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About Concedo

Concedo ASA was established in 2006 for the purpose of focusing on exploring for petroleum resources on the Norwegian continental shelf. Our staff consists of experienced professionals who have been involved in many viable discoveries on the Norwegian shelf during the past 30 years, including Goliat, the first commercial oil discovery in the Barents Sea. They have experience from concession rounds from as far back as the fourth licensing round.

In 2006 Concedo moved into new modern offices in Torvgården in Asker, a location considered to be favourable for attracting additional first-class experts in the future. Huge potential resources on the Norwegian shelf, favourable framework conditions and access to good technology and data formed the basis, enabling Concedo's experienced staff to contribute towards making new discoveries on the continental shelf.

The company's ambitions are to participate in drilling one or two exploratory wells each year, to establish itself as one of the best exploration environments on the Norwegian shelf and to become an important contributor in one of Norway's greatest challenges;

To make new discoveries that will ensure secure production of oil and gas from the Norwegian shelf for many years to come.

Value is generated by new finds, discoveries that will mature through to development of the field. Concedo will realise its share in these values before the development phase. It will concentrate on exploration and not take the risks that development projects involve. By the end of 2009 Concedo had eight exploration licences – 6 on the Haltenbanken, 1 in the North Sea and 1 in the Barents Sea. In 2008 Concedo participated in its first gas discovery in the Galtvort prospect and in 2009 in the discovery of oil in the Gygrid prospect. The company now has ten employees.

Concedo achieved its objectives

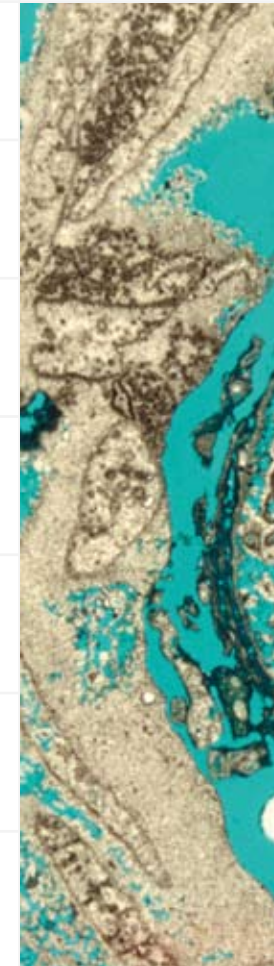
Concedo continued its efforts to obtain good licence interests through the licensing rounds and achieved good results in APA 2007, APA 2008 and APA 2009. Allocations were also received in the 20th round, which gave the company its first licence in the Barents Sea. By the end of 2009 the licence portfolio had grown to include eight licences and APA 2009 gave us another in February 2010.

The well drilled in the Gygrid prospect under production licence 348 (PL 348) was the company's second discovery – an oil find that represents a new milestone for Concedo. This, with the Galtvort discovery in 2008, gives Concedo good possibilities of realizing a profit.

Awards under licensing round APA 2008 were allocated by the Ministry of Petroleum and Energy in February. Concedo was awarded a licence off Mid-Norway, an area in which Concedo has extremely good geological competence and experience.

PL 475BS is in a central position on the Haltenbanken, beside PL 475, with Wintershall as operator and Centrica, spring Energy and Faroe Petroleum as partners. A well will be drilled in the Jurassic prospect near the Smørbukk South Field in March 2010.

Allocations in the 20th round of licensing were made a few months later and Concedo was awarded PL 531 in the Barents Sea. This licence is in an area with great potential, north-west of Snøhvit. Methods such as 3D seismic as well as a fine network of electromagnetic data and hydrocarbon traces in the seabed could be used to identify the best possibilities of a discovery. Several anomalies in the data were identified that may be consistent with hydrocarbons. A drilling location will be selected in 2010 and drilling will probably take place in 2012. Partners holding interests in the licence are Marathon 30 % (operator), Talisman 25 %. RWE Dea 25 % and Concedo 20 %. Concedo also believes that discoveries



Employees 09



Geir Lunde

CEO, has more than 30 years experience in exploration, geology and seismic interpretation. He graduated in petroleum prospecting from NTH, the Norwegian university of science and technology, in 1978.



Arve Gulbrandsen

Chief geophysicist, also has more than 30 years experience, mainly in interpretation of seismic, geophysical data and prospect evaluation. He graduated in technical physics NTH, the Norwegian university of science and technology, in 1976.



Erik Klausen

HSE manager, has more than 30 years experience in development of oil and gas projects on the Norwegian shelf. He graduated from the Heriot-Watt University in 1976.



Morten Hedemark

Operations manager, has a background in well operations and petroleum technology. Morten graduated from the Heriot-Watt University in 1987.



Ole Herman Fjelltnun

Reservoir geologist, has over 25 years experience as an exploration and reservoir geologist. He graduated in geology from NTH, the Norwegian university of science and technology, in 1981.



Nils Fagerland

Exploration adviser, has more than 30 years experience in exploration activities in the fields of structure geology and seismic interpretation. He graduated in geology from NTH, the Norwegian university of science and technology, in 1971.



Elisabet Malmquist

Geological adviser, has 25 years experience as a geologist in exploration activities. Elisabet graduated in geology from the University of Stockholm in 1983.



Odd Eirik Baglo

Geophysical adviser, has wide experience in exploration activities and seismic interpretation. He graduated in applied geophysics from the University of Oslo in 1989.



Enric Leon

Geologist, has experience in exploration activities. He graduated as a geologist from Barcelona University in 1992. He took his Master's degree in petroleum geology/geophysics at the University of Oslo in 2007.



Dirk van der Wel

Senior geologist in reservoir evaluation, has experience in prospect evaluation, reservoir evaluation and applied geostatistics. He graduated in geology and mineralogy from the University of Oslo in 1974.

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will be made under other licences awarded in this area and the prospects for a future field centre in the area north-west of Snøhvit, are highly promising.

A trade with Wintershall resulted in Concedo obtaining interests in a North Sea licence for the first time. A 10 % interest in PL475/475BS was exchanged for 10 % in the PL370 licence, in which Wintershall holds 80 % while Shell and Concedo each have 10 %.

Towards the end of the year the company was working on an application for APA 2009 and in the beginning of 2010 Concedo was offered 20 % in PL561. Wintershall is chosen as operator, holding a 35 % interest, Concedo has 20 %, Det norske oljeselskap 20 % and E.ON Ruhrgas Norway 25 %. The work programme consists in reprocessing seismic and making a decision on whether to drill within two years.

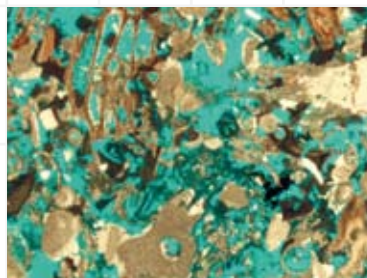
2009 was an exciting and active year, involving the drilling of two wells and one discovery. In addition preparations were made for drilling two new wells in 2010. Further decisions were also made regarding development plans for Gygrid in PL348. Linked up with existing Haltenbanken infrastructure this can be one of the quickest satellite projects in the Norwegian Sea. Statoil as operator is in the process of establishing a development organisation, with the ambitious aim of commencing production in 2012. In keeping with its business model, Concedo will consider selling this discovery before production drilling commences.

“2009 was an exciting and active year, involving the drilling of two wells and one discovery. Concedo obtained licences in all parts of the Norwegian shelf: the North Sea, the Haltenbanken and the Barents Sea.

The most important event for Concedo in 2009 was the same as the one that meant so much to Norway 40 years ago – we found oil!

In 2009 Concedo contributed greatly to the discovery of the Gygrid field on the Haltenbanken. The name Gygrid is taken from the Norwegian version of the Harry Potter books and I wonder if there was a little magic involved in this discovery.

Magic?



From the seismic interpretations we were sure that we would find something, but nonetheless it was highly pleasing to discover that Gygrid contained light oil in a very good reservoir. In real-time we monitored well data on our computers while drilling was in progress. Morten sat glued to his monitor, almost as though he was watching an exciting sports event. Moods swung from despair to exultation as the results came in. Elisabet, Morten and Ole Herman coupled information from the drilling with the geological depth model. It then became clear that we were about to miss the target. An important adjustment of the well track had not been made according to plan. Quick action became necessary and after teleconferences between the partners it became clear that a sidetrack to the first well was needed. We in Concedo are grateful for the support we received from Noreco and that the operator – Statoil – and the other partners were prepared to listen to us.

When the U-shaped sidetrack was drilled, it showed how grand Gygrid

really was. Concedo's experts had smiles from ear to ear and were rather proud of having contributed actively towards ensuring that Gygrid was discovered and did not end up as a diffuse underground riddle.

Further work has shown that this field probably contains roughly 30 million barrels of recoverable oil. Studies in 2010 determine whether it should be connected up with the Njord or the Draugen Field, for production to start in 2012.

The story of Gygrid shows how important it is to be on the alert and work actively on the licences in which we own interests. Such experiences also make the work more enjoyable.

Sound work has so far resulted in two discoveries and a portfolio of eight licences at the end of the year, results achieved at low cost. Good work on



Geir Lunde, CEO



By quick action in an important phase in the drilling, we ensured that Gygrid was discovered and did not end up as a diffuse, underground riddle.

applications in 2009 led to the award early in 2010 of a 20 % interest in our ninth licence, PL 561.

Our highest wish for 2010 must be for more discoveries like Gygrid, preferably with a greater volume and a larger interest for Concedo. We have two such opportunities in 2010 and early 2011 when drilling the Maria and Ronaldo prospects on the Haltenbanken. Other important activities in 2010 include work on the 21st licensing round and APA 2010, as well as arranging the exploration managers' conference, for which Concedo is responsible in 2010.

We will follow the strategy drawn up towards the end of 2006 and we will succeed – with or without magic.

Geir Lunde
Geir Lunde
CEO

Licence Portfolio

PL 475 + 475 BS

Concedo holds 10 % of the interests in these two licences. In connection with APA 2007, we were awarded 20 % in PL 475 and the following year we received 20 % in PL 475BS. In 2009 a swap was made with 10 % in PL 475/PL 475BS for 10 % in PL 370. A decision has been made to drill a well in the Maria prospect under this licence in 2010.

PL 434

A 21% interest was awarded in APA 2006 and obtained through an agreement with Revus (now Wintershall) and Nexen. A well will be drilled under this licence in early 2011.

PL 348

Concedo obtained a 5 % interest through a deal with Endeavour Energy Norge AS (now VNG Norge AS). A small gas find was made in the Galtvort prospect in 2008 and oil was found in the Gygrid prospect in June 2009. Gygrid affords possibilities of commercialisation and Statoil, the operator, is planning a satellite development with a subsea installation.

PL 383

A 15 % interest was obtained through a swap with Det norske oljeselskap. Drilling took place in a prospect near the Skarv Field in 2009, but it was a dry well. A decision on further drilling or drop will be made in the middle of 2010.

PL 485

Concedo has a 15 % interest in this licence. Interpretation of reprocessed 3D seismic is taking place to map the prospects in the licence. Any decision on drilling must be made in the course of 2010.

PL 531

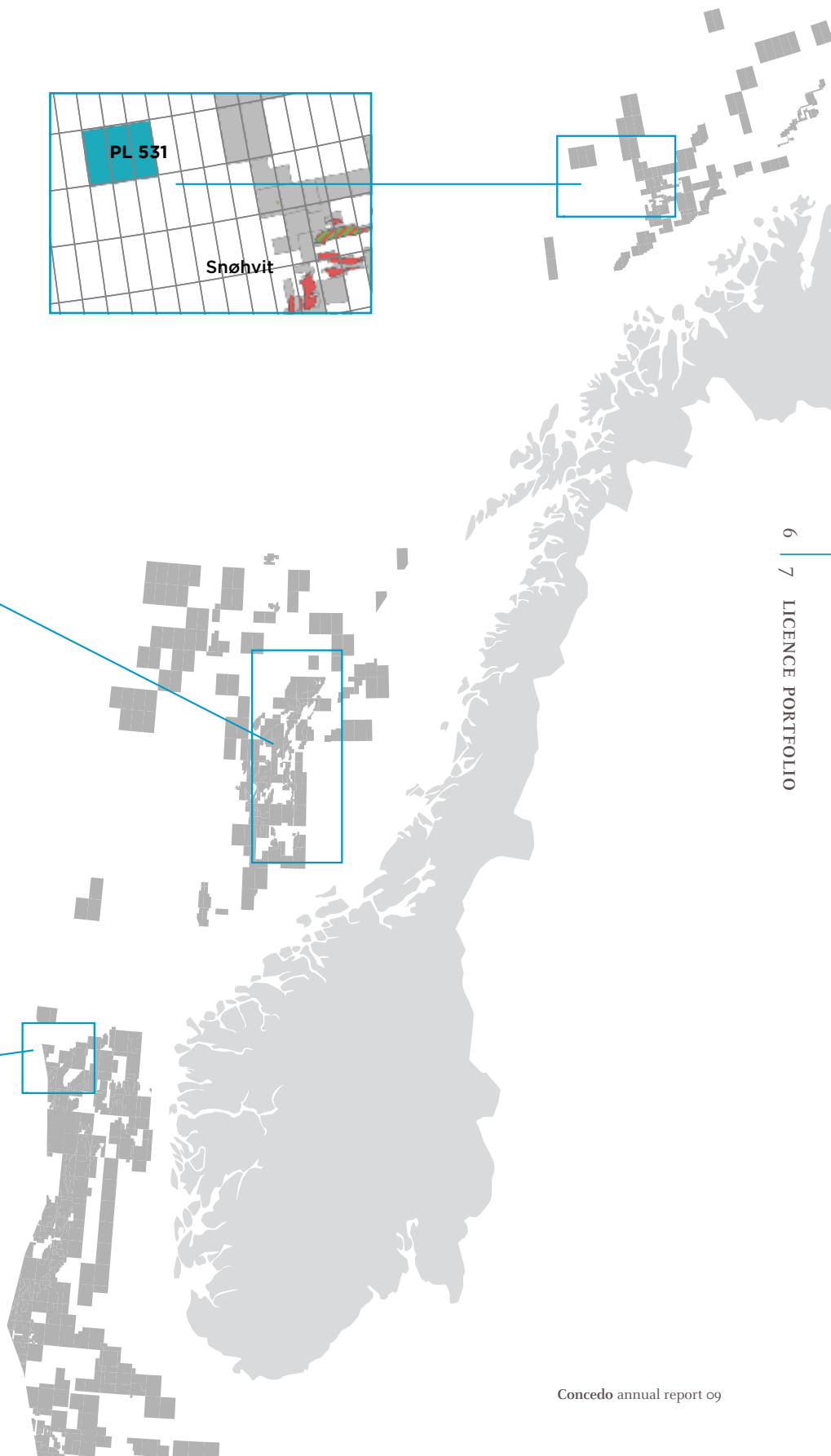
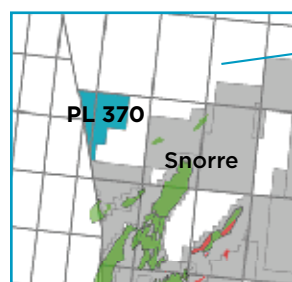
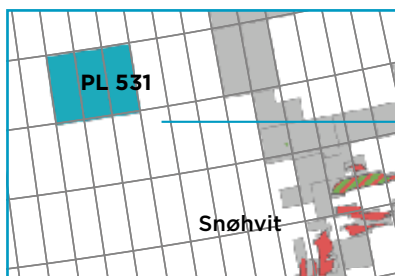
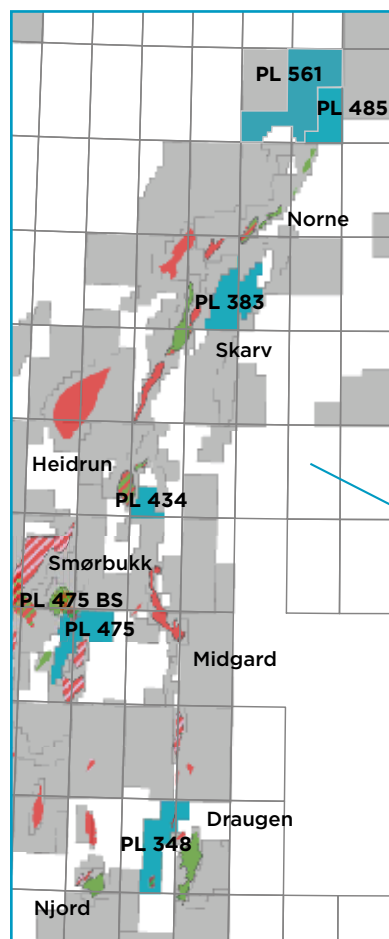
This licence was awarded in the 20th licensing round and Concedo was allocated a 20 % interest. It is Concedo's first licence in the Barents Sea. A drilling location will be chosen in 2010 and drilling will take place in 2012 or 2011 at the earliest.

PL 370

Concedo obtained interests in this licence through a swap with Wintershall. Concedo reduced its share in PL 475/PL 475BS on the Haltenbanken by 10 % in return for a corresponding share in PL 370 in the North Sea. This licence is in the vicinity of the Snorre Field. A decision on whether to drill will be made in 2010.

PL 561

A 20 % interest in this licence was awarded to Concedo in APA 2009. The area extends over the two blocks 6608/7 and 6608/8. PL 561 is about 30 kms north of the Norne Field and is near the Dompap discovery. A drilling decision must be made in the course of the next two years.



The Gygrid Discovery



From Gygrid to reality: We monitored the drilling with our specialised knowledge - and the magic happened - we discovered Gygrid. Then we rang the ship's bell in our office, for what was going to prove to be our first oil find.

Exploration drilling on the Gygrid project inside licence PL 348 was completed in June 2009. The company's first oil discovery was a reality. Gygrid resulted in joyful bell ringing from the ship's bell in Concedo's office.

The Gygrid discovery is in a favourable position 13 kms from the Draugen concrete platform and 19 kms from the floating Njord platform. Statoil owns 30 % and is the operator for PL 348, GDF Suez owns 20 %, E.ON Ruhrgas 17.5 %, Noreco 17.5 %, Petoro 7.5 %, Concedo 5 % and VNG 2.5 %.

Well 6407/8-5S was drilled as a high-angle well, but a planned adjustment of the wellpath according to observed, shallow formation tops was not made in time. Therefore this well track did not penetrate much of the actual reservoir and it became necessary

to drill a sidetrack, 6407/8-5A, to make a sufficiently good appraisal of the reserves. This sidetrack was drilled from the bottom up at an angle of up to 115 degrees, without any particular problems.

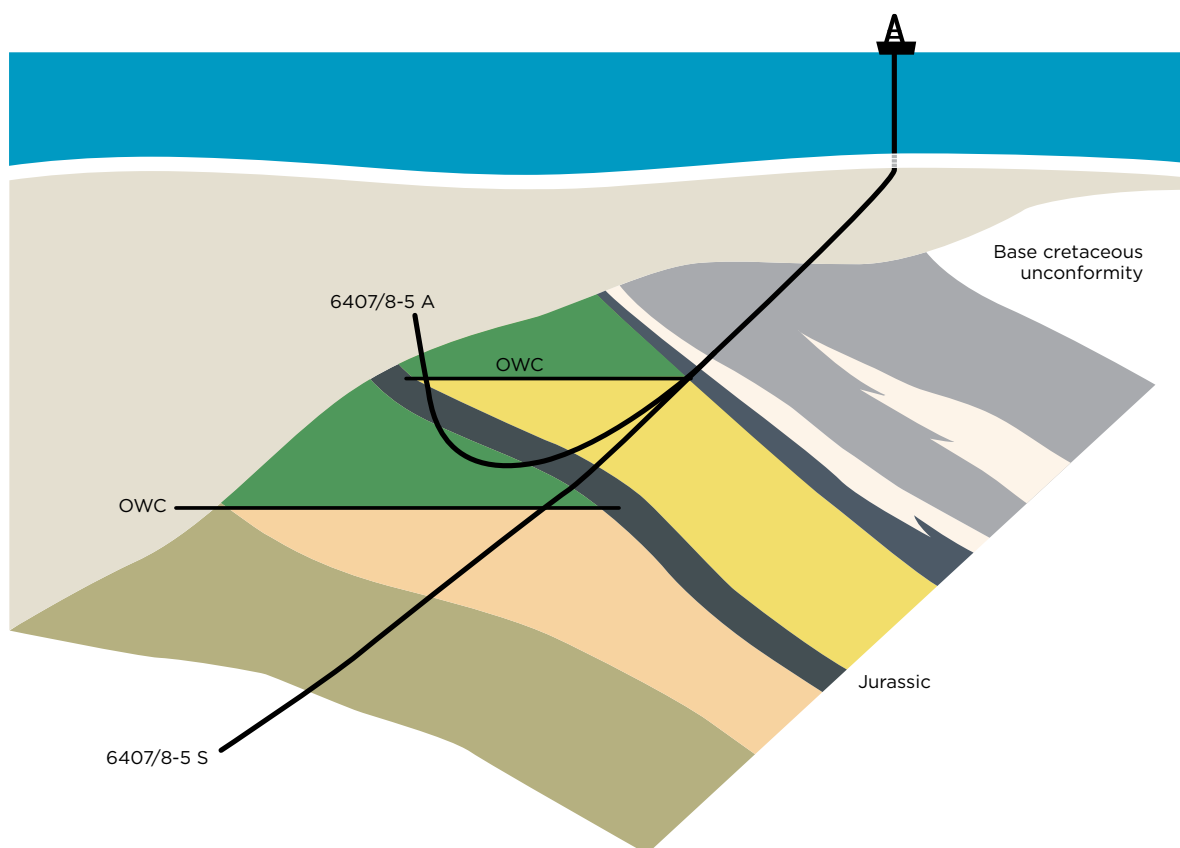
Well 6407/8-5S was drilled to a vertical depth of 2 347 meters below the seabed, ending in the Åre formation in lower Jurassic rocks (nearly 200 million years old). Well 6407/8-5A was drilled to a vertical depth of 2 123 meters in the Tilje formation. The well was permanently plugged and abandoned.

The discovery was made in lower Jurassic rocks. A sidetrack 6407/8-5A confirmed an oil-filled reservoir without any indication of a gas cap. The volume of the Gyrid discovery is between 22 and 37 million barrels of oil equivalents. Drilling operations took place at a water depth of 247 m using the mobile drilling rig West Alpha.

This is a good starting point for a development solution comprising production by means of a production well and a water injection well from a subsea installation. From there the well stream can be piped to Draugen or Njord.

Gyrid is one of the many smaller discoveries on the Norwegian shelf that the industry has been hoping for. This points towards a commercially viable development project. It is near available infrastructure and contains light oil, so it will be easy to develop.

Work on the early planning stages of field development started in 2010. By using a standardised solution, production could start already in 2012. In keeping with Concedo's business plan, we will consider selling before development commences.



In the 20th licensing round the company worked on prospects in particularly interesting areas in the Barents Sea, one of the regions in which the company is interested. Therefore, the award of PL 531 in the Barents Sea in 2009 was especially gratifying for Concedo.

First licence in the Barents Sea



It is natural that Concedo should work in the Barents Sea, since its staff are among the seniors with regard to geological experience in that region. As a result of continuous acquisition of knowledge and data for several decades, they are among those who possess the best geological knowledge of the Barents Sea. Our experience covers a wide span, from the very first wells in the Barents Sea, on Snøhvit and Goliat, to arctic technology and environment.

In 1991 – 92, Concedo's operations manager, Morten Hedemark, was on the rig Sonat Arcade Frontier that was drilling a carbonate prospect in the Røye formation on the Finnmark Platform and subsequently a Jurassic prospect in the northern part of the Hammerfest basin.

What was it like, drilling in the Barents Sea?

It is far away from everything and the winter was cold and dark 24 hours a day. That makes great demands to logistics, especially when an acute need for extra equipment arises.

Other challenges in the Barents Sea?

The oil service company I worked for was experienced with arctic conditions. On one occasion the drilling mud froze on the cable so that the depth meter readings were wrong. Another time we had to solder the slip-ring box in severe cold and stormy weather. The weather changes quickly and more frequent in the Barents Sea and it is much colder than the North Sea. It was necessary to wear lined helmets, thick parkas and lined boiler suits and all operations were more difficult and took more time. There were not any accidents on Sonat Arcade Frontier, the rig was built for such conditions. HSE is particularly important. Inspections and checks were made more frequently than is customary. Thorough operating preparations were extremely important too.



What about the polar night in the far north?

It was strange having to check your watch to see whether it was the day or night shift and it was great to see the sun again after completing a tour of duty.

This shows that Concedo has staff who have practical experience from exploration activities in the Barents Sea. Practical experience and getting your hands dirty is important. Theory is all well and good, but it becomes better when mixed with practical experience.

Concedo's business model is to be an "exploration specialist", i.e. to find good resources. Taking part in licensing rounds is very important for building up a licence portfolio. The Barents Sea is one of the regions on which the company wishes to focus.



Unfortunately these two wells were dry, but both had traces of hydrocarbons.

It is important to bear in mind that the Barents Sea was not a mature area for drilling. Knowledge and experience over a long period reduce the risk. Snøhvit and Goliat have shown the way. Concedo possesses knowledge and experience from the Barents Sea and hopes to contribute towards future discoveries there.

That makes great demands to logistics, especially when an acute need for extra equipment arises.



Hydrocarbon volume and **recovery factor**

The pores and the network between the pores in a reservoir are of crucial importance for the initial in place volume and the recoverable volumes of hydrocarbons. Pore volume and the dynamics between the pores in a reservoir are affected by many factors, such as grain size, grain size distribution and the network between the pores. The recovery factor depends not only on the architecture and dynamic properties of the reservoir, but also on the development strategy and how much should be invested e.g. in production and injection wells etc. to achieve optimal exploitation of the resources in a field.

Reservoir

A reservoir consists of sedimentary layers containing economically producible quantities of hydrocarbons. For the hydrocarbons to accumulate in a reservoir, there must be a sealing layer covering it and a source rock from which the oil or gas has migrated into the reservoir.

Sediment

Sediments arise from mechanical break down and erosion of landmasses transported by the wind, rivers, glaciers or sea.

There are clastic, carbonate and chemically deposited sediments. A clastic (= fragmented) sediment is composed of particles formed by the mechanical

break down of rock. Those consisting mainly of quartz and in many cases also feldspar are most common on the Norwegian shelf. Carbonate sediments such as limestone and dolomite consist of accumulations of the remains of organisms like algae, bacteria, foraminifers, corals, mussels etc. Carbonate reservoirs in the Middle East are the world's most valuable in regard to oil reserves. The third group of sediments consists of chemically deposited sediments such as carbonate mud and salt deposits.

Sediments are layered and to varying degrees inhomogeneous in both the vertical and the horizontal direction. Sometimes thick layers may be very homogeneous and may have extremely good reservoir properties (for example, the Hermod sand in the

North Sea). Internally the layers are built up of particles of varying average grain size and differing particle distributions. For example, a sediment may consist of well sorted coarse-grained sand deposited in an area with heavy wave motion, which washes out the fine-grained fraction. In other places the sediment may consist of poorly sorted silty sand, such as the sediments from a landslide transported over a short distance.

Some of the primary factors that affect reservoir quality

Porosity and pore volume

Many people believe that the oil is in large underground cavities and some even worry about the possibility of cavities collapsing with disastrous results. The specialist counters this by explaining that the reservoirs are more like a lump of sugar, where the oil is in the pores between the grains as can be seen when the sugar lump is dipped into a cup of coffee. This is the model mostly found on the Norwegian shelf.

However there are reservoirs with large cavities, which may occur in limestone or dolomite. This phenomenon can be compared with a partially collapsed system of grottos in a limestone formation after it was buried in the deep and then filled wholly or partially with oil. Examples of such cavity reservoirs or karst reservoirs as they technically are called, can be found in many parts of the world: the offshore Cantarel Field in Mexico, the offshore Rospomare Field in Italy and the offshore Casablanca Field in Spain. The limestone caves in Nordland (Norway) are another example, but they are filled with water and air.

Sometimes production of oil and gas will cause compaction of a reservoir with a subsequent lowering

of the surface (or sea bottom), as in the case of the cretaceous reservoir in the Ekofisk area. Originally the Ekofisk field was a reservoir where overpressure in the oil helped to support the covering strata and maintain a pore structure of platy microparticles. The particles form a "house of cards" which collapses by compaction during production due to a drop in reservoir pressure, as a result of which the seabed sinks.

Particle size, pore size and pore network

Particles are divided into 6 classes according to diameter: clay with particles less than 0.0039 mm in diameter, silt 0.0039 – 0.0625 mm, sand 0.0625–2 mm, gravel 2 – 64 mm, stones 64 – 256 mm, and finally blocks having a diameter greater than 256 mm. We talk about quartz sand, quartz feldspar sand, shell sand, carbonate sand, carbonate gravel and so on.

In an "ideal" sand with spherical particles of the same size, the total pore volume in coarse-grained sand, fine-grained sand and silt will all be identical. The difference will be that coarse sand has larger pores and pore throats (network) than fine sand or silt. This means that the hydrocarbons will flow better in coarse well-sorted sand than in well-sorted fine sand or silt.

Particle size distribution or degree of sorting in a sediment

Particle size distribution affects the pore volume and the dynamics in a reservoir. In a poorly sorted layer with a mixture of coarse and fine particles, the smallest particles will partially fill the pores between the coarser particles and thereby reduce the total pore volume. If in addition there are clay particles in the pores, these could in a production situation flow towards the pore throats and block the network between the pores.

In an "ideal" sand with spherical particles of the same size, the total pore volume in coarse-grained sand, fine-grained sand and silt will all be identical.

The recovery factor depends not only on the architecture and dynamic properties of the reservoirs, but also on the development strategy.

A well-sorted sand will have a higher porosity than a poorly sorted sand. In total this means that the better sorted a sediment is and the fewer clay particles it contains, the better the flow of water, oil or gas will be.

Some secondary factors that influence reservoir quality

Compaction and chemical dissolution and precipitation of minerals

After a sediment is deposited, processes take place that change its composition and pore volume. It will be compacted by the weight of the ever-increasing thickness of the overlying strata. This is because the particles are pressed more closely together and the water is pressed out of the pores. Clay is especially compactible. As a result of this process the minerals dissolve where the particles are in contact with each other. This dissolving of the minerals and the subsequent precipitation in the pores, reduces the pore volume. If substances are transported out of a sedimentary layer, more porosity will be created. This can happen on a large scale in carbonate rock and then karst is formed (large cavities may form).

In most cases compaction, chemical dissolution and precipitation will lead to the pore volume being reduced towards greater depths. Studies have been made of porosity trends with burial depths and these can be of help for exploration purposes. In some cases the precipitation of some minerals may give protection against the reduction of the porosity in a reservoir even when buried at great depths, as is the case in some of the reservoirs in the Norwegian Sea.

Fracturing

Stresses in the earth's crust may cause the fracturing

of layers, producing a fracture framework. Reservoirs with a network of open fractures may be a gift or a disaster, depending on the interaction between the fractures and the pores in the sedimentary layers. For example, a carbonate reservoir may have considerable porosity after dissolved fossils, without there being any connection between the pores. In such a situation intense fracturing will contribute to oil and gas migration into a reservoir, and facilitate subsequent oil and gas production from the same reservoir. There are many examples of this in the Middle East.

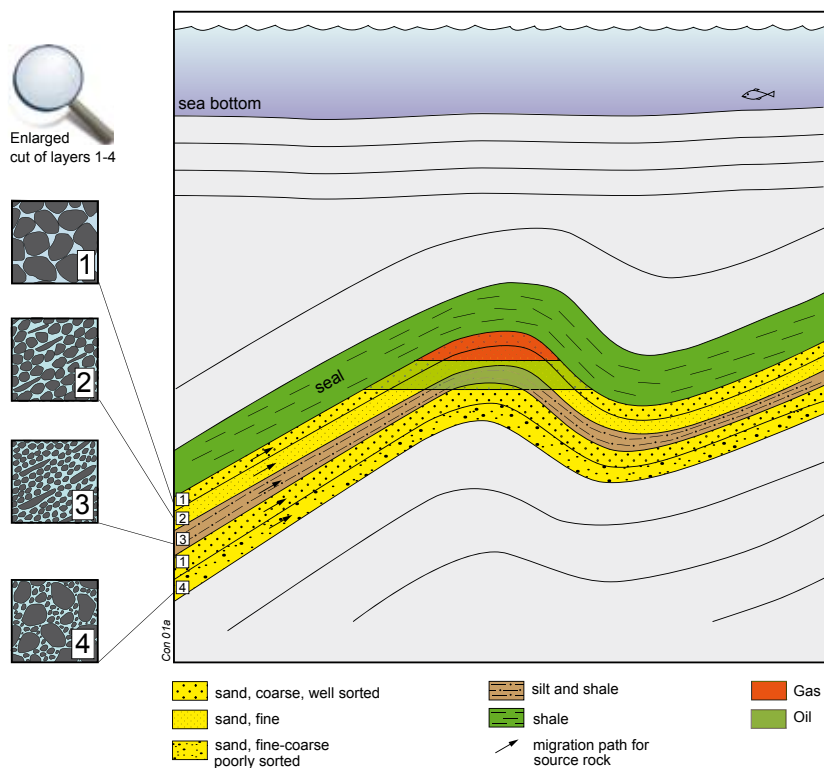
At other times the open faults may lead water into a production well, resulting in early water breakthrough in wells, with potentially catastrophic consequences for the economy of a field.

Recoverable hydrocarbon volume

The initially in place hydrocarbon resources can never be fully produced. The shape and size of the pores and the network between them is very important in determining how the oil or gas will flow in production.

A liquid's ability to flow in a reservoir is described as permeability. The larger the particle size and the better sorted the sediment is, the better its permeability will be. In one and the same sediment, the permeability will differ for water, oil or gas. Gas can flow easily between the pores, even in a reservoir with small pores and small pore throats. Water and light oil will flow much easier than heavy oil.

All of the water will not be replaced when a reservoir is filled with hydrocarbons. The quantity of residual water is described by a factor called water saturation. Water saturation describes the quantity of water that occupies pore space in addition to the oil or gas and is an important factor when calculating the volume of oil and gas in a reservoir.



Reservoir architecture and development strategy

The sum of all geological factors usually defines a complex reservoir architecture consisting of layers of different thicknesses with differing dynamic properties. If extensive open, partly open or closed fault systems exist, they will greatly influence the dynamic properties of the reservoir. There may be impermeable layers between the porous layers, acting as barriers to vertical flow. A reservoir may constitute a thin structure extending over a large area, and would be more expensive to develop than a thick reservoir with a smaller area.

Together these factors have considerable significance for the development strategy, the choice of installa-

tions, the placing and number of wells, either vertical, horizontal, deviated and/or multibranch wells, production and injection wells. The art consist in choosing an optimal solution that gives optimal returns relative to the investments. Reservoir architecture and development strategy determine how large a portion of the hydrocarbon resources present in the reservoir, can be produced.

The Maria Prospect

In the course of 2009 the PL475 / 475BS licencees prepared for drilling in the Maria prospect. This is a prospect with great potential for a discovery and drilling will take place in spring 2010. Some uncertainty exists as to how well the hydrocarbons will flow from the reservoir and the studies made of the reservoir after a well is drilled will be extremely important.

Concedo considers it highly important to participate in professional networks in Norway and internationally. Such participation strengthens our organisation, while at the same time our employees can contribute with their competence.

Active in Fora

Offices in AAPG

The American Association of Petroleum Geologists (AAPG) is a worldwide geological association that was founded as long ago as in 1917. AAPG's objective is to contribute towards research and technology in the field of geology and promote high professional standards in performance of geological professions. It is the largest association in the world in the field of geology and has over 30,000 members. Concedo's CEO, Geir Lunde, chairs conferences in AAPG's European region. He also chaired the international AAPG conference in Athens that was attended by more than 1200 members in November 2007 and the AAPG North Sea Conference in Oslo in October 2008. In connection with his work at the conference in Athens he was awarded AAPG's Certificate of Merit.

Important fora in OLF

Concedo regards participation in OLF, especially in the committee on licensing policies, the Scout Group and FORCE, as being extremely important for communal work within the petroleum industry in Norway. The Norwegian Scout Group in OLF holds the role of trade operator for well and seismic data in all licences on the Norwegian shelf. OLF, being a neutral party, has taken over this role from Statoil, which had data trading responsibility since 1973. The Scout Group is a collaborating network where changes are adopted. FORCE is a cooperating forum between oil companies and technological companies for developing tools, methods and research to heighten the recovery factor in existing and new oil and gas fields and also to contribute towards improving exploration on the Norwegian shelf. Concedo also contributes towards GeoCap's development of the seismic interpretation tool GIM.



The HSE network SOL (Small Operators and Licensees)

This is a network for small and medium-sized licensees and operators in Norway. It is an independent network and is linked with OLF through its HSE Managers' Forum. The intention is that the members shall collect the group's knowledge and experience, share experiences with HSE rules and regulations and work to establish a common basis for improving HSE work in the companies. Concedo has chosen to play an active role in this network.

In HSE Concedo uses a central electronic control system that is a dependable tool for keeping track of audits where developments can be documented all the time. It is arranged so that HSE is an integral part of company activities. In connection with the HSE network SOL, Concedo has undertaken development of a database containing all SOL documents, to which all members will have access through a log-in function.

“Concedo’s aim is to find petroleum deposits on the Norwegian shelf, generate value, reduce risks and play an active part in the licences.”

Directors' report 2009

2009 was a year of high activity. Our company has built sound foundations for being one of the best exploration environments on the Norwegian shelf. During 2009 we continued to follow the business plan drawn up in 2006 and that has given positive results. Our stable organisation, professional working methods and prudent investments have given our investors, the authorities and our collaborating partners greater confidence in us.

Our objective is to participate in the drilling of one or two wells each year. Drilling wells that lead to discoveries provides the company with new resources and therefore excitement is high before drilling each well. The company took part in drilling two wells in 2009. Exploration drilling in the Gygrid prospect under licence PL348 was completed in June 2009. It was then that the company's first oil discovery became a reality. Statoil is the operator for the licence and Concedo holds a 5 % interest. Gygrid has a volume of between 22 and 37 million barrels of oil equivalents.

It is highly probable that Gygrid is commercially viable. It has a favourable position 13 km from the concrete platform on Draugen and 19 km from the floating production platform on Njord, so that everything is suitable for a simple development choice. Production can take place by means of a production well and a water injection well. Development will consist in a minor subsea installation and transporting the well stream by pipeline to either Draugen or Njord for processing. Production can commence as early as in 2012. In keeping with our business plan, we will consider selling the discovery be-

fore development takes place, which would further strengthen Concedo's financial position.

Work to acquire new interests in licences continued in 2009 and was concentrated on applications in APA (pre-defined areas) 2009 and nominations for the 21st round. In several licences we worked actively on maturing prospects through to drilling.

Awards were obtained in both APA 2008 and the 20th licensing round. Our licence portfolio increased from six to eight exploration licences in 2009 and in addition the company acquired yet another licence early in 2010 as the result of work on APA 2009.

Values are built up by making discoveries. Our exploration portfolio contains several interesting possibilities and the company hopes to drill in two good prospects during 2010 and early 2011. They have a far higher potential volume than the two wells in which discoveries have been made so far. Positive discoveries could multiply Concedo's worth.

Business office

Concedo has modern offices in downtown Asker.

History

Until autumn 2006 the company operated as a firm of consultants with expertise in exploration on the Norwegian continental 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 10 from 2009, 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, in the Galtvort prospect under licence PL348.

Significant events during the year

Drilling the well and discovering oil on Gygrid was the greatest single event for Concedo in 2009. Otherwise work continued on adding new, interesting licences to our portfolio. PL475BS, a supplementary licence to the existing PL475, was awarded in APA 2008. This was followed by the award of licence PL531 in the 20th round, the first licence

in the Barents Sea. Concedo also exchanged 10 % in PL475/PL475BS for 10 % in PL370 from Wintershall in the North Sea. By the end of 2009 Concedo had eight licences. In addition work on applications in APA 2009 led to the award of yet another licence, PL561, early in 2010. Thus in 2009 Concedo received its first licence in the Barents Sea and its first licence in the North Sea. In the course of 2009 the company thereby acquired a portfolio consisting of licences in all parts of the Norwegian Shelf: the North Sea, the Norwegian Sea and the Barents Sea.

In 2009 a well was also drilled in licence PL383, but it was dry, so that by the end of 2009 Concedo had made two discoveries and only one dry well.

Research and Development

Concedo is a member of FORCE (Forum for Reservoir Characterisation, Reservoir Engineering and Exploration). FORCE is to stimulate industrial cooperation to improve exploration processes and enhance recovery of resources on the Norwegian shelf.

In 2008 Concedo joined a 3-year development programme for the seismic tool GIM and used this in the latest licensing rounds and in some of its licences in the search for new prospects.

Health, safety and the environment

The company's aim is that all of its 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 performance of our activities. There were no accidents or injuries in 2009. Nor were there any spills from licences in which Concedo holds interests. Activity has been high and the working environment is good. Work is continu-

ally being done to further improve the working environment. Adjustments were made in 2009 in ergonomics and the employees' working positions, particularly those engaged in seismic interpretation.

57 days' absence on sick leave were recorded, totalling 2.63 % for 2009.

Risks for the company are related to future activities in exploration for oil and gas. The greatest risks are connected with offshore drilling operations under licences in which Concedo ASA holds interests. The company has control systems that are designed to minimise such risks and complies with the rules and regulations issued by the authorities. Being one of the licensees, an HSE audit was made with Det norske oljeselskap for licence PL 383, before drilling on the Struten prospect. Accident risks in connection with drilling operations are covered by offshore liability insurance for the company's interests.

During 2009 an HSE audit of the control system and compliance with it was carried out by AGR.

Gender equality

The company had ten employees at the beginning of 2009, one woman and nine men. The composition of the board of directors satisfies the gender equality requirements in the Act relating to public limited companies.

Corporate Governance

The company's management system also includes guidelines for owner control and company management

that are in accordance with Norwegian recommendations regarding this. Company guidelines for this were reviewed and revised by the Board in the course of 2009.

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.

Accounts

The accounts were closed in accordance with the Act relating to Public Limited Companies and in accordance with Norwegian accounting standards. To the best of the Directors' knowledge, there are no circumstances of significance for judging the company's position as of 31/12-2009 or the result for 2009, 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 31/12-2009 and of the result and cash flows during the financial year.

Result

The company's revenues in 2009 were minimal. Operating costs amounted to NOK -71 394 752. This result is in keeping with the company's plans. Loss for the year after tax amounted to NOK 14 279 279. The company continued investments in exploration activities for a sum totalling NOK 90 720 878, of which NOK 19 821 104 is recognised in the balance sheet and NOK 70 899 774 is expensed.

It is through discoveries that the company will build up its assets and our exploration portfolio contains many interesting possibilities.

Exploration activities consist of the company's operating expenses, licence costs, seismic surveys and exploration wells. Costs linked with a successful exploration well are recognised in the balance sheet. Two wells were drilled in 2009 which resulted in the discovery of between 22 and 37 million barrels of oil equivalents.

Balance sheet and liquidity

At year-end 2009 the company had equity capital amounting to NOK 90 062 046, which corresponds to an equity ratio of 53 %. The company had no distributable capital as of 31/12-2009. At year-end it had interest-bearing debt amounting to NOK 63 130 000, secured by the reimbursement scheme for exploration costs. It is expected that the tax-related reimbursement resulting from exploration activities in 2009 will be NOK 69 193 442. The company has a loan facility for NOK 100 000 000 with DnBNOR and has decided to increase this facility to NOK 200 000 000 as from the beginning of 2010.

Cash flow

Cash flow in 2009 was NOK -21 131 775

from operational activities and NOK -20 183 227 from investments.

Risk related to operations, financial risks and market risks

Market risks

The strategy is to obtain revenues through sale of interests in licences and the finds made. 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. Therefore the company is exposed to market risks connected with fluctuations in oil prices and the dollar rate. In addition the company has interest-bearing debts and is exposed to changes in interest levels. At present the company does not have any contracts for hedging market risks.

Credit risks

The company has few receivables. The risk of debtors and our collaborating partners becoming insolvent, is low.

Liquidity risks

The company has a loan facility that increases its financial flexibility. The Directors consider that liquidity is good.

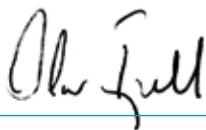
Going concern

In compliance with section 3-3a of the Accountancy Act, we confirm that the accounts were prepared on the assumption that the company is a going concern. Growth in the coming years will probably involve a need for financing.

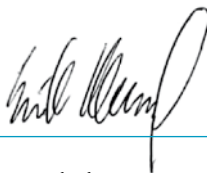
Future prospects

The Directors are satisfied with the year's activities. Oil has been discovered and Concedo is in a position to make new finds and further develop exploration operations in the coming licensing rounds, or possibly swap interests and participate in trading. Good working relations have been established with reputable oil companies, which increases potential for quality and growth in the company's portfolio. We will participate in drilling at least one exploration well in 2010 and one in the beginning of 2011. These will be drilled on good prospects giving cause to expect positive results. Commercially viable discoveries were made in 2009, sale of which could give future income.

Asker, 26 March 2010



Olav Fjell
Chairman



Erik Klausen
Director



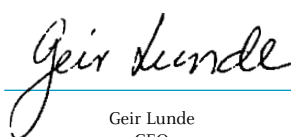
Karen Sund
director



Hege Wullum
Director



Ben Stanway
Director



Geir Lunde
CEO

INCOME STATEMENT 2009

Figures are given in the Norwegian currency NOK	Note	2009	2008
Sales revenues	2	252 000	0
Total operating income		252 000	0
Depreciation of fixed and intangible assets	4	(746 977)	(416 083)
Exploration costs	3,14	(70 899 774)	(61 689 097)
Total operating expenses		(71 646 752)	(62 105 180)
Operating income/(loss)		(71 394 752)	(62 105 180)
Other interest income		3 207 258	5 507 099
Other financial income		208 720	19 213
Total financial income		3 415 978	5 526 312
Other interest costs		448 212	(979 381)
Other financial costs		(1 545 143)	(1 125 478)
Total financial costs		(1 096 931)	(2 104 858)
Net financial		2 319 047	3 421 454
Income (loss) on ordinary activities before taxation		(69 075 704)	(58 683 726)
Tax cost on ordinary income	7	54 796 425	48 552 512
Ordinary income/(loss)		(14 279 279)	(10 131 214)
Income (loss) for the year		(14 279 279)	(10 131 214)
Allocations			
Transferred from other equity	6	(14 279 279)	(10 131 214)
Total allocations		(14 279 279)	(10 131 214)

BALANCE SHEET AS OF 31. DECEMBER 2009

Figures are given in the Norwegian currency NOK

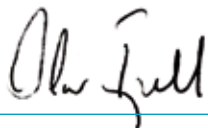
ASSETS	Note	2009	2008
Fixed assets			
Intangible assets			
Capitalised exploration costs and licences	4	20 261 424	2 058 130
Deferred tax benefit		0	2 753 690
Total intangible assets		20 261 424	4 811 820
Tangible fixed assets			
Operating tools, FF&E, office equipment, etc.	4	432 885	817 740
Total tangible fixed assets		432 885	817 740
Total fixed assets		20 694 309	5 629 560
Receivables			
Trade receivables		69 280	1 001
Other receivables	9	73 407 513	54 420 361
Total receivables		73 476 793	54 421 362
Bank deposits, cash in hand, etc.	8	75 443 715	96 128 717
Total bank deposits, cash in hand, etc.		75 443 715	96 128 717
Total current assets		148 920 508	150 550 079
Total assets		169 614 818	156 179 639

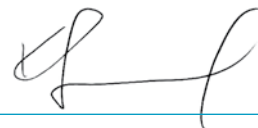
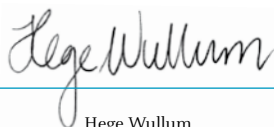
BALANCE SHEET AS OF 31. DECEMBER 2009

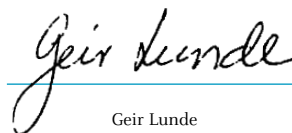
Figures are given in the Norwegian currency NOK

EQUITY AND LIABILITIES	Note	2009	2008
Equity			
Paid-in capital			
Share capital (9,805,000 shares at NOK 1)	5,6	9 805 000	9 805 000
Share premium account	6	80 257 046	94 536 325
Total paid-in capital		90 062 046	104 341 325
Sum egenkapital		90 062 046	104 341 325
Liabilities			
Provision for commitments			
Deferred tax	7	11 625 112	0
Total provision for commitments		11 625 112	0
Total long-term debt		11 625 112	0
Current liabilities			
Deferred tax			460 049
Debt to credit institutions	11,13	63 130 000	42 500 000
Trade creditors		1 282 717	4 030 280
Payable tax	7	484 687	106 798
Public dues payable		1 239 399	1 168 627
Other current liabilities	12	1 790 857	3 572 560
Total current liabilities		67 927 660	51 838 314
Total liabilities		79 552 772	51 838 314
Total equity and liabilities		169 614 818	156 179 639

Asker, 26 March 2010


Olav Fjell
Chairman

Erik Klausen
Director

Karen Sund
Director

Hege Wullum
Director

Ben Stanway
Director

Geir Lunde
CEO

CASH FLOW STATEMENT

Figures are given in the Norwegian currency NOK	Note	2009	2008
Cash flows from / used in operations:			
Pre-tax profit/ (loss)		(69 075 705)	(58 683 726)
+ ordinary depreciation	4	746 977	416 083
+ With drawn previous capitalised exploration assets		1 617 810	
Tax paid during period		(106 798)	
Exploration reimbursement received during period	7	49 885 163	16 696 397
+/- change in trade receivables and other receivables		259 272	(4 425 927)
+/- change in other trade creditors and other current liabilities		(4 458 494)	3 829 123
A = Net change in cash flow from operations		(21 131 775)	(42 168 050)
Cash flows from/used on investments:			
- investments in tangible assets	4	(362 123)	(465 902)
- capitalised exploration costs	4	(19 821 104)	(2 058 130)
B = Net change in cash flow from investments		(20 183 227)	(2 524 032)
Cash flows from/used on financing:			
+ new loans raised	11	63 130 000	42 500 000
- repayments on debt	11	(42 500 000)	-
- repayment of equity capital		-	-
C = Net change in cash flow from financing		20 630 000	42 500 000
+ Liquid reserves at 1/1		96 128 717	98 320 799
A+B+C Net change in cash through year		(20 685 002)	(2 192 082)
= Cash in hand 31/12		75 443 715	96 128 717

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 valued at procurement cost after deduction of scheduled depreciation. If the sum recoverable on an asset is less than the book value and the drop in value is expected to be permanent, the value is written down to the recoverable sum. Fixed assets that have a limited economic life are depreciated according to a reasonable schedule.

Current assets are valued at procurement cost or the true value, whichever is the lower.

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

Revenue recognition

Revenues are entered when earned, i.e. when entitlement to the consideration arises. Revenues are measured as the fair value of the consideration at the time of the transaction.

Receivables

Trade receivables and other receivables are entered at their nominal value less provision for expected loss. A bad debt provision is based on an individual appraisal of each of the receivables.

Bank deposits, cash in hand, etc.

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

Pensions

Pension plans are accrued according to the matching principle. 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.

Expenses

Expenses are generally entered in the same period as the corresponding income. If there is no distinct connection between the expense and the revenue, cut-off will be made at discretion. Any other exceptions from the matching principle are described where applicable.

Taxes

Tax costs are matched with book income before tax. Tax cost consists of tax on the year's direct taxable income, change in net deferred tax and anticipated refunds related to exploration costs. Deferred tax and deferred tax benefits are presented net in the balance sheet.

Leasing agreements

Payments related to operational leasing agreements are expensed linearly over the term of the lease.

Accounting for oil and gas operations

The company uses 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 until it is ascertained 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.

Capitalised exploration costs are reviewed quarterly and dry wells 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. The most important conditions are either that plans are adopted for future exploratory drilling in the licensed area, or that it is expected that a development plan will be adopted in the near future.

Interests in oil and gas licences

The straight line method of accounting is used for interests in oil and gas licences.

NOTE 2 SALES REVENUES

Figures are given in the Norwegian currency NOK

	2009	2008
Consultant services / Norway	252 000	0
Total	252 000	0

Sales revenues are linked with consultant services provided in Norway.

NOTE 3 PAYROLL COSTS, NUMBER OF EMPLOYEES, BENEFITS ETC.

Figures are given in the Norwegian currency NOK

The company has not paid out any remuneration other than salary and pension to its employees as presented in the following table:

Payroll costs	2009	2008
Salaries	10 540 033	9 360 785
Employer's payroll tax	1 594 370	1 426 933
Pension costs	627 755	542 567
Other benefits	296 908	248 168
Total	13 059 066	11 578 454
Number of man-years employed during the financial year	10	10

Concedo ASA has adopted a contribution-based pension scheme which has an individual choice of investment. The scheme covers a total of 10 employees.

Remuneration paid to directors and management	Salary	Pension costs	Other remuneration
Geir Lunde (CEO)	1 200 225	79 257	12 124
Olav Fjell (Board Chairman)		-	100 000
Erik Klausen (Director & HSE Manager)	1 149 868	71 280	11 703
Hege Wullum (Director)			100 000
Karen Sund (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.

Consultant services for NOK 249,996 excl. VAT were purchased from Fjellvit AS, a company owned by the Board Chairman.

Board of Directors' 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. These guidelines cover the basic pay for officers and employees, remuneration in the form of subscription rights in the company and a new 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. 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.

In the main the guidelines provide that earnings 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 with them in 2009:

The guidelines for remuneration of the CEO and other senior staff in 2009 were established by the Directors and were approved by the annual general meeting in 2009.

For the year 2009 subscription rights were given for the equivalent of 33.3 % 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 11.25. In accordance with the guidelines, company employees thus have an opportunity to subscribe shares as follows:

Note 3 cont.

Name	Number of subscription rights	Price NOK	Total price NOK
Geir Lunde	34 780	11.25	391 275
Erik Klausen	33 300	11.25	374 625
Morten Hedemark	33 300	11.25	374 625
Nils Fagerland	33 300	11.25	374 625
Ole Herman Fjelltnun	33 300	11.25	374 625
Arve Gulbrandsen	33 300	11.25	374 625
Odd Eirik Baglo	33 300	11.25	374 625
Elisabet Malmquist	26 640	11.25	299 700
Enric Leon	14 800	11.25	166 500
Dirk van der Wel	19 980	11.25	224 775
Total	296 000	11.25	3 330 000

The number of subscription rights given for 2009 is 296 000.

Guidelines for 2010:

At the annual general meeting in 2010 the Directors will present the following statement regarding pay for the CEO and other senior staff in 2010:

(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.

(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. Subscription rights shall normally be allocated each year 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 specific 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.

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 in 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.

Subscription rights can at the earliest be exercised at the time of listing the company or if the company is sold. Otherwise the subscription rights may be exercised at any time whatsoever in the period from 3 to 5 years after the allocation date. However it is a condition that the person concerned is still in the company's employ or retired.

The new shares issued when subscription rights are exercised, carry a right to dividend from the date of issue, 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 intension 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 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 arm's length public accountant or other arm's length person having expert knowledge of the matter.

Auditor

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

	2009
Statutory audit	155 500
Other services	59 200

NOTE 4 TANGIBLE AND INTANGIBLE ASSETS

Figures are given in the Norwegian currency NOK	Plant & machinery	FF&E	Purchases of licence interests, Exploration wells	Total
Procurement cost 1/1	50 690	1 490 438	2 058 130	3 599 258
Purchased tangible assets	27 035	335 087	19 821 104	20 183 226
Procurement cost 31/12	77 725	1 825 525	21 879 234	23 782 484
Cumulated depreciation 31/12	31 259	1 439 106	-	1 470 365
Cumulated depreciation, write-downs and reversed write-downs 31/12			1 617 810	
Book value as of 31/12	46 466	386 419	20 261 424	20 694 309
Current year's depreciation	10 138	736 839	-	746 977
Current year's write-downs	-			
Economic life	5 years	3–5 years		
Depreciation schedule	linear	linear		

Intangible assets includes procurement costs for exploration licences and costs connected with exploration wells.

Yearly rental costs for non-capitalised fixed assets amount to NOK 684 994.-.

This sum relates to rent for the offices in Asker. The remaining term of the tenancy contract is 1 year.

NOTE 5 SHARE CAPITAL AND SHAREHOLDERS

As of 31/12-09 the company share capital consisted of one class of shares, all of which bear the same voting rights.

Figures are given in the Norwegian currency NOK	Number of shares	Nominal value	Book
Shares	9 805 000	value	9 805 000
Total	9 805 000		9 805 000

Approval from the Board is required for acquisition of shares by purchase or gift.

Subscription rights

There are 1 000 000 independent subscription rights for shares in the company, with a nominal value of NOK 1 and a subscription price of NOK 30 per share. These rights may be exercised until and including 20 November 2011. The right to exercise subscription rights lapses in the event of the company being listed on the stock exchange. In addition, under the incentive scheme for employees 143 619 subscription

rights with a subscription price of NOK 15 per share were allocated by the annual general meeting on 30 May 2008 and 237 333 were allocated by the annual general meeting on 29 May 2009. Subscription rights may be exercised during a period of from 3 to 5 years from the date of allocation. A full list of subscription rights is given below.

Note 5 cont.

Name	Number of rights	Subscription price NOK	Total price	Allocation date
Megabas AS	840 000	30	25 200 000	Extraordinary General Meeting 20/11-2006
Paradae AS	2 515	30	75 450	Extraordinary General Meeting 20/11-2006
Safeway AS	11 444	30	343 320	Extraordinary General Meeting 20/11-2006
Fredrik Stange & Co AS	3 169	30	95 070	Extraordinary General Meeting 20/11-2006
Askar Management AS	4 805	30	144 150	Extraordinary General Meeting 20/11-2006
Björg Wandås	4 445	30	133 350	Extraordinary General Meeting 20/11-2006
Steinar Hedemark	15 267	30	458 010	Extraordinary General Meeting 20/11-2006
Guri Mette Hedemark	5 000	30	150 000	Extraordinary General Meeting 20/11-2006
Hans Verrum	12 654	30	379 620	Extraordinary General Meeting 20/11-2006
Ringgården AS	2 515	30	75 450	Extraordinary General Meeting 20/11-2006
Gilbo Invest AS	38 186	30	1 145 580	Extraordinary General Meeting 20/11-2006
Fjellvit AS	60 000	30	1 800 000	Extraordinary General Meeting 20/11-2006
Geir Lunde	17 059	15	255 885	Annual General Meeting 30/05-2008
Erik Klausen	17 059	15	255 885	Annual General Meeting 30/05-2008
Morten Hedemark	17 059	15	255 885	Annual General Meeting 30/05-2008
Nils Fagerland	17 059	15	255 885	Annual General Meeting 30/05-2008
Ole Hermann Fjelltun	17 059	15	255 885	Annual General Meeting 30/05-2008
Arve Gulbrandsen	17 059	15	255 885	Annual General Meeting 30/05-2008
Odd Eirik Baglo	17 059	15	255 885	Annual General Meeting 30/05-2008
Elisbaet Malmquist	17 059	15	255 885	Annual General Meeting 30/05-2008
Enric Leon	7 147	15	107 205	Annual General Meeting 30/05-2008
Geir Lunde	29 333	15	439 995	Annual General Meeting 29/05-2009
Erik Klausen	28 000	15	420 000	Annual General Meeting 29/05-2009
Morten Hedemark	28 000	15	420 000	Annual General Meeting 29/05-2009
Nils Fagerland	28 000	15	420 000	Annual General Meeting 29/05-2009
Ole Herman Fjelltun	28 000	15	420 000	Annual General Meeting 29/05-2009
Arve Gulbrandsen	28 000	15	420 000	Annual General Meeting 29/05-2009
Odd Eirik Baglo	28 000	15	420 000	Annual General Meeting 29/05-2009
Elisabet Malmquist	28 000	15	420 000	Annual General Meeting 29/05-2009
Enric Leon	12 000	15	180 000	Annual General Meeting 29/05-2009

Ownership structure	Number of shares	Interest
UBS AG, LONDON BRANCH	2 580 000	26.313 %
HOLDINGS STRUCTURE	2 069 000	21.101 %
MEGABAS AS	1 820 000	18.562 %
CREDIT SUISSE SECURITIES	1 288 653	13.143 %
GOLDMAN SACHS INT. - EQUITY - KNUSTEN	302 744	3.088 %
RBC DEXIA INVESTOR SERVICES TRUST	250 000	2.550 %
GOLDMAN SACHS & CO - EQUITY	247 256	2.522 %
MORGAN STANLEY & CO INTERNAT. PLC	215 000	2.193 %
SIX SIS AG 25PCT	170 000	1.734 %
FJELLVIT AS	130 000	1.326 %
OZANNE	99 347	1.013 %
GILBO INVEST AS	82 738	0.844 %
STANWAY	68 333	0.697 %
SYFRAS AS	50 000	0.510 %
HEDEMARK	33 078	0.337 %
FRONTIER INDUSTRIAL HOLDINGS LTD	28 000	0.286 %
VERRUM	27 416	0.280 %
SAFEWAY AS	24 796	0.253 %
KVAAL	20 000	0.204 %
HEDEMARK	10 833	0.110 %
ASKAR MANAGEMENT AS	10 410	0.106 %
WANDÅS	9 630	0.098 %
FREDRIK STANGE & CO AS	6 866	0.070 %
PARIDAE AS	5 450	0.056 %
RINGGÅRDEN AS	5 450	0.056 %
Total	9 805 000	100.000 %

Note 5 cont.

SHARES OWNED BY DIRECTORS AND CEO

Name	Office	Number of shares
Olav Fjell, through 100 % in Fjellvit AS	Board Chairman	130 000
Geir Lunde through 16,4 % in Megabas AS	CEO	298 480
Erik Klausen through 16,4 % in Megabas AS	Director	298 480
Erik Klausen through Safeway AS	Director	24 796

NOTE 6 EQUITY

Figures are given in the Norwegian currency NOK				
	Share capital	Share premium account	Other reserves	Total
Equity capital 1/1-09	9 805 000	94 536 325		104 341 325
Current year's profit/loss		- 14 279 279		- 14 279 279
Equity capital 31/12-09	9 805 000	80 257 046		90 062 046

NOTE 7 TAX COST

Figures are given in the Norwegian currency NOK

Tax cost for the current year is calculated as follows:	2009	2008
Payable tax	484 687	106 798
Excess provision for tax in 2007		- 1 114 846
Change in deferred tax	13 912 330	2 340 699
Tax value of exploration costs (see Note 9)	- 69 193 442	- 49 885 163
Tax cost on ordinary income	- 54 796 425	- 48 552 512

Reconciling nominal and actual tax rate:

Ordinary pre-tax profit	- 69 075 705	- 58 683 724
Anticipated income tax at nominal rate (28 %)	- 19 341 197	- 16 431 443
TAX EFFECT OF FOLLOWING ITEMS:		
Tax effect of financial items attributed to onshore	0	103 791
Excess provision for tax	0	- 1 114 846
Non-deductible expenses	34 002	3 007
Tax effect of interest on loss for carrying forward (50 %)	- 146 584	0
Effect of surtax (50 %)	- 35 342 645	- 31 113 021
Tax cost	- 54 796 425	- 48 552 512
Effective tax rate	79 %	83 %

Specification of tax effect of temporary differences and loss for carrying forward:	2009		2008	
	Credit	Debit	Credit	Debit
Fixed assets		15 346 901		1 281 565
Loss to be carried forward	3 721 789		3 575 206	-
Total	3 721 789	15 346 901	3 575 206	1 281 565
Of which net value is recognised	- 3 721 789	-3 721 789	- 821 516	- 821 516
Net deferred debit/credit in balance sheet	0	11 625 112	2 753 690	460 049

The deferred tax benefit entered is based on anticipated future earnings.

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 petroleum exploration costs, 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. See also Note 9.

NOTE 8 BANK DEPOSITS

Bank deposits, cash in hand etc. includes non-distributable monies in the sum of NOK 739 785 and a rental deposit of NOK 448 159.

NOTE 9 RECEIVABLES

For the 2009 assessment the company claims reimbursement of the tax value of petroleum exploration costs in a sum totalling NOK 69 193 442 (2008: NOK 49 885 163), see Petroleum Tax Act, 5th paragraph of section 3c. Outstanding accounts with operators and others are also included under receivables.

NOTE 10 LEASING AGREEMENTS

Concedo ASA did not have any leasing agreements as of 31/12-09. An agreement was made with Dell AS on 29/11-06 for leasing PC equipment. That agreement was for a term of 36 months at a cost of NOK 4 546 per month.

NOTE 11 DEBT TO FINANCIAL INSTITUTIONS

The company has a credit line for NOK 100 000 000 in DnB NOR BANK ASA. Withdrawals are limited to 95 % of petroleum exploration costs. Withdrawals may be made until 31/12-2010 and the last repayment must be made in December 2011.

As of 31/12-2009 withdrawals totalled NOK 63 130 000, which sum falls due for repayment when the reimbursement for the tax value of exploration costs is paid out.

Interest on the loan this year was NOK 713 627. The loan is secured by the reimbursement scheme, 21 % of the interests in licence PL 343 and 10 % in licence PL 475.

Interest terms are NIBOR plus a margin of 0,7 %. The claim for payment of the tax value of reimbursable petroleum exploration costs amounts to NOK 69 193 442.

NOTE 12 PROVISIONS

Provisions are made in the sums of NOK 563 296 for expenses linked with the licences in which the company holds interests, NOK 335 362 for accrued interest and NOK 1 227 561 for salaries, holiday pay etc.

NOTE 13 FINANCIAL MARKET RISK

The risk of debtors and collaborating partners becoming insolvent is considered negligible. Therefore liquidity is considered to be good. The company is not exposed to any foreign exchange risks.

NOTE 14 EXPLORATION COSTS

Exploration costs consist of:

Figures are given in the Norwegian currency NOK	2009	2008
Pay costs	- 13 059 066	- 11 578 454
Seismic, drilling and		
General licence expenses	- 54 220 136	- 47 183 486
Other operating costs	- 3 620 572	- 2 927 157
Total	- 70 899 774	- 61 689 097

Exploration costs, capitalised and expensed, totalled NOK 90 720 878 in 2009.

NOTE 15 LICENCES

The company acquired 3 new licences in 2009 (PL 475BS, PL531 and PL 370). Events and commitments in licences are described below.

PL 348 – 5 % interest acquired under an agreement with Endeavour Energy Norge AS bearing 2,5 % of the licence costs in 2008 and of a new well in 2009. Gas was found in an exploratory well drilled in 2008 and oil in a well drilled in May 2009.

PL 383 – 15 % interest acquired through a swap with Det norske oljeselskap in 2008. Drilling in a prospect near the Skarv Field in summer 2009 resulted in a dry well.

PL 434 – 21 % interest awarded in 2007 (APA 2006) under an agreement with Revus (now Wintershall) and Nexen. New seismic was collected and became available in March 2009. Drilling will take place in the first quarter of 2011.

PL 475 – 10 % interest acquired in allocations in 2008 (APA 2007). Interest was reduced to 10 % through a swap deal.

PL475 BS – Licence awarded in 2009 (APA 2008) for a 20 % interest. A well will be drilled in 2010, see PL 475. Interest was later reduced to 10% through a swap deal.

PL 485 – 30 % interest awarded in 2008 (APA 2007), 15 % of which was later swapped for 15 % in PL 383. 3D seismic is being re-processed. A decision as to whether drilling will take place or the licence surrendered, must be made 2011.

PL 531 – This licence was awarded in the 20th licensing round and Concedo's interest is 20 %. It is our first licence in the Barents Sea. Drilling a well will take place in 2012, or 2011 earliest.

PL370 – Concedo obtained interests in this licence under a swap with Wintershall. Concedo reduced its interests in PL475/PL475BS on the Halten bank by 10 % in return for a corresponding share in PL 370 in the North Sea, a licence that is near the Snorre Field.

PL 561 – 20 % in this licence was awarded to Concedo in APA 2009. The area extends across the two exploration blocks 6608/7 and 6608/8. PL 561 is roughly 30 km north-east of the Norne Field and in the vicinity of the find in the Dompap prospect. The licence was awarded early in 2010.

Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Concedo ASA

AUDITOR'S REPORT FOR 2009

We have audited the annual financial statements of Concedo ASA as of 31 December 2009, showing a loss of NOK 14,279,279. We have also audited the information in the Board of Directors' report concerning the financial statements and the going concern assumption, and the proposal in the financial statements for the coverage of the loss. The financial statements comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The rules of the Norwegian Accounting Act and generally accepted accounting practice in Norway have been applied to prepare the financial statements. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We have conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and generally accepted auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and generally accepted auditing practice, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as of 31 December 2009, and the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting practice in Norway
- the Company's management has fulfilled its duty to see to proper and well arranged recording and documentation of accounting information in accordance with law and generally accepted bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements and the going concern assumption, and the proposal in the financial statements for the coverage of the loss, is consistent with the financial statements and complies with law and regulations.

Oslo, 26 March 2010

Deloitte AS

Mette Herdlevær (signed)
State Authorised Public Accountant (Norway)

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Board of Directors 09



Olav Fjell

Olav Fjell is the Chairman of the Board. He is the CEO of Hurtigruten and he has held a number of leading positions in industry, including CEO of Statoil and a directorship in DnB. He graduated in economics from NHH – the Norwegian School of Economics and Business Administration.

Karen Sund

Karen Sund, director, is a partner in Sund Energy. She has long international experience in advisory activities in the oil and gas industry. She has a Master's degree in international management and petroleum economics from BI, the Norwegian School of Management.

Erik Klausen

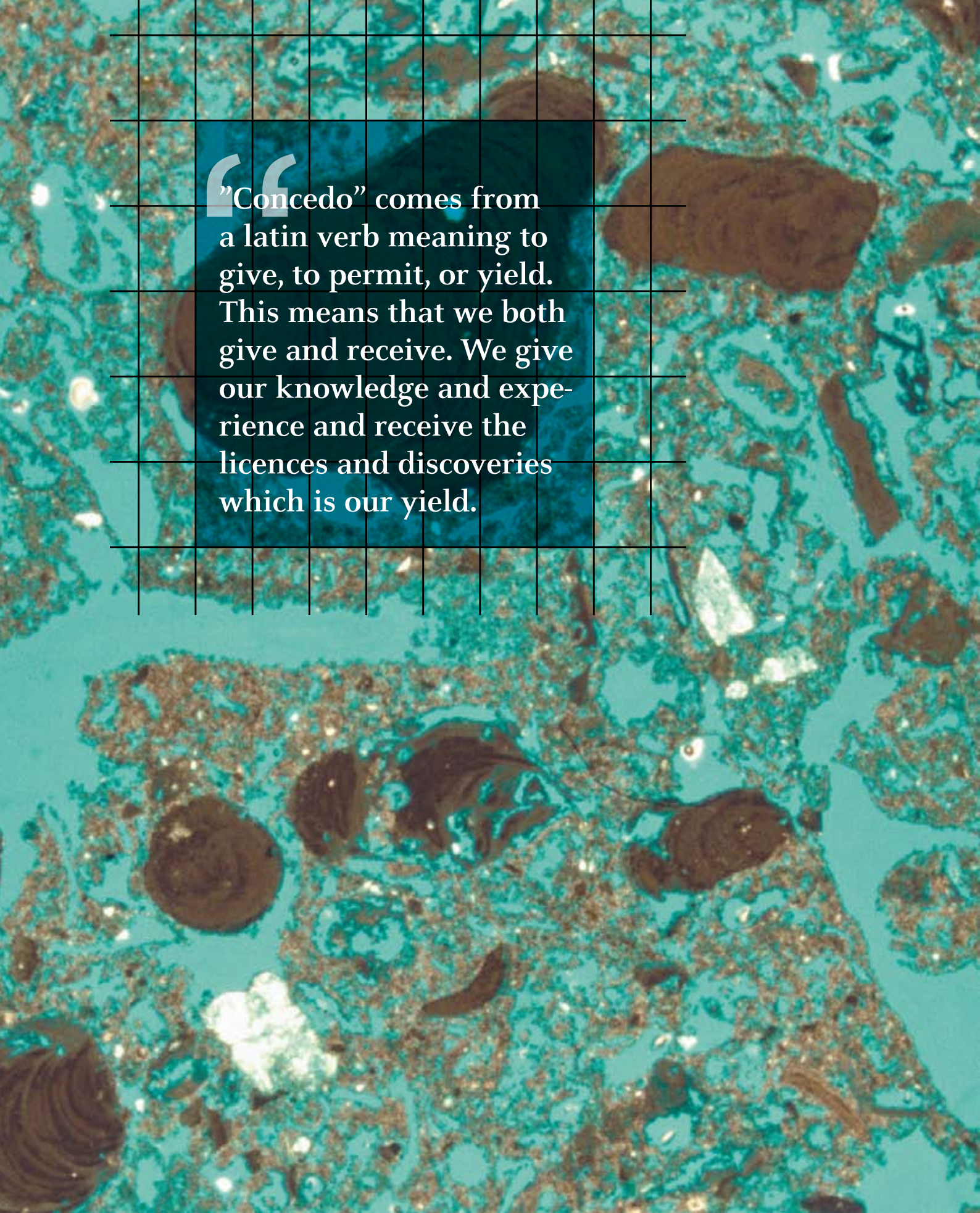
Erik Klausen, director, has long managerial experience from international oil service companies and offshore projects from such companies as Aker, Prosafe/Consafe etc. He graduated in engineering from the Heriot Watt University.

Hege Wullum

Hege Wullum, director, is Senior Project Manager, M&A in Edda Media AS. She has international experience in oil and gas, partly from Norsk Hydro and the Norwegian Ministry of Petroleum & Energy. She holds a Bachelor's degree in economics and an Executive MBA from NHH, the Norwegian School of Economics and Business Administration.

Ben Stanway

Ben Stanway, director, is a partner in Habrok Capital Management, London, and has experience from the global finance sector and investments in the energy sector. He has a BSc. in Business Administration from the University of Bath.

An aerial photograph of a coastal landscape, likely a wetland or marsh, featuring a mix of dark, silty water and lighter, vegetated land. A black grid is superimposed over the image. A semi-transparent dark blue rectangle is positioned in the upper left, containing white text. The text is enclosed in large quotation marks.

“Concedo” comes from
a latin verb meaning to
give, to permit, or yield.
This means that we both
give and receive. We give
our knowledge and expe-
rience and receive the
licences and discoveries
which is our yield.