law on public limited liability companies, the Norwegian Accounting Act and generally accepted accounting principles in Norway. To the best of the Directors' knowledge, there are no circumstances of significance for judging the company's position as of 31.12.2013 or the result for 2013 that are not set forth in the annual report and financial statements.

The Directors consider that the annual accounts give a true presentation of Concedo's financial position as of 31.12.2013 and of the result and cash flows during the fiscal year.

### Revenues and profits

In 2013 the company had no revenues from sales. The operating result was minus NOK 329 mill. The year's loss after tax was NOK 76 mill. The company continued investments in exploration activities for a sum totalling NOK 326 mill. The company claims reimbursement of the tax value of the exploration cost of NOK 253 mill. Exploration activities consist of the company's operating expenses, licence costs, seismic surveys and exploration wells. Costs linked with preparation of exploration wells are recognised in the balance sheet. Three none commercial wells were drilled during 2013/2014 and the cost was expensed. Exploration expenses connected to the preparation of wells in the licences PL 393B and PL 607 drilled in 2014 have been capitalised with 17 mill.

### Balance sheet and liquidity

At year-end 2013, the company had equity amounting to NOK 290 mill, which corresponds to an equity ratio of 48 %. At year-end, it had interest-bearing debt amounting to NOK 252 mill, secured by the reimbursement scheme for exploration costs. It is expected that the tax-related reimbursement resulting from exploration activities in 2013, will be NOK 253 mill. The company has a loan facility for NOK 350 mill with DNB, i.e. NOK 253 mill utilised.

### Cash flow

Net cash flow in 2013 was NOK -128 mill from operational activities. This included tax refund of NOK 136 mill. Net cash flow from finance activities was NOK -96 mill.

### Distribution of profit

No dividend was distributed in 2013

### Risk related to operations, financial risks and market risks

Our strategy is to obtain revenues through sale of interests in discoveries. Central risks and elements of uncertainty in our operations are linked with the results of exploratory operations and the possibility of achieving earnings from them.

The company is exposed to market risks connected with fluctuations in oil prices and the dollar rate. The company has interest-bearing debts and is exposed to changes in interest levels. At present Concedo does not have any contracts for hedging market risks.

**Credit risks**

The company has few receivables. The risk of debtors and our collaborating partners not being able to fulfil their obligations to Concedo is low.

**Liquidity risks**

The company has cash reserves and a loan facility that give financial flexibility. The Directors consider the liquidity to be good.

**Going concern**

In compliance with section 3-3a of the Accountancy Act, we confirm that the requirements for a going concern are satisfied.

**Future prospects**

Two wells are planned for drilling in 2014, the Byrkje prospect in PL 607 and the Ensis prospect in PL 393B. The discovery in PL 645 (Novus West) in January 2014 may also give a basis for further drilling activity within that licence.

Concedo considers it likely that a drilling decision will be made on PL 616 within 2014. This could lead to drilling in 2015 or 2016.

Seven new licences were awarded to Concedo in APA 2013 on 19th February 2014. The new licences were obtained at low cost and with satisfactory work programmes. This will lead to new opportunities in the years to come.

The company is well under way with work on APA 2014 and preparations for the 23rd licencing round.

The Norwegian continental shelf is one of the most prospective regions in the world, and Concedo is well positioned to contribute to future discoveries.

Asker, 6th March 2014

Olav Fjell
Chairman of the Board

Erik Klausen
Director

Karen Sund
Director

Hege Wullum
Director

Nirav Dagli
Director

Geir Lunde
CEO

Profit and loss account 2013

# CONCEDO ASA

| | Note | 2013 | 2012 |
|---|---|---|---|
| Depreciation on fixed and intangible assets | 3 | -467 867 | -441 572 |
| Exploration expenses | 2,9,13 | -328 876 470 | -162 154 282 |
| **Total operating expenses** | | **-329 344 336** | **-162 595 854** |
| **Operating profit/loss** | | **-329 344 336** | **-162 595 854** |
| Other interest received | | 9 500 740 | 13 983 849 |
| Other financial income | | 1 778 720 | 606 956 |
| **Total financial income** | | **11 279 461** | **14 590 805** |
| Other interest paid | | -11 982 495 | -6 352 326 |
| Other financial expenses | | -2 272 881 | -1 485 244 |
| **Total financial expenses** | | **-14 255 377** | **-7 837 570** |
| **Net financial items** | | **-2 975 916** | **6 753 235** |
| **Pre-tax profit/loss on ordinary activities** | | **-332 320 252** | **-155 842 619** |
| Tax cost on profit on ordinary activities | 6 | 256 490 373 | 123 431 710 |
| **Ordinary profit/loss** | | **-75 829 880** | **-32 410 909** |
| **Income/loss for the year** | | **-75 829 880** | **-32 410 909** |
| **Allocations** | | | |
| Other reserves | 5 | -75 829 880 | -32 410 909 |
| **Total** | | **-75 829 880** | **-32 410 909** |

# Balance Sheet as of 31 December 2013
## CONCEDO ASA

| | Note | 2013 | 2012 |
|---|---|---|---|
| **ASSETS** | | | |
| | | | |
| **Fixed assets** | | | |
| | | | |
| **Intangible assets** | | | |
| Capitalised exploration expenses and licences | 3 | 20 414 948 | 23 512 224 |
| **Total intangible assets** | | **20 414 948** | **23 512 224** |
| | | | |
| **Tangible fixed assets** | | | |
| | | | |
| Operating equipment, FF&E etc. | 3 | 165 521 | 445 190 |
| **Total tangible fixed assets** | | **165 521** | **445 190** |
| | | | |
| **Total fixed assets** | | **20 580 469** | **23 957 414** |
| | | | |
| **Current assets** | | | |
| | | | |
| **Receivables** | | | |
| Other receivables | 8 | 255 193 352 | 139 584 936 |
| **Total receivables** | | **255 193 352** | **139 584 936** |
| | | | |
| Bank deposits, cash-in-hand etc. | 7 | 326 452 033 | 369 050 625 |
| **Total bank deposits, cash-in-hand etc.** | | **326 452 033** | **369 050 625** |
| | | | |
| **Total current assets** | | **581 645 385** | **508 635 561** |
| | | | |
| **Total assets** | | **602 225 854** | **532 592 975** |

# Balance Sheet as of 31 December 2013
## CONCEDO ASA

| | Note | 2013 | 2012 |
|---|---|---|---|
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| **Called up and fully paid share capital** | | | |
| Share capital | 4,5 | 2 380 412 | 2 269 818 |
| Treasury shares | | -108 725 | - |
| Share premium | 5 | 1 410 458 | 1 410 458 |
| Other capital paid in | 2,5 | - | 6 267 542 |
| **Total called up and fully paid share capital** | | **3 682 145** | **9 947 818** |
| **Retained earnings** | | | |
| Other reserves | 5 | 285 820 721 | 376 616 858 |
| **Total retained earnings** | | **285 820 721** | **376 616 858** |
| **Total Equity** | | **289 502 866** | **386 564 676** |
| **Liabilities** | | | |
| **Provisions for liabilities and charges** | | | |
| Deferred tax | 6 | 36 373 | 3 941 386 |
| **Total provisions for liabilities and charges** | | **36 373** | **3 941 386** |
| **Total long-term liabilities** | | **36 373** | **3 941 386** |
| **Current liabilities** | | | |
| Owed to credit institutions | 10,12 | 251 635 267 | 133 000 000 |
| Trade creditors | | 874 426 | 1 266 880 |
| Unpaid government charges etc. | | 1 547 866 | 1 384 704 |
| Other current liabilities | 11 | 58 629 057 | 6 435 328 |
| **Total current liabilities** | | **312 686 615** | **142 086 913** |
| **Total liabilities** | | **312 722 988** | **146 028 299** |
| **Total Equity and Liabilities** | | **602 225 854** | **532 592 975** |

**Asker, 6th March 2014**

Olav Fjell
Chairman of the Board

Erik Klausen
Director

Karen Sund
Director

Hege Wullum
Director

Nirav Dagli
Director

Geir Lunde
CEO

# Cash Flow Statement

CONCEDO ASA

| | Note | 2013 | 2012 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Pre-tax result | | -332 320 252 | -155 842 619 |
| Adjustments for reconciling current year's result with cash flow from operating activities: | | | |
| Depreciation, amortisation and write-downs | 3 | 467 867 | 441 572 |
| Capitalised exploration costs expensed | | 13 223 554 | 1 931 286 |
| Other items having no cash effect – subscription rights | | 1 727 600 | 2 149 352 |
| Tax reimbursement received in period | 6 | 136 160 645 | 120 229 627 |
| Change in working capital (except for cash and cash equivalents): | | | |
| (Increase) reduction in trade debtors and other receivables | | 816 299 | 2 448 854 |
| Increase (reduction) in trade creditors and other current debts | | 51 964 435 | 1 238 119 |
| **Cash flow from operating activities** | | **-127 959 852** | **-27 403 810** |
| **INVESTMENT ACTIVITIES** | | | |
| Investments in fixed assets | 3 | -188 198 | - |
| Capitalised exploration expenses | 3 | -16 724 689 | -20 505 839 |
| Sale of assets | | 6 598 411 | - |
| **Cash flow spent on investment activities** | | **-10 314 476** | **-20 505 839** |
| **FINANCING ACTIVITIES** | | | |
| Share issue | 5 | 110 594 | 1 511 205 |
| Dividends and repayment of paid-in capital | 5 | - | -186 112 666 |
| Purchase of treasury shares | 5 | -23 070 124 | - |
| New interest-bearing short-term debt | 10 | 127 000 000 | 23 500 000 |
| Repayments short-term debt | 10 | -8 364 733 | -27 881 631 |
| **Cash flow spent on financing activities** | | **95 675 737** | **-188 983 092** |
| Net increase (reductjon) in cash and cash equivalents | | -42 598 592 | -236 892 740 |
| Cash and cash equivalents at beginning of year | | 369 050 625 | 605 943 365 |
| **Cash and cash equivalents at end of year** | | **326 452 033** | **369 050 625** |

# Concedo ASA

## Note 1 Accounting Principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway.

**Main principles for valuing and classifying assets and liabilities**
Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. Classification of current and long-term liabilities is based on the same criteria.

Fixed assets are carried at historical cost net of accumulated depreciation. Fixed assets that have a limited economic life are depreciated according to a reasonable schedule. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Current assets are valued at the lower of historical cost and fair value.

Other long-term and current liabilities are valued at their nominal value.

**Interests in oil and gas licences**

Ownership in oil and gas licenses are recognised by including Concedo's share of assets, liabilities, income and expense in the license on a line by line basis (gross method).

**Accounting for oil and gas operations**

The company follows the «successful efforts» method of accounting for exploration and development costs in oil and gas operations. Costs for acquiring mineral interests in oil and gas areas and for drilling and fitting out exploration wells, are capitalised pending determinations of whether recoverable reserves have been found. Costs for drilling exploration wells where no recoverable reserves are found, geological and geophysical costs and other exploration costs, are expensed.

Exploration wells that have shown reserves, but where classification as proven reserves depends on whether substantial investments are justified, may remain capitalised for more than one year. Capitalised exploration wells and acquisition costs are reviewed continuously for impairment.

**Receivables**
Trade receivables and other receivables are entered at their nominal value less provision for expected loss.

**Bank deposits, cash in hand, etc.**
Bank deposits, cash in hand and cash equivalents include cash in hand, bank deposits and other means of payment having maturity of less than three months from the date of purchase.

**Revenue**
Revenue is recognised when it is earned, i.e. when both the risk and control have been transferred to the customer.

**Expenses**
Expenses are generally entered in the same period as the corresponding income. Other exceptions from the matching principle are explained where they occur.

**Leasing agreements**
Significant lease contracts that are classified as financial leases are recognised as assets and depreciated using the straight- line method based on the estimated useful life. Operational leases are expensed as incurred.

**Pensions**
The company is required to maintain an occupational pension scheme in accordance with the Norwegian Act relating to mandatory pensions ("Lov om obligatorisk tjenestepensjon"). The company's pension scheme satisfies the requirements in that Act.

Contribution plans are accrued according to the matching principle. The year's contribution to the pension scheme is expensed.

**Share-based remuneration**
The company has a remuneration plan based on payment in shares. The fair value of the services the company has received from the employees in return for the awarded subscription rights is entered as an expense. The total sum expensed over the earning period is calculated on the fair value of the subscription rights awarded.

At each balance sheet date the company re-estimates the number of subscription rights likely to be exercised. The company enters the effect of any change in the original estimates in the P/L account with a corresponding adjustment of equity capital. After deduction of attributable transaction costs, payments received when rights are exercised are credited to share capital (nominal value) and the share premium account when subscription rights are exercised.

**Taxes**
Tax expenses are matched with book income before tax.
Tax expenses consist of payable tax (tax on the year's direct taxable income), change in net deferred tax and anticipated reimbursements related to exploration costs.
Deferred tax and deferred tax benefits in the same tax regime are presented net in the balance sheet.
Deferred tax benefit is recognised in the balance sheet provided that the future use is rendered probable.

**Cash flow analysis**
The cash flow analysis is prepared using the indirect method.

## Note 2 Payroll costs, number of employees, benefits etc.

Company payments to and pension costs for employees are presented in the following table:

| Payroll costs | 2013 | 2012 |
|---|---|---|
| Salaries | 14 464 255 | 13 420 715 |
| Employers payroll tax * | 1 732 887 | 3 908 706 |
| Pension costs | 903 916 | 772 606 |
| Share-based remuneration | 1 727 600 | 2 149 352 |
| Other benefits | 170 880 | 217 648 |
| Total | **18 999 538** | 20 469 027 |

| | 2013 | 2012 |
|---|---|---|
| Number of man-years employed during the financial year | 13 | 11 |

*) Employers payroll tax comprises of tax on payroll and exchange of subscription rights as part of the incentive scheme.

Concedo ASA has adopted a contribution-based pension scheme which has an individual choice of investment. The scheme covers a total of 13 employees.

| Remuneration to directors and management | Salary | Pension costs | Other remuneration |
|---|---|---|---|
| Geir Lunde (CEO) | *1 443 958* | *84 017* | *2 853 332* |
| Olav Fjell (Chairman of the Board) | | | *150 000* |
| Erik Klausen (Director and HSE manager) | *1 383 479* | *78 515* | *2 720 064* |
| Hege Wullum (Director) | | | *100 000* |
| Karen Sund (Director) | | | *100 000* |
| Nirav Dagi (Director) | | | *70 000* |
| Ben Stanway (Director) | | | *30 000* |

The CEO has a severance pay contract under which he, if he leaves at the company's request, is entitled to salary for 6 months after his period of notice expires. For subscription rights awarded to the CEO and directors in connection with the incentive scheme, see Note 4. Consultant services of NOK 187 497 excl. VAT were purchased from Fjellvit AS, a company owned by the Chairman of the Board.

**Share-based remuneration**

With the approval of the AGM the Directors of Concedo have awarded the employees 861 363 subscription rights as of 1 January 2013. During 2013 the amount of 533 333 subscription rights were exchanged into shares. On 17 December 2013 the Directors decided to distribute 19 778 subscription rights in accordance with the guidelines for remuneration of senior management.

The fair value of the subscription rights awarded, calculated according to Black & Schole's option pricing model, was NOK 9 059 515. NOK 1 727 600 was expensed in 2013, such that the provisions at the end of the year 2013 is NOK 7 955 142. The calculation is based on a risk-free interest (Government bonds with 3-5 years maturity), and expected exercise of subscription rights after 48 months. The standard deviation from the expected yield is estimated at 50 %.

| **Number of subscription rights** | **2013** | **2012** |
|---|---|---|
| Outstanding as of 1 January | 861 363 | 932 703 |
| Awarded during year | 19 778 | 29 407 |
| Forfeited during year | 0 | 0 |
| Exercised during year | -533 333 | -100 747 |
| Expired during year | 0 | 0 |
| **Outstanding as of 31 December** | 347 808 | 861 363 |

Average gross exercise price is NOK 37.2 per share. According the prevailing conditions related to the subscription rights the exercise price is adjusted for distribution of dividends.

**Board of Director's statement regarding remuneration of senior management in Concedo ASA.**
In accordance with section 6-16a of the Norwegian Public Companies Act, the Directors of Concedo ASA have drawn up guidelines for determining the salaries and remuneration for senior management and employees in the company. These guidelines cover the basic pay for officers and employees, remuneration in the form of subscription rights in the company and a bonus programme that may be used in exceptional cases.

These guidelines are binding for the Board in so far as concerns schemes involving allocation of shares, subscription rights and other forms of remuneration that are linked with shares or developments in the price of the company’s shares. Otherwise the guidelines are intended as guidance to the Board. If in any contract the Board departs from these guidelines, the reason for doing so shall be recorded in the Board Meeting minutes.

The Norwegian Code of Practice for Corporate Governance provides that a company’s guidelines for remunerating senior staff should each year be submitted to the General Meeting for its information. Pursuant to this Code of Practice, the framework for allocating options and shares to employees should be subject to prior approval by the General Meeting. Therefore the company presents these guidelines and the proposed incentive programme to the annual general meeting of Concedo ASA.

The guidelines provide that remuneration in Concedo ASA shall consist of a fixed basic pay plus a variable consisting of an incentive programme and a bonus scheme, respectively.

**The guidelines and compliance in 2013:**
The Board established guidelines for 2013 for Managing Director, other senior executives and the Board members. The guidelines were processed at the company's annual general meeting in 2013 and described in the Concedo Annual Report 2012.

**Managing Director and other Senior Executives**
For the year 2013 subscription rights were allocated for the value equivalent to 12.5 % of the achievable target were allocated by the company in accordance with the guidelines. Each subscription right carries the right to purchase one share in the company at a price corresponding to an estimated market price of NOK 42.00 per share evaluated by an independent expert. In accordance with the guidelines, company employees thus have an opportunity to subscribe shares as follows:

| Name | Price/share (NOK) | Subscription Rights |
|---|---|---|
| Geir Lunde | 42 | 1 702 |
| Erik Klausen | 42 | 1 629 |
| Morten Hedemark | 42 | 1 629 |
| Ole H Fjelltun | 42 | 1 629 |
| Odd E Baglo | 42 | 1 629 |
| Elisabet Malmquist | 42 | 1 466 |
| Enric Leon | 42 | 952 |
| Dirk van der Wel | 42 | 978 |
| Anders Finstad | 42 | 1 387 |
| Juergen Sclaf | 42 | 1 429 |
| Ane M Skaug Rasmussen | 42 | 1 190 |
| Hilde Alnæs | 42 | 1 190 |
| Tommi Rafael Rautakorpi | 42 | 1 629 |
| Total | 42 | 18 439 |

The incentives to the members of the Board, as described below, follow the guidelines drawn up for the company's employees.

**Directors of the Board**
For the year 2013 subscription rights for the equivalent of 12.5 % of the achievable target.were allocated in accordance with the guidelines.Every subscription right gives the right to issue one share in the company at a price corresponding to an estimated market price of NOK 42,00 per share. The members of the Board of the company thus have an opportunity to subscribe shares according to the guidelines:

| Name | Price/share (NOK) | Subscription Rights |
|---|---|---|
| Olav Fjell | 42 | 446 |
| Erik Klausen | 42 | 0 |
| Karen Sund | 42 | 298 |
| Hege Wullum | 42 | 298 |
| Nirav Dagli | 42 | 298 |
| Total | 42 | 1 339 |

19 778 subscription rights were allocated in 2013 that can be exercised after 3 years and before 5 years, pursuant to Board Resolution of 17 December 2013 on the basis of the approved guidelines for 2013 and detailed conditions to be decided in the General Meeting 2014.

**Guidelines for 2014:**
At the annual general meeting in 2014 the Directors will present the following statement regarding pay for the CEO, other senior staff and the Directors in 2014:

(i) Basic pay:
Pursuant to the guidelines, basic pay shall be determined by the CEO based on what is considered to be good, competitive normal pay in the market. The CEO’s salary shall be determined by the Directors. Directors’ fees shall be determined by the AGM.

(ii) Incentive programme:

In addition to the fixed basic pay, the Directors propose that the present incentive programme with subscription rights in the company, be continued. The incentive programme shall normally be allocated each year and the subscription rights allocated by the Directors, based on recommendations from the CEO within the framework of the resolution adopted by the general meeting. Subscription rights under this scheme shall be allocated according to specifically designated targets achieved by the company, and shall normally be issued to all employees.

Pursuant to the Directors' guidelines, the number of subscription rights shall be calculated by dividing a percentage – maximum 40% -of the annual pay earned by the employee during the year, by the market price of the shares. The maximum number of subscription rights for each employee will therefore be equivalent in value to up to 40% of the employee's earnings during the year, divided by the market price of the shares. The market price of the shares will be determined by an arm's length public accountant or other arm's length person having expert knowledge of the matter. Subscription rights can at the earliest be exercised at IPO or if the company is sold. Otherwise the subscription rights may be exercised at any time whatsoever in the period between 3 and 5 years after the allocation date. It is a condition for exercise of subscription rights, however, that the person concerned is still an employee of the company or a pensioner.

For Directors who are not employed by the company, the number of subscription rights shall, pursuant to the Board guidelines, be calculated by dividing a part – maximum 100% - of the annual fee by the market price of the shares. The maximum number of subscription rights for each Director will therefore be equivalent in value to up to 100% of that Director's fee during the year, divided by the market price of the shares. The market price of the shares will be determined by an arm's length public accountant or other arm's length person having expert knowledge of the matter. Subscription rights can at the earliest be exercised at IPO or in the event of sale of the company. Subscription rights can otherwise be exercised at any time between 3 and 5 years from the allocation. Exercise of subscription rights is not dependent on whether he or she is the member of the Board of the company or not.

Nothing is paid for the subscription rights issued. Each of these subscription rights entitles the person to subscribe for one share in the company at a price corresponding to the average market price of the shares at the end of the year for which the incentive decision applies, as the price of the shares is determined by an arm's length public accountant or other arm's length person having expert knowledge of the matter.

The new shares issued when subscription rights are exercised, carry a right to dividend from the date of issue, i.e. a right to dividend, if any, for the financial year prior to the year of issue.

(iii) Bonus scheme:

The other variable element proposed by the Directors, is a bonus scheme. It is the intention that the bonus scheme shall be reserved for situations where it is highly probable that the employee(s) efforts have contributed towards creating extremely high added value and bonus may be awarded only when the added value is over NOK 100 million.

Normally the bonus shall be divided equally and awarded to employees at discretion. However the CEO may also distribute bonus as an individual reward.

Bonus will not normally be awarded in the form of money, but as subscription rights in the company. In the same way as under the incentive programme, maximum 40% of the person's pay from the company may be given per year as a bonus and therefore the subscription rights given as bonus shall be calculated by dividing the appropriate percentage of the employee's earnings by the market price of the shares. The market price of the shares shall be determined by an independent public accountant or other independent person having expert knowledge of the matter. Subscription rights may be exercised at the earliest by stock market introduction or by sale of the company. Otherwise, subscription rights can be exercised at any time during the period from 3 years to 5 years from the time of assignment.

**Auditor**

| Remuneration for Deloitte AS is as follows (excl. VAT): | **2013** | **2012** |
|---|---|---|
| Statutory audit | 160 000 | 160 000 |
| Audit-related services | 37 800 | 27 310 |
| Certification services | 5 100 | 10 200 |
| Tax related services | 0 | 57 100 |

## Note 3 Tangible/ Intangible assets

| | FF&E | Plant & Machinery | Purchases of license interests, exploration wells | Total |
|---|---|---|---|---|
| Cost at 1 January | 2 091 851 | 77 725 | 23 512 224 | 25 681 800 |
| Additions | 188 198 | | 16 724 689 | 16 912 887 |
| Expensed dry wells, previously capitalised | | | -13 223 554 | -13 223 554 |
| Disposals | | | -6 598 411 | -6 598 411 |
| Cost 31 December | 2 280 049 | 77 725 | 20 414 948 | 22 772 722 |
| | | | | |
| Acc. depreciation at 1 January | 1 662 629 | 61 757 | | 1 724 386 |
| Current year's depreciation | 457 701 | 10 166 | | 467 867 |
| Acc. depreciation 31 December | 2 120 330 | 71 923 | | 2 192 253 |
| Book value as of 31December | 159 719 | 5 802 | 20 414 948 | 20 580 469 |

| | | |
|---|---|---|
| Economic life | 3-5 yrs. | 5 yrs. |
| Depreciation schedule | Linear | Linear |

Intangible assets include acquisition costs for interests in licenses and costs connected with drilling of exploration wells.

## Note 4 Share capital and shareholders

As of 31.12.13 the company's share capital consisted of one class of shares, all of which bear the same voting rights. Acquisition of shares by purchase or as a gift or by any other means requires board approval.

| | Number of shares | Nominal value | Book value |
|---|---|---|---|
| Shares | 11 479 437 | 0.2073631 | 2 380 412 |
| **Total** | **11 479 437** | | **2 380 412** |

**Subscription rights**

The right to exercise subscription rights lapses in the event of the company being listed on the stock exchange. The subscription rights may be exercised during a period of from 3 to 5 years from the date of allocation.

A complete overview of the subscription rights in the company is shown below.

| Name | Number of rights | Subscription Price (NOK) | Total Price (NOK) | Allocation date |
|---|---|---|---|---|
| Employees | 239 456 | 30,00 | 7 183 680 | Board Meeting 17th December 2010 |
| Employees | 59 167 | 60,00 | 3 550 020 | Board Meeting 16th December 2011 |
| Employees and Directors | 29 407 | 47,50 | 1 396 833 | Board Meeting 14th December 2012 |
| Employees and Directors | 19 778 | 42,00 | 830 676 | Board Meeting 17th December 2013 |
| Total | 347 808 | | 12 961 209 | |

The above figures include 114 327 subscription rights allocated to Geir Lunde,109 884 to Erik Klausen, 3 245 to Olav Fjell, 2163 to Karen Sund, 2163 to Hege Wullum and 526 to Nirav Dagli in connection with the incentive scheme.

**Ownership structure**

The ten largest shareholders as of 31.12.2013:

| Name | Number of shares | % of interests | Home country / Country of registration |
|---|---|---|---|
| H. M. STRUCTURES LIM | 2 983 609 | 27.23 | CYP |
| EUROCLEAR BANK S.A. | 2 580 000 | 23.55 | BEL |
| MEGABAS AS | 2 176 449 | 19.87 | NOR |
| HEATHLANDS HOLDING | 503 967 | 4.60 | CYP |
| KNUTSEN JOHN ERIC TA | 250 000 | 2.28 | GBR |
| GOLDMAN SACHS INT. | 248 603 | 2.27 | NOR |
| UBS AG ZURICH | 220 000 | 2.01 | CHE |
| GOLDMAN SACHS & CO | 198 470 | 1.81 | USA |
| SIX SIS AG | 170 000 | 1.55 | CHE |
| FJELLVIT AS | 154 529 | 1.41 | NOR |
| OTHER SHAREHOLDERS | 1 469489 | 13.41 | Miscellaneous |
| Total | 10 955 116 | 100.00 | |

Concedo holds in addition to the above 524 321 (treasury shares) own shares in the company.

**Shares owned by Directors and CEO**

| Name | Office | Number of shares |
|---|---|---|
| Olav Fjell through 100% in Fjellvit AS | Board Chairman | 154 529 |
| Geir Lunde through 16,4% in Megabas AS | CEO | 356 938 |
| Erik Klausen through 16,4% in Megabas AS | Director | 356 938 |
| Nirav Dagli | Director | 12 000 |
| Erik Klausen through Safeway AS | Director | 24 796 |
| Karen Sund through Sund Energy AS | Director | 2 307 |

## Note 5 Equity

| | Share capital | Share premium Account | Other contributed capital | Other reserves | Total |
|---|---|---|---|---|---|
| **Equity at 1 January** | **2 269 818** | **1 410 458** | **6 267 542** | **376 616 858** | **386 564 676** |
| Subscription rights | | | 1 727 600 | | 1 727 600 |
| Share issue | 110 594 | | | | 110 594 |
| Treasury shares purchased | -108 725 | | -7 995 142 | -14 966 258 | -23 070 124 |
| Profit/Loss for the year | | | | -75 829 880 | -75 829 880 |
| **Equity at 31 December** | **2 271 687** | **1 410 458** | **0** | **285 820 721** | **289 502 864** |

The value of subscription rights expensed in 2013 of NOK 1 727 600 has been calculated according to the Black- Scholes formula. Two share issues were undertaken in 2013 in connection with the exercise of 533 333 subscription rights. In addition; to secure the functioning of the incentive scheme, the company acquired 524 321 treasury shares at a price of NOK 23 070 124 during the year.

The share capital at the end of the year is NOK 2.380 412 consisting of 11 479 437 shares at a nominal value of 0,207363131, including the 524 321 treasury shares.

## Note 6 Income tax

| Income tax for the current year is calculated as follows: | 2013 | 2012 |
|---|---|---|
| Adjustment for tax refund earlier years | -23 735 | 1 717 |
| Change in deferred tax | -3 905 013 | 12 703 482 |
| Tax value of exploration costs (See Note 8) | -252 561 625 | -136 136 909 |
| **Tax on ordinary income** | **-256 490 372** | **- 123 431 710** |

**Reconciling nominal and actual tax rates:**

| | 2013 | 2012 |
|---|---|---|
| Pre- tax profit/loss | - 332 320 249 | -155 842 619 |
| Anticipated income tax at nominal rate (28%) | -93 049 670 | -43 635 933 |
| Tax effect of following items: | | |
| Adjustment for tax earlier years | -18 866 | 1 717 |
| Non-deductible expenses | 521 610 | 608 170 |
| Tax effect of interest on loss for carrying forward (50%) | -155 379 | -183 341 |
| Change in tax rate | -174 835 | |
| Effect of surtax (50%) | -163 613 233 | 80 222 324 |
| Income tax | -256 490 372 | -123 431 710 |
| **Effective tax rate** | **77%** | **79%** |

**Specification of tax effect of temporary differences and loss for carrying forward:**

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | Deferred tax asset | Deferred tax liability | Deferred tax asset | Deferred tax liability |
| Exploration expenses and license costs | | 15 462 609 | | 18 018 444 |
| Provisions for liabilities | 753 323 | | 3 713 608 | |
| Loss to be carried forward | 14 672 913 | | 10 363 451 | |
| **Total** | 15 426 236 | 15 462 609 | 14 077 058 | 18 018 444 |
| Of which netted | -15 426 236 | -15 426 236 | -14 077058 | -14 077 058 |
| **Net deferred tax asset/ liability** | | 36 373 | | 3 941 386 |

Profit from oil and gas operations on the Norwegian shelf is taxed in accordance with the Norwegian Petroleum Tax Act. A special 50% (from 1 January 2014 51%) surtax is levied in addition to the ordinary 28% (from 1 January 2014 27%) corporate tax. The taxpayer may claim payment from the government for the tax value of direct and indirect expenses (with the exception of financing expenses) for petroleum exploration, provided that the sum does not exceed the year’s loss on, respectively, ordinary income in the shelf tax district and the basis for surtax.

Shelf loss may be utilized against a possible future shelf gain. Alternatively, the tax value of loss carry forwards connected to operations on the Norwegian Shelf will be received in the event of a possible termination of the business.

Deferred tax effect has been capitalised to the extent future realisation is deemed probable.

## Note 7 Bank deposits

Bank deposits, cash in hand etc. includes non-distributable withheld tax in the sum of NOK 852 726, - and a rental deposit of NOK 637 091,-

## Note 8 Other receivables

For the 2013 tax assessment the company claims reimbursement of the tax value of petroleum exploration costs totalling NOK 252 561 525 (2012: NOK 136 136 909), see Petroleum Tax Act, 5$^{th}$ paragraph of section 3c. Outstanding accounts with operators and others are also in the financial line item “Other receivables”.

## Note 9 Leasing agreements

Annual rental for non-capitalised assets amounts to NOK 959 064 ( 2012: 934 460), which relates to rent for the office premises in Asker. The tenancy was renewed towards the end of 2011; the remaining period of tenancy being 4 years.

## Note 10 Debt to financial institutions

The company has a credit line for NOK 350 000 000 in DNB ASA. The interest rate is NIBOR plus a margin of 2.25%.

Withdrawals are limited to 95% of the tax value of petroleum exploration expenses. Repayments coincide with the reimbursement of exploration expenses from the tax authorities. Withdrawals may be made until 31 December 2013 and the last repayment must be made in December 2014.

As of 31 December 2013 withdrawals totalled NOK 251 635 267. We have calculated the tax reimbursement as being NOK 252 561 625, see notes 6 and 8. 95% of the estimated tax reimbursement amounts to NOK 239 933 544, so that withdrawals exceed the maximum permitted by NOK 11 701 723 as of 31 December 2013. Therefore a sum of NOK 11 701 723 will be repaid on 15th March 2014, in accordance with the credit line agreement.

The loan is secured by the tax reimbursement scheme, 20% in PL 531, 20% in PL 370/PL370B, 20% in PL 561, 20% in PL576, 20% in PL616, 20% in PL629 and 20% in PL652. Due to the ongoing trade in PL 607 the licence was exempt in agreement with DNB. Licences PL 370, PL 576 and PL 561 were relinquished in 2013. It will be taken initiative to update the pledge account in the first half 2014 as a result of the award of new licences. Under the loan agreement a mortgage is also given on the company’s offshore insurances relating to exploration activities.

## Note 11 Other current liabilities

Other current liabilities include salaries, holiday pay etc. totalling NOK 1 419 619.

## Note 12 Financial market risk

The company employs financial instruments such as bank loans and deposits. The purpose of these instruments is to procure capital for the investments required for the company’s activities. Other financial instruments are trade debtors and creditors etc. that are directly linked with everyday operations. The company does not trade in derivatives.

The most significant financial risks the company is exposed to are related to oil prices, interest rates, capital needs and loan terms. The risk of trade debtors and partners being unable to fulfil their obligations towards Concedo is considered to be low. The company is to a limited degree exposed to currency risk. The company has not entered into any contracts to offset the risks.

## Note 13 Exploration costs

Exploration costs in the profit and loss statement consist of the following:

| | **2013** | **2012** |
|---|---:|---:|
| Salary and other payroll, ref note 2 | 18 999 538 | 20 469 027 |
| Seismic, drilling and general licence expenses | 294 824 538 | 132 479 583 |
| Other operating costs linked with exploration | 15 052 393 | 9 205 673 |
| **Total** | 328 876 470 | 162 154 282 |

Exploration costs, capitalised and expensed, totalled NOK 325 779 194 in 2013 (2012:NOK182 660 121). Exploration expenses eligible for tax refunds amount to NOK 323 796 955.

## Note 14 Licenses

**PL370/PL370B** – The licence have been relinquished in 2013

**PL 531** – This licence was awarded in the 20th round and Concedo holds a 20% interest. This is Concedo's first licence in the Barents Sea. Operator for the licence is Repsol. The Darwin well was drilled in the licence first half of 2013 and it was dry.The evaluation of the remaining prospectivity in the licence is ongoing. The Partnership has applied for half a year extension of the license period.

**PL607 -** PL 607 was awarded in the 21st round. The licence lies in the west of the Barents Sea immediately north of our PL 531. Concedo acquired a 40% interest and operator is GdF. Concedo has reduced the interest to 20% through a swap with OMV. Preparations have started for drilling a well in first half 2014.

**PL576** – The licence was relinquished in 2013.

**PL 561** – The licence was relinquished in 2013.

**PL 616 -**In 2011 Concedo applied for open acreage in the Southern North Sea. In February 2012 the acreage was awarded as PL 616. Concedo ASA holds a 20% interest in the licence which is operated by Edison. The licence area is situated west of the Hod, Valhall and Embla oil fields and covers block 2/10, and parts of block 2/7, and 2/11. A drill or drop decision will be made in 2014.

**PL 629** - PL629 was awarded Concedo in February 2012, following the application for the APA 2011. The licence lies on a prolific area of the Central North Sea, about 20 km north of the Heimdal Field and is operated by Bridge Energy. Concedo holds a 20% share interest. The work program includes geological/geophysical studies and acquisition of 3D seismic before a drill-or-drop decision within two years from award. New seismic has been purchased from TGS Nopec.

**PL 652** - The licence was relingushed in 2013.

**PL 541** – An interest of 7,5% in the licence was acquired from Skagen44 in 2nd half 2013. The licence is located in the southern Northe Sea with Repsol as operator. Drilling of the Brattholmen well in the licence was undertaken late 2013. Unfortunately, the well was dry. Evaluation after the well is ongoing.

**PL 645** – The licence share of 10% was acquired in late 2013, 5% from Skagen44 and 5% from Fareo petroleum which is the operator. The Novus well in the licence was completed in 2014. The exploration well 6507/10-2S was targeting the Jurassic reservoirs of the Garn, Ile, and Tilje formations on the Novus prospect. Strong AVO (amplitude versus offset) and 3D seismic amplitude anomalies at the target level were observed and analogous to discoveries in nearby fields. In January 2014, the main well bore targeting the Novus West prospect encountered a 12 meter net gas column and a 12.5 meter net oil column in a high quality, thicker than expected Garn formation. The Ile and Tilje formations were encountered in line with expectations but were found to be water wet. Extensive data gathering has been undertaken including pressure and fluid samples from the main reservoir zones, and the preliminary volumetric estimate of the size of the discovery is between 6 and 15 mmboe recoverable gross. The well result will be used to refine the geological model and de-risk additional prospects and leads on the licence for potential future drilling.

**PL393B -** The 20 % licence share of licence was acquired through a swap with OMV against 20% of PL 607. This licence is located in the Barents sea west of the Nucula discovery. The spud of the Ensis prospect in the licence is planned for 2nd half of 2014.

**PL680** - awarded February 2013 and applied for in APA 2012, lies adjacent to the Troll Field, a prolific hydrocarbon province in the Northern North Sea. Concedo holds a 40% share interest. The main target is located to the east of the Troll East Field. The work program contemplates a decision of acquiring 3D seismic or dropping the licence after one year of G&G evaluation. The Partnership has decided to relinquish the license.

**PL670** - awarded February 2013 and applied for in APA 2012. The licence is located in the southern North Sea, west of the Ula Field including parts of blocks 7/11 and 7/12. Concedo holds a 20% share interest in the licence with Tullow Oil Norge as the operator. Interpretation and re-processing of seismic is ongoing.

## Note 15Subsequent events

Concedo was awarded seven licences in APA 2013:

PL670 B – The licence is an extension to PL 670 with common work programme.

PL 727 - The licence is located in the Southern North Sea with Edison as the operator.

PL737 S – The licence is located in the North Sea including part of blocks 25/4 and 25/5. Dana is the operator.

PL 746 S – This licence is in the northern North Sea including block 29/3. Rocksource is the operator.

PL 756 – This licence is located in Mid Norway including part of block 6608/10. Edison is the operator.

PL 768 – This licence is located in the south-eastern part of Barents Sea including part of blocks 7123/5, 6,7,8,9 and 7124/4 and 7. Wintershall is the operator.

PL 769 – This licence has the border with PL 768 to the east and includes part of blocks 7123/5,6,7,8,9 and 7124/4 and 7.