

Innkalling til generalforsamling i CONCEDO ASA

**Aksjonærene i Concedo ASA innkalles herved til ordinær generalforsamling i Concedos lokaler:
Torvgården, Torvveien 1, 1383 Asker**

Torsdag 21. mars 2013 kl. 15:00

Dagsorden:

1. Generalforsamlingen åpnes av styrets leder, Olav Fjell iht allmennaksjeloven § 5-10 (3).
2. Fortegnelse over møtende aksjeeiere og aksjer representert med fullmakt.
3. Valg av person til å lede generalforsamlingen og en person til å medundertegne protokollen.
4. Godkjennelse av innkalling og dagsorden.
5. Godkjennelse av årsregnskapet og årsberetningen for året 2012 for Concedo ASA.
6. Godkjennelse av godtgjørelse til selskapets revisor
7. Fastsettelse av godtgjørelse til styret
8. Ordinært valg av styremedlemmer.

Ben Stanway forlater styret. Styret foreslår valg av følgende nye styremedlem med angitt funksjonstid:
– Nirav Dagli: 2 år

Følgende styremedlemmer er innstilt på gjenvalg med angitt funksjonstid:

- Olav Fjell: 2 år
- Karen Sund: 2 år

Styremedlemmene Erik Klausen og Hege Wullum har ett år igjen av sin funksjonstid, og er følgelig ikke på valg.

9. Orientering om retningslinjene for incentivordningen i selskapet.
10. Utstedelse av 29 407 frittstående tegningsretter i forbindelse med selskapets incentivordning. Vedtaksforslag følger i Vedlegg 1.
11. Utstedelse av fullmakt til styret som gir selskapet adgang til å erverve egne aksjer i henhold til allmennaksjeloven § 9-4.

VEILEDNING

I tråd med vedtektenes § 7e er underlagsmaterialet gjort tilgjengelig på selskapets hjemmeside www.concedo.no. Underlagsmaterialet kan sendes skriftlig på forespørsel. Aksjonærer som er registrert i Verdipapirsentralens (VPS) aksjeeierregister har rett til å møte og avgi stemme på generalforsamlingen. Retten til å delta og stemme på generalforsamlingen kan i henhold til vedtektene bare utøves når ervervet er innført i aksjeregisteret den femte dagen før generalforsamlingen holdes. Aksjonærer som ønsker å møte bes melde dette på vedlagte skjema innen 15. mars 2013 kl.16:00 til:

Concedo ASA, Torvveien 1, NO1383 Asker, Norway. Telefaks 66789993, epost: post@concedo.no

Notice of the annual General Meeting in CONCEDO ASA

The shareholders of Concedo ASA is hereby summons to an annual General Meeting on Thursday 21 March 2013 at 3:00 pm. at the Company's registered offices in Torvgården, Torvveien 1, 1383 Asker.

Agenda:

1. The Meeting will be opened by the chairman of the Board, Olav Fjell, cfr. § 5-10 (3) of the Norwegian Public Limited Liability Companies Act.
2. Registration of attending shareholders and shares represented by proxy.
3. Election of chairperson and person to co-sign the minutes.
4. Approval of the summons and the agenda.
5. Approval of the company's financial statements and the annual report for 2012.
6. Approval of the remuneration to the Company's auditor
7. Determination of remuneration to the Board
8. Ordinary election of Board members.

Ben Stanway leaves the Board. The Board proposes the following new member with designated term of office:

- Nirav Dagli: 2 years

The following members are set for re-election with designated term of office:

- Olav Fjell: 2 years
- Karen Sund: 2 years

The Board members Erik Klausen and Hege Wullum have one year left on their term, and are not up for election.

9. Orientation about the guidelines for the incentive scheme of the company.
10. The issuance of 29 407 subscription rights in connection with the incentive scheme of the company. Proposed resolution is attached as Appendix 1.
11. The issuance of authorization to the Board that gives the company the right to acquire own shares pursuant to the Public Limited Liability Companies Act § 9-4.

GUIDANCE

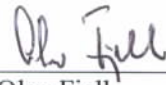
In accordance with § 7e of the company's articles of association is underlying documents available on the company's website www.concedo.no. Underlying documents can be submitted in writing on request. Shareholders registered in the Norwegian Central Securities Depository (VPS) are entitled to attend and vote at the General Meeting. The right to attend and vote at the General Meeting may, in accordance with the articles of association only be exercised if the shares are registered in the VPS on the fifth day before the General Meeting. Shareholders who wish to attend are requested to return the enclosed form within 15 March 2013 at 16:00 to:

Concedo ASA, Torvveien 1, NO1383 Asker, Norway. Telefax 66789993, e-mail: post@concedo.no

In case of discrepancy between the Norwegian
and the English text, the Norwegian text prevail.

concedo

Concedo ASA
Asker, 05.03.2013



Olav Fjell
Styrets leder/Chairman

MELDING OM OPPMØTE PÅ GENERALFORSAMLING

Undertegnende er eier avaksjer i Concedo ASA.

Undertegnende meddeler herved at jeg vil delta på generalforsamlingen i Concedo ASA , den 21.3.2013 kl. 15:00

Sted:

Dato:.....

Navn med blokkbokstaver:.....

Signatur:.....

Aksjonærer som ikke har anledning til å møte på denne generalforsamlingen, men som ønsker å være representert, kan gi fullmakt til styrets formann eller egen fullmektig på vedlagte fullmaktsskjema.

FULLMAKT

Undertegnende er eier av.....aksjer i Concedo ASA.

Undertegnende gir herved angitt person fullmakt til å representere mine aksjer i Concedo ASA på ordinær generalforsamling den 21. mars 2013 og til å stemme i samsvar med styrets anbefaling.

Olav Fjell, styrets leder

Undertegnende gir fullmakt til annen person.

Navn:

Sted:

Dato:.....

Navn med blokkbokstaver:.....

Signatur:.....

Returneres pr. E-post, post eller telefaks innen 15.3.2013.

Concedo ASA,
Torvveien 1,
N-1383 Asker
Norge

E-post: post@concedo.no

Telefaks: +47 66789993

NOTICE OF ATTENDANCE AT THE GENERAL MEETING

I, the undersigned is the owner of Shares in Concedo ASA.

I hereby announce that I will attend the General Meeting in Concedo ASA on 21 March 2013 at 15:00 hours.

Place:

Date:.....

Name in capital letters:.....

Signature:.....

Shareholders who are unable to attend the General Meeting, but wish to be represented, may authorize the Chairman or a proxy to represent their shares through the enclosed proxy form.

PROXY

I, the undersigned is the owner of Shares in Concedo ASA.

I authorize the specified person to represent my shares in Concedo ASA at the Annual General Meeting on 21 March 2013 and to vote in accordance with the Board's recommendation.

Olav Fjell, Chairman

I authorize another person to represent my shares at the Annual General Meeting

Name:

Place:

Date:.....

Name in capital letters:.....

Signature:.....

Returned by E-mail, mail or telefax within 15 March 2013.

Concedo ASA,
Torvveien 1,
N-1383 Asker
Norway
E-mail: post@concedo.no
Telefax: +47 66789993

Vedlegg 1 til innkalling til generalforsamling for Concedo ASA 21. mars 2013

Utstedelse av 29.407 frittstående tegningsretter i forbindelse med incentivordningen for ansatte i fastsatt henhold til styreerklæringen for lederlønnfastsettelse for året 2012.

Styret foreslår at det treffes følgende vedtak om tildeling av tegningsretter for 2012:

1. Etter allmennaksjeloven § 11-12 utstedes det 29.407 frittstående tegningsretter.
2. Hver tegningsrettighet gir rett til utstedelse av én aksje i selskapet pålydende NOK 1 til tegningskurs kr 47,50 pr aksje.
3. Tegningsrettene kan utøves når som helst i tidsrommet fra 14.12.2015 til 14.12.2017. Tegningsrettene kan utøves helt eller delvis, og således i flere omganger.
4. Tegningsrettene kan uansett utøves ved børsintroduksjon eller salg av samtlige aksjer i Selskapet. Selskapet skal såfremt styret har besluttet å søke børsnotering sende varsel til alle tegningsrettshavere på de adresser som er registrert i Verdipapirsentralen. Rettighetshaverne skal innen 14 dager deretter sende skriftlig varsel til Selskapet dersom de ønsker å utøve tegningsrettene. Tegningsretter som ikke er utøvet vil bortfalle fra og med Selskapets aksjer noteres på børs.
5. Tegningsrettene bortfaller dersom tegningsrettshaverens ansettelsesforhold i Selskapet opphører, unntatt om den ansatte pensjoneres. Tegningsretter for styremedlemmer er gyldig uavhengig om de er styremedlemmer eller ikke.
6. Tegningsrettene skal tildeles de navngitte ansatte i Selskapet i et antall som er utarbeidet på grunnlag av "Styreerklæring om lederlønnfastsettelse i Concedo ASA", ref. note 3 i Årsregnskapet 2012
7. Tegning skal skje i protokollen for generalforsamlingen eller på særskilt tegningsformular innen 14 dager etter generalforsamlingen.
8. Det skal ikke ytes vederlag for tegningsrettene.
9. Tegningsrettene kan ikke overdras til ny eier.
10. Tegningskursen skal gjøres opp kontant innen 14 dager etter utøvelse av tegningsretten.
11. De nye aksjene i Selskapet som skal utstedes ved utøvelse av tegningsrettene, gir rett til utbytte fra tidspunktet for utstedelse, dvs rett til utbytte fra regnskapsåret før utstedelsesåret hvis aktuelt.
12. Ved utbetaling av utbytte i Concedo ASA skal tegningskursen reduseres tilsvarende.
13. Ut over eventuelle justeringer av tegningskursen mv. i henhold til punkt 14 skal rettighetshaverne ikke ha noen retter i relasjon til forhøyelse eller nedsettelse av aksjekapitalen, ny beslutning om utstedelse av tegningsretter eller ved oppløsning, fusjon, fisjon eller omdanning.
14. Dersom det inntreffer selskapsrettslige endringer i Concedo ASA, skal tegningskursen og antall tegningsretter justeres i samsvar med følgende bestemmelser:

a) Fortrinnsrettsemisjon av aksjer og andre finansielle instrumenter

Ved nyemisjon av aksjer med fortrinnsrett for aksjonærene skal ny tegningskurs fastsettes på følgende måte:

Ny tegningskurs	=	(Beregnet utvannet omsetningskurs / Omsetningskurs)	/	*	gammel tegningskurs
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Beregnet utvannet omsetningskurs fremkommer ved å legge sammen (a) omsetningskurs multiplisert med antall aksjer før emisjonen og (b) emisjonskurs multiplisert med antall aksjer som utstedes i forbindelse med emisjonen, hvoretter summen divideres med antall aksjer etter emisjonen.

Bestemmelsene ovenfor skal tillempes også andre fortrinnsrettsemisjoner.

b) Nedsettelse av aksjekapitalen med tilbakebetaling

Dersom aksjekapitalen nedsettes med tilbakebetaling til aksjonærene, skal ny tegningskurs fastsettes på følgende måte:

Omsetningskurs med fradrag

Ny tegningskurs	=	(Tilbakebetalt beløp per aksje / Omsetningskurs)	*	gammel tegningskurs
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Omsetningskurs beregnes med utgangspunkt i forholdene den dag da beslutning om kapitalnedsettelse fattes av generalforsamlingen.

c) Fondsemisjon, sammenslåing og deling av aksjer

Ved fondsemisjon med utstedelse av nye aksjer (unntatt der aksjene ytes som vederlag ved fusjon), oppdeling eller sammenslåing av aksjer, skal ny tegningskurs fastsettes på følgende måte:

Antall aksjer før fondsemisjon

Ny tegningskurs	=	(Oppdeling eller sammenslåing / Antall aksjer etter fondsemisjon)	*	gammel tegningskurs
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d) Fusjon

Dersom Concedo ASA inngår i en fusjon som overdragende selskap, skal tegningsrettene overføres til tegningsretter til aksjer i det overtakende selskap, eller ved konsernfusjon i det selskap som utsteder vederlags-aksjer, på vilkår justert for bytteforholdet ved fusjonen. Dersom det ytes tilleggsvederlag i annet enn aksjer i det overtakende selskap til aksjonærene i Concedo ASA i forbindelse med fusjonen, skal tegningskursen for aksjer i det overtakende selskap korrigeres i samsvar med prinsippene i punkt 14 litra b slik at det totale tilleggsvederlag dividert med antall aksjer i det overtakende selskap etter fusjonen skal anses som tilbakebetalt beløp pr. aksje i det overtakende selskap.

Dersom Concedo ASA treffer beslutning om fusjon der Concedo ASA er overtakende selskap, skal tegningskursen forbli uforandret.

e) Fisjon

Dersom Concedo ASA treffer beslutning om fisjon, skal tegningsrettene som utgangspunkt fordeles på de selskaper som inngår i fisjonen i samme forhold som aksjene blir fordelt. Styret i Concedo ASA kan isteden bestemme at den enkelte rettighetshaver etter fisjonen utelukkende skal inneha tegningsretter knyttet til aksjer i det selskap der vedkommende rettighetshaver vil være ansatt. I sistnevnte tilfelle skal antallet tegningsretter justeres slik at maksimalt samlet tegningsbeløp blir (tilnærmet) upåvirket av fisjonen.

Blir aksjene ved fisjonen fordelt slik at hver aksje i det overdragende selskap gir rett til én aksje i det overtakende selskap, skal tegningskursen for aksjer i begge selskaper som inngår i fisjonen fastsettes som følger:

Omsetningskurs for

Ny tegningskurs	=	(Aksjer i angjeldende selskap / Sum omsetningskurs for aksjer i begge selskaper)	*	gammel tegningskurs
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		som inngår i fisjonen)		
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Omsetningskurs beregnes ut fra forholdene den første dag etter at fisjonen er gjennomført.

Dersom aksjene ved fisjonen blir fordelt på annen måte, skal tegningskursen for aksjer i begge selskaper fordeles som angitt ovenfor, korrigert for forholdet mellom antall aksjer for hvert av de selskaper som inngår i fisjonen.

f) Fastsettelse av omsetningskurs

Omsetningskurs skal fastsettes etter beste skjønn. Er partene uenige om verdsettelsen, skal partene i fellesskap oppnevne et uavhengig verdipapirforetak til å foreta en verdsettelse.

g) Omdannelse og oppløsning

Ved omdannelse og oppløsning som nevnt i allmennaksjelovens kapittel 15 og 16 skal rettighetshaverne ha rett til fortidig utøvelse av tegningsrettene/antall tegningsretter.

h) Justering av antall aksjer som er gjenstand for tegningsrettene

Justeres tegningskursen i samsvar med bestemmelsene ovenfor, skal det antall tegningsretter som den enkelte rettighetshaver eier justeres slik at vedkommende gis rett til å tegne aksjer for et samlet tegningsbeløp som er mest mulig likt det samlede tegningsbeløp som gjaldt før vedkommende justering. Dersom tegningskurs av lovmessige grunner ikke kan nedjusteres i tråd med bestemmelsene ovenfor, skal antall tegningsretter justeres.

English office translation:

Appendix 1 to summons for general meeting in Concedo ASA 21 March 2013

Issuance of 29,407 independent subscription rights ("warrants") in connection with the incentive scheme for employees, pursuant to and in accordance with the Board of Directors' statement regarding stipulation of remuneration for persons in leading positions for the year 2012.

The Board proposes to adopt the following resolution:

1. It shall be issued 29,407 independent subscription rights ("warrants") in accordance with the Norwegian Public Limited Liability Companies Act, Section 11-12.
2. Each subscription right carries the right to buy one share in the Company with nominal value of NOK 1 for a subscription price of NOK 44.50 per share.
3. The subscription rights may be exercised at any time whatsoever during the period from 14th December 2015 to 14th December 2017. The subscription rights may be exercised in whole or in part, i.e. on several occasions.
4. The subscription rights may in any case be exercised in the event of listing on the stock exchange or of sale of all of the Company's shares. If the Board decides to apply for listing, the Company shall send notice thereof to all holders of subscription rights, to the addresses registered in the Norwegian Central Securities Depository (VPS). Holders of rights shall then notify the Company, in writing and within 14 days, if they wish to exercise their subscription rights. Subscription rights that are not exercised will lapse as from and including the day on which the shares are listed on the stock exchange.
5. The subscription rights lapse if and when the holder ceases to be an employee of the Company, except when the employee become retired. The subscription rights for Board members are valid independent of whether he/she is still member of the Board or not.
6. The subscription rights shall be allocated to the named employee in the Company in a number calculated on the basis of the Directors' statement on stipulation of pay for persons in leading positions in Concedo ASA, reference to Note 3 in the Annual Statement 2012.
7. Subscription shall be shown in the minutes for the general meeting or be made in a subscription form within 14 days of the general meeting.
8. No payment shall be made for the subscription rights.
9. Subscription rights may not be transferred to a new owner.
10. The subscription price shall be paid in, in cash, within 14 days after the rights are exercised.
11. The new shares in the Company that will be issued when the subscription rights are exercised shall carry right to dividend from the date of issue, i.e. a right to dividend, if any, from the fiscal year preceding the year of issue.
12. In the event of payment of dividend in Concedo ASA, the subscription price shall be reduced correspondingly.
13. Other than any adjustments of the subscription price etc. in accordance with item 14, the holders of rights have no rights in regard to increase or reduction of share capital, new decisions regarding the issue of subscription rights, or in the event of the Company being wound up, merged, de-merged or converted.
14. If there are implemented corporate changes in Concedo ASA, the subscription price and the number of subscription rights shall be adjusted according to the following rules:
 - a) *Pre-emptive rights for shares and other financial instruments*

In the event of new issues of shares having pre-emptive rights for shareholders, the new subscription price shall be determined as follows:

New subscription price	=	(Estimated diluted trading price / Trading price)	*	old subscription price
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Estimated diluted trading price is found by adding (a) the trading price multiplied by the number of shares before the new issue and (b) the new issue price multiplied by the number of shares issued in connection with the new issue, and dividing the sum by the number of shares after the new issue.

The above rules shall be adapted also for other pre-emptive rights issues.

b) Reduction of share capital with repayments

If the share capital is reduced with repayments to shareholders, the new subscription price shall be determined as follows:

Trading price with deduction

New subscription price	=	(Sum repaid per share / Trading price)	*	old subscription price
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The trading price is calculated on the basis of conditions on the day the general meeting adopted the decision to reduce the share capital.

c) Scrip issue, adding together and dividing shares

In a scrip issue with the issue of new shares (with the exception of cases where the shares serve as payment in a merger), adding together or dividing shares, the new subscription price shall be determined as follows:

Number of shares before the scrip issue

New subscription price	=	(Divided or added together / Number of shares after scrip issue divided or added together)	*	old subscription price
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d) Merger

If Concedo ASA is party to a merger as the acquired company, the subscription rights shall become rights to subscribe shares in the acquiring company, or in the case of a group merger in the company that issues shares in payment, on terms adjusted for the terms of trade for the merger. If additional payment is made to shareholders in Concedo ASA in a form other than shares in the acquiring company in connection with the merger, the subscription price for shares in the acquiring company shall be adjusted in accordance with the principles in item 14, litra b, so that the total additional payment divided by the number of shares in the acquiring company after the merger, shall be regarded as the sum repaid per share in the acquiring company.

If Concedo ASA adopts a decision on a merger where Concedo ASA is the acquiring company, the subscription price will remain unchanged.

e) Demerger

If Concedo ASA adopts a decision on a demerger, subscription rights shall initially be divided among the companies in the demerger in the same proportion as the shares are divided. Instead the Board of Concedo ASA may decide that the separate holders of rights after the demerger shall have only subscription rights linked with shares in the company in which the holder of the rights will be

employed. In that case the number of subscription rights shall be adjusted so that the maximum total value of the rights will remain (approximately) unaffected by the demerger.

If in the demerger the shares are divided so that each share in the assigning company carries the right to one share in the acquiring company, the subscription price for shares in both of the companies in the demerger shall be determined as follows:

Trading price for

New subscription price	=	(Shares in the company in question / Total trading price for shares in both companies in the demerger)	*	old subscription price
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The trading price is calculated on the basis of conditions on the first day after the demerger is effectuated.

If in the demerger the shares are allocated in a different manner, the subscription price for the shares in both companies shall be allocated as described above, adjusted for the ratio between the numbers of shares for each of the companies involved in the demerger.

f) Determining the trading price

The trading price shall be determined to the best discretion. If the parties fail to agree on the valuation, the parties jointly shall appoint an arm's length investment firm to make a valuation.

g) Conversion and liquidation

In the event of conversion or liquidation as mentioned in Chapters 15 and 16 of the Norwegian Public Companies Act, the holders of rights shall be entitled to expedite exercise of their subscription rights/number of rights.

h) Adjusting number of shares subject to subscription rights

If the subscription price is adjusted in accordance with the above rules, the number of subscription rights held by each person shall be adjusted so that he or she is entitled to subscribe shares for a sum that in total is as nearly as possible the same as the total sum that applied before the adjustment. If the law does not allow reduction of the subscription price in keeping with the above rule, the number of subscription rights shall be adjusted.

DIRECTORS' REPORT 2012

The company has a good platform for working steadily towards its goals of obtaining good awards in licensing rounds and making new oil discoveries.

General

Concedo is a privately-owned public limited liability company focusing on exploration on the Norwegian Continental Shelf. At the end of 2012 the company had a total of nine exploration licences, five in the North Sea, two in the Norwegian Sea and two in the Barents Sea. The company is financially healthy and well positioned to pursue new exploration opportunities.

Objectives and strategy

Concedo's main objective is to be one of the best exploration teams on the Norwegian Continental Shelf (NCS). Its business strategy can be summarized as follows:

- i. Capitalise on the staff's excellent knowledge of leads and unmapped resources on the NCS
- ii. Focus on those areas most aligned with the strengths of the technical team
- iii. Create value at moderate risk by selling discoveries prior to development

Highlights 2012

The company's financial position has never been better. Sale of the oil discoveries Hyme (PL 348) to Statoil and Maria (PL475/BS/CS) to Wintershall in the preceding years brought Concedo's cash holdings up to about NOK 600 mill at the start of 2012. Therefore, the company was in a position to repay capital to shareholders and distribute dividends totalling NOK 187 million in the beginning of 2012. The company retained a cash balance of approximately NOK 400 mill to support and strengthen explo-

ration activities, enabling Concedo to participate in about 10 wells in the next five to six years without any infusion of equity, even in a worst case scenario of no discoveries. The company has a good platform for working steadily towards its goals of obtaining good awards in licensing rounds and making new oil discoveries.

After the APA (Awards in Predefined Areas) licensing round in 2011 Concedo was awarded three licences: PL 616 in the Southern North Sea, situated west of the Hod, Valhall and Embla fields covering blocks 2/7 and 2/11. Concedo holds a 20% working interest with Edison as operator. The work program involves obtaining new 3D seismic data and a decision on whether to drill has to be made within 2 1/2 years of licensing.

PL 629 lies in a prolific area of the Central North Sea, about 20 km north of the Heimdal Field and is operated by Bridge Energy. The work program includes geological/geophysical studies and acquisition of 3D seismic before a drill-or-drop decision within two years from the award.

PL 652 is located in the Mid Norway area north of the Norne Field and Linerle/Dompap discoveries. The licence borders on PL 561 towards the west, north and east. Wintershall is the Operator and the work program includes G&G studies. A Drill or Drop (DOD) decision has to be made before February 2013.

The company took active part in preparations for drilling the well in

the Kakelborg prospect in PL370. This drilling took place in an attractive area in the northern North Sea. The Paleocene Kakelborg prospect was drilled in the third quarter of 2012, fulfilling the work commitment, but unfortunately the well was dry. However, a discovery across the UK border of the licence sheds new light on the deeper prospectivity of the licences PL 370/PL 370B. The licence group has obtained a six-month extension in order to analyse the prospectivity further and at the same time is applying for partial relinquishment of the licence.

In June 2012, the Ministry of Petroleum and Energy issued the invitation to the 22nd licensing round. This round was aimed at the less-explored areas in the Barents Sea and the Norwegian Sea. 86 blocks were announced, 14 blocks in the Norwegian Sea and 72 in the Barents Sea. By the deadline on 4 December 2012 the Ministry of Oil and Energy had received applications from 36 companies. The Ministry aims at granting new exploration licences before the summer of 2013.

Additional seismic data were acquired and the organisation screened large areas in the Barents Sea. Concedo finally applied, alone and in a group with others, for four areas that had the greatest interest.

In the 2012 licencing round APA 2012 the company applied for two licences in the North Sea, and has subsequently been awarded both.

On the financial side, the company

will renegotiate the NOK 200 mill. Exploration Finance Facility with DNB and it will be increased to NOK 350 mill in the beginning of 2013 to meet an adequate level of working capital for the exploration program for the next three years.

Concedo was a pro-active partner in licence PL 531 where Repsol is the operator. Concedo was engaged in risk analyses and an audit as part of the preparation process for drilling the Darwin well. The plan is that the well shall be drilled with Transocean Barents in the first quarter of 2013. This licence is located in the Barents Sea, south-west of the Skrugard discovery, which contains both structural and stratigraphic traps.

Business office

Concedo has modern offices in Asker outside Oslo.

History

Until the autumn of 2006, the company was a consultancy firm with expertise in exploration on the Norwegian shelf. After conversion into an oil company, the number of staff was increased and HSE and control systems were established that were adapted to the requirements for an oil company. Its application for pre-qualification as a licensee on the Norwegian shelf was granted in April 2007. From the beginning of 2007 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 to ten from 2009 and to eleven in 2010, in pace

with the scope of our assignments and the number of licences in our portfolio. 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 under 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 Maria was sold to the operator, Wintershall.

Research and Development

Concedo is a member of FORCE (Forum for Reservoir Characterisation, Reservoir Engineering and Exploration). FORCE is organised by NPD to stimulate industrial cooperation to improve exploration processes and to enhance recovery of resources on the Norwegian shelf. In 2011, Concedo participated actively in the process of arranging a FORCE seminar on sealing faults.

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 a contract with PetroMarker AS for using a new electromagnetic technology. This new method was used in the 21st licensing round in evalu-

ation of the area in the Barents Sea that was later awarded as PL 607. In our opinion, this technology has contributed to an increased probability of discoveries in the area. The main results were presented at an international conference in 2011. This technology was also used in several areas during 2012.

Concedo has also been an active participant in the steering group for Norwegian oil and gas licensing policies and the Norwegian Oil Company Scout Group, besides having a representative on the Board of OLF Geodata Trading.

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 2012. 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 prospect, Concedo was actively involved in risk assessment and audit meetings in 2012.

The working environment is considered good and there is a continuous effort to improve it further. In 2012, the employees participated in health and environment activities to prevent injuries.

10 days sick leave was recorded, totalling 0.5 % for 2012.

An HSE audit of the control system and compliance with it was carried out in 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 2012 there were eleven employees, one woman and ten men. The Board of Directors consists of five directors, three men and two women. 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 Governance

The company's management system also includes guidelines for owner control and company management that are in accordance with Norwegian recommendations. Corporate Governance reflects how the owners, the board of directors and the management interact. Good corporate governance enables the maximisation of shareholder value and reduction of business risk. Concedo aspires, where relevant, to comply with the 15 main points of the Norwegian Code of Practice (NUES) regarding Corporate Governance.

The Board of Directors held eight meetings in 2012. Key strategic and operational issues that were covered:

- Close monitoring of operational and financial performance, including Quality, Health, Safety and Environment
- Strategic balancing of portfo-

lio of exploration licences and assessment of licence applications in APA 2012 and 22nd licensing rounds

- Assessment of investment opportunities
- Supervision of risk management processes and internal control reporting
- Self-assessment of the Board's work

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 2012

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 Director's knowledge, there are no circumstances of significance for judging the company's position as of 31.12.2012 or the result for 2012 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 31.12.2012 and of the result and cash flows during the fiscal year.

Revenues and profits

In 2012 the company had no revenues from sales. The operating result was minus NOK 162.6 mill. The year's loss after tax was NOK 32.4 mill. The company continued investments in exploration activities for a sum totalling NOK 182.7 mill. The company claims reimbursement of the tax value of the exploration cost of NOK

174.5 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. One dry well was drilled during 2012 and this was expensed. Exploration expenses connected to the preparation of wells in the licences PL 531 and PL 607 being drilled in 2013-2014 have been capitalised with 20.5 mill.

Balance sheet and liquidity

At year-end 2012, the company had equity amounting to NOK 386.6 mill, which corresponds to an equity ratio of 72.6 %. The company had NOK 333.3 mill in distributable capital as of 31.12.2012 for possible distribution of dividends. At year-end, it had interest-bearing debt amounting to NOK 133.0 mill, secured by the reimbursement scheme for exploration costs. It is expected that the tax-related reimbursement resulting from exploration activities in 2012, will be NOK 136.1 mill. The company has a loan facility for NOK 200 mill with DNB, i.e. NOK 133.0 mill utilised.

Cash flow

Net cash flow in 2012 was NOK -27.4 mill from operational activities. This included tax refund of NOK 120 mill. Net cash flow from finance activities was NOK 189.0 mill.

Distribution of profit

A dividend of 187.0 mill was distributed in 2012.

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

The Directors are satisfied with the year's activities. The company's ability to convert discoveries into cash has been confirmed. The company enjoys good relations with government authorities, cooperating oil companies and oil and gas organisations in Norway. The company participated in one exploration well in 2012, unfortunately this was dry. The forthcoming drilling of the Darwin well in the Barents Sea in the first quarter 2013 will be very exciting. The well has a very high volume potential, but also reflects a high risk. Nevertheless, the well will give information and knowledge of importance for exploration of the entire western part of the Barents Sea.

Concedo aims to maintain its position as one of the best exploration teams on the Norwegian Shelf. The financial position and business model create a solid foundation and a basis for good expectations for more eventful years to come.

Asker, 5th March 2013



Olav Fjell
Chairman of the Board



Erik Klausen
Director



Karen Sund
Director



Hege Wullum
Director



Ben Stanway
Director



Geir Lunde
CEO

ANNUAL ACCOUNTS 2012



Concedo ASA

Profit and loss statement 2012

Figures are given in the Norwegian currency NOK

	Note	2012	2011
Sales revenue		0	1 500 000
Other operating revenues	2	0	461 555 697
Total operating revenues		0	463 055 697
Depreciation	4	(441 572)	(558 484)
Exploration expenses	3,10,14	(162 154 282)	(165 346 312)
Total operating expenses		(162 595 854)	(165 904 796)
Operating profit/loss		(162 595 854)	297 150 901
Other interest received		13 983 849	7 231 544
Other financial income		606 956	888 731
Total financial income		14 590 805	8 120 275
Other interest paid		(6 352 326)	(8 412 825)
Other financial expenses		(1 485 244)	(377 371)
Total financial expenses		(7 837 570)	(8 790 196)
Net financial items		6 753 235	(669 921)
Pre-tax profit/ (loss)		(155 842 619)	296 480 980
Income tax	7	123 431 710	172 040 952
Ordinary profit/ (loss)		(32 410 909)	468 521 932
Profit/(loss) for the year		(32 410 909)	468 521 932
Allocation of net profit/(loss) and equity transfers			
Other to/ (from) reserves	6	(32 410 909)	468 521 932
Total		(32 410 909)	468 521 932

Concedo ASA

Balance Sheet as of 31 December 2012

Figures are given in the Norwegian currency NOK

ASSETS	Note	2012	2011
Fixed assets			
Intangible assets			
Deferred tax assets	7	0	8 762 097
Capitalised exploration expenses and licence costs	4	23 512 224	4 937 671
Total intangible assets		23 512 224	13 699 768
Tangible fixed assets			
Fixture and fittings.	4	445 190	886 762
Total tangible fixed assets		445 190	886 762
Total fixed assets		23 957 414	14 586 530
Current assets			
Receivables			
Trade debtors		0	0
Other receivables	9	139 584 936	126 128 224
Total receivables		139 584 936	126 128 224
Bank deposits, cash-in-hand etc.	8	369 050 625	605 943 365
Total bank deposits, cash-in-hand etc.		369 050 625	605 943 365
Total current assets		508 635 561	732 071 589
Total assets		532 592 975	746 658 119

Concedo ASA

Balance Sheet as of 31 December 2012

Figures are given in the Norwegian currency NOK

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	2012	2011
EQUITY			
Called up and fully paid share capital			
Share capital (10 946 104 shares à NOK 0,2073631)	5,6	2 269 818	10 845 357
Share premium account	6	1 410 458	29 527 273
Non-registered reduction of capital	6	0	-38 203 559
Other capital paid in	3,6	6 267 542	114 482 099
Total called up and fully paid share capital		9 947 818	116 651 170
Retained earnings			
Other reserves	6	376 616 858	476 679 828
Total retained earnings		376 616 858	476 679 828
Total Equity		386 564 676	593 330 998
LIABILITIES			
Provisions for liabilities and charges			
Deferred tax	7	3 941 386	0
Total provisions for liabilities and charges		0	0
Total long-term liabilities		0	0
Current liabilities			
Debt to credit institutions	11,13	133 000 000	137 381 631
Trade creditors		1 266 880	1 203 803
Other taxes and withholdings		1 384 704	1 402 219
Liabilities to shareholders	6	0	8 096 696
Other current liabilities	12	6 435 328	5 242 772
Total current liabilities		142 086 913	153 327 121
Total liabilities		146 028 299	153 327 121
Total Equity and Liabilities		532 592 975	746 658 119

Asker, 5 March 2013



Olav Fjell
Chairman of the Board



Erik Klausen
Director



Karen Sund
Director



Hege Wullum
Director



Ben Stanway
Director



Geir Lunde
CEO

Concedo ASA

Cash Flow Statement

OPERATING ACTIVITIES	Note	2012	2011
Pre-tax result		-155 842 619	296 480 980
Adjustments for reconciling current year's result with cash flow from operating activities:			
Gain from sale of licence interests		0	-461 555 697
Depreciation, amortisation and write-downs	4	441 572	558 484
Capitalised exploration costs expensed		1 931 286	4 049 817
Other items having no cash effect – subscription rights		2 149 352	2 110 627
Tax reimbursement received in period	7	120 229 627	81 836 928
Other items		0	1 058 489
Change in working capital (except for cash and cash equivalents):			
(Increase) reduction in trade debtors and other receivables		2 448 855	-3 511 063
Increase (reduction) in trade creditors and other current debts		1 238 118	-3 177 813
Cash flow from operating activities		-27 403 809	-82 149 248
INVESTMENT ACTIVITIES			
Investments in fixed assets	4	0	-552 446
Capitalised exploration expenses	4	-20 505 839	-8 028 139
Sale of assets		0	521 843 897
Cash flow spent on investment activities		-20 505 839	513 263 312
FINANCING ACTIVITIES			
Share issue	6	1 511 205	30 567 630
Dividends and repayment of paid-in capital	6	-186 112 666	0
New interest-bearing long-term debt	11	23 500 000	137 381 631
Repayments long-term debt	11	-27 881 631	-82 502 502
Cash flow spent on financing activities		-188 983 092	85 446 759
Net increase (reduction) in cash and cash equivalents		-236 892 740	516 560 823
Cash and cash equivalents at beginning of year		605 943 365	89 382 542
Cash and cash equivalents at end of year		369 050 625	605 943 365

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 licences are recognised by including Concedo's share of assets, liabilities, income and expense in the licence 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 determination of whether recoverable reserves have been found. Costs for drilling exploration wells where no recoverable reserves are found, geological and geophysical costs and other explo-

ration 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. If there is no distinct connection between the expenses and the revenue, cut-off will be made at discretion. 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 capitalised provided that the future use is rendered probable.

Cash flow analysis

The cash flow analysis is prepared using the indirect method.

Note 2

Sales revenues

	2012	2011
Consulting services/ Income in Norway	0	1 500 000
Gain from sale of licence.	0	461 555 697
Total	0	463 055 697

Note 3

Payroll costs, number of employees, benefits etc.

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

Payroll costs	2012	2011
Salaries	13 420 715	12 991 035
Employers payroll tax	3 908 706	5 444 242
Pension costs	772 606	697 499
Share-based remuneration	2 149 352	2 110 627
Other benefits	217 648	253 622
Total	20 469 027	21 497 025
Number of man-years employed during the financial year	11	11

Concedo ASA has adopted a contribution-based pension scheme which has an individual choice of investment. The scheme covers a total of 11 employees.

Remuneration paid to directors and management	Salary	Pension-costs	Other remuneration
Geir Lunde (CEO)	1 393 966	86 015	546 930
Olav Fjell (Board Chairman)			150 000
Erik Klausen (Director and HSE manager)	1 331 325	81 758	539 426
Hege Wullum (Director)			100 000
Karen Sund (Director)			100 000
Ben Stanway (Director)			100 000

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 5. Consultant services of NOK 250.000 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 932 703 subscription rights as of 1 January 2012. During 2012 the amount of 100 747 subscription rights were exchanged into shares. On 14 December 2012 the Directors decided to distribute 29 407 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 7 857 000. NOK 2 149 000 was expensed in 2012, such that the provisions at the end of the year 2012 is NOK 6 267 000. 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	2012	2011
Outstanding as of 1 January	932 703	916 408
Awarded during year	29 407	59 167
Forfeited during year	0	0
Exercised during year	-100 747	-42 872
Expired during year	0	0
Outstanding as of 31 December	861 363	932 703

Average gross exercise price is NOK 21.10 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 2012:

The Board established guidelines for 2012 for Managing Director, other senior executives and the Board members. The guidelines were processed at the company's annual general meeting in 2012 and described in the Concedo Annual Report 2011.

For the year 2012 subscription rights were awarded for the equivalent of 10 % of the salary paid out 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 47.50 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	47,5	2 894
Erik Klausen	47,5	2 771
Morten Hedemark	47,5	2 771
Nils Fagerland	47,5	2 771
Ole H Fjelltun	47,5	2 771
Arve Gulbrandsen	47,5	2 771
Odd E Baglo	47,5	2 771
Elisabet Malmquist	47,5	2 216
Enric Leon	47,5	1 284
Dirk van der Wel	47,5	1 662
Anders Finstad	47,5	2 358
Total	47,5	27 040

The incentives to the members of the Board, as described below, follow the guidelines drawn up for the company's employees. For the year 2012 subscription rights for the equivalent of 25 % of the Director's fees were allocated. Every subscription right gives the right to issue one share in the company at a price corresponding to an estimated market price of NOK 47.50 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	47,5	789
Erik Klausen	47,5	0
Karen Sund	47,5	526
Hege Wullum	47,5	526
Ben Stanway	47,5	526
Total	47,5	2 367

29 407 subscription rights were allocated in 2012 that can be exercised after 3 years and before 5 years, pursuant to Board Resolution of 14 December 2012 on the basis of the approved guidelines for 2012 and detailed conditions to be decided in the General Meeting 2013.

Guidelines for 2013:

At the annual general meeting in 2013 the Directors will present the following statement regarding pay for the CEO, other senior staff and the Directors in 2013:

(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 the member of the Board is a company employee 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.

Auditor

Remuneration for Deloitte AS is as follows (excl. VAT):

	2012	2011
Statutory audit	160 000	175 000
Audit-related services	27 310	66 625
Certification services	10 200	79 450
Tax related services	57 100	

Note 4

Tangible/ Intangible assets

	FF&E	Plant & Machinery	Purchases of licence interests, exploration wells	Total
Cost Jan 1.	2 091 851	77 725	4 937 671	7 107 247
Additions			20 505 839	20 505 839
Disposal			-1 931 286	-1 931 286
Cost Dec 31.	2 091 851	77 725	23 512 224	25 681 800
Acc. depreciation at Jan 1.	1 231 223	51 591		1 282 814
Current year's depreciation	431 406	10 166		441 572
Acc. depreciation Dec 31.	1 662 629	61 757		1 724 386
Book value as of Dec 31.	429 222	15 968	23 512 224	23 957 414
Economic life	3-5 yrs	5 yrs		
Depreciation schedule	Linear	Linear		

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

Note 5

Note 5 Share capital and shareholders

As of 31.12.12 the company 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	10 946 104	0,2073631	2 269 818
Total	10 946 104		2 269 818

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	Sub- scription Price (NOK)	Total Price (NOK)	Allocation date
Employees	237 333	15,00	3 559 995	Annual General Meeting 29. May 2009
Employees	296 000	11,25	3 330 000	Annual General Meeting 28. May 2010
Employees	239 456	30,00	7 183 680	Board Meeting 17. December 2010
Employees and Directors	59 167	60,00	3 550 020	Board Meeting 16. December 2011
Employees and Directors	29 407	47,50	1 396 833	Board Meeting 14. December 2011
Total	861 363		19 020 528	

The above figures include 112 625 subscription rights allocated to Geir Lunde, 108 255 to Erik Klausen, 2456 to Olav Fjell, 1637 to Karen Sund, 1637 to Hege Wullum and 1637 to Ben Stanway in connection with the incentive scheme.

Ownership structure

The ten largest shareholders as of 31.12.2012

Name	Number of shares	% of interests	Home country / Country of registration
H. M. STRUCTURES LIM	2 983 609	27.26	CYP
EUROCLEAR BANK S.A.	2 580 000	23.57	BEL
MEGABAS AS	2 176 449	19.88	NOR
HEATHLANDS HOLDING	503 967	4.60	CYP
GOLDMAN SACHS INT.	334 868	3.06	GBR
KNUTSEN JOHN ERIC TA	250 000	2.28	NOR
UBS AG ZURICH	220 000	2.01	CHE
GOLDMAN SACHS & CO	212 205	1.94	USA
SIX SIS AG	170 000	1.55	CHE
FJELLVIT AS	154 529	1.41	NOR
OTHER SHAREHOLDERS	1 360 477	12.44	Miscellaneous
Total	10 946 104	100.00	

Shares owned by Directors and CEO

Name	Office	Number of shares
Olav Fjell by 100% in Fjellvit AS	Board Chairman	154 529
Geir Lunde by 16,4% in Megabas AS	CEO	356 938
Erik Klausen by 16,4% in Megabas AS	Director	356 938
Ben Stanway	Director	68 333
Erik Klausen by Safeway AS	Director	24 796
Karen Sund by Sund Energy AS	Director	2 307

Note 6

Equity

	Share capital	Share Premium Account	Unreg. reduction of capital	Other contributed capital	Other reserves	Total
Equity at 1 January	10 845 357	29 527 273	-38 203 559	114 482 099	476 679 828	593 330 998
Subscription rights				2 149 352		2 149 352
Share issue	100 747	1 410 458				1 511 205
Transfer	-8 676 286	-29 527 273	38 203 559			0
Dividends and repayment of paid-in capital				-110 363 909	-67 652 061	-178 015 970
Profit/(Loss) for the year					-32 410 909	-32 410 909
Equity at 31 December	2 269 818	1 410 458	0	6 267 542	376 616 858	386 564 676

The value of subscription rights expensed in 2012 of NOK 2 149 352 has been calculated according to Black-Scholes formula. On 14th March 2012 subscription rights were exchanged into shares at the price of NOK 15 per share giving a share capital increase of NOK 100 747 at a nominal value of NOK 1 per share and the amount of NOK 1 410 458 was transferred into the Share Premium Account. After the capital increase 14th March 2012 a capital decrease of NOK 8 676 286 and NOK 29 527 273 were undertaken. The new share capital at the end of the year is NOK 2 269 818 consisting of 10 946 104 shares at a nominal value of 0.207363131.

Note 7

Income tax

Income tax for the current year is calculated as follows:

	2012	2011
Adjustment for tax earlier years	1 717	187 057
Change in deferred tax	12 703 482	-51 996 665
Tax value of exploration costs (See Note 9)	-136 136 909	-120 231 344
Tax cost on ordinary income	-123 431 710	-172 040 952

Reconciling nominal and actual tax rates:

	2012	2011
Pre-tax profit/loss	-155 842 619	296 480 980
Anticipated income tax at nominal rate (28%)	-43 635 933	83 014 674
Tax effect of following items:		
Adjustment for tax earlier years	1 717	187 057
Non-deductible expenses	608 170	516 679
Non-taxable income	0	-143 500 000
Tax effect of interest on loss for carrying forward (50%)	-183 341	-103 820
Effect of surtax (50%)	80 222 324	-112 155 542
Income tax	-123 431 710	-172 040 953
Effective tax rate	79%	-58%

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

	2012		2011	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Exploration expenses and licence costs		18 018 444		3 615 195
Provisions for liabilities	3 713 608		2 727 746	
Loss to be carried forward	10 363 451		9 649 546	
Total	14 077 058	18 018 444	12 377 292	3 615 195
Of which netted	-14 077 058	-14 077 058	- 3 615 195	- 3 615 195
Net deferred tax asset/ liability		3 941 386	8 762 097	

Profit from oil and gas operations on the Norwegian shelf is taxed in accordance with the Norwegian Petroleum Tax Act. A special 50% surtax is levied in addition to the ordinary 28% 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 petrole-

um 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 8

Bank deposits

Bank deposits, cash in hand etc. includes non-distributable withheld tax in the sum of NOK 817 070,- and a rental deposit of NOK 624 293,-

Note 9

Other receivables

For the 2012 tax assessment the company claims reimbursement of the tax value of petroleum exploration costs totalling NOK 136 136 909 (2011: NOK 120 231 344), see

Petroleum Tax Act, 5th paragraph of section 3c. Outstanding accounts with operators and others are also in the financial line item "Other receivables".

Note 10

Leasing agreements

Annual rental for non-capitalised assets amounts to NOK 934 460 (2011: 749 512),

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 5 years.

Note 11

Debt to financial institutions

The company has a credit line for NOK 200 000 000 in DnB NOR BANK ASA. The interest rate is NIBOR plus a margin of 2.45%.

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 2013.

As of 31 December 2012 withdrawals totalled NOK 133 000 000. We have calculated the tax reimbursement as being NOK 136 136 909, see notes 7 and 9. 95% of the estimated tax reimbursement amounts to NOK 129 330 064, so that withdrawals exceed the maximum permitted by NOK 3 669 936 as of 31 December 2012. Therefore a sum of NOK 3 669 936 will be repaid on 22nd March 2013, in accordance with the credit line agreement.

The loan is secured by the tax reimbursement scheme, 20% in PL 531, 20% in PL 370 and 20% in PL 561. Under the loan agreement a mortgage is also given on the company's offshore insurances relating to exploration activities.

Note 12

Other current liabilities

Other current liabilities include salaries, holiday pay etc. totalling NOK 1 469 421.

Note 13

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 part-

ners 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 14

Exploration costs

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

	2012	2011
Salary and other payroll, ref note 3	20 469 027	21 497 025
Seismic, drilling and general licence expenses	132 479 583	134 916 151
Other operating costs linked with exploration	9 205 673	8 933 136
Total	162 154 282	165 346 312

Exploration costs, capitalised and expensed, totalled NOK 182 660 121 in 2012 (2011: NOK173 374 450). Exploration expenses eligible for tax refunds amount to NOK 174 534 499.

Note 15

Licences

PL370/PL370B – Concedo gained interests in this licence through transactions with Wintershall. The licence is located close to the Snorre Field and the UK Penguin Field. Operator is Wintershall with 40%. The Kakelborg prospect was drilled in the licence in the summer of 2012. The well was dry. Evaluation of prospectivity close to the UK border is on-going.

PL 370 B is an extension of PL 370. Concedo was awarded PL 370 B in the TFO round 2010. Partnership, work programme and decisions are as for PL 370.

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 with 20%. The work program includes one firm well. Drilling location is now decided and a well will be drilled at the end of first quarter 2013.

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 with 60%. Preparations have started for drilling a well in late 2013/early 2014.

PL576 – After an application in TFO 2010, Concedo was awarded a 40% interest in PL 576. The licence is in blocks 30/9 and 31/7, directly south of Brage. Operator for the licence is Lundin who holds a 60% interest. The Licence group has decided to relinquish the licence.

PL 561 – This licence was awarded Concedo in TFO 2009 with an interest of 20%. The area stretches across the two exploration blocks 6608/7 and 6608/8. PL 561 is situated approx. 30 km northeast of the Norne field and in the vicinity of the discovery in the Dompap prospect. Operator is Wintershall with a 35% interest. The licence was awarded in the beginning of 2010. A decision to relinquish the licence has been taken.

PL588 - Concedo was awarded a 30% interest in PL 588 in round TFO 2010. The licence lies in block 6407/9, directly north of Draugen. Operator is Rocksource with a 40% interest. The licence has been relinquished in 2012.

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 li-

cence 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. The work program for the licence is to collect new 3D data. New seismic has been purchased from PGS. A decision to drill has to be made within 2 1/2 years of licence award.

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 is located in the Mid Norway area north of the Norne Field, Linerle and Dompap discoveries. It is bordered against PL 561 towards west, north and east. PL 652 was applied for in APA 2011 and awarded in February 2012. Concedo has 20% interest. Wintershall is the Operator. The work program includes G&G studies. The licence group has decided to relinquish the licence.

Note 16

Subsequent events

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. In a second stage, a two-year drill-or-drop decision is contemplated.

PL670 - awarded February 2013 and applied for in APA 2012. The Licence is located in the southern North Sea, west of the Ula Field. Concedo holds a 20% share interest. The work program includes purchasing and reprocessing 3D seismic, G&G studies and a drill-or-drop decision within two years from the award.