

ANNUAL REPORT

2014

concedó

About Concedo

Concedo is a Norwegian oil company focusing on exploration on the Norwegian Continental Shelf. The staff is highly experienced, and has contributed in many discoveries in the past. The vast majority of our staff are geologists or geophysicists, all having many years experience from both Norwegian and international oil industry.

Concedo is a privately held company, and takes the role as partner in its licences. There are no plans to change to a role as operator, to list the company or to seek opportunities internationally.

The company's business model is to divest discoveries prior to field development. Adhering to this strategy will enable us to maintain an effective organisation and to be among the best exploration environments in Norway. Our strategy is proven by considerable value creation from our position as a licensee.

What we do

Our key tools in identifying new opportunities for discoveries are seismic, well data, and the staff's overall experience. Testing of new technology like electro-magnetic data and special processing of seismic data may in certain situations prove very important. Our future is decided through our daily work, namely interpretation, analysis and integration of the various data.

Concedo was pre-qualified as a licensee in 2007, and has since then been awarded licence shares in the annual concession rounds (APA rounds) and the numbered rounds. Discoveries have been successfully sold to Statoil and Wintershall.

**Preserve
competency
and develop
new technology**

Message from the CEO

The journey continues

Heraclitus (535 – 475 BCE) wrote, 'There is nothing permanent except change'. What Heraclitus realized some 2500 years ago was probably right, but sometimes you become even more aware of changes. The falling oil prices at the end of 2014 was one of those changes everyone noticed.

It has always been difficult to make good predictions for future oil prices. Some may claim that production from oil shale in the States could be the new marginal producer that will control oil prices when no particular political events influence the oil market. Therefore it may be especially interesting to follow up on what is happening with oil shale production in 2015.

In this phase of sudden change I find that preserving our competency and continuing the fast development of new technology are the most important for Norwegian industry. Good discoveries near existing infrastructure will result in high profitability with most oil price scenarios.

“There is nothing permanent except change

Heraclitus

Falling rig rates may be an advantage for Concedo's exploration activity in the short term. With rising oil prices the next few years, as Rystad Energy predicts, the market price of new Concedo discoveries may also be good.

Over the last few years the diversity of participants on the Norwegian shelf, has contributed to many new good discoveries. I feel sure that this positive tendency will continue and that we will see new large and lucrative development projects in the North Sea, the Norwegian Sea and the Barents Sea.

The estimates made by the Norwegian Petroleum Directorate for resources that may be proven in future, illustrates how attractive the Norwegian continental shelf is. The size of the Maria discovery that Concedo participated in finding in 2010 is approximately 150 mill barrels of oil. The Norwegian Petroleum Directorate expects that a quantity of oil equivalent to 23 Maria discoveries will be found in the North Sea, 16 Maria discoveries in the Norwegian Sea and 21 Maria discoveries in the Barents Sea. With the best possible scenario it may even be two to three times as much.

Concedo is now a participant in a portfolio of exploration areas that I believe will prove to hold good future finds. After the award in APA 2014, we hold among other things three licences south of the gigantic Johan Sverdrup field. The current estimate of the Norwegian Petroleum Directorate for recoverable reserves in this field is approximately 2.2 billion barrels of oil. This oil has probably entered the reservoir over the last two million years. To petroleum geologists this is a new recognition of the



importance of the late geological development that also includes the Ice Age.

In the Barents Sea new insights have been gained on the significance of reservoirs in limestone. Where these rocks through geological time have been exposed to acid rain, there may today be good reservoirs with large resources of oil. The geologists in Lundin have been in the lead to prove this by being extremely careful when collecting the data from new wells. We in Concedo may perhaps benefit from this insight in the Southern parts of the Barents Sea where we hold several licences with possible limestone reservoirs near the Goliath oil field.

Concedo has over the last five years tested a range of new exploration technologies and we are of the opinion that we now have a good foundation for utilizing those technologies best suited for the opportunities we are after. We have also become good at performing in-house improvements of seismic data. This comes as especially handy when we hunt for areas for new licence applications.

Early 2014 we participated in the Novus find in PL 645, just south of the Heidrun field. Unfortunately, the volumes in Novus were too small to be commercial, but the partnership is still considering whether there are grounds for additional drilling in another part of the licence.

Drilling of the Byrkje prospect and the Ensis prospect in PL 607 and 393B in the Barents Sea were both accomplished at lower cost than estimated. The modern drill rigs Transocean Barents and Transocean Spitsbergen

with double drill towers proved to be very effective. Unfortunately, both wells turned out to be dry. However, sale of our share in PL 607 gave Concedo an income in the same range as our first sale of discoveries in 2010.

During 2014 a decision was made to drill a well on the Haribo prospect in PL 616. This oil prospect is identified in limestone rock on the flank of the great Valhall field. The well is planned for summer 2015 and any find may be a good candidate for tie-in to the Valhall field.

At the start of 2015 I would like to thank all employees for a great achievement in 2014 when we probably laid an important foundation for great value for shareholders and the community in the coming years.

Geir Lunde
CEO

A man with short brown hair, wearing a blue and white striped button-down shirt, is shown in profile from the chest up. He is looking towards the right. In his left hand, he holds a translucent blue sphere. The background is a wall with a cracked, peeling texture in shades of blue and white. A horizontal line across the middle of the image suggests a horizon or a reflection. In the upper right, there is a text box with an orange border containing the text 'Look at the open acreage in new perspectives'.

**Look at the
open acreage
in new
perspectives**

More oil yet to be found on the Norwegian Continental Shelf

Norwegian Petroleum Directorate's resource count on undiscovered oil keeps the figures high

The beginning from nothing

In September 1969, Phillips Petroleum spudded what was to become the Ekofisk oil discovery well. This well marks perhaps the most important moment in Norway's industrial history. Prior to the well, there was pessimism regarding hydrocarbon potential offshore Norway. With the Ekofisk discovery, however, one knew that all previous prognosis had been wrong. The field was put on-stream in 1971 and the Norwegian oil adventure had begun.

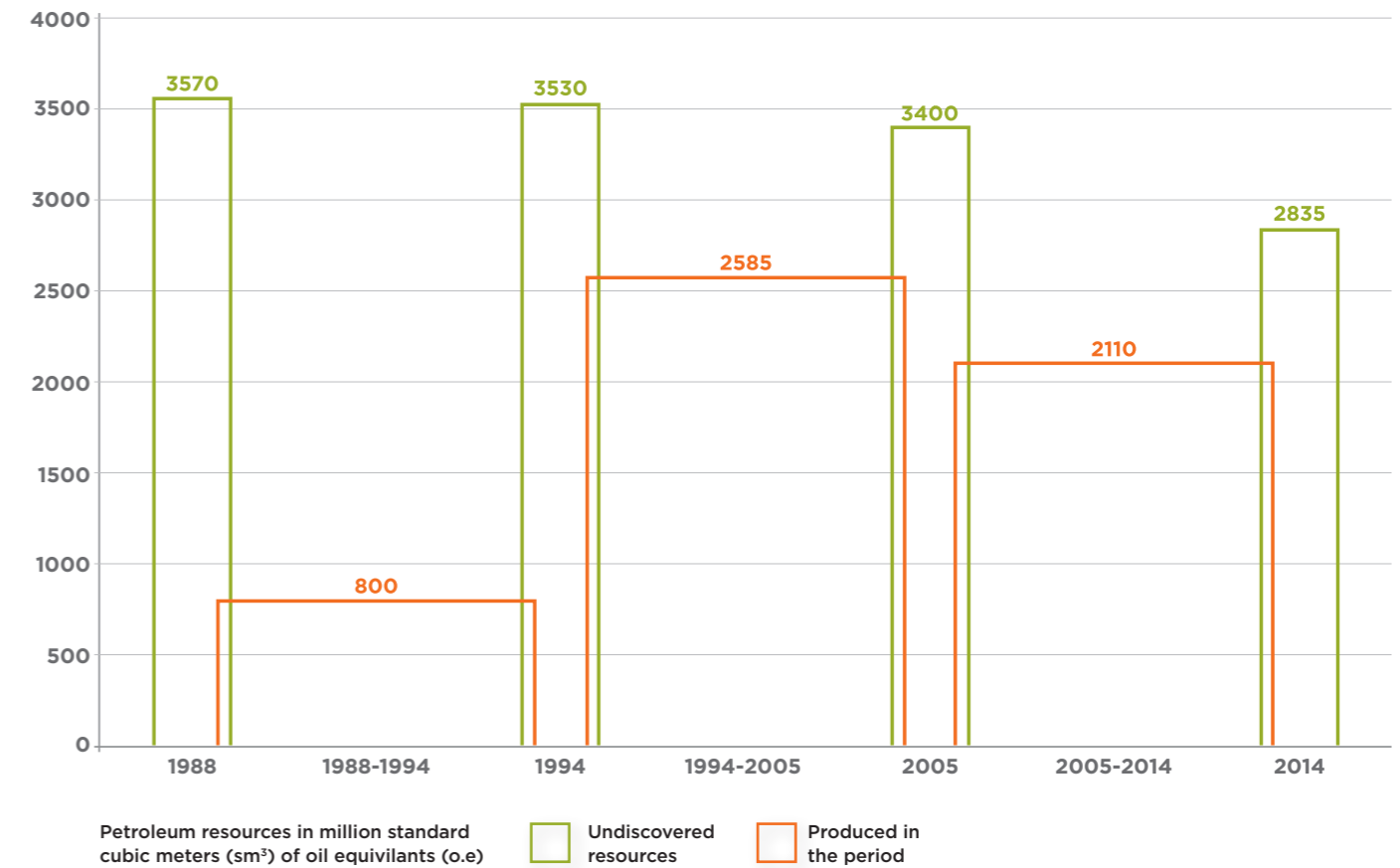
The management of the oil activity then on

The Norwegian hydrocarbon treasure-chamber has ever since these early days been administered by the Norwegian Petroleum Directorate. No need to say, the task at hand has had enormous complexity. Not only are we

talking about a large and varying number of stake holders at any one time holding exploration rights to different license areas. We are also talking of the application documents, their evaluation, awards, the different work programs related to these licenses, the work program fulfillments, drilling operations and their related safety and environmental aspects. All this, and much more has been professionally administered by the NPD allowing the exploration for oil on the Norwegian Continental Shelf to proceed creating values for the oil companies and also the Norwegian people.

Resource Account

As a part of NPD's role in keeping track of everything that has to do with exploration and geology offshore Norway, the NPD gives an annual "resource account". This



report shows all the key numbers related to Norwegian hydrocarbon accumulations. The report gives updated numbers for hydrocarbons that have been produced and sold as well as best estimates for what petroleum resources that are still to be produced in the active and planned fields. In addition, the report also attempts to estimate what hydrocarbons that one can expect to be found in the future. In 1988, the unknown resources for Norway as a whole were estimated to be 3570 mill m3 o.e. In 1994, the number was 3530 mill m3 o.e. in spite of much oil having been discovered and produced between 1988 and 1994. In 2005 the number was still 3400 mill m3 o.e. The way this number has remained high in spite of new discoveries being made, tells us that the estimates

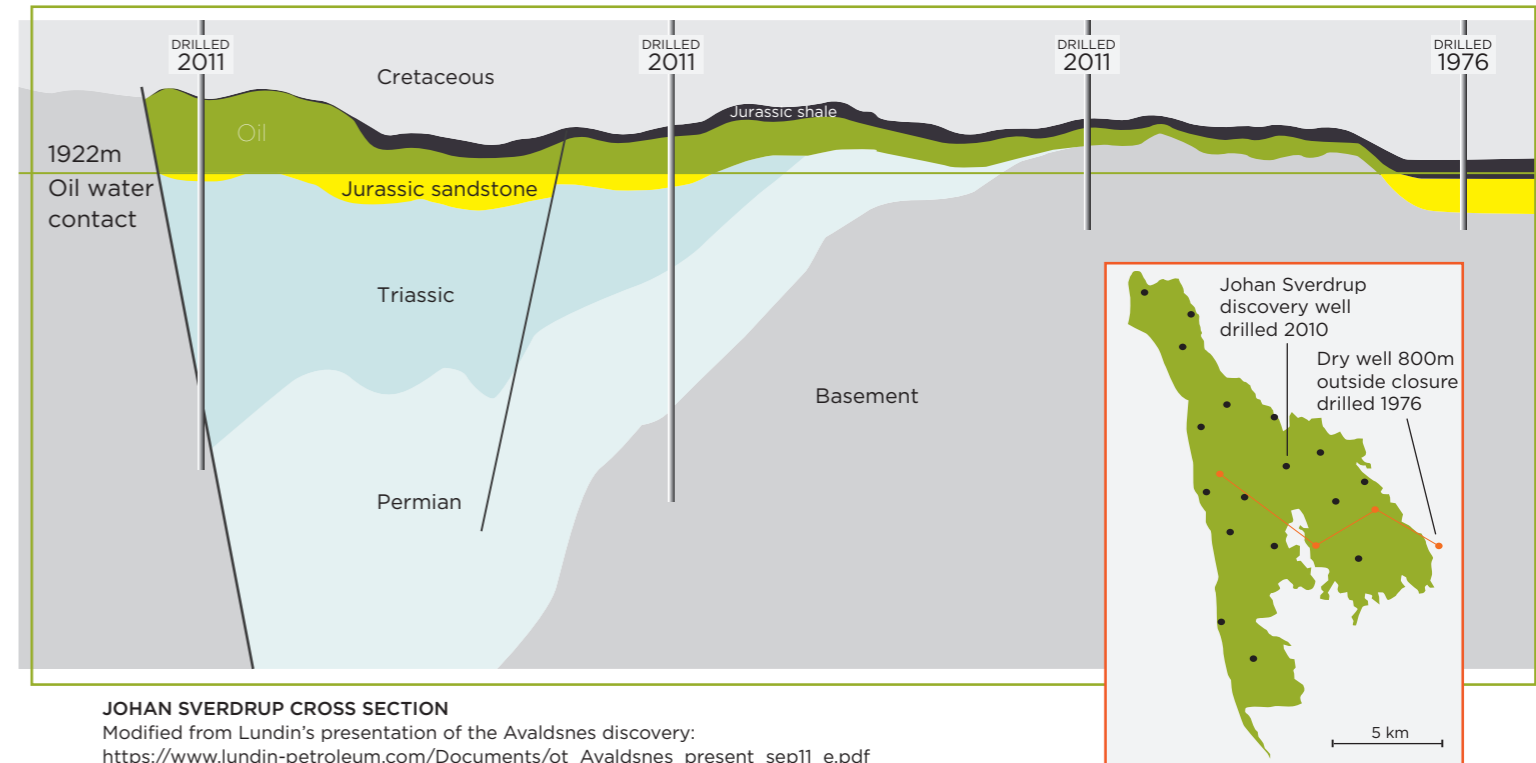
that have been made have been very conservative intended not to give the politicians false expectations. The 'undiscovered resources' number as of 31st december 2014 is 2835 mill m3 o.e. This corresponds to 17832 mill barrels of oil. Taking into account that an acceptable size for an hydrocarbon accumulation is 100 mill boe, it means that we still have almost 200 more discoveries to look forward to, but this number is likely as discussed above, to be conservative...

“We still have almost 200 more discoveries to look forward to.”

**Looking back to
see into the future!**



Licence 001 - the past, the present and the future



JOHAN SVERDRUP CROSS SECTION
Modified from Lundin's presentation of the Avaldsnes discovery:
https://www.lundin-petroleum.com/Documents/ot_Avaldsnes_present_sep11_e.pdf

Ref.: map page 31

“Luck is where opportunity meets preparation”

Denzel Washington (1954 -)

On the 1st of September 1965, licence 001 was awarded; an area of over 2100 km² covering four blocks spread from the northern Utsira High to the Sleipner Terrace and Ling Graben in the south. As the very first license on the Norwegian shelf was awarded here and as subsequently over hundred wells have been drilled, the area could be considered relatively mature. But the area's discoveries have not been made at a steady pace. After the Balder discovery in 1967, the next economically viable discoveries were not made until in the years 1990-1992; these are currently the Skirne, Grane and Svalin fields. Most of the discoveries in the region are less than 10 years old and located on the southern Utsira High. If one should judge from the drilling activity and license awards, it's not the general perception that the area is exhausted.

Within this original vast license 001 area, there are currently six fields producing or PDO approved and further five under evaluation or in the planning phase. On the actual area at the Utsira High, there are all together six fields producing or PDO approved and fourteen discoveries. Seven of the discoveries are considered non-economical at present. As reported by the NPD, the reserves under production or PDO approved in the southern Utsira High area were initially approximately 1 670 Mbbbl Oil, whereas the additional resources available are approximately 2 315 Mbbbl oil. The Johan Sverdrup discovery, currently in the planning phase, comprises of course the bulk of the resources.

First in 2010, Johan Sverdrup, the fifth largest oil discovery on the Norwegian continental shelf was discovered. It's

remarkable that this large field was discovered 45 years after licence 001 was awarded in this area. In order to assess the resources in Johan Sverdrup, there have been drilled 22 appraisal wells and sidetracks. The reason for the large number of wells was not that the discovery had very challenging production properties with respect to reservoir quality or compartmentalization, but that the geological reservoir and trap model was not sufficiently established and that seismic could not be used to predict reservoir presence. By drilling these 22 appraisal wells, the oil resources were increased from the very initial estimate of 100-400 MMbbl oil equivalents to 800 Mbbbl oil, and finally to 2 220 Mbbbl oil. It was also established that in order to produce these volumes, 35 production and injection wells will be required.

Utsira High reservoirs and potential prospective levels are stretching over a wide span; ranging from the Basement and Late Triassic through the Jurassic to Early Cretaceous, as well as the Paleocene and Eocene. Most recently, the Miocene Zulu discovery was made to the east of the Utsira High. One of the reasons for these multiple potential prospective levels is found in the hydrocarbon charge history of the area. The Utsira High itself is not a hydrocarbon generating area, and depends on migration from flanking basins. Initial charge entered the area of the southern Utsira High, but during quite recent times, the whole geometry of the High changed, due to glacial processes. The resulting tilting gave the Utsira High a new crest further east and a new pulse of charge entered the high. In the cause of these struc-

tural changes there presumably was also spillage into higher stratigraphic levels.

The most prolific areas of the Utsira High has thus generated a new understanding of potential trap mechanism, reservoir development and the hydrocarbon charge history in the area. One should not assume, that even after more than 100 wells, that the area's potential is fully explored.

**Concedo is
in the game!**



ENRIC LEON, SENIOR GEOLOGIST

Carbonates in the Barents - A potential new play

Recent oil and gas discoveries in the Barents Sea, such as Gohta and Alta, have significantly increased the interest in exploring carbonate rocks of Permian age.



Upper Carboniferous cyclic warm-water carbonates. Northern Holm Land, North Greenland (cliff is approx. 150 m high)
(Source: Stemmerik & Worsley, 2005)

During the last years oil and gas discoveries were made in rocks of Permian age that were long thought to be unattractive due to inferior reservoir properties. However, recent oil and gas discoveries in the Barents Sea, such as Gohta and Alta have increased the interest in exploring carbonate rocks of Permian age.

The reservoir properties of carbonate rocks can change significantly if carbonate sediments (e.g. reefs and lagoons) are exposed to subaerial conditions due to uplift or sea level falls. Rain falling onto carbonate sediments as well as the activity of plants and soils can lead to the dissolution of the underlying limestone host rock. The most prominent result of these processes are large caves. The process of chemically dissolving carbonate rocks is called karstification.

The Gohta (75 m oil column, 25 m gas column) and Alta (46 m oil column, 11 m gas column) discoveries on the Loppa High in the Barents

Sea demonstrate that Permian carbonates, even though with inferior reservoir quality in other wells, can be an attractive play if subaerial exposure and karstification affected them.

During Carboniferous and Permian times large areas of the Barents Sea were the site of carbonate deposition. On the Loppa High a shallow water carbonate shelf developed that was gradually deepening towards the East. The Western part of the Loppa High was a shallow-water carbonate shelf covered by carbonate mounds. The mounds formed as the result of an accumulation of algae and other organisms (e.g. bryozoa) resembling modern reefs. However, the original porosity and permeability of these mounds are generally low and has no reservoir quality. In the deeper basin towards the East carbonate mud as well as evaporites were deposited.

Towards the end of the Permian the Western part of the Loppa

High was uplifted and the carbonate mounds were exposed to subaerial conditions. Both Permian and Carboniferous carbonates became land surfaces and were affected by rain, plant vegetation as well as soil processes that led to the dissolution of the underlying limestones. The exposure of the Permian carbonates lasted in some regions until the end of the Anisian (approx. 235 million years ago) resulting in an exposure duration of up to 20 million years. Due to extensive leaching, the formerly rather tight carbonate mounds became porous and were ready to receive hydrocarbons that migrated into them some million years later. Triassic shales deposited above the porous carbonates made sure that the hydrocarbons could not leak. Further drilling in 2015 will show us the importance of this new play fair way.

Ref.: map page 31

**The value of field trips
is indisputable!**



ERIK KLAUSEN
MANAGER HSE

ODD EIRIK BAGLO
CHIEF GEOPHYSICIST

TOMMI RAUTAKORPI
SENIOR GEOLOGIST



Geological field trip

A panoramic overview at Zumaya (Spain) onto the Upper Cretaceous-Paleocene deep marine deposits

Deep-water fan deposit (turbidites) constitute an important type of deposits on the Norwegian continental shelf. In order to have a better understanding of these depositional systems, the Concedo staff had a geological field trip from April 27-29 in the northwestern coast area of the Basque Country in Spain.

Thierry Jacquin, as a well-qualified guide, explained to us the geological mechanisms responsible for the formation of these deposits. The lateral and vertical development of the lower Eocene succession of Zumaya, showing the gradual transition in lithology and reservoir quality from basin plain

to lower fan environment was studied in detail, including the lateral facies variation across the lower and middle fan environment.

The Paleocene-Eocene slope fan architecture was studied in a 3D internal close up of stacked channel/lobe deposits, including large-size channeling at the top slope-fan deposits. In addition, we had a close up examination of a massive mounded turbidite.

The deposits were analyzed in detail and compared to the North Sea/Atlantic domain as an important analogue to reservoir evaluation of the deposits on the Norwegian Continental Shelf.

Oil life cycle: Understanding the dynamics through geological time

The formation of oil and its accumulation into a reservoir - or its escape onto the earth surface is complex. Thus, it is important to understand the dynamics of oil generation, migration and accumulation in the subsurface through time.

A possible scenario: Oil originally generated from Permian source rock, more than 265 million year ago migrates during Cretaceous times, 100 million year ago, into a 230 million year old Triassic reservoir rock. Then 40 million year ago, during the Tertiary, the oil moves or re-migrates into a 165 million year old Jurassic reservoir rock. Finally, the oil leaks out of this Jurassic reservoir to the surface, when a tilting of the Jurassic sediments occurs as a response to the melting of a several kilometer thick ice package during the Quaternary.

The life cycle starts with the deposition of an organic rich sediment, called source rock. A source rock is an organic rich rock containing algal remains or planktonic and bacterial remains or plant material decom-

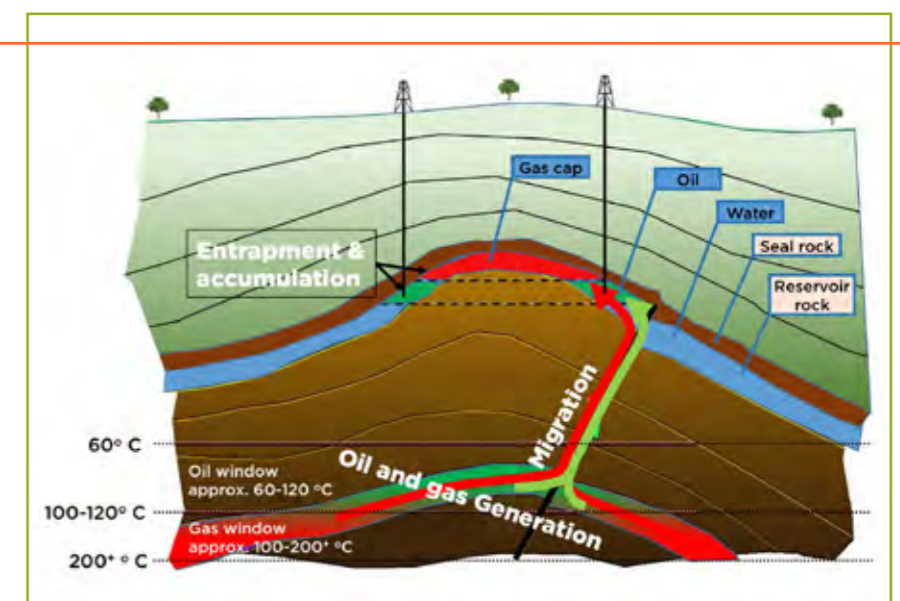
posed by bacteria - all deposited under a condition with the lack of oxygen. When a source rock in a sedimentary basin is buried to greater depths, oil can be generated when its temperature reaches the so called "oil window", which is the temperature interval favourable for oil generation (expulsion). The expulsion of oil defines the actual physical movement out of the source rock and its further migration. The migration occurs through porous carrier beds or along open fracture into a sealed reservoir rock capable of retaining an oil and gas accumulation. Before drilling such an accumulation is called a prospect.

During migration the oil always tries to find the easiest path. However, the oil often face "obstacles or events" that makes the journey more complicated. Such "obstacles" are e.g. pressure barriers, sealing faults, and discontinuous migration paths. Also, "events" like uplift, subsidence and tectonic movements can change the migration paths of oil.

The loading or unloading of a thick ice sheet may tilt the subsurface migration path in a both favourable and unfavourable way. The oil is moving towards an accumulation, or leaks to the surface.

On the Norwegian continental shelf source rocks are proven in the Permian, Triassic, Jurassic and Cretaceous sediments, the Jurassic being the most important. Hydrocarbon accumulations are found in sediments ranging from the Devonian to the Quaternary, chronologically ranging from 420 million years old to recent deposits.

All the above-mentioned processes are natural and crucial for the "journey" of the oil. Ancient oil may still move at present time. Recently generated oil may be lost or accumulate in ancient formations. As an explorationist you try to understand the movement of the oil through time.



The polar ship Maud is coming home - exploration into the unknown

POLAR SHIP MAUD

Built by Christian Jensen, Vollen, Asker, Norway
 Length o.a. :120 foot - 36.5 m
 Beam o.a. : 40 foot - 12,3 m
 Depth: 16 foot - 4,85 m
 Motor power: 250 HP Bolinder
 Total Sail Area : 600 sqm
 Launched: 7th June 1917

On the 7th of June 1917 in Volden, Asker; it was a proud Amundsen that stood in front of his newly built polar research vessel. *“with the permission of Her Majesty the queen, I name you Maud”* he said whilst throwing a block of ice against the side of the boat. *“Already now”, he continued, “you shall feel the element for which you were built, and in which you will be entrapped and in which you will work”.*

The “Maud” was ready and instinctively the thoughts turned into questions: Will she ever return to Volden? Have we seen her here for the last time? Many ships have come to rest in the great Arctic graveyard - the silent Polar Sea. He was right! In the years ahead, Maud and her crew spent their time in the Arctic ice trying to reach the North Pole. Although this goal was never reached, Maud conducted important, innovative and new-to-the-word scientific work. Much of the data Maud collected on her journeys were data the world had never before seen. Absolutely everything was of interest, from the conditions far above the vessel, to those on, inside and below the ice.

A scientific Polar Expedition

The wooden vessel Maud departed Norway in July 1918 under the command of polar explorer Roald Amundsen, with the aim of lodging in

the ice pack above the Bering Strait and drifting across the Arctic Ocean. The Maud was well equipped with scientific apparatus for making meteorological, geophysical, and oceanographic observations, including geomagnetic instruments and computational aids furnished by the Carnegie Institutions, Department of Terrestrial Magnetism.

Meteorologist/oceanographer H.U. Sverdrup was in charge of the expedition’s scientific work. During the next three winters, with the vessel icebound off the Siberian coast, important series of geomagnetic and auroral measurements were made - but the goal of drifting to the North Pole was unrealized.

During the second phase of the expedition (1922-1925), the Maud was locked in the ice for more than two years and drifted north-west as far as the New Siberian Islands. Once released, the vessel headed eastwards under its own power, but the expedition was forced to spend one more winter icebound during 1924-25. Extensive geomagnetic and atmospheric electricity data were collected during the drift and at winter quarters near Bear Island. The Maud finally returned to Nome in Alaska, 1925. The geophysical results of the expedition, prepared by Sverdrup, were published by the Carnegie Institution in 1927.

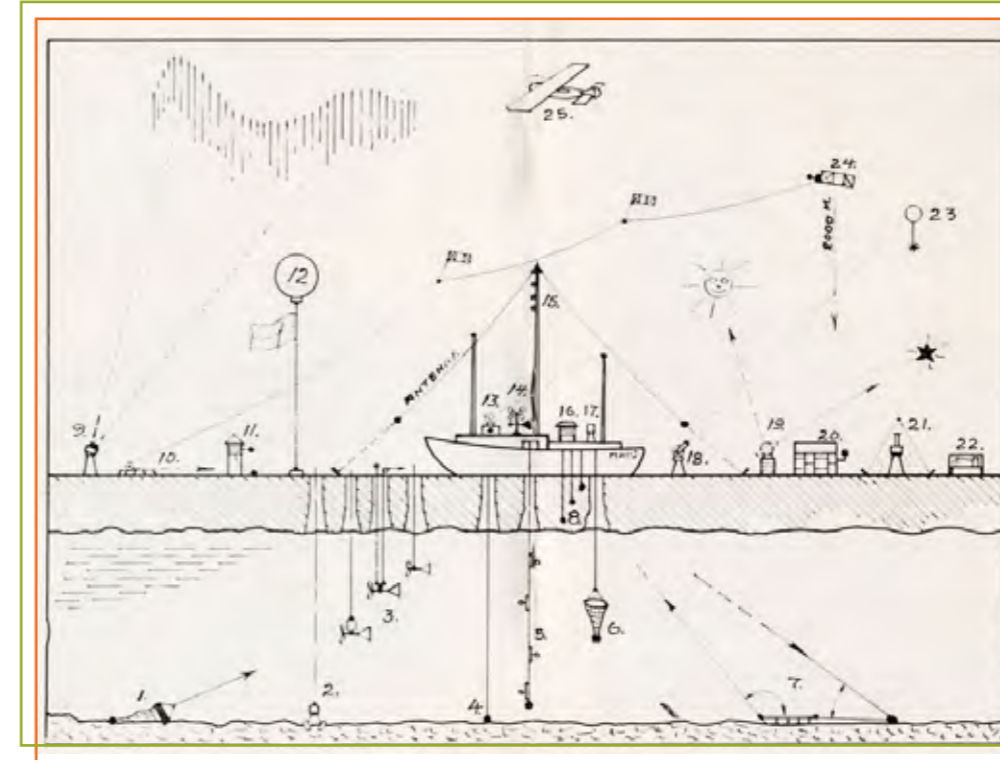


Illustration: Odd Dahl, Norsk Polarinstittutt

“Odd Dahl’s illustration of the extensive scientific work that was carried out during the Maud expedition 1918-25. Many important and interesting measurements, observations and specimens were taken over a long period in order to understand the arctic environment near the ship. Some of these measurements such as sea current (3), water depth (4), tidal movement (7), meteorological (10, 25), and specimen of sea bottom (1), water (5), etc. This scientific work gave knowledge to learn the geological aspects, climatic change, environmental conditions and astrological factors concerning the arctic area and the mother earth.”



Courtesy: Salwaterpeople, Seattle. Photo: Saltwater people

Unfortunately, in 1925, Maud was sold in auction due to the financial difficulties of the expedition team. The boat was then meant to operate in the Canadian arctic region, but due to her excessive draught she ended up in Cambridge Bay functioning as a combined workshop and weather station. In 1930, a leak developed around the propeller shaft, and due to the lack of tools to fix it, Maud sank in the shallow waters where she has resided until present.

For a very long time, Norwegians have dreamt of bringing Maud home. In the 1990’s the Asker Council (where she was built) made a serious attempt to bring her home, but in spite of the necessary permissions being given by the Canadian Authorities, it was not possible to raise the money needed to carry the project through.

Now, however, thanks to mr. Jan Wanggaard and his team, and to Tandberg Eiendom responsible

for the financial aspects of the project, Maud will probably be coming home.

The project will be undertaken during June 2015, and if all goes according to plan, she will be home in Vollen, Asker at the end of august. There, she will enter her final resting place, at the place of her birth, built into the new Oslofjord museum by the seaside.

When we started up Concedo in 2006, we introduced the words **“Knowing and creating”** indicating the knowledge and experience of the staff, combined with creativity to achieve something of future value.

Further, we have tried to define what qualities that are required by Concedo in order to be a successful exploration company. These qualities are similar to what Roald Amundsen and Harald Sverdrup

owned with Maud in order to explore the Arctic Pole and their search after new knowledge about the earth. Words like expectations, opportunities, prepared and endurance came to surface.

The foundation of Maud was knowledge and experience from previous expeditions. For instance, Maud was built a lot stronger than the ship Fram in order to manage the arctic ice. However, they used their crea-

tivity to explore new fields. They challenged the unknown.

As in all exploration and good projects, it takes much preparation and endurance. In addition, to bring Maud home is a challenging project and it takes a lot of endurance. Concedo will be looking forward to see Maud welcome to Asker, where we hold office.

**Mediocrity is
not an option!**



HILDE ALNÆS, SENIOR GEOPHYSICIST

On top of the world - Annapurna 1

There are many similarities between searching for oil far below the bottom of the sea and climbing to the top of the world's highest mountain. Very thorough preparations, endurance and knowledge of the area one is about to enter, are essential factors.

Concedo's Senior Geophysicist Hilde Alnæs is not exactly your everyday employee. Not only does she explore the deep sea in search of the next reservoir - on her 9th expedition she will climb one of the world's highest and most challenging mountains, Annapurna 1 in the Himalaya Mountains. Annapurna 1 is an enormous Himalayan massif standing at 8091 m making it the 10th-highest summit in the world and one of the 14 «eight-thousanders»*.

«It gets in your blood», Hilde says. On her first expedition she had an old Fjellreven jacket, sneakers and a packet of paracetamol. The rest she procured along the way. Her equipment has since gradually become more voluminous, but she still believes that she can manage with moderate quantities. She carries her personal belongings herself (a back pack weighing max 20 kg). The rest is carried with good help from sherpas.

Mentally she has been preparing for this journey for 10 years. Physical preparations consist of all-round training, strength and interval training. No matter how good a person's mental and physical form is, one never knows who or what one may encounter. Height is the greatest danger. Genetically speaking Hilde copes well with height and has not suffered any serious mountain sickness.

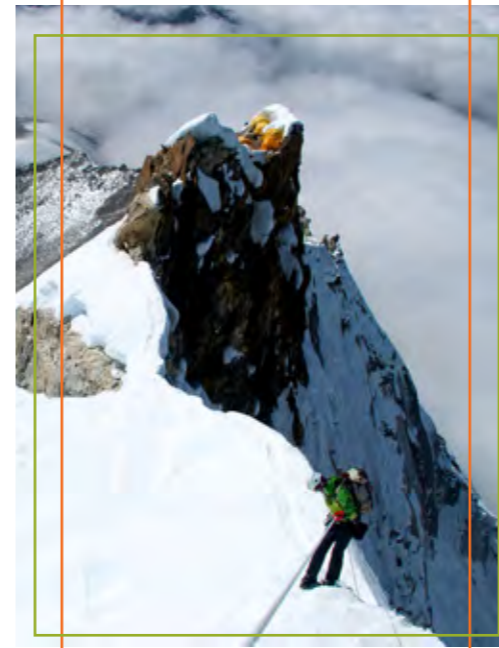
«The last to reach Base camp wins» is the recurring theme. Far too many stress up the mountain side, instead of taking it more slowly and allowing the body to become accustomed to the steadily decreasing supply of oxygen. Never having sufficient oxygen is not only a physical, but also a mental strain. It can be compared with breathing through a straw during heavy training.

At the time of writing it is spring in the mountains. The weather is relatively stable and the wind blows the snow away. Nonetheless there is risk of snow slides and demanding conditions on Annapurna 1. Hilde says that most accidents happen on the way down. After reaching the summit, one is tired out. From experience she knows that when one thinks that he or she has reached rock bottom,

Hilde Alnæs is experienced in both heights and depths. With Tore Sunde-Rasmussen (mountaineer and retiree) she, on her ninth climbing expedition, is going to measure forces against Annapurna 1. If they succeed, it will be the first time a Norwegian reaches the summit of this mountain, which is one of the most dangerous to climb. And why is she going to do this? - Well, because the mountain is there.

George Mallory

For the stone from the top for geologists, the knowledge of the limits of endurance for the doctors, but above all for the spirit of adventure to keep alive the soul of man.



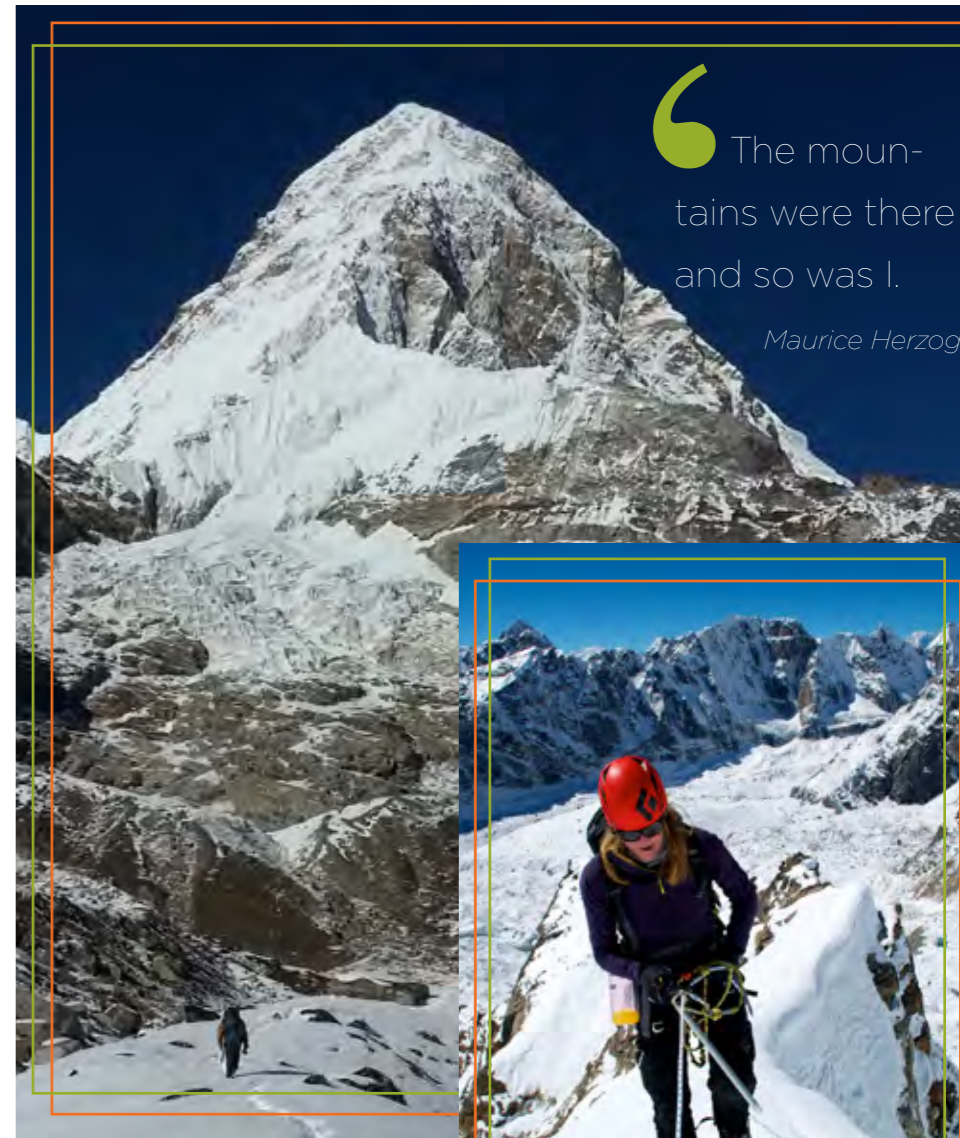
Annapurna, to which we had gone empty-handed, was a treasure on which we should live the rest of our lives. With this realization we turn the page: a new life begins.

Maurice Herzog

they are only half way. Moreover they are climbing with mountain sickness at heights known as the death zone**.

In the Himalayas mini towns pop up twice a year, populated by mountaineers and adventurers from all over the world. All with the same dream of reaching the summit. Unwritten rules develop in such an environment. People take care of each other, sharing excess equipment and experiences. Sorrow too, when someone is taken by the mountain. Hilde has seen how merciless the mountain is. They are all aware of the risks they are taking and that this may be their last trip.

The Annapurna peaks are among the world's most dangerous mountains to climb. In particular, some consider the ascent via the south face the most difficult of all climbs. Annapurna 1 has a fatality-to-summit ratio of 32% which is the highest of any of the eight-thousanders: as of March 2012, there have been 52 deaths during as-



The mountains were there and so was I.
Maurice Herzog

cents, 191 successful ascents, and nine deaths upon descent, which means that «for every three thrill-seekers that make it safely up and down Annapurna 1, one dies trying.»***

One feels small when facing these mountains. Humble when face to face with nature's uncontrollable forces. Strong from challenging oneself far beyond what one believes is possible. Standing on the summit is only a small part of the experience. «Climbing up is optional, getting down is obligatory.»

Have a nice trip, Hilde!

* The eight-thousanders are the 14 independent mountains on Earth that are more than 8,000 metres high above sea level. All eight-thousanders are located in the Himalayan and Karakoram mountain ranges in Asia. Reference: en.wikipedia.org/wiki/Eight-thousander

** The death zone, in mountaineering, refers to altitudes above a certain point where the amount of oxygen is insufficient to sustain human life. This point is generally tagged as 8,000 m / less than 356 millibars of atmospheric pressure. Reference: "Everest: The Death Zone". Nova. PBS. 1998-02-24

*** Reference: "Stairway to heaven". The Economist. May 29, 2013

Senior Geophysicist Hilde Alnæs Expeditions:

- 1992 Kilimanjaro (Africa)
- 1993 Satopanth & Badrinath (India - Himalaya)
- 1994 Aconcaqua (Argentina - Andes mountains)
- 1998 Dolma Ri (Nepal -Himalaya)
- 2006 Lhotse (Nepal - Himalaya)
- 2009 Antarctic Peninsula (Randonné ski)
- 2011 Ama Dablam (Nepal - Himalaya)
- 2013 Pumori SW-ridge (Nepal -Himalaya)
- 2014 Mt. Damavand (Iran - Randonné ski)
- 2015 Annapurna I (Nepal - Himalaya)

Licence portfolio

BARENTS SEA

Loppa High

Johan Castberg

Gohta

Snøhvit

Article:
Carbonates in the Barents
- A potential new play
(page 18-19)

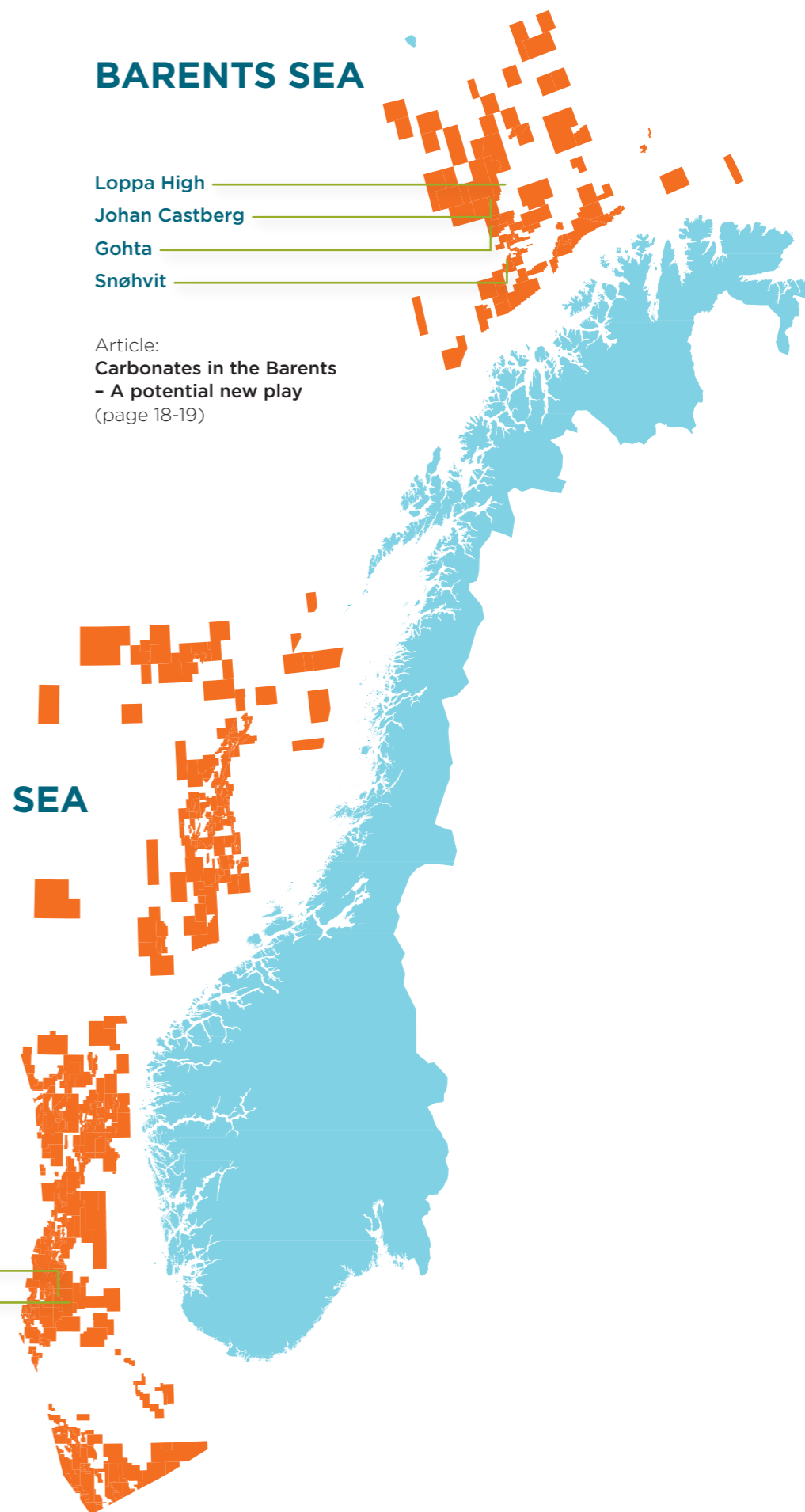
NORWEGIAN SEA

NORTH SEA

Utsira High

Johan Sverdrup

Article:
Licence 001 - the past,
the present and the future
(page 14-15)



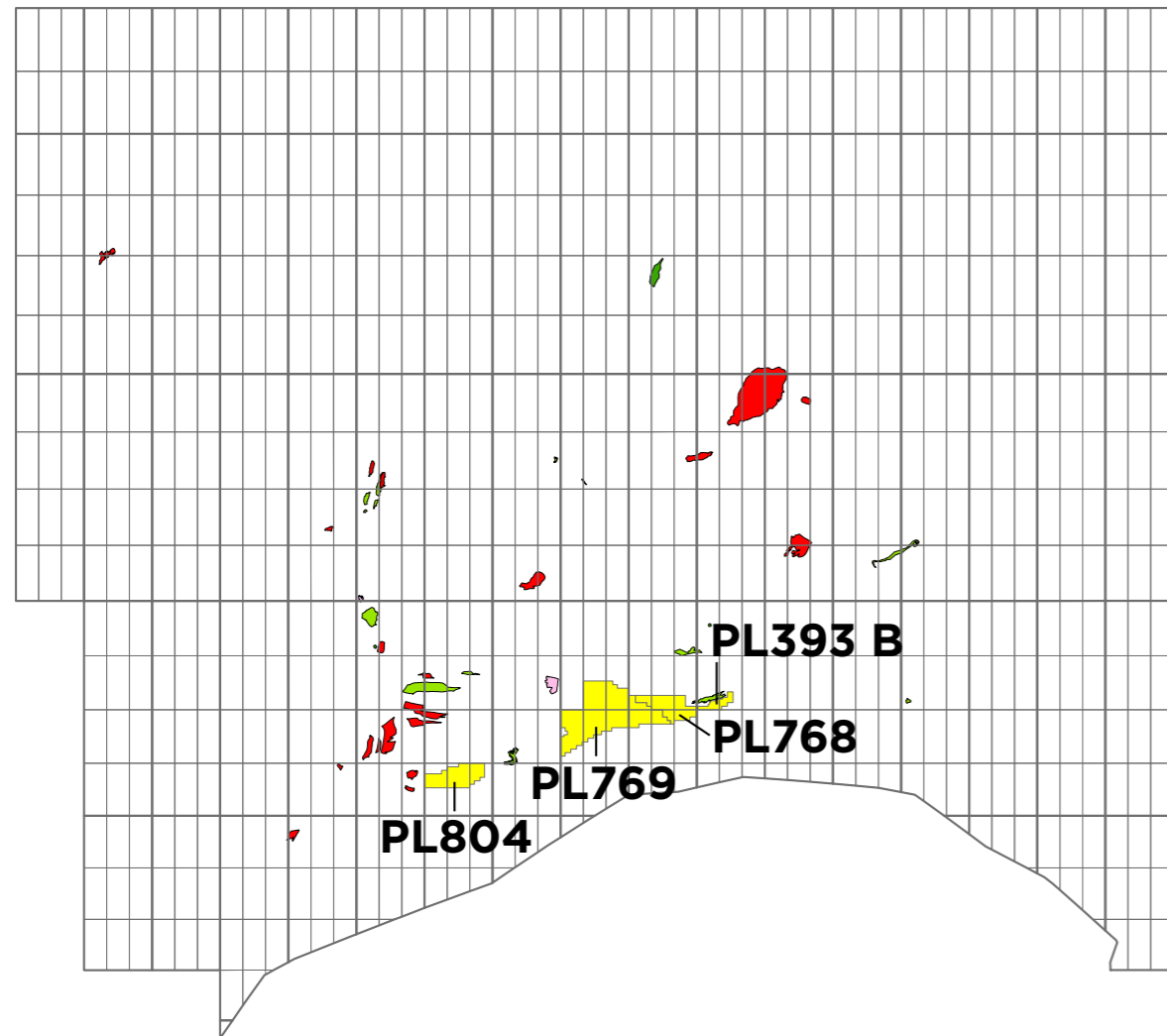
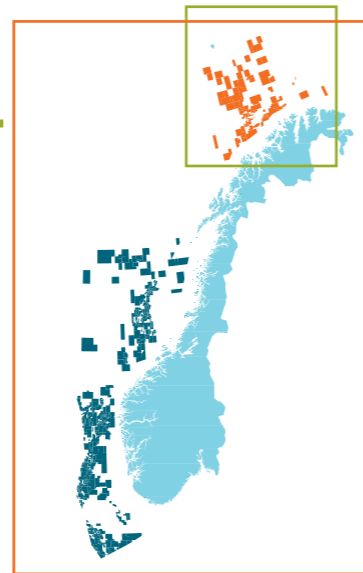
LICENCE PORTFOLIO BARENTS SEA

- PL 393 B** Concedo interest: 20% (farmed in 2013)
Operator: Statoil Petroleum AS
Granted: additionally to 19th Concession round

- PL 768** Concedo interest: 25%
Operator: Wintershall Norge AS
Granted: APA 2013

- PL 769** Concedo interest: 20%
Operator: OMV Norge AS
Granted: APA 2013

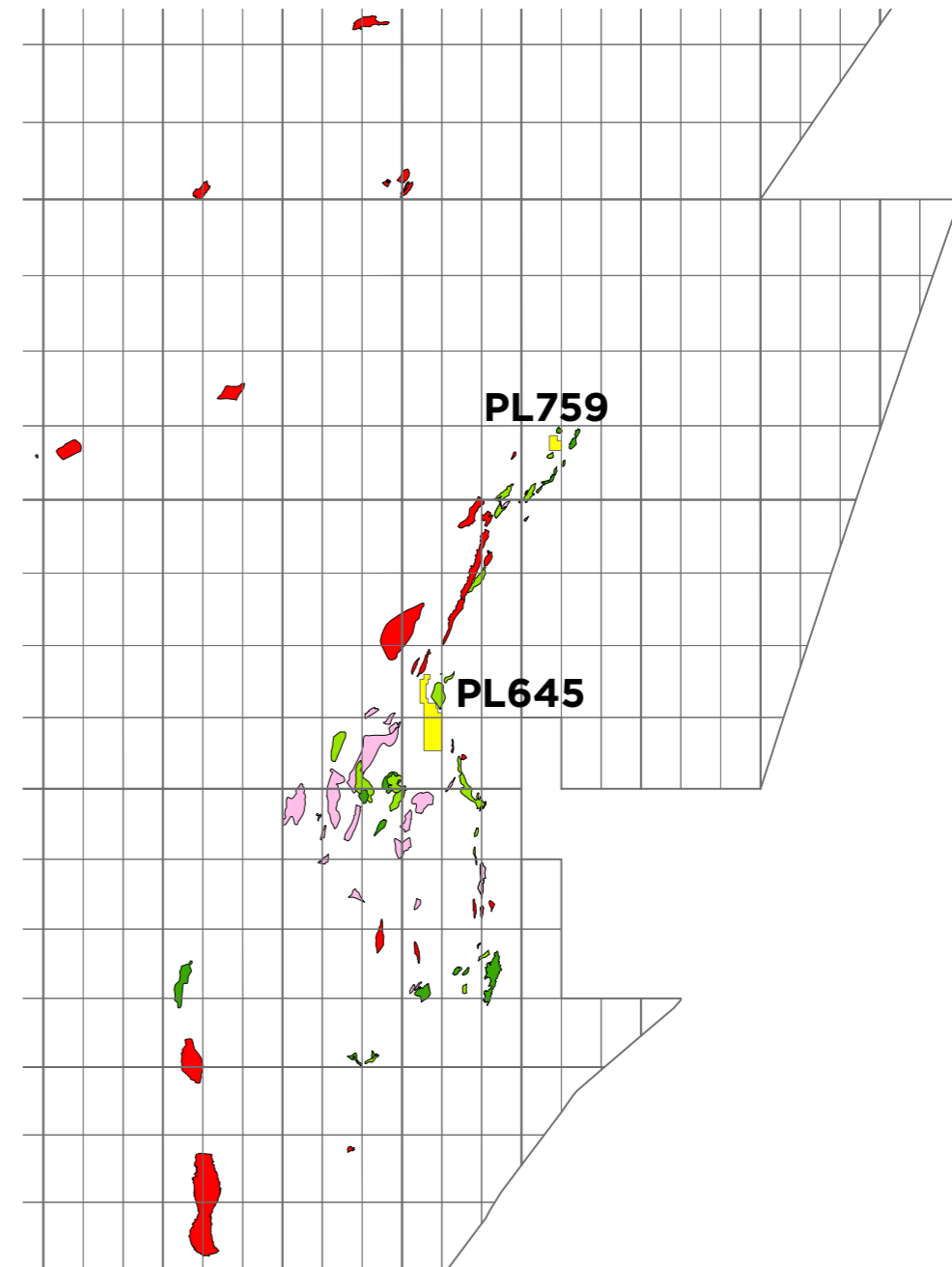
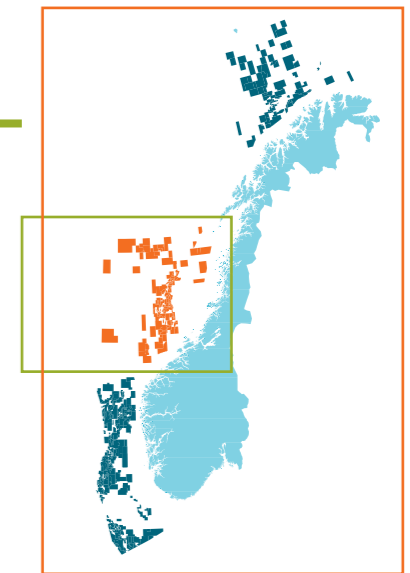
- PL 804** Concedo interest: 30%
Operator: Wintershall Norge AS
Granted: APA 2014



LICENCE PORTFOLIO NORWEGIAN SEA

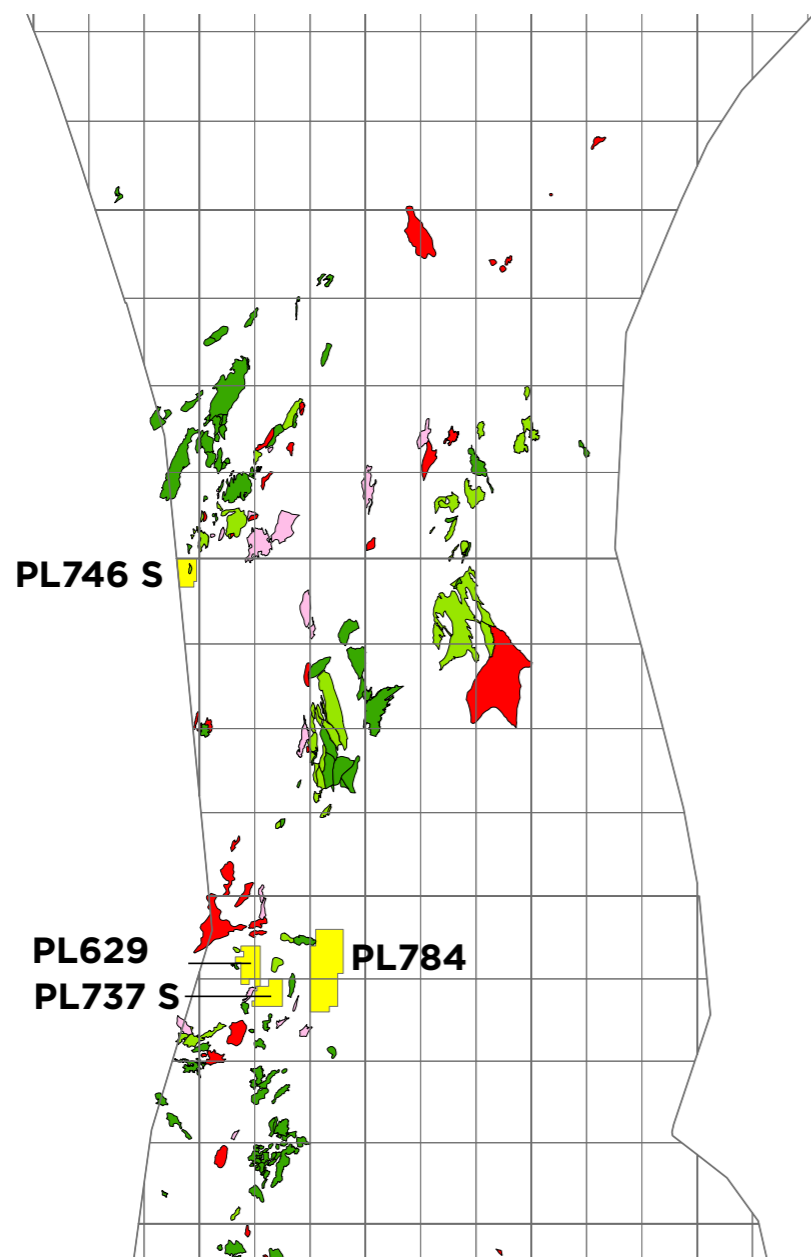
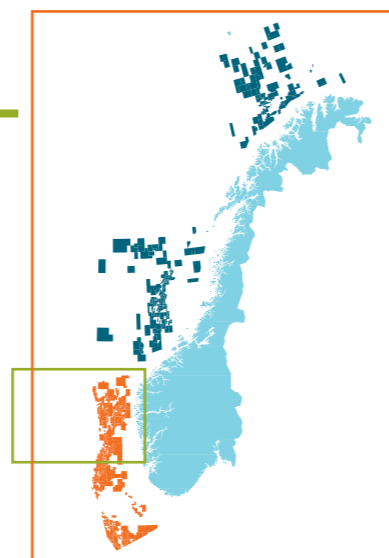
- PL 645** Concedo interest: 10% (farmed in 2013)
Operator: Faroe Petroleum Norge AS
Granted: APA 2011

- PL 759** Concedo interest: 30%
Operator: Edison International Norway Branch
Granted: APA 2013



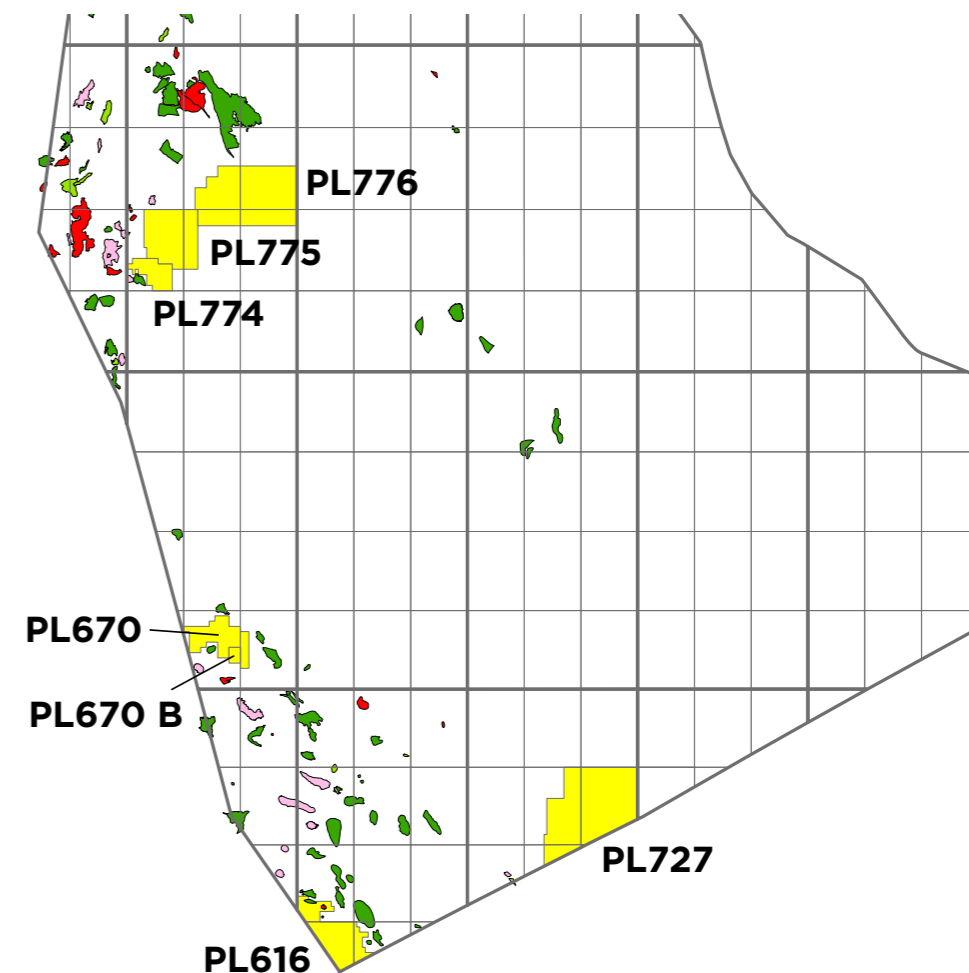
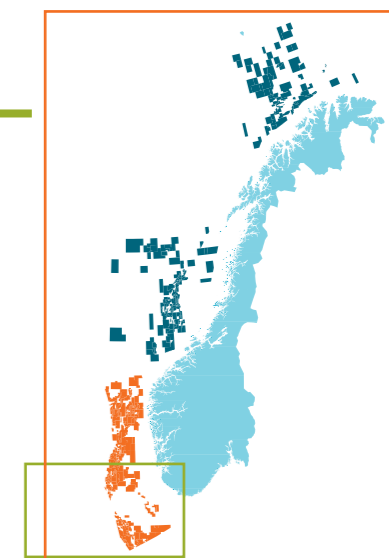
LICENCE PORTFOLIO NORTHERN NORTH SEA

- PL 746** Concedo interest: 30%
Operator: Rocksource Exploration Norway AS
Granted: APA 2013
- PL 629** Concedo interest: 20%
Operator: Centrica Resources Norge AS
Granted: APA 2011
- PL 737 S** Concedo interest: 30%
Operator: Dana Petroleum Norway AS
Granted: APA 2013
- PL 784** Concedo interest: 20%
Operator: Tullow Oil Norge AS
Granted: APA 2014



LICENCE PORTFOLIO SOUTHERN NORTH SEA

- PL 670** Concedo interest: 20%
Operator: Tullow Oil Norge AS
Granted: APA 2012
- PL 670 B** Concedo interest: 20%
Operator: Tullow Oil Norge AS
Granted: APA 2013
- PL 727** Concedo interest: 30%
Operator: Edison International Norway Branch
Granted: APA 2013
- PL 616** Concedo interest: 20%
Operator: Edison International Norway Branch
Granted: APA 2011
- PL 774** Concedo interest: 30%
Operator: Tullow Oil Norge AS
Granted: APA 2014
- PL 775** Concedo interest: 20%
Operator: Tullow Oil Norge AS
Granted: APA 2014
- PL 776** Concedo interest: 20%
Operator: Tullow Oil Norge AS
Granted: APA 2014



Directors' report

2014

General

In a generally turbulent world with falling oil prices, Concedo has worked incessantly throughout 2014 with the aim of achieving its long-term objective – making new oil discoveries. The company has made use of the year to become a still better exploration company. Its most important tool is its exploration team. This team has been further optimised with regard to specialisation in knowledge and expertise. Here we can mention specialisation and improvement in use of new and traditional technology in its exploration activities. Apart from use of ordinary seismic, the company employs several technologies, such as electro-magnetic methods, special processing of seismic and special studies. The company is not tied to one particular technology, but the key is use of the right technology in the right place.

The great fluctuations in oil prices during the year do not affect the company's operations. The objective is the same and the company is in an even better position to tackle the challenges that face an exploration company. Oil prices are at exactly the same level now as they were when Concedo started its operations 8 years ago. Low oil prices give the company new possibilities in the form of lower exploration costs.

The improvements in the exploration team and our knowledge described here, have already given good results in the work on applications in the APA 2014 round of applications. Concedo was awarded five licences that the company is very satisfied with. The company now has after the award a portfolio of 17 licences that give high probability of future discoveries. The award of Licences in

Norway is primarily based on technical performance in the applications at a low application fee.

2014 was a very active year, with participation in three wells. One of these resulted in a discovery but it was not commercially viable alone. All wells are being analysed in detail with a view to new possibilities and knowledge building.

Concedo holds all-together seventeen exploration licences, eleven in North Sea, two in the Norwegian Sea and four in the Barents Sea. This portfolio is a strong starting point to pursue exploration prospects. The company is financially healthy and well positioned to pursue these opportunities.

Objectives and strategy

Concedo's wants to be one of the best exploration teams on the Norwegian Continental Shelf (NCS). This means capitalising on the team's excellent knowledge of leads and unmapped resources on the NCS, working in those areas most aligned with the strengths of the technical team and creating value by selling discoveries prior to development. The company avoids capital-intensive investments in development projects.

Highlights 2014

Focus has been on improving the operations of the exploration team, use of dedicated technologies and obtain good exploration Licences. The company was awarded five Licences in APA 2014, which with further work will have a good chance of success. It was drilled three wells in 2014 of which one was discovery. The discovery is none-commercial on its own. The company is financially sound.

Drilling

The following three wells were drilled in 2014:

In January 2014 the **Novus** well proved a small oil and gas discovery. The Novus exploration well 6507/10-2S in Production Licence 645 was spudded on 11 November 2013 and completed in February 2014. It was targeting the Jurassic reservoirs of the Garn, Ile, and Tilje formations on the Novus prospect. Concedo has 10% working interest in the Licence.

The proven hydrocarbon volumes in Novus declared to be of a none-commercial size on a standalone basis.

In April 2014 GDF SUEZ E&P Norge AS, operator of Production Licence 607, concluded drilling of the **Byrkje** well 7217/8-1. Concedo had 20% working interest in the Licence.

The well was drilled about 65 kilometres southwest of the oil and gas discovery Johan Castberg and 130 km northwest of the Snøhvit field in the Barents Sea. The well's primary exploration target was to prove petroleum in Upper Cretaceous reservoir rocks.

The well encountered shallow siltstone layers in the Kviting formation with elevated gas readings in a gross interval of about 35 meters. Mobile gas was detected in a sandy siltstone layer. Reservoir rocks were not encountered in the Kolmule formation. The well was classified as dry, with traces of gas.

Statoil Petroleum AS, operator of production licence 393 B, completed drilling of the **Ensis** well 7125/4-3 near the Nucala discovery. The well is dry. The well was drilled about four

kilometres south of the Nucula oil and gas discovery and about 105 kilometres northeast of Hammerfest.

The exploration target for the well was to prove petroleum in Early Cretaceous reservoir rocks (intra-Knurr formation). The Ensis well encountered approx. 35-meter thick reservoir rocks with poor reservoir quality in the Knurr formation.

New Licences

Concedo was awarded five partnerships in licences in January 2015 of the APA 2014 round, which was encouraging and aligned with the priorities of the company. Four Licences are in the North Sea and one in the Barents Sea. Three Licences are located just south of the Johan Sverdrup field, an area with potential oil migration. The Concedo staff has significant experience in this promising area. One Licence is located next to the Frigg-Gamma-Delta discovery. In the Barents sea, Concedo received a Licence close to the Goliath field.

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

North Sea

PL 776 (20%) – in the blocks 16/5, 6, 8 and 9. The work programme is reprocessing of 3D seismic and drill or drop decision after one year. Tullow is operator.

PL 775 (20%) – in the block 16/7, 8. The work programme is reprocessing of 3D seismic, and drill or drop decision after one year. Tullow is the operator.

PL 774 (30%) – in the block 16/7. The work programme includes carrying out G&G studies, drill or drop decision after two years. Tullow is the operator.

PL 784 (20%) – in Blocks 25/3,6. The work programme is acquisition of 3D seismic and two years before drill or drop decision. Tullow is the operator

Barents Sea

PL 804 (30%) – in Block 7121/10,11,12. The work programme is reprocess-

ing of 3D seismic, and two years before drill or drop decision. Winthershall is the operator.

Other licence activities in 2014:
PL393B (20%): The drilling of the Ensis prospect.

PL 616 (20%): A drill decision of the Haribo well has been taken. The drilling will take place in the summer of 2015.

PL 629: The Licence will be relinquished.

PL 645 (10%): Evaluation after the Novus well and evaluation of additional prospectivity in the Licence.

PL 670: Interpretation and re-processing of seismic is ongoing.

PL 670B: Administered with **PL 670**

PL 727: Prospect mapping and evaluation is ongoing based on new 3D seismic.

PL 737s: Reprocessing of 3D seismic is ongoing.

PL 746s: Prospect mapping and evaluation is ongoing.

PL 759: Prospect mapping and evaluation is ongoing.

PL 768: 2D seismic has been acquired. Prospect mapping and evaluation is ongoing.

PL 769: Reprocessing of 3D seismic is ongoing.

PL531, 541 and 680 have been relinquished and **PL 607** (20%) was divested in 2014.

Financing

The company decided to utilize a one-year extension option of the exploration Finance Facility with DNB of NOK 350 mill in 2014. This will meet the level of working capital needed for the exploration program going forward in 2015.

Business office

Concedo has modern offices in Asker outside Oslo.

History

Concedo was established as an

exploration company and pre-qualified as a Licensee on the Norwegian Continental Shelf in 2007. From the beginning, the company had a strong team of eight experienced and competent employees. The team has grown in pace with assignments and number of licences in our portfolio. In 2014 Concedo had 13 employees. The first discovery (gas) was made in 2008, the Galtvort prospect and in 2009 oil was found in the Gygrid prospect, both in licence PL 348. Concedo's interest in this licence was sold to Statoil in 2010. In 2010, Maria discovery was proven oil-bearing, just south of the Smørbukk South field. This was sold to the operator Wintershall in 2011. The Novus discovery was made in the early 2014, but was declared non-commercial. In 2014 Concedo divested the PL 607 to Total E&P.

Research and Development

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

Since 2008, Concedo has been involved 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. Concedo has over several years tested out several new exploration technologies, and has concluded on which technologies are most suited for the different exploration areas.

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

Health, Safety and the Environment

The company's aim is that all activities shall be carried out without injury to human beings or the

environment. Safeguarding people, the environment and economic assets is an integral part of our management system and daily operations. There were no spills, no injuries or accidents in 2014.

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 with expertise and experience in preventing undesirable incidents while participating in drilling operations. In the planning of drilling operations on the Ronaldo, Darwin, Brattholmen and Novus prospects, Concedo was actively involved in risk assessment and audit meetings.

The working environment is considered good and there is a continuous effort to improve it further. In 2014, the employees participated in health and environment activities to prevent injuries. Sick leave in 2014 was 36 days or 1,12% of total work hours.

An HSE audit of the company's management system and compliance with it was carried out in March 2014 by AGR. The conclusion was that Concedo maintained operations in line with the descriptions in the Business Management Manual and the underlying procedures. Concedo 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 2014 there were thirteen employees, three women and ten men. The Board of Directors has five directors, two women and three men. Concedo emphasises equality between the genders and the equal treatment of all employees.

Sustainability and responsibility

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

It is an integral part of our business to ensure respect for human rights, take responsibility as an employer,

minimize our effect on the environment, fight corruption, and enhance a transparent corporate culture towards all our stakeholders. We consider this necessary and a natural part of the way we carry out our business operations.

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

- Continuously improve our business practices in compliance with the Norwegian Authorities' requirements and expectations
- Maintain an open and reflective dialogue with stakeholders
- Make decisions based on how they affect our interests and the interests of society
- Identify gaps between our goals and actual performance, and improve

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

Concedo maintains simple and transparent systems that enable us to implement and meet internal and external sustainability expectations on an operational level.

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

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

Our management system and routines cover the issues described above related to our CSR policy.

Corporate Governance

The company's management system for owner control and management are in accordance with Norwegian recommendations. Concedo

complies, where relevant, with the Norwegian Code of Practice (NUES) regarding Corporate Governance.

The Board of Directors held 8 meetings in 2014. Key strategic and operational issues that were covered include:

- Close monitoring of operational and financial performance, including Quality, Health, Safety and Environment. Lessons-learned discussions after completion of important activities such as drilling of wells and awards in concession rounds.
- Strategic balancing of portfolio of exploration licences and assessment of licence applications in APA 2014 and 22nd licensing rounds
- Assessment of investment opportunities
- Supervision of risk management processes and internal control reporting

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 Liability companies.

Financial Performance 2014

Financial statements are prepared in accordance with the law on public limited liability companies, the Norwegian Accounting Act and generally accepted accounting principles in Norway. To the best of the Directors' knowledge, there are no circumstances of significance for judging the company's position as of 31.12.2014 or the result for 2014 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 31.12.2014 and of the result and cash flows during the fiscal year.

Revenues and profits

In 2014 the company had NOK 32 mill in revenue, mainly from sales of Licence PL 607. The operating loss was NOK 269 mill. The year's loss after tax was NOK 43 mill. The company continued investments in

exploration activities for a sum totalling NOK 284 mill. in 2014. The company claims reimbursement of the tax value of the exploration cost of NOK 215 mill. Exploration activities consist of the company's operating expenses, licence costs, seismic surveys and exploration wells. Costs related to preparation of drilling exploration wells are recognised in the balance sheet. The capitalized cost related to drilling depends on whether commercial reserves are discovered or not. Three no-commercial wells were drilled during 2013/2014 and the cost was expensed. Exploration expenses connected to the preparation of wells in the licences PL 616 and PL 746 have been capitalised with NOK 5 mill.

Balance sheet and liquidity

At year-end 2014, the company's booked equity amounted to NOK 241 mill, an equity ratio of 53 %.

The company's interest bearing debt origins from the loan facility of NOK 350 mill of which NOK 200 mill was utilised as of 31st December 2014. The debt is secured by the tax related reimbursement of the exploration cost.

It is expected that the tax-related reimbursement resulting from exploration activities in 2014 will be NOK 216 mill. The company has a loan facility for NOK 350 mill with DNB, i.e. NOK 200 mill utilised.

Cash flow

Net cash outflow in 2014 was NOK 79 mill from operational activities. This included tax refund of NOK 253 mill. Net cash inflow from investing

activities was NOK 26 mill. Net cash outflow from finance activities was NOK 58 mill.

Distribution of profit

No dividend was distributed in 2014

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 provides financial flexibility. The Directors consider the liquidity to be good.

Going concern

The financial statements have been prepared based on the going concern assumption. In compliance with section 3-3a of the Accountancy Act, we confirm that the requirements for a going concern are satisfied.

Future prospects

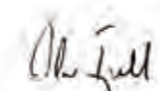
Concedo's exploration team is in a good position to make new discoveries.

According to Norwegian Directorate of Petroleum, 37% of the resources on the Norwegian Continental Shelf remain to be discovered, so that there is still a great deal to be found. The North Sea has given the greatest surprises and substantial discoveries in an area that was allocated for the first time in the very first licensing round on the Norwegian shelf in 1965. Johan Sverdrup is one of the larger finds that will be developed on the Norwegian shelf. The last licences awarded to Concedo are in this highly interesting area of the North Sea, just south of Johan Sverdrup, where we have high hopes of making discoveries.

In 2015 Concedo will participate in drilling a well in licence PL 616, farther south in the North Sea. The well is situated about 9 km west of the Vallhall field. The well is to confirm the reservoir in porous chalk of a type similar to that in the Vall hall Field.

Among Concedo's 17 licences, only this well has been committed. So far, the company will participate actively and contribute knowledge so that wells will be drilled in more of the licences in coming years. The exploration team is motivated by the opportunities and believe that these possibilities will lead to more discoveries for Concedo in the not too distant future.

Asker, 9th March 2015



Olav Fjell
Chairman



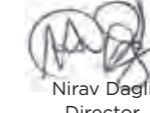
Erik Klausen
Director



Karen Sund
Director



Hege Wullum
Director



Nirav Dagli
Director



Geir Lunde
CEO

Annual statements

2014

Concedo ASA

Profit and loss account 2014

Figures are given in the Norwegian currency NOK

	Note	2014	2013
Sales revenue	2	1 854 552	0
Other operating revenues	2	29 874 987	0
Total operating revenues		31 729 538	0
Depreciation on fixed and intangible assets	4	-445 908	-467 867
Exploration expenses	3,10,14	-299 819 089	-328 876 470
Total operating expenses		-300 264 997	-329 344 336
Operating profit/loss		-268 535 459	-329 344 336
Other interest received		7 033 691	9 500 740
Other financial income		9 446 744	1 778 720
Total financial income		16 480 434	11 279 461
Other interest paid		-12 716 598	-11 982 495
Other financial expenses		-8 527 594	-2 272 881
Total financial expenses		-21 244 192	-14 255 377
Net financial items		-4 763 758	-2 975 916
Pre-tax profit/loss on ordinary activities		-273 299 217	-332 320 252
Tax cost on profit on ordinary activities	7	229 872 295	256 490 373
Ordinary profit/ (loss)		-43 426 922	-75 829 880
Income/loss for the year		-43 426 922	-75 829 880
Allocation			
Other reserves	6	-43 426 922	-75 829 880
Total		-43 426 922	-75 829 880

Concedo ASA

Balance Sheet as of 31 December 2014

Figures are given in the Norwegian currency NOK

ASSETS	Note	2014	2013
Fixed assets			
Intangible assets			
Deferred tax assets	7	14 379 241	0
Capitalised exploration expenses and licences	4	4 778 392	20 414 948
Total intangible assets		19 157 633	20 414 948
Tangible fixed assets			
Operating equipment, FF&E etc.	4	617 413	165 521
Total tangible fixed assets		617 413	165 521
Total fixed assets		19 775 046	20 580 469
Current assets			
Receivables			
Other receivables	9	220 328 752	255 193 352
Total receivables		220 328 752	255 193 352
Bank deposits, cash-in-hand etc.	8	216 203 730	326 452 033
Total bank deposits, cash-in-hand etc.		216 203 730	326 452 033
Total current assets		436 532 482	581 645 385
Total assets		456 307 528	602 225 854

Concedo ASA

Balance Sheet as of 31 December 2014


Figures are given in the Norwegian currency NOK

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	2014	2013
EQUITY			
Called up and fully paid share capital			
Share capital	5,6	2 430 066	2 380 412
Treasury shares		-158 379	-108 725
Share premium	6	4 567 126	1 410 458
Total called up and fully paid share capital		6 838 813	3 682 145
Retained earnings			
Other reserves	6	234 110 753	285 820 721
Total retained earnings		234 110 753	285 820 721
Total Equity		240 949 566	289 502 866
LIABILITIES			
Provisions for liabilities and charges			
Deferred tax	7	-	36 373
Total provisions for liabilities and charges		0	36 373
Total long-term liabilities		0	36 373
Current liabilities			
Owed to credit institutions	11,13	200 015 122	251 635 267
Trade creditors		717 238	874 426
Unpaid government charges etc.		1 730 750	1 547 866
Other current liabilities	12	12 894 853	58 629 057
Total current liabilities		215 357 963	312 686 615
Total liabilities		215 357 963	312 722 988
Total Equity and Liabilities		456 307 528	602 225 854

Asker, 9 March 2015



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	2014	2013
Pre-tax result		-273 299 217	-332 320 252
Adjustments for reconciling current year's result with cash flow from operating activities:			
Gain from sale of licence interests		- 29 874 987	-
Depreciation, amortisation and write-downs	4	445 908	467 867
Capitalised exploration costs expensed		20 412 753	1 3 223 554
Other items having no cash effect – subscription rights		766 627	1 727 600
Tax reimbursement received in period	7	252 550 338	136 160 645
Change in working capital (except for cash and cash equivalents):			
(Increase) reduction in trade debtors and other receivables		-2 229 058	816 299
Increase (reduction) in trade creditors and other current debts		- 47 361 991	5 1 964 435
Cash flow from operating activities		-78 589 626	-127 959 852
INVESTMENT ACTIVITIES			
Investments in fixed assets	4	-897 800	-188 198
Capitalised exploration expenses	4	-4 776 196	-16 724 689
Sale of assets		0	521 843 897
Cash flow spent on investment activities		25 854 473	-10 314 476
FINANCING ACTIVITIES			
Share issue	6	3 206 322	110 594
Purchase of treasury shares	6	-9 099 328	-23 070 124
New interest-bearing short-term debt	11	90 500 000	127 000 000
Repayments short-term debt	11	-142 120 145	-8 364 733
Cash flow spent on financing activities		-57 513 151	95 675 737
Net increase (reduction) in cash and cash equivalents		-110 248 303	-42 598 592
Cash and cash equivalents at beginning of year		326 452 033	369 050 625
Cash and cash equivalents at end of year		216 203 730	326 452 033

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 licenses

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

Accounting for exploration costs

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

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

Receivables

Trade receivables and other receivables are recognised 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.

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 accounted for according to the matching principle. The year's contribution to the pension scheme is expensed.

Share-based remuneration

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

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

Taxes

Tax expenses are matched with book income before tax.

Tax expenses consist of payable tax (tax on the year's direct taxable income), change in net deferred tax and anticipated reimbursements related to exploration costs.

Deferred tax and deferred tax benefits in the same tax regime are presented net in the balance sheet. Deferred tax benefit is recognised in the balance sheet provided that the future use is rendered probable.

Cash flow analysis

The cash flow analysis is prepared using the indirect method.

Note 2

Sales revenues

	2014	2013
Consulting services/ Income in Norway	1 854 551	0
Gain from sale of licence	29 874 987	0
Total	31 729 538	0

Gain from sale of license relates to sale of 20% share in PL607

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	2014	2013
Salaries	16 863 048	14 464 255
Employers payroll tax	2 451 497	1 732 887
Pension costs	1 171 062	903 916
Share-based remuneration	766 627	1 727 600
Other benefits	74 630	170 880
Total	21 326 864	18 999 538
Number of man-years employed during the financial year	13	13

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

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

Remuneration paid to directors and management	Salary	Pension- costs	Other remuneration
Geir Lunde (CEO)	1 503 325	97 410	736 416
Olav Fjell (Chairman of the Board)			150 000
Erik Klausen (Director and HSE manager)	1 435 112	89 310	703 275
Hege Wullum (Director)			100 000
Karen Sund (Director)			100 000
Nirav Dagi (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.

Share-based remuneration

With the approval of the AGM, the Directors of Concedo have awarded the employees 347 808 subscription rights as of 1 January 2014. During 2014 the amount of 239 456 subscription rights were exchanged into shares. On 11 December 2014, the Directors decided to distribute 78 991 subscription rights in accordance with the guidelines for remuneration of senior management.

The fair value of the subscription rights awarded, calculated according to Black & Scholes option pricing model,

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

was NOK 9 832 860. NOK 766 627 was expensed in 2014. At December 31, 2014, the estimated amount of share-based remuneration cost yet to be expensed throughout the vesting period is NOK 1. 071.092.

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 % months. The standard deviation from the expected yield is estimated at 50 %.

Number of subscription rights	2014	2013
Outstanding as of 1 January	347 808	861 363
Awarded during year	78 991	19 778
Forfeited during year	0	0
Exercised during year	-239 456	-533 333
Expired during year	0	0
Outstanding as of 31 December	187 343	347 808

Average gross exercise price is NOK 40.1 per share. According to 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 2014:

The Board established guidelines for 2014 for Managing Director, other senior executives and the Board members. The guidelines were processed at the company's annual general meeting in 2014 and described in the Concedo Annual Report 2013.

Managing Director and other Senior Executives

For the year 2014 subscription rights were allocated for the value equivalent to 25 % of the achievable target 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 22 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	22	6 760
Erik Klausen	22	6 470
Morten Hedemark	22	6 470
Ole H Fjelltun	22	6 470
Odd E Baglo	22	6 470
Elisabet Malmquist	22	6 470
Enric Leon	22	3 782
Dirk van der Wel	22	3 882
Anders Finstad	22	5 506
Juergen Sclaf	22	5 673
Ane M Skaug Rasmussen	22	4 727
Hilde Alnæs	22	4 727
Tommi Rafael Rautakorpi	22	6 470
Total	22	73 877

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

Directors of the Board

For the year 2014 subscription rights for the equivalent of 25 % of the achievable target were allocated in accord-

ance with the guidelines. Every subscription right gives the right to issue one share in the company at a price corresponding to an estimated market price of NOK 22 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	22	1 705
Erik Klausen	22	0
Karen Sund	22	1 136
Hege Wullim	22	1 136
Nirav Dagli	22	1 136
Total	22	5 114

In total, 78 991 subscription rights were allocated in 2014 that can be exercised after 3 years and before 5 years, pursuant to Board Resolution of 17 December 2014 on the basis of the approved guidelines for 2014 and detailed conditions to be decided in the General Meeting 2014.

Guidelines for 2015:

At the annual general meeting in 2015, the Directors will present the following statement regarding pay for the CEO, other senior staff and the Directors in 2015:

(i) Basic pay:

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

(ii) Incentive programme:

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

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

For Directors who are not employed by the company, the number of subscription rights shall, pursuant to the Board guidelines, be calculated by dividing a part - maximum 100% - of the annual fee by the market price of the shares. The maximum number of subscription rights for each Director will therefore be equivalent in value to up to 100% of that Director's fee during the year, divided by the market price of the shares. The market price of the shares will be determined by an arm's length public

accountant or other arm's length person having expert knowledge of the matter. Subscription rights can at the earliest be exercised at IPO or in the event of sale of the company. Subscription rights can otherwise be exercised at any time between 3 and 5 years from the allocation. Exercise of subscription rights is not dependent on whether he or she is the member of the Board of the company or not.

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

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

(iii) Bonus scheme:

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

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

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

Auditor

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

	2014	2013
Statutory audit	180 000	160 000
Audit-related services	55 000	37 800
Certification services	0	5 100

Note 4

Tangible/ Intangible assets

	Furniture & Fixtures	Plant & Machinery	Purchases of licence interests, exploration wells	Total
Cost at 1 January	2 280 049	77 725	20 414 948	22 772 722
Additions	897 800		4 776 196	5 673 996
Expensed dry wells, previously capitalised			-20 412 753	-20 412 753
Disposals				
Cost 31 December	3 177 849	77 725	4 778 392	8 033 966
Acc. depreciation at 1 January	2 120 330	71 923		2 192 253
Current year's depreciation	440 106	5 802		445 908
Acc. Depreciation 31 December	2 560 436	77 725		2 638 161
Book value as of 31 December	617 413	-	4 778 392	5 395 805

Note 5

Share capital and shareholders

As of 31.12.14, the company's share capital consisted of one class of shares, all of which bear the same voting rights. Acquisition of shares by purchase or as a gift or by any other means requires board approval.

	Number of shares	Nominal value	Book value
Shares	11 718 893	0.2073631	2 430 066
Total	11 718 893		2 430 066

Subscription rights

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

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

Name	Number of rights	Subscription Price (NOK)	Total Price (NOK)	Allocation date
Employees	59 167	60	3 550 020	16th December 2011
Employees and Directors	29 407	47,5	1 396 833	14th December 2012
Employees and Directors	19 778	42	830 676	17th December 2013
Employees and Directors	78 991	22	1 737 802	11th December 2014
Total	187 343		7 515 331	

The above figures include 17 196 subscription rights allocated to Geir Lunde, 16 461 to Erik Klausen, 4 607 to Olav Fjell, 3 071 to Karen Sund, 3 071 to Hege Wullum and 1 434 to Nirav Dagli in connection with the incentive scheme.

Ownership structure

The ten largest shareholders as of 31.12.2014

Name	Quantity of shares	Percentage interest	Home country/ registration
H. M. STRUCTURES LIM	3 220 682	29.4 %	CYP
EUROCLEAR BANK S.A./	2 580 000	23.6 %	BEL
MEGABAS AS	2 176 449	19.9 %	NOR
HEATHLANDS HOLDINGS	503 967	4.6 %	CYP
KAS Bank NV	307 500	2.8 %	NLD
KNUTSEN JOHN ERIC TA	250 000	2.3 %	GBR
UBS AG	220 000	2.0 %	CHE
Six SIS AG	220 000	2.0 %	CHE
FJELLVIT AS	154 529	1.4 %	NOR
Gilbo invest	120 924	1.1 %	NOR
Other Shareholders	1 201 065	11.0 %	
Total	10 955 116	100.00	

Concedo holds in addition to the above 763 777 (treasury shares) own shares in the company.

Shares owned by Directors and CEO

Name	Office	Number of shares
Olav Fjell through 100% in Fjellvit AS	Board Chairman	154 529
Geir Lunde through 22,4% in Megabas AS	CEO	487 525
Erik Klausen through 16,4% in Megabas AS	Director	356 938
Nirav Dagli	Director	12 000
Erik Klausen through Safeway AS	Director	24 796
Karen Sund through Sund Energy AS	Director	2 307

Note 6

Equity

	Share capital	Share premium	Other contributed capital	Other reserves	Total
Equity at 1 January	2 271 687	1 410 458	0	285 820 721	289 502 864
Subscription rights			766 627		766 627
Share issue	49 654	3 156 668			3 206 322
Treasury shares purchased	-49 654		-766 627	-8 283 047	-9 099 328
Profit/Loss for the year				-43 426 922	-43 426 922
Equity at 31 December	2 271 687	4 567 126	0	234 110 753	240 949 566

The value of subscription rights expensed in 2014 of NOK 766 627 has been calculated according to the Black-Scholes formula. On 18th June 2014 subscription rights were exchanged into shares at the price of NOK 13.39 per share giving a share capital increase of NOK 49 654 at a nominal value of NOK 0,207363131 per share. In addition; to secure the functioning of the incentive scheme, the

company acquired 239 456 treasury shares at a price of NOK 9 099 328 during the year.

The share capital at the end of the year is NOK 2 430 066 consisting of 11 718 893 shares at a nominal value of 0,207363131, including 763 777 treasury shares.

Note 7

Income tax

Income tax for the current year is calculated as follows:

	2014	2013
Adjustment for tax refund earlier years	108 125	-23 735
Change in deferred tax	-14 415 615	-3 905 013
Tax value of exploration costs (See Note 8)	-215 564 806	-252 561 625
Tax on ordinary income	-229 872 295	-256 490 372

Reconciling nominal and actual tax rates:

	2014	2013
Pre-tax profit/loss	- 273 299 217	- 332 320 249
Anticipated income tax at nominal rate (27%)	-73 790 789	-93 049 670
Tax effect of following items:		
Adjustment for tax earlier years	108 125	-18 866
Non-deductible expenses	225 776	521 610
Non-taxable income	-6 750 000	0
Tax effect of interest on loss for carrying forward (51%)	-220 093	-155 379
Change in tax rate	0	-174 835
Effect of surtax (51%)	-149 445 314	-163 613 233
Income tax	-229 872 295	-256 490 372
Effective tax rate	84%	77%

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

	2014		2013	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Exploration expenses and license costs		3 289 768		15 462 609
Provisions for liabilities			753 323	
Loss to be carried forward	17 669 009		14 672 913	
Total	17 669 009	3 289 768	15 462 236	15 462 609
Of which netted	-3 289 768	-3 289 768	15 462 236	-15 462 236
Net deferred tax asset/ liability	14 379 241			36 373

Profit from oil and gas operations on the Norwegian shelf is taxed in accordance with the Norwegian Petroleum Tax Act. A special 51% (2013: 50%) surtax is levied in addition to the ordinary 27% (2013 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, 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 1 013 381 (2013: NOK 852 726) and a rental deposit of NOK 938 173 (2013: NOK 637 091)

Note 9

Other receivables

For the 2014 tax assessment the company claims reimbursement of the tax value of petroleum exploration costs totalling NOK 215 564 806 (2013: NOK 252

561 525), 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 1 260 946 (2013: 959 064), 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 3 years.

Note 11

Debt to financial institutions

The company has a credit line for NOK 350 000 000 in DNB ASA. The interest rate is NIBOR plus a margin of 2.2%.

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. Concedo signed in 2014 an option agreement for extension of the utilization until the end of 2015

As of 31 December 2014 withdrawals totalled NOK 200 015 122. We have calculated the tax reimbursement as being NOK 215 564 806, see notes 7 and 9. 95% of the estimated tax reimbursement amounts to NOK 204 786 566.

The loan is secured by the tax reimbursement scheme and pledges in 20% in PL 531, 20% in PL616, 20% in PL629, 30% in PL 759, 30% in PL737s, 30% in PL727 and 20% in PL670. Due to the trade in PL 607, the license was exempt in agreement with DNB and License PL 531 was relinquished in 2014. Under the loan agreement a mortgage is also given on the company's offshore insurances relating to exploration activities. The company plan to renegotiate the loan agreement by the end of 2015. 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. The company plan is to renegotiate the loan agreement by the end of 2015.

Note 12

Other current liabilities

	2014	2013
Working capital liabilities in joint ventures	1 895 322	34 953 863
Wages, holiday pay and bonus	1 827 065	1 419 619
Accrued expenses	9 075 626	21 289 776
Other current liabilities	96 840	965 799
Total	12 894 853	58 629 057

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 etc. that are directly linked with everyday operations. The company does not trade in derivatives.

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

Note 14

Exploration costs

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

	2014	2013
Salary and other payroll, ref note 3	21 326 864	18 999 538
Seismic, drilling and general license expenses	265 747 998	294 824 538
Other operating costs linked with exploration	12 744 228	15 052 393
Total	299 819 089	328 876 470

Exploration expenses eligible for tax refunds amount to NOK 276 365 136 in 2014 (2013: NOK 323 796 955).

Note 15

Licences

Licence activities in 2014:

PL393B (20%): The drilling of the Ensis prospect.

PL 616 (20%): A drill decision of the Haribo well has been taken. The drilling will take place in the summer of 2015.

PL 629: The Licence will be relinquished.

PL 645 (10%): Evaluation after the Novus well and evaluation of additional prospectivity in the Licence.

PL 670: Interpretation and re-processing of seismic is ongoing.

PL 670B: Administered with PL 670

PL 727: Prospect mapping and evaluation is ongoing based on new 3D seismic.

PL 737s: Reprocessing of 3D seismic is ongoing.

PL 746s: Prospect mapping and evaluation is ongoing.

PL 759: Prospect mapping and evaluation is ongoing.

PL 768: 2D seismic has been acquired. Prospect mapping and evaluation is ongoing.

PL 769: Reprocessing of 3D seismic is ongoing.

Note 16

Subsequent events

Concedo was awarded five licenses in APA 2014:

North Sea

PL 776 (20%) - in the blocks 16/5, 6, 8 and 9. The work programme is reprocessing of 3D seismic and drill or drop decision after one year. Tullow is operator.

PL 775 (20%) - in the block 16/7, 8. The work programme is reprocessing of 3D seismic, and drill or drop decision after one year. Tullow is operator.

PL 774 (30%) - in the block 16/7. The work programme

includes carrying out G&G studies, drill or drop decision after two years. Tullow is operator.

PL 784 (20%) - in Blocks 25/3,6. The work programme is acquisition of 3D seismic and two years before drill or drop decision. Tullow is operator

Barents Sea

PL 804 (30%) - in Block 7121/10,11,12. The work programme is reprocessing of 3D seismic, and two years before drill or drop decision. Winthershall is operator.



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To the Annual Shareholders' Meeting of Concedo ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Concedo ASA, which comprise the balance sheet as at December 31, 2014, and the income statement, showing a loss of 43.426.922, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Concedo ASA as at December 31, 2014, and of its



Page 2
Independent Auditor's Report to the
Annual Shareholders' Meeting of Concedo
ASA

financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statement on Corporate Social Responsibility

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

Opinion on Registration and Documentation

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

Oslo, March 9, 2015
Deloitte AS

Mette Herdlevær
State Authorised Public Accountant (Norway)

The Board of Directors



OLAV FJELL

Olav Fjell is the Chairman of the Board of Directors. He has held a number of leading positions in Norwegian corporates, including President and CEO of Statoil. Mr. Fjell has retired from executive positions and is currently serving on the non-executive boards of nine companies.



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.



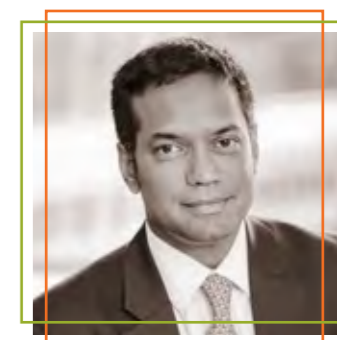
ERIK KLAUSEN

Erik Klausen, Executive director, has long managerial experience from international oil service companies and offshore projects. He has held positions as Vice President in Aker, Prosafe/Consafe etc. He graduated in engineering from the Heriot Watt University and has post graduate education in Business Administration.



HEGE WULLUM

Hege Wullum, Director, is Director of market and organisation of Abelia. She has more than 10 years' experience from the media business. Hege has also 7 years' international experience in the oil and gas industry, from Norsk Hydro and the Norwegian Ministry of Petroleum & Energy. She graduated in economics from NHH, the Norwegian School of Economics and Business Administration.



NAVIR DAGLI

Nirav Dagli, Director, is managing partner of Spinnaker LLC and founder and CEO of Spinnaker Analytics. He has 20 years of experience advising senior executive management on performance improvement strategy and execution. Previously, he was partner at Oliver Wyman. He has an M.S. in electrical engineering and has taught courses in Signal processing at Boston University. Mr. Dagli serves as chairman of the board of directors at the better business bureau of eastern Massachusetts, Maine, Rhode Island and Vermont.

People 2014



GEIR LUNDE
Managing Director

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.



MORTEN HEDEMARK
Operations Manager

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



ERIK KLAUSEN
Manager HSE

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.



ODD EIRIK BAGLO
Chief Geophysicist

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
Senior Geologist

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
Principal Production Geologist

Principal production geologist in reservoir evaluation, has experience in prospect valuation, reservoir evaluation and applied geostatics. He graduated in geology and mineralogy from the University of Oslo in 1974.



ANDERS G. FINSTAD
Senior Geophysicist

Senior geophysicist, has 15 years of experience in the oil industry. He graduated from Royal School of Mines, London and University of Oslo.



OLE HERMAN FJELLTUN
Chief Reservoir Geologist

Chief 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.



JUERGEN SCHLAF
Senior Geologist

Juergen has 15 years of experience from the industry and worked for a range of companies. He has an academic background in carbonate sedimentology and sequence stratigraphy from the University of Vienna (Austria).



ELISABET MALMQUIST
Geological Advisor

Elisabet Malmquist has 25 years experience from the oil and gas industry. She has worked as a geologist within exploration covering the whole Norwegian shelf. Elisabet graduated with a MSc degree in Geology from Stockholm University in 1983.



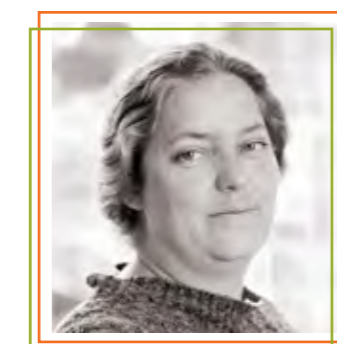
HILDE ALNÆS
Senior Geophysicist

Hilde Alnæs has a broad background in geology and geophysics from the University of Tromsø, Svalbard, and the University of Oslo where she holds a Master's degree in Applied Geophysics.



TOMMI RAUTAKORPI
Senior Geologist

Tommi Rautakorpi has his academic background from Åbo Akademi University and University of Oslo. He has 15 years of experience from the industry, covering both mineral and oil exploration.



ANE MARTA SKAUG RASMUSSEN
Senior Geologist

Ane Rasmussen has a master's degree in petroleum geology and geophysics at the university of Oslo. Her experience is exploration and prospect evaluation, applications for both numbered and TFO concession rounds as well as licence work on the Norwegian continental shelf.

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