Annual report 2011

concedo

Contents

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 licenses. There are no plans to change 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 organization 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 do we do / 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 electromagnetic 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 license shares in the annual concession rounds (APA rounds). Both the 20. and 21. Concession rounds have also resulted in awards. The wells we have drilled have proven the quality of the prospects;three discoveries out of five wells have been made. The discoveries have been successfully sold to Statoil and Wintershall.

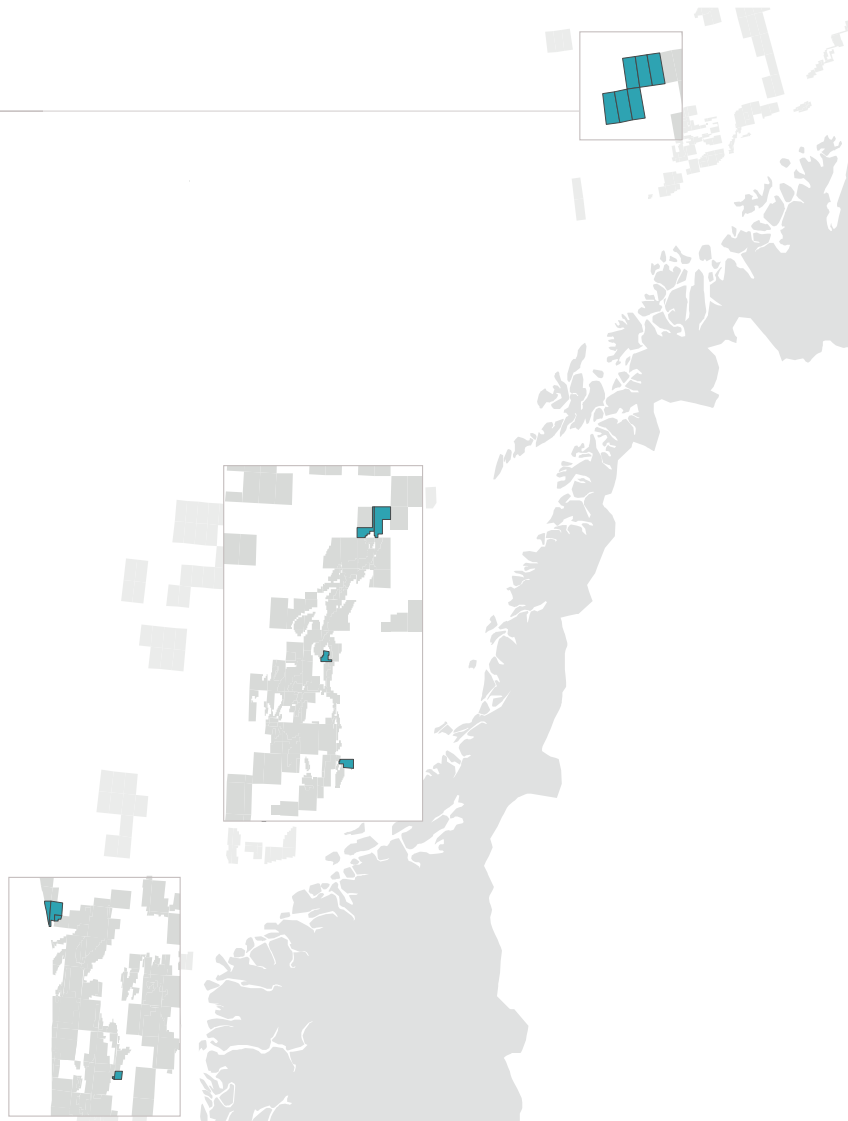
Concedo through five years

2006
In July, Concedo was established as an oil company and moved into its new offices, located in Torvgården in Asker. Through a share Issue in November, capital of 115 MNOK is raised. This is the first, critical step for pre-qualification as a licensse on the Norwegian Continental Shelf.

2007
The company is pre-qualified as licensee on the Norwegian shelf, and subsequently becomes a member of OLF (The Norwegian Oil Industry Association) and EHS (SOL) network.

License portfolio

Concedo's licenses are located in mature petroleum provinces in the North Sea, outside Mid-Norway and in the Barents Sea. Most of the licenses are located in the vicinity of existing infrastructure. Through tie-in solutions, this allows for development of smaller discoveries, and hence, contributes positively to the value of the producing fields.



3 licenses i **NORDSJØEN**

3 licenses på **HALTENBANKEN**

2 licenses i **BARENTSHAVET**

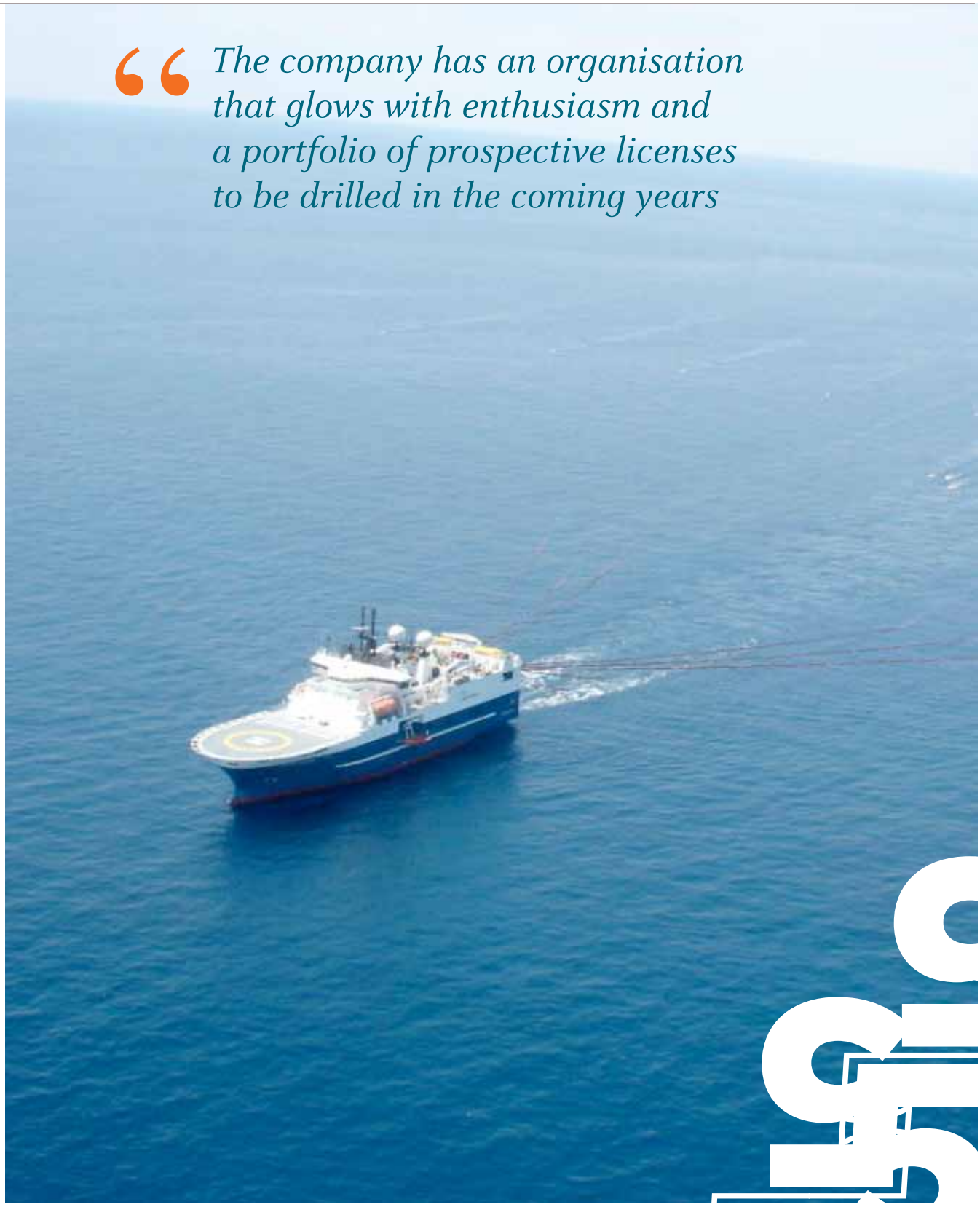
2008
Concedo was awarded two new licenses in the APA 2007 concession round. The portfolio now consists of three licenses. Further, Concedo makes a swap into another license. For the first time, Concedo participates in the drilling of a well; the Galtvort prospect which proves to be a gas discovery.

2009
Concedo was awarded its first Barents Sea license. After awards granted in the APA 2008 concession round, the portfolio is now seven licenses. Concedo enters into yet another license through a swap. Drilling of the Gygrid prospect resulted in an oil discovery, which is later to be developed by the operator Statoil. Gygrid is renamed to Hyme.

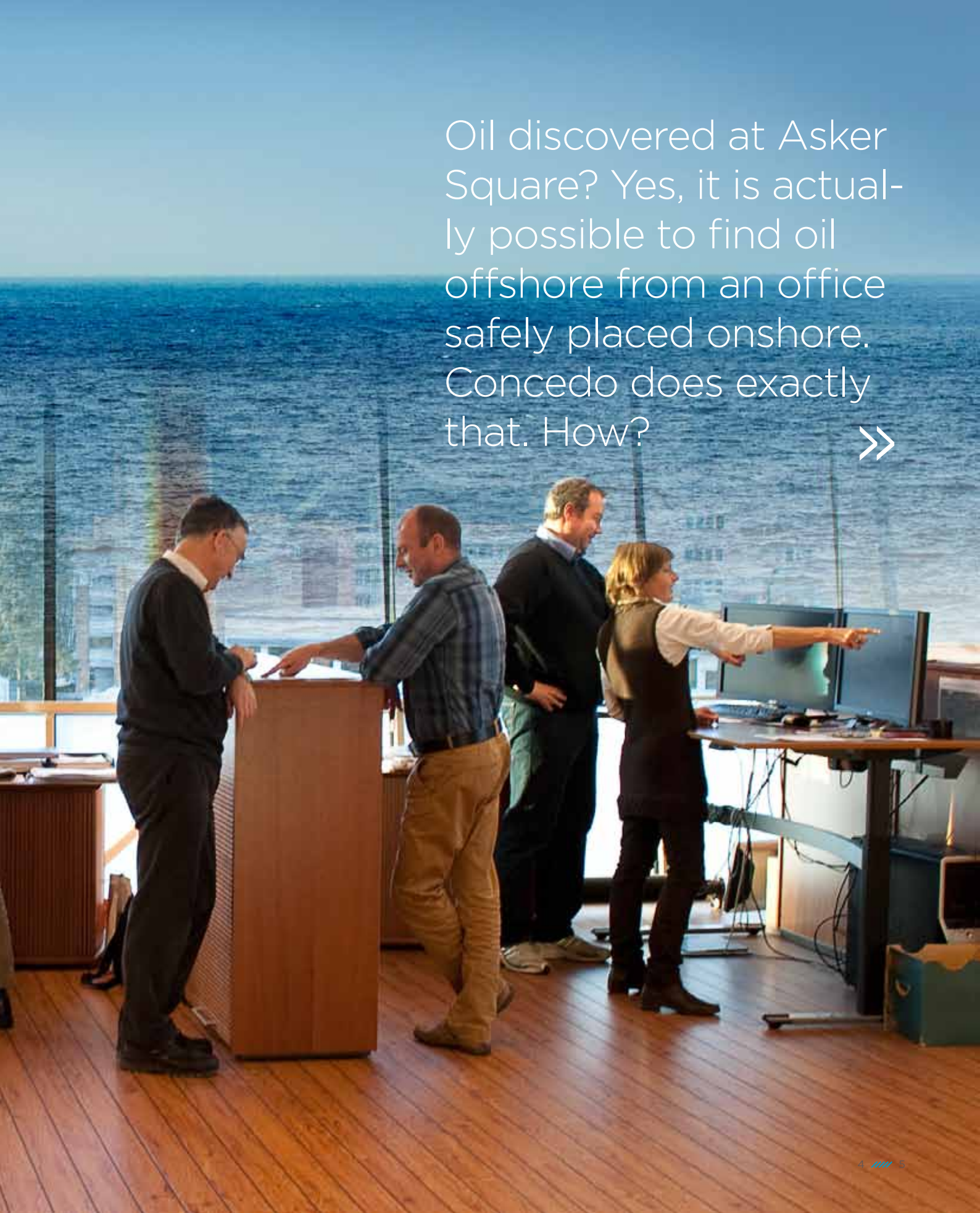
2010
The APA 2009 concession round, resulted in another license award. Statoil buys Concedo's share of the license with the Gygrid discovery. The Maria prospect was drilled, and proves one of the most significant oil discoveries on the Norwegian shelf this year. Concedo hosts the annual conference for exploration managers in Norway. One license is relinquished.

2011
APA 2010 results in four new license awards, and yet another license in the Barents Sea is awarded through the 21. Concession round. Concedo is honored with a visit by the Prime Minister, Jens Stoltenberg. The licenses with the Maria discovery were sold to the operator Wintershall. After this license sale and relinquishments, our license portfolio is now eight licenses, of which several are to be drilled over the next few years. For the APA 2011 concession round, Concedo applies for three licenses. Great values have now been generated, proven by the fact that the company's cash position is now fivefold compared to start-up 2006. The company is now well positioned to take on further exploration of the Norwegian Continental Shelf.

The company has an organisation that glows with enthusiasm and a portfolio of prospective licenses to be drilled in the coming years



Creative work of patience



Oil discovered at Asker Square? Yes, it is actually possible to find oil offshore from an office safely placed onshore. Concedo does exactly that. How? »

We take the lift up to the third floor, ring the bell and are let in to what at first glance looks like any other office. We are greeted by ten men and one woman - and, not to forget, Anders G. Finstad's ten-week old puppy that he has brought to work with him. It already seems to be well-trained and enjoys all the attention from his master's colleagues.

Anders has undertaken to explain to an unknowing journalist how it is actually possible to explore for oil from a base in a completely ordinary office environment.

Released data

He tells us that he himself specialises in applied geophysics and has many years' experience in seismic interpretation. In his last job with GGS/Spectrum he was engaged in collecting and selling seismic data. Now he has one year behind him as a co-worker in Concedo.

– "In Norway we have the advantage that all seismic data from the Norwegian Shelf, including well data, are released after a certain time. Thus all exploration companies have free access to a database managed by the Norwegian Petroleum Directorate. It is also possible to buy data that are not yet made public. It is such data we access and interpret."

So that is what all the employees in the office do, as they sit in deep concentration in front of their monitors. The ship's bell on the wall is waiting impatiently for their work to result in a new discovery. In all honesty, it may be a while between every time it is heard from.

Anders tells me: "So far during the year I have been working for Concedo, I have yet to participate in a discovery. Our work is long-term, Concedo's five year history is a short perspective in this business.".

Professional standard

The work starts with an application for an exploration licence. In these licensing rounds the company must evaluate, to the best of it's ability, the possibility of a discovery in the licences nominated. At other times it may be other companies that invite Concedo to participate in an application for a licence. They may need co-financing or be in search of the knowledge Concedo can contribute with. Often this means that Concedo has only days to make up its mind as to whether it is worth the cost of participating. Shares in an exploration licence may also be bought and sold between companies.

When the authorities assign licences, much weight is attached to the professional standard of the application. In addition, the company must be approved in advance, as Concedo was at the start-up five years ago.

Licences may be awarded to groups of applicants, or the government may put together groups in which one company is assigned the role of operator, that is to say, it gets main responsibility for the exploration drilling.

Anders continues: "When we work together as a group, we usually have licence meetings a couple of times a year. Some of us are very active in the process, others may be more passive, but we always have to contribute for the operator to be able to do its job.

A good team

It can take several years from the time planning starts up, before drilling begins. When the rig is hired and the drilling is under way, the experts in Asker and their partners should have well based opinions on where and how the drilling should be done. Their real tool for this is the seismic data on their computers.

It is important to view the geology in a new way. When some of us believe that "this cannot be done", this question must be turned to "why not?". We must be critical to established facts, but not naive - there is a lot at stake. We keep to a framework, but inside that framework, we have to be creative.

We work with long term horizons, Concedo's five year history is a short perspective in this line of work Anders Finstad

A good team at Concedo consists of people that can take the role of optimists on the verge of naivety, mixed with more conservative personalities. The discussion behind the doors of the meeting room at the one end of the office can be just as heated as during a brain storm in a creative business. Opinions may differ, but basically all colleagues are fond of each other.

Expectations for the Barents Sea

When exploration drilling commences it can be followed in real-time on the monitors at Concedo, so that it is not surprising there is great excitement when the moment of truth closes in.

Anders admits; "We do take it a little personal if it turns out that a well is dry. It is a disappointment when you have nothing to show for a long period of hard work".

More on seismic and technology:

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When can the ship's bell be sounded?

If we are to believe Ole Herman Fjelltun, who was in on the Maria-discovery in 2010, the joy when there is a discovery, is great, but the celebration is level-headed. They know that new licenses are waiting and that the outcome next time may not be as positive. New expectations are now connected to the exploration in the Barents Sea. Unexplored areas where no one has been before await and the potential to make a significant discovery is considered large.

Anders' puppy may well have grown considerably before the ship's bell sounds next time, but perhaps it can look forward to a bone?

Still a lot to be found

Half of all new oil resources may be found near fields that are already producing. The significance of new discoveries in mature areas will increase greatly in the years to come.

Half of new oil resources can be found near fields are already producing. The significance of new discoveries in mature areas will Increase considerably in future years.

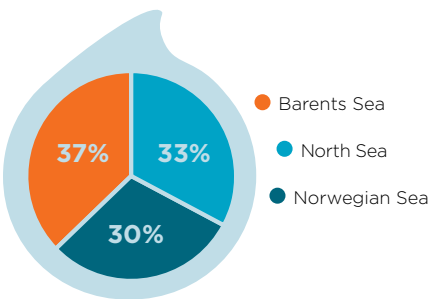
In spring 2011 the Government presented the Report to the Storting (White Paper) "An industry for the future - Norway's petroleum activities" This report is based on the fact that we have taken out approximately 40 per cent of the recoverable reserves of oil and gas in the course of the last 40 years. In other words, we still have 60 per cent of the reserves left, in addition to what can be found in the new areas just west of the demarcation line in the Barents sea. The Government divides the remaining reserves into discoveries, unproven reserves, areas not yet opened, and unproven reserves in opened areas. The report emphasizes the importance of continued exploration in opened areas. It is believed that undiscovered resources may form a basis for activities for many years to come.

Mature and immature areas

The need for exploration covers both mature and immature areas. In mature areas the geology is known and the infrastructure is well developed. Immature areas are characterized by less knowledge of geology and greater challenges both in view of purely technical matters and in relation to infrastructure.

Changes in petroleum policies were introduced five years ago, to encourage players who were willing to devote more effort to the more mature areas of the shelf. According to the Petroleum report, the balance between companies interested in big new projects with high economic risk and those that focus on smaller projects at less risk, is good at present.

Remaining undiscovered resources on the Norwegian continental shelf



Rising significance

The The Norwegian Petroleum Directorate estimates undiscovered, recoverable resources in open areas on the Norwegian shelf to be 2570 million standard cubic meters. However, uncertainty is great , ranging from 1020 to 4800 million standard cubic meters. The Petroleum Directorate also estimates undiscovered resources to be divided into 33 per cent in the North Sea, 30 per cent in the Norwegian Sea and 37 per cent in the Barents Sea.

A great part of the expected oil and gas production will come from discoveries yet to be made. From about 2020 the significance of reserves extracted from fields not yet in production, will be of still greater importance.

Anders Finstad demonstrates oil exploration for Prime Minister Jens Stoltenberg.

Concedo impressed the Prime Minister

Jens Stoltenberg had a crash course in oil exploration with Concedo. He was particularly interested in how much oil could be taken out of smaller deposits.

In February 2011 the Prime Minister Jens Stoltenberg spent one day visiting technology companies connected to the petroleum industry. He arrived at Concedo after having visited FMC Technologies in Kongsberg.

After his visit he told the Teknisk Ukeblad (TU); "There is an extraordinary good environment in Norway working together, making sure that we find deposits of hydrocarbons that are hard to get to and extract and develop them."

At Concedo he showed great interest in the introduction he was given on how the company works with oil discoveries and had a lot of questions for us.

He expressed a hope that exploration companies like Concedo can increase the possibilities for small discoveries to be developed, and asked about how much extra Concedo considers to be possible to extract from of the smaller deposits on the shelf.

Concedo's Geir Lunde answered; " For us a discovery of 150 million barrels is fantastic. If you, on the other hand, compare it to Statfjord, the number would be 3500 million barrels.".

Recently, Aftenposten wrote that now only minor puddles are left. The puddles are worth a lot, but we would be happy to make some of the really big discoveries as well.

Here one sit in Asker, making discoveries. Stoltenberg summed up after his visit; " This is a remarkable environment of expertise. The role the Government play, is not to explore for oil. Our task is to facilitate through ensure expertise, for example through education.".

Source: TU.no

Seismic shown
in natural scale.
Image courtesy of CGGVeritas.

This is where the treasure hunt begins

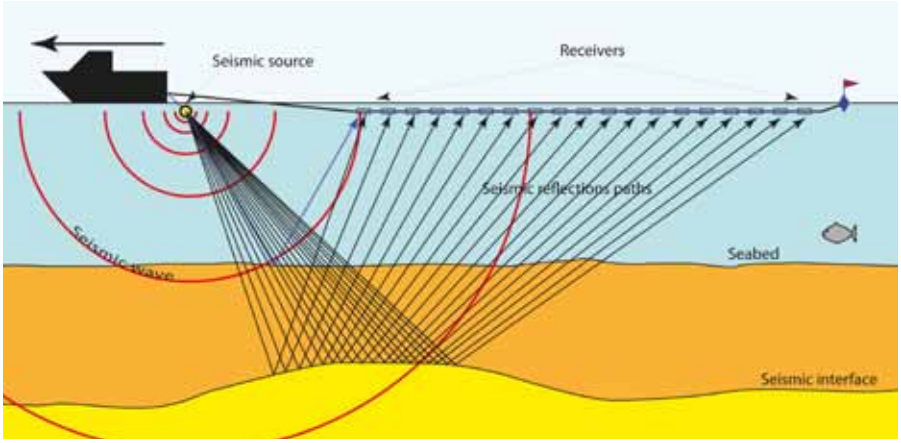
From Marco Polo to 3D seismic

Seismic, together with geological information from wells, are important data that the geophysicists and geologists use in the hunt for new oil fields on the Norwegian Continental Shelf. Data are collected by vessels with advanced technology within navigation, registration and processing of seismic data.

Seismic, together with geological information from wells, are important data that the geophysicists and geologists use in the hunt for new oil fields on the Norwegian Continental Shelf. Data collection of both 2D (2-dimensional) and 3D (3-dimensional) seismic is today undertaken by a number of seismic contractors (e.g. WesternGeco, Fugro, TGS, PGS, CGGVeritas). Data are collected by vessels with advanced technology within navigation, registration and processing of seismic data. Simply speaking, one can compare seismic data with that of echo soundings or ultrasound, only in a larger scale. A powerful energy source (air-guns) generates a sound signal (pressure wave) where a part of the energy is reflected from the seafloor and the underlying planar interfaces between different rock layers. These reflections are recorded by hydrophones (microphones in water) towed behind the boat in cables, typically of 4-8 km in length. A reflection arises at the interface between two rock layers with different sound velocities. The reflected signal is also a function of the layers different density. The larger the difference in these properties is, the more energy is reflected. Typical interval velocities in sedimentary rocks are 1800-4500 m/s. As comparison, the velocity of sound in air is 340 m/s, and in water just below 1500 m/s. Seismic data are registered in two way travel time. This is the time it takes for the down going sound signal to arrive at a rock interface, in addition to the time it takes for the
reflected signal to reach the hydrophones at the seas surface.

During collection of seismic data, it is normal to record reflections from depths of 8-10 km. It then takes up to 6-8 seconds before the reflected signal is received. (See figure above).

When only one streamer is towed behind the vessel, data are collected only along the line in which the ship is moving. Such data are called 2D data and they give a sectional view of the earth's crust along the line of travel. Normally seismic 2D data are collected in areas of the shelf where we have limited knowledge of the geology and underlying structural framework. Often, the 2D lines are collected in a rectangular grid with a line spacing of several kilometers (a seismic survey). This differs from seismic



The figure shows seismic data collection.

spaced to enable 3D imaging of the sub-sur spaced (usually 25m apart). Typically several air guns are used, in combination with 6-10 streamers towed behind the ship.

After 2D and 3D seismic data collection, the data must go through substantial processing. When optimal quality is achieved, the data are ready for interpretation by geophysicists and geologists. The seismic gives an indirect image of the sedimentary layers (rocks) of the underground, where the interfaces between rock units with their different physical properties, give rise to the seismic reflectors. When the seismic reflectors are tied to well data, it is possible to identify and extrapolate rock units that for example have a hydrocarbon reservoir potential. This is where the treasure hunt begins. By the use of seismic interpretation, it is also possible to identify possible hydrocarbon traps. A prospect is when analysis of seismic and well data makes it probable that hydrocarbons have migrated into a reservoir in a trap, and that the hydrocarbons have not leaked out. Such prospects are often hidden several kilometers beneath a seabed that reveals nothing about its underlying geometries. This is why seismic data are of such importance in the hunt for hydrocarbons. Without seismic mapping, we would be unable to find hydrocarbons.

In the beginning

So, how was it possible to find hydrocarbons before the seismic era? Without seismic, it was impossible to know where the hydrocarbon traps were. In the beginning, oil was produced in areas where there were natural spills on the ground. Such production was his travels through Baku in the 12th century, where he described how oil wells as deep as 35 meters oil wells were dug by hand. In the west, oil was collected in a similar manner in the Carpathian Mountains in Poland in the 15th century, as well as in France and in the USA in the 17th century.

Natural oil seapage

A milestone in the hunt for oil was the transition from manually collecting oil at the surface to that of drilling oil wells. The first real commercial oil well was drilled by the Russian F.N. Semyenov on the Aspheron peninsula in 1848. At the time of drilling, this well accounted for as much as 90 percent of the entire world's oil production. Poland was also early in oil exploration with substantial production from "oil mining" in the Bobrka area. All early oil exploration took place onshore, not offshore as on the Norwegian continental shelf.

Pioneers in oil exploration, early 19th century - USA

An important factor that encouraged the hunt for oil was when the Canadian physician Abraham Gresner in 1849 invented a method to make clear kerosene from ill-smelling seep oil. This in combination with the invention of the paraffin lamp, led to a significant increase in the demand for oil. Paraffin lamps burnt with a much clearer, stronger, and smell-free flame than that of earlier lamps that were fueled by unrefined oil or by whale oil. However, there was a crack in the petroleum market in 1878, when Edison invented the electric light

Oil-soaked crew members pictured just after they have succeeded in shutting in a well in Pecos County, Texas 1929.
(Source: The Petroleum Museum, Texas)

Natural oil spill from Kurdistan – Irak.

Spindletop gusher 1901.
Source: The Petroleum Museum, Texas

bulb. Demand for oil was again to increase only a few years later, when the automobile was introduced by Daimler, Benz, and Ford in the 1880s and 90s.

Early exploration in USAtook place exclusively in areas with abundant natural seepage, where geologists were not necessary in order to determine where to drill. Since natural seepage was abundant, early drilling was only based on these in combination with qualified guess work and luck. At this stage, the geologist's role was regarded insignificant. Over the next years, however, this was to change radically.

Spindletop Gusher 1901

By the early 1900's, the US Geological Survey had mapped out all important salt structures in Texas, based on surface observations like outcrop of salt and elevated areas on top of salt structures (hills). It was the amateur geologist Pattillo Higgins which first realized there was a relationship between the natural seepage and the mapped structures. Based on his work, the oil saturated sand layers of the Spindletop structure was drilled in 1901. With production from this salt structure soon exceeding 100,000 barrels per day, this led the world into a new era in oil exploration.

In spite of this positive development, the geologist's role was still considered unimportant right until the 1920's. Around this time, three new geophysical methods were made commercially available: gravitometry, magnetometry and seismic. These methods, in combination with correlation of rock layers between wells, showed that behind every oil discovery there was a geological history. Furthermore, one understood that this history was of enormous importance in order to understand where to drill the next hole.

Gravitometry (gravity measurements) made it now possible to identify salt structures in the underground which earlier had been impossible to find (salt has a very low density and therefore generate a negative gravity anomaly).

Magnetometry was a method that was used to separate between areas with sedimentary rocks (where one can find oil) and areas with metamorphic and igneous rocks (like onshore Norway). Magnetic data were and still are mostly collected by air planes, but these data are of limited use because they only map out relative large structures (low resolution data).

In 1924, Orchard Dome in Fort Bend County was discovered based on seismic methods. This was the first oil discovery in the world based on seismic. With this discovery, it was realized that seismic data had potential to become the most important tool in subsurface geological mapping.

Modern times, from 2D to 3D

Up until the Statfjord discovery in 1974, the seismic coverage of the Norwegian Continental Shelf was poor. After this discovery, however, seismic 2D data collection picked up dramatically. At first, the Norwegian authorities (NPD) stood for much of the data acquisition selling seismic packages to the oil companies. The number of international and new Norwegian companies increased rapidly and competition was fierce. At this time, it was most normal to acquire proprietary seismic data. This is when the oil companies rent seismic vessels to collect their own data either in licensed acreage they already have or in not licensed exploration areas of interest. The Statfjord oil field was one of the first in the world to be covered by 3D seismic (1979). With time, Norway became an international key player within the development of seismic methods of data collection and processing.

In the late 1980's, a company called Nopec AS introduced a new type of seismic data, namely multiclient seismic (MC). The MC seismic surveys were partly financed by oil companies that wanted data in particular areas. After the data were collected and processed, and after the initial data sponsors had received their copies, Nopec could sell copies of the same data to as many other companies as it wished. Ever since, MC seismic has been an important part of the Norwegian oil industry. Today, there are many companies, such as TGS-Nopec, WesternGeco, PGS, CGGVeritas and Fugro, that offer 2D and 3D MC seismic. Competition between these seismic contractors has led to a continual improvement of seismic equipment and methods. Some of these seismic companies own their own vessels and use patented equipment to acquire data of a competitive quality. Covering a block with modern seismic 3D data costs several millions of USD. Nevertheless this is much less than the cost of drilling a well in the wrong place. Detailed 3D data are also important in field development and production.

The seismic 2D lines are often several kilo-

meters apart with a grid of for example 4 x 4 km. Based on such data, seismic interpretation contains many uncertainties. With a more detailed grid of 1 x 1 km, one can produce more reliable seismic interpretations that can be used to place an exploration well. Today, all wells on the Norwegian Continental Shelf are drilled based on 3D seismic interpretation. On 3D data, there is in principal the same distance between the seismic lines as between the data points, typically 25m. Data collection of such data is time consuming and expensive. In order to reduce cost, one has invented smart solutions as for example to tow many cables behind the vessel at once. It can be up to 22 cables, each of 8km length behind a modern seismic vessel. This puts high demands to navigation and results in enormous amounts of data that must be processed real time as data is collected.

Seismic data collection

The processing of seismic data has evolved along with the last decade's technological advances in computing. Therefore old seismic data are often reprocessed, sometimes several times over the years. Reprocessing costs only a fraction of that of data collection and data reprocessed if there is hope that data quality can be improved by using new sophisticated processing techniques. Different types of reprocessing techniques are applied depending on need, e.g. inversion processing indicates whether the rock layers are made up of clay, sand, chalk or salt etc. Variations in the seismic signal can also say something about if a rock layer contains oil or gas. Sometimes, it is possible to achieve seismic data of such high quality and resolution that one can identify the interface between gas and oil or oil and water as horizontal reflectors in a reservoir/trap as seen in the reservoirs at Skrugard (Barents Sea) and Troll (North Sea).

Today, the most parts of the North Sea, Norwegian Sea, and large parts of the Barents Sea are covered by 3D seismic data. Almost all seismic exploration work is undertaken based on 3D data. Due to the continual technological advances in data collection techniques, sometimes 3D data is collected in areas already covered by 3D. 3D data has now become of such good quality that one sometimes collects the same 3D data repetitively across some oil fields. Comparison of such 3D surveys allows the geologists to see how the fluids in the reservoirs move over time and allows optimization of field production and development. Repeated 3D surveys are called 4D, where the fourth dimension is time.

Interpretation of seismic data on the computer

In the beginning, all mapping and drilling for oil on the Norwegian Continental Shelf was based on 2D seismic. The seismic sections were interpreted on paper by hand with the different reflectors hand drawn in different colors. One then read off the depth to a selected reflector along a section, and posted the values onto a base map. These values were then hand contoured to create a map. The final stage was to transform the time map into a depth map based on the velocity information available from nearby wells and seismic processing. Such work was very time consuming, and it can be considered a revolution in oil exploration when the computer work stations came towards the end of the 1980s. Now, the interpreter could trace seismic reflectors on a computer screen instead of with pencils as before. The tracing of reflectors was semi-automatic so that the tracing process was much less time consuming compared to before. A typical seismic work station consists of a computer with the seismic data and two screens, normally one showing the seismic data, and one showing a base map with the interpretation along the lines. Interpretation can either take place manually with the help of mouse and cursor, or semi automatically with the computer program tracing the reflectors. The interpreted time values are transferred to the map which automatically is gridded and contoured. Concedo uses the programs Kingdom, Petrel, Geocap, ArcMap and ffA for visualization, interpretation, mapping and volume calculations. The "Svi Pro" software from Foster Findley, and the GIM software from Geocap – a Norwegian company - are used for in-house data processing and attribute generation. Such in-house processing sometimes enables us to image even more detail than is possible on the original data.

The seismic companies also sometimes collect 3D data in attractive areas expected to be on offer in upcoming licensing rounds. Such MC 3D data are sold to the oil companies with creative price structuring. Normally, data collection cost is covered if the data is sold 3-5 times, and since there are 40-50 potential buyers, the potential for profit is great.

Every year, Concedo and all other oil companies licence (or purchase) seismic data for large sums of money. Sometimes, these data are important and crucial in order to compete efficiently to secure new exploration acreage. Other times, however, the new data do not bring much value. The hunt for oil is an ongoing process in every oil company, and a large portion of each company's staff is at any time actively interpreting seismic data. Even when a prospect has been identified, several months of further seismic interpretation and other work is required before the prospect is ready for drilling.

> *"The greatest activity within exploration on the Norwegian Shelf is connected with seismic data.*

Geological studies take place in parallel with seismic interpretation. These studies are based mostly on well data and extensive geological understanding of the study area. In the process of evaluating an area's potential for oil, good communication between colleagues is very important. In Concedo, close dialogue and exchange of opinions are key factors helping us to rank the opportunities. In Concedo, all employees are involved in the final conclusion.

Looking forward, it is increasingly more difficult to find new oil fields on the Norwegian Continental Shelf. However, continued technological advances in regard to both seismic data acquisition and processing will continue. Also, other non-seismic data types like geochemical seafloor sampling and electro-magnetic data (EM) may be of value in prospect evaluation. This, in combination with a creative and experienced exploration team, makes Concedo look ahead positively, looking forward to participating in new discoveries in the future.

HSE on safe ground

Concedo goes for health, safety and the environment, both in relationship with the oil industry and among our own employees.

Concedo ia an active participant in the HSE network «SOL» (Small Operators and Licensees), administered by Oljeindustriens Landsforening (OLF).

In this network, topics for the 2011 meetings were naturally inspired by how knowledge kan be drawn from among other things the huge accident in the Gulf of Mexico.

Also internally a lot of work was put down with questions connected to Health, Safety and the Environment. Concedo's HSE related work was revised by AGR Petroleum Services AS, who concluded that Concedo maintain their obligations during operations, as well as having a good internal work environment. Remarks put forward during the revision, concerned that updates related to ISO certification are put into managerial systems related to HSE, and that Guidance on Social Responsibility is included in the HSE evaluation .

It can also be mentioned that Concedo facilitates physical training for the employees, and that the staff is invited to arrangements that enhances the psychosocial work environment. Sick leave was about 1 percent.

Grand tour at the Mini Bottle Gallery.

Five-year anniversary with small bottles

In December Concedo celebrated its fifth anniversary. This was carried out with an open house at Asker Square, where around z60 guests from co-operative partners and others both had a run-through of the business and could enjoy themselves with musical contributions from the Concedo employees, who thereby proved that they can more than just finding oil.

The anniversary was also marked with a visit to Christian Ringnes' The Mini Bottle Gallery in Oslo for the board and employees. Here they replaced their daily excitement for oil barrels by small bottles. Again they themselves accounted for the entertainment – an impressive range from classical symphony, trumpet, whistling, speeches and own poetry.

Concedo's dinner musically opened by our own quartet, from the right Anders Finstad – chello, Mari Larset – violin, Marit Riktor– violin, Bettina Skard – viola.

Lisence portfolio

PL 531

The license was awarded in the 20th round and Concedo holds a 20% interest. This is Concedo's first license in the Barents Sea. The operator for the license is Repsol with a 20% interest. Other partners are Talisman, RWE Dea and Marathon. Drilling location and drill rig are now determined and a well will be drilled late 2012 or early 2013.

PL 370 / PL 370 B

Concedo holds 20% interest in the licenses. This is achieved by license trades with Wintershall. The operator is Wintershall with 40% interest. Other partners are Agora and North Energy. This license is located in the vicinity of Snorre field. The license has decided drilling an exploration well in the first half of 2012.

PL 370 B is an expansion of PL 370. Concedo was awarded PL 370 B in APA 2010. Partnership and work programme is as for PL 370.

PL 561

The license was awarded Concedo in APA 2009 with an interest of 20%. The area stretch over two blocks 6608/7 and 6608/8. PL 561 is situated about 30 km north-east of the Norne field and in the vicinity of the find Dompap. Operator is Wintershall (35%), and other partners are EON Ruhrgas and Det norske oljeselskap. The work programme include reprocessing of 3D seismic. This was accomplished with very good results in 2010-2011. A decision to drill must be taken in the course of February 2012. The partnership has applied for one year delay on the drilling decision.

PL 576

Concedo was awarded an interest of 40% in PL 576 after applying in APA 2010. The license is situated in blocks 30/9 and 31/7, due south of Brage. Operator for the license is Lundin who holds an interest of 60%. Reprocessing of seismic takes place and is expected to be completed in the first quarter of 2012. A decision to drill or relinquish must be made for the license within two years from the award.

PL 588

In APA 2010 Concedo was awarded a 30% interest in PL 588. The license is situated in block 6407/9, due north of Draugen. With an interest of 40%, Rocksource is operator, and the other license partner is VNG with 30%. The license is in the process of having its work programme completed and a decision on drilling or relinquishing will be made early 2012.

PL 607

PL 607 was awarded in the 21st round. The license lies in the western Barents Sea right north of PL 531. Concedo achieved a 40% interest, and GdF became operator with 60%. Preparations for drilling a well in 2013 has commenced.

PL 475/475 BS/475 CS

In September 2011 Wintershall bought Concedo's 10% interest in PL 475, 475 BS and 475 CS. The sale became effective 1. January 2011.

PL 485

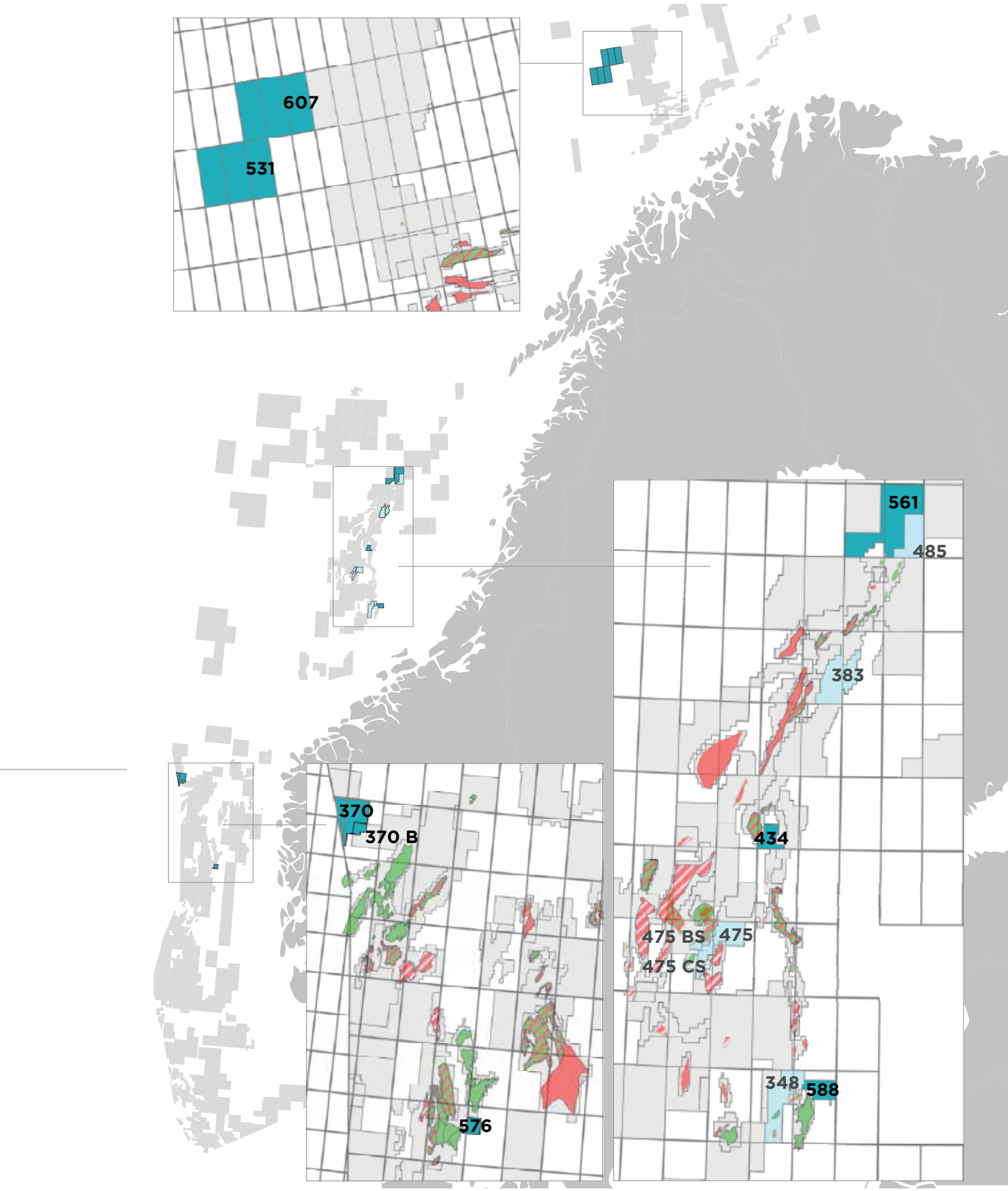
Concedo had an interest of 15%. The license has now been handed back to the authorities.

PL 434

21% was awarded in APA 2006, and achieved through a deal with Revus (now Wintershall) and Nexen. the Ronaldo Prospect was drilled in 2011, but showed to be filled with water. The decision to relinquish has been made.

CONCEDO'S LICENSES 2011

PL 348	5% sold
PL 370	20%
PL 370 B	20%
PL 383	15% relinquished
PL 434	21%
PL 475	10% sold
PL 475 BS	10% sold
PL 475 CS	10% sold
PL 485	15% relinquished
PL 531	20%
PL 561	20%
PL 576	40%
PL 588	30%
PL 607	40%


607
531
561
485
383
434
370
370 B
475 BS
475
475 CS
348
588
576

Five good years – diversity creates value

Concedo can look back upon five good years since the company was founded in 2006. We have followed our business plan, made three discoveries, been cautious with costs, sold finds before development and by doing this, created great values.

This shows among other things by the company's cash is five-fold what it was in autumn 2006. Now the company is very solid and well prepared for further exploration activities. The company has an organisation that glows of enthusiasm and a portfolio of prospective licenses to be drilled the coming years.

It has also been a good five years for the Norwegian shelf as a whole. After the Government's revision of the frame work for exploration, both exploration activities and proven resources have increased every year. This can be seen in substantial discoveries like our own Maria discovery in the Haltenbanken, the Luno find in the North Sea and the Skrugard find in the Barents Sea and before all the enormous Avaldsnes/Aldous finds in mature areas in the North Sea. Without the Government's conversion of the framework that created increased diversity and activity, these resources would probably still have been in the underground. Value was created by the diversity in the industry, both among oil companies and suppliers. I would claim that this also apply to the individual level. Diversity among people and diversity in expert environments creates large values. Competent, creative and industrious single individuals have been decisive in several of the large finds.

The value of diversity shows itself in many areas of the oil industry. This is obvious in recovery of oil and gas in the USA. Without a large variety of actors who try out different methods and learn from each other, the development which has made USA self-contained with gas would not have happened. This serves as inspiration for the whole of the oil and gas industry.

Concedo is part of the diversity on the Norwegian shelf, and we hold on to our ambition to be among the best exploration companies. Besides having an experienced staff, our will to test out new, innovative technologies is a possible competitive advantage.

In the course of the last year, we have especially tested out electro magnetic methods developed in Norwegian environments. Among other things, we made use of this during our work with the application for the area we applied for and was awarded in the 21st round in the Barents Sea. We are still in the learning phase and have good hope that this will become an even more important tool in the future. We also use other special technologies in seismic interpretation, such as analysis of the seabed samples actively in our exploration. In recent years, new technological advances in the seismic industry have continued, making the seismic data we use in our interpretation better and better. This may put us in a position to discover resources that earlier would have been neglected.

In 2011 Concedo drilled a dry well in the Ronaldo prospect next to the Heidrun field at Haltenbanken. Beforehand migration from the source area to the prospect was considered to be the main risk area. There were only traces of oil in the well. The disappointment over this result has been, however, compensated by the good awards in both round APA 2010 and the 21st round and a successful sale of the Maria discovery.

The seismic data we use in our interpretation continues to get better. This may put us in a position to discover resources that earlier would have been neglected.

Most of the possibilities Concedo wants to follow up lies close to existing oil fields. We will continue to contribute to extending the lifetime of existing infrastructure with our discoveries. Examples of where Concedo has contributed, is the Gygrid (Hyme) discovery which is to be developed as a satellite to the Njord field, and the Maria discovery which probably will be connected to one of the other discoveries in the Haltenbanken. A similar future possibility, is the Kakelborg prospect situated in the north-west of the North Sea, just North-west of the Snorre field. This is an opportunity with great find potential and low exploration cost. In addition our company has established a position with two large licenses in the western Barents Sea, just west of the promising oil find Skrugard. These areas are to be drilled in the next few years.

The title of the Government's petroleum report is fitting: "An industry for the future". Both Concedo and the Norwegian oil industry as a whole has good reason to continue with enthusiasm and a bright view to the future.

Geir Lunde
CEO

Directors' report 2011

Concedo has completed its fifth year, and it has been a very good year. The results are beyond expectations and we are now a stronger company.

The year started with the annual license allocation, and Concedo was granted all its applications. Exploration results after five years are also good. Three wells out of five, resulted in discoveries. The Maria discovery was sold, strengthening both our capital situation and reputation as an exploration company.

We are continuing our strategy and keeping the ambition to be one of the best exploration teams in Norway. The strong capital situation gives us freedom to capiatalise on discoveries at the best time. New exploration wells are planned both in the North Sea and the Barents Sea, providing good opportunities for further success. The coming years may well be even more eventful than the first five.

A contract concerning sale of the Maria discovery was signed with Wintershall in April 2011, a sale that has given Concedo considerable financial strength. Wintershall on its part has strengthened its position as an operator and can prepare development of the reserves in Maria.

The Maria oil deposit is situated just south-east of the Åsgard field, 200 km off the coast of Trøndelag, an optimal location for development in connection with existing infrastructure in the area. Maria may contain up to 160 million barrels of oil and was otherwise one of the largest oil discoveries on the Norwegian shelf in 2010. An appraisal well in 2012 will clarify the resource potential before a development solution is chosen.

Hyme (formerly Gygrid), the first oil discovery in which Concedo participated, was sold to Statoil in 2010. At the beginning of the year, Statoil submitted its development plans to the Government . According to the plans, Hyme is to be developed as a satellite to Njord. In the first place, the satellite will extend the field life of Njord from 2017 to 2020. Statoil believes the recoverable reserves to be 24 million barrels oil equivalents.

Concedo wishes to find more discoveries which contribute to speedy developments and which extend the lifetime of already established infrastructure on the Norwegian shelf. The Maria and Hyme discoveries show that a company like Concedo can create value through exploration, not only for themselves, but also for their partners and the community as a whole.

In January 2011 Concedo had a good result in the award of licenses in APA 2010. From four applications the company was awarded four licenses.

The awarded licenses are equally distributed in the North Sea and at the Haltenbanken area. PL 588 is situated just north-east of Draugen, and Concedo was given a 30 per cent interest. In the North Sea, just south of Brage, Concedo was awarded a 40 per cent interest in PL576. The other two licenses are areas adjacent to the company's license interests; 10 per cent in PL475CS and 20 per cent in PL370B.

Concedo was awarded a 40 per cent interest in PL607 in the 21st concession round. This license lies west of the Skrugard discovery and has several prospects of large volume. A firm well down to 3000 m is included in the work programme.

In the exploration portfolio there are many interesting opportunities for making more discoveries. Drilling of the Kakelborg prospect in PL 370 is scheduled for spring 2012. This is situated in the northern North Sea, close to the border of the British shelf. Kakelborg is a stratigraphic trap and lies in an area with several oil discoveries.

Drilling the Veslemøy prospect in PL 531 is scheduled in late 2012/early 2013.

This license is located in the Barents Sea, south-west of the Skrugard discovery, which contains both structural and stratigraphic traps. In a feasabillity study, Statoil has identified a technical and a commercial solution for Skrugard. The proposal involves a floating production unit that can serve as a field centre for the area. The unit will have extra capacity for processing and transporting from other discoveries. For Concedo it is important that there is a possibility of joint development solutions in the area.

Since the company began exploring in 2007, company cash position has increased five-fold. Financially the company has kept its exploration loan of NOK 200 mill with DNB, which will continue to run in 2012. However, the company will be less dependent on the exploration loan than earlier. The discoveries and the ability to commercialise them, have given Concedo a good starting point for further operations, where new and exciting opportunities can be matured every year.

Business office

Concedo has modern offices in downtown Asker.

History

Until autumn 2006 the company operated as a consultancy with expertise in exploration on the Norwegian shelf. After conversion into an oil company, the number of staff was increased and HSE and control systems were established that were adapted to the requirements for an oil company. Its application for pre-qualification as a licensee on the Norwegian shelf was granted in April 2007. From the beginning of 2007 the company had a regular staff of eight employees and ever since has had a core staff with sound experience and competence. The number of staff was increased to ten from 2009 and to eleven in 2010, in pace with the scope of our assignments and the number of licences in our portfolio. The company made its first discovery (gas) in 2008, in the Galtvort prospect in licence PL 348, and in 2009 oil was found in the Gygrid prospect under the same licence. Concedo's interest in this licence was sold to Statoil in 2010. In the course of 2010, Maria was proven oil-bearing. The discovery is located just south of the Åsgard field. In 2011 the interest in Maria was sold to the operator, Wintershall.

Research and Development

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

In 2008 Concedo engaged in a development programme for the seismic tool GIM and used this in the latest licensing rounds and in several of the company's exploration areas.

In 2010 Concedo entered into a contract with Petromarker AS for application of a new electromagnetic technology. In the 21st concession round the new method was brought into use in evaluation of the area in the Barents Sea that was later awarded as PL 607. In our opinion, this technology has contributed to an increased probability of discoveries in the area. The main results were presented at an international conference in 2011.

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

Health, Safety and the Environment

The company's aim is that all activities shall be carried out without injury to human beings or the environment. Safeguarding people, the environment and economic assets is an integral part of our management system and daily operations. There were no injuries or accidents in 2011. Nor were there any spills from licenses in which Concedo holds interests.

As a licensee on the Norwegian shelf Concedo bears responsibility for and makes conscious choices to minimise risk for itself and its partners. The operator is actively supported by the company through its expertise and experience in preventing undesirable incidents while participating in drilling operations. In connection with drilling the Ronaldo prospect, Concedo was actively involved in risk assessment and audit meetings in 2011.

Reports identifying consequences the accident in the Gulf of Mexico may have for Norwegian rules and regulations were prepared by PTIL and OLF. The impact on Concedo is not significant , but may lead to increased focus on technical improvements of blow-out preventers, barrier surveillance and contingency plans. In addition Concedo has increased its offshore liability insurance against oil spills in excess of the requirements on the Norwegian shelf.

The working environment must be regarded as being good. Work is continually being done to further improve the working environment. In 2011 the employees participated in health and environment activities to prevent injuries.

17 days' sick leave were recorded, totalling 0.7 % for 2011.

An HSE audit of the control system and compliance with it, was carried out in 2011. Concedo was assisted in this by the AGR company.

Gender equality

By the end of 2011 there were eleven employees, one woman and ten men. The Board of Directors consists of five directors, three men and two women. The composition of the Board of Directors satisfies the gender equality requirements in the Act relating to public limited companies. Concedo emphasise equality between the sexes and the equal treatment of all employees.

Corporate Governance

The company's management system also includes guidelines for owner control and company management that are in accordance with Norwegian recommendations regarding this. The Board has followed the guidelines and a self-assessment of the Board's work has been carried out.

Salaries for management and employees

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

Accounts

Financial statements are prepared in accordance with the law on public limited companies, the Norwegian accounting act and good accounting practice. To the best of the Director's knowledge, there are no circumstances of significance for judging the company's position as of 31.12.2011 or the result for 2011, 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 31.12.2011 and of the result and cash flows during the fiscal year.

Result

In 2011 the company had revenues from sale of the licenses PL 475/475BS/475CS. The operating result was NOK 297.1 mill. The year's profit after tax was NOK 468.5 mill. The company continued investments in exploration activities for a sum totalling NOK 173.3 mill, of which NOK 8.0 mill is recognised in the balance sheet, hence the NOK 3.1 mill was expensed against the gain in connection with the sale of licenses, and moreover NOK 165,3 mill was expensed. The company claims reimbursement of the tax value of the exploration cost of NOK 154.1 mill. Exploration activities consist of the company's operating expenses, licence costs, seismic surveys and exploration wells. Costs linked with preparation of exploration wells are recognised in the balance sheet. One dry well was drilled during 2011, and was expensed.

Balance sheet and liquidity

At year-end 2011 the company had equity capital amounting to NOK 593.3 mill, which corresponds to an equity ratio of 79,5 %. The company had NOK 518,7 mill in distributable capital as of 31.12.2011 for possible distribution of dividends. At year-end it had interest-bearing debt amounting to NOK 137.4 mill, secured by the reimbursement scheme for exploration costs. It is expected that the tax-related reimbursement resulting from exploration activities in 2011 will be NOK 120.2 mill. The company has a loan facility for NOK 200 mill with DNB, hence NOK 137.4 mill utilised.

Cash flow

Net cash flow in 2011 was NOK -82.1 mill from operational activities and NOK 513.3 mill from investments, and NOK 85.4 mill from finance activities.

Distribution of profit

The profit has been set aside to other reserves. A planned distribution of dividend will take place in 2012.

Risk related to operations, financial risks and market risks

Our strategy is to obtain revenues through sale of interests in licenses and 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.

During 2011 the total risk was reduced since interests in licenses with the highest value have been realized. Cash has been put in an interest-bearing account with minimal risk.

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

Credit risks

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

Liquidity risks

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

Going concern

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

Future prospects

The Directors are very satisfied with the year's activities. In 2011 Concedo sold interests in discoveries for the second time, thus strengthening evidence that it is able to convert discoveries into cash flow. The company enjoys good relations with government authorities, cooperating oil companies and oil and gas organisations in Norway. Concedo contributes by converting experience and competence into added value for the community.

The company will participate in one exploration well in the first half of 2012 and one towards the end of 2012/beginning of 2013. Concedo will continue to be one of the best exploration environments on the Norwegian Shelf. Results in 2011 make a solid foundation and good expectations for more eventful years to come.

Asker, 09.03.2012

Olav Fjell
Styreleder

Erik Klausen
Styremedlem

Karen Sund
Styremedlem

Hege Wullum
Styremedlem

Ben Stanway
Styremedlem

Geir Lunde
Daglig leder

Concedo ASA

Profit and loss account 2011

Figures are given in the Norwegian currency NOK	Note	2011	2010
Sales revenue		1 500 000	0
Other operating revenues	2	461 555 697	7 679 001
Total operating revenues		**463 055 697**	**7 679 001**
Depreciation on fixed and intangible assets	4	(558 484)	(252 117)
Exploration expenses	3,10,14	(165 346 312)	(45 485 707)
Total operating expenses		**(165 904 796)**	**(45 737 824)**
Operating profit/loss		**297 150 901**	**(38 058 823)**
Other interest received		7 231 544	2 590 544
Other financial income		888 731	2 123 532
Total financial income		**8 120 275**	**4 714 076**
Other interest paid		(8 412 825)	(5 760 520)
Other financial expenses		(377 371)	(3 037 415)
Total financial expenses		**(8 790 196)**	**(8 797 935)**
Net financial items		**(669 921**	**(4 083 859)**
Pre-tax profit/loss on ordinary activities		**296 480 980**	**(42 142 681)**
Tax cost on profit on ordinary activities	7	172 040 952	50 300 578
Ordinary profit/loss		**468 521 932**	**8 157 897**
Income/loss for the year		**468 521 932**	**8 157 897**
Allocations			
Other reserves	6	468 521 932	8 157 897
Total		**468 521 932**	**8 157 897**

Concedo ASA

Balance Sheet as of 31 December 2011

Figures are given in the Norwegian currency NOK

ASSETS	Note	2011	2010
Fixed assets			
Intangible assets			
Deferred tax assets	7	8 762 097	0
Capitalised exploration expenses and licences	4	4 937 671	62 306 041
Total intangible assets		**13 699 768**	**62 306 041**
Tangible fixed assets			
Operating equipment, FF&E etc.	4	886 762	892 800
Total tangible fixed assets		**886 762**	**892 800**
Total fixed assets		**14 586 530**	**63 198 841**
Current assets			
Receivables			
Trade debtors		0	65 452
Other receivables	9	126 128 224	84 530 014
Total receivables		**126 128 224**	**84 595 466**
Bank deposits, cash-in-hand etc.	8	605 943 365	89 382 542
Total bank deposits, cash-in-hand etc.		**605 943 365**	**89 382 542**
Total current assets		**732 071 589**	**173 978 008**
Total assets		**746 658 119**	**237 176 848**

Concedo ASA

Balance Sheet as of 31 December 2011

Figures are given in the Norwegian currency NOK

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	2011	2010
EQUITY			
Called up and fully paid share capital			
Share capital (10 845 357 shares à NOK 1,00)	5,6	10 845 357	9 805 000
Share premium account	6	29 527 273	80 257 046
Non-registered reduction of capital	6	-38 203 559	0
Other capital paid in	3,6	114 482 099	2 007 563
Total called up and fully paid share capital		**116 651 170**	**92 069 609**
Retained earnings			
Other reserves		476 679 828	8 157 897
Total retained earnings	6	**476 679 828**	**8 157 897**
Total Equity		593 330 998	100 227 506
LIABILITIES			
Provisions for liabilities and charges			
Deferred tax		0	43 420 232
Total provisions for liabilities and charges		**0**	**43 420 232**
Total long-term liabilities	7	**0**	**43 420 232**
Current liabilities			
Owed to credit institutions	11,13	137 381 631	82 502 502
Trade creditors		1 203 803	493 894
Unpaid government charges etc.	6	1 402 219	1 609 421
Shareholder liabilities	12	8 096 696	0
Other current liabilities		5 242 772	8 923 293
Total current liabilities		**153 327 121**	**93 529 110**
Total liabilities		**153 327 121**	**136 949 342**
Total Equity and Liabilities		**746 658 119**	**237 176 848**

Asker, 9 March 2012

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	2011	2010
Pre-tax result		296 480 980	-42 142 681
Adjustments for reconciling current year's result with cash flow from operating activities:			
Gain from sale of licence interests		-461 555 697	-7 679 001
Depreciation, amortisation and write-downs	4	558 484	252 117
Capitalised exploration costs expensed		4 049 817	440 320
Other items having no cash effect – subscription rights		2 110 627	2 007 563
Tax paid in period		0	-484 687
Tax reimbursement received in period	7	81 836 928	69 000 039
Other items		1 058 489	0
Change in working capital (except for cash and cash equivalents):			
(Increase) reduction in trade debtors and other receivables		-3 511 063	1 979 094
Increase (reduction) in trade creditors and other current debts		-3 177 813	6 713 635
Cash flow from operating activities		**-82 149 248**	**30 084 399**
INVESTMENT ACTIVITIES			
Investments in fixed assets	4	-552 446	-712 032
Capitalised exploration expenses	4	-8 028 139	-62 306 041
Sale of assets		521 843 897	27 500 000
Cash flow spent on investment activities		**513 263 312**	**-35 518 073**
FINANCING ACTIVITIES			
Share issue	6	30 567 630	0
New interest-bearing long-term debt	11	137 381 631	82 502 502
Repayments long-term debt	11	-82 502 502	-63 130 000
Cash flow spent on financing activities		**85 446 759**	**19 372 502**
Net increase (reductjon) in cash and cash equivalents		516 560 823	13 938 828
Cash and cash equivalents at beginning of year		89 382 542	75 443 714
Cash and cash equivalents at end of year		**605 943 365**	**89 382 542**

Note 1

Accounting Principles

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

Main principles for valuing and classifying assets and liabilities

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

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

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

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

Interests in oil and gas licences

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

Accounting for oil and gas operations

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

Capitalised exploration costs are reviewed continuously and dry wells are expensed. Exploration wells that have shown reserves, but where classification as proven reserves depends on whether substantial investments are justified, may remain capitalised for more than one year. The most important conditions are either that plans are adopted for future exploratory drilling in the licensed area, or that it is expected that a development plan will be adopted in the near future.

Receivables

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

Bank deposits, cash in hand, etc.
Bank deposits, cash in hand and 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.

Earnings

Income is entered when earned, i.e. when payment becomes due. Payments received are entered at their value at the time of the transaction.

Expenses

Expenses are generally entered in the same period as the corresponding income. If there is no distinct connection between the expenses and the revenue, cut-off will be made at discretion. Other exceptions from the matching principle are explained where they occur.

Leasing agreements

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

Pensions

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

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

Share-based remuneration

The company has a remuneration plan based on payment in shares. The true 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 true value of the subscription rights awarded.

On each accounting day 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 costs are matched with book income before tax.

Tax costs consists of payable tax (tax on the year's direct taxable income), change in net deferred tax and anticipated reimbursements related to exploration costs. Deferred tax and deferred tax benefits in the same tax regime are presented net in the balance sheet. Deferred tax benefit is capitalised provided that the future use is rendered probable.

Cash flow analysis

The cash flow analysis is prepared using the indirect method.

Note 2

Sales revenues

	2011	2010
Consulting services/ Income in Norway	1 500 000	0
Gain from sale of license, see Note 15	461 555 697	7 679 001
Total	**463 055 697**	**7 679 001**

Gain in 2011 relates to sale of licences.

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	2011	2010
Salaries	12 991 035	11 414 899
Employers payroll tax	5 444 242	1 985 370
Pension costs	697 499	735 252
Share-based remuneration	2 110 627	2 007 563
Other benefits	253 622	352 227
Total	**21 497 025**	**16 495 311**
Number of man-years employed during the financial year	11	11

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

Remuneration paid to directors and management	Salary	Pension-costs	Other remune-ration
Geir Lunde (CEO)		80 571	258 772
Olav Fjell (Board Chairman)		-	150 000
Erik Klausen (Director and HSE manager)	1 348 204	77 551	247 927
Hege Wullum (Director)			100 000
Karen Sund (Director)			100 000
Ben Stanway (Director)			100 000

The CEO has a severance pay contract under which he, if he leaves at the company's request, is entitled to salary for 6 months after his period of notice expires. Re subscription rights awarded to the CEO and directors in connection with the incentive scheme, see Note 5. Consultant services for NOK 250.000 excl. VAT were purchased from Fjellvit AS, a company owned by the Board Chairman.

Share-based remuneration

With the approval of the AGM the Directors of Concedo have awarded the employees 916 408 subscription rights as of 1 January 2011. On 16 December 2011 in addition the Directors decided to distribute another 59 167 subscription rights. The true value of the subscription rights awarded, calculated according to Black & Schole's option pricing model, was NOK 8 250 421, of which NOK 2 110 627 was expensed in 2011 and NOK 2 007 56 in 2010.This model uses risk-free interest based on Government bonds with a term of 3-5 years to maturity, and exercise of rights after 48 months. The standard deviation from the expected yield was taken as 50 %.

Number of subscription rights	2011	2010
Outstanding as of 1 January	916 408	380 952
Awarded during year	59 167	535 456
Forfeited during year	0	0
Exercised during year	-42 872	0
Expired during year	0	0
Outstanding as of 31 December	**932 703**	**916 408**

Average exercising price is NOK 20.52 per share.

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 new bonus programme that may be used in exceptional cases.
These guidelines are binding for the Board in so far as concerns schemes involving allocation of shares, subscription rights and other forms of remuneration that are linked with shares or developments in the price of the company's shares. Otherwise the guidelines are intended as guidance 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.

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

The guidelines and compliance with them in 2011:

The guidelines for remuneration of the CEO and other senior staff in 2011 were established by the Directors and were approved by the annual general meeting in 2011.

For the year 2011 subscription rights were given for the equivalent of 26.67% of the salary paid out by the company in accordance with the guidelines. Each subscription right carries the right to purchase one share in the company at a price corresponding to an estimated market price of NOK 60.00. In accordance with the guidelines, company employees thus have an opportunity to subscribe shares as follows:

Name	Price/share (NOK)	Subscription rights
Geir Lunde	60	5 840
Erik Klausen	60	5 591
Morten Hedemark	60	5 591
Nils Fagerland	60	5 591
Ole H Fjelltun	60	5 591
Arve Gulbrandsen	60	5 591
Odd E Baglo	60	5 591
Elisabet Malmquist	60	4473
Enric Leon	60	2485
Dirc van der Wel	60	3355
Anders Finstad	60	4467
Total	**60**	**54 167**

54 167 subscription rights were allocated in 2011 that can be exercised after 3 years and before 5 years, pursuant to Board Resolution of 16 December 2011 and conditions set in the attachment to minutes from the General Meeting 2012.

Incentives to the Members of the Board in Concedo ASA for 2011

In addition to the guidelines for 2011 for remuneration of senior staff, it is proposed that as of 2011 the Members of the Board be included in the incentive scheme. The incentives, as given below, will otherwise follow the guidelines drawn up for the company's employees.

For the year 2011 subscription rights to a value of 67,67 % of the Director's fees is suggested. Every subscription right gives the right to issue one share in the company at a price corresponding to an estimated market price of NOK 60.00. The Directors of the Board thus have an opportunity to subscribe shares according to the guidelines:

Name	Price/share (NOK)	Subscription rights
Olav Fjell	60	1 667
Karen Sundt	60	1 111
Hege Wullum	60	1 111
Ben Stanway	60	1 111
Total	**60**	**5000**

5000 subscription rights were allocated in 2011 that can be exercised after 3 years and before 5 years, pursuant to Board Resolution of 16 December 2011 and conditions set in the attachment to minutes from the General Meeting 2012.

Guidelines for 2012:

At the annual general meeting in 2012 the Directors will present the following statement regarding pay for the CEO, other senior staff and the Directors in 2012:

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

(ii) Incentive programme:
In addition to the fixed basic pay, the Directors propose that the present incentive programme with subscription rights in the company, be continued. The incentive programme shall normally be allocated each year and the subscription rights allocated by the Directors, based on recommendations from the CEO within the framework of the resolution adopted by the general meeting. Subscription rights under this scheme shall be allocated according to specifically designated targets achieved by the company, and shall normally be issued to all employees.
Pursuant to the Directors' guidelines, the number of subscription rights shall be calculated by dividing a percentage – maximum 40% -of the annual pay earned by the employee during the year, by the market price of the shares. The maximum number of subscription rights for each employee will therefore be equivalent in value to up to 40% of the employee's earnings during the year, divided by the market price of the shares. The market price of the shares will be determined by an arm's length public accountant or other arm's length person having expert knowledge of the matter. Subscription rights can at the earliest be exercised at IPOor if the company is sold. Otherwise the subscription rights may be exercised at any time whatsoever in the period between 3 and 5 years after the allocation date. It is a condition for exercise of subscription rights, however, that the person concerned is still an employee of the company or a pensioner.
For Directors who are not employed by the company, the number of subscription rights shall, pursuant to the Board guidelines, be calculated by dividing a part – maximum 100% - of the annual fee by the market price of the shares. The maximum number of subscription rights for each Director will therefore be equivalent in value to up to 100% of that Director's fee during the year, divided by the market price of the shares. The market price of the shares will be determined by an arm's length public accountant or other arm's length person having expert knowledge of the matter. Subscription rights can at the earliest be exercised at IPO or in the event of sale of the company. Subscription rights can otherwise be exercised at any time between 3 and 5 years from the allocation. Exercise of subscription rights is not dependent on whether the member of the Board is a company employee or not.
Nothing is paid for the subscription rights issued. Each of these subscription rights entitles the person to subscribe for one share in the company at a price corresponding to the average market price of the shares at the end of the year for which the incentive decision applies, as the price of the shares is determined by an arm's length public accountant or other arm's length person having expert knowledge of the matter.
The new shares issued when subscription rights are exercised, carry a right to dividend from the date of issue, i.e. a right to dividend, if any, for the financial year prior to the year of issue.

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

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

Bonus will not normally be awarded in the form of money, but as subscription rights in the company. In the same way as under the incentive programme, maximum 40% of the person's pay from the company may be given per year as a bonus and therefore the subscription rights given as bonus shall be calculated by dividing the appropriate percentage of the employee's earnings by the market price of the shares. The market price of the shares shall be determined by an arm's length public accountant or other arm's length person having expert knowledge of the matter.

Auditor

Remuneration for Deloitte AS is as follows (excl. VAT):	2011	2010
Statutory audit	175 000	137 500
Audit-related services	66 625	37 500
Certification services	79 450	0

Note 4

Tangible/ Intangible assets

	FF&E	Plant & Machinery	Purchases of license interests, exploration wells	Total
Procurement cost 1/1	1 539 405	77 725	62 306 041	63 923 171
Additions	552 446		8 028 138	8 580 584
Disposal at procurement price			-65 396 508	-65 396 508
Procurement price 31/12	**2 091 851**	**77 725**	**4 937 671**	**7 107 247**
Cumulated depreciation 1/1	682 905	41 425		724 330
Current year's depreciation	548 318	10 166		558 484
Cumulated depreciation 31/12	1 231 223	51 591		1 282 814
Book value as of 31/12	**860 628**	**26 134**	**4 937 671**	**5 824 433**
Economic life	3-5 yrs	5 yrs		
Depreciation schedule	Linear	Linear		

Intangible assets includes procurement costs for interests in licenses and costs connected with exploration wells.

Note 5

Note 5 Share capital and shareholders

As of 31.12.11 the company share capital consisted of one class of shares, all of which bear the same voting rights.

	Number of shares	Nominal value[1]	Book value
Shares	10 845 357	1,00	10 845 357
Total	**10 845 357**		**10 845 357**

[1] A reduction of the nominal value of NOK 0.80 per share has been adopted. The resolution has not been registered as of 31 December 2011.
Acquisition of shares by purchase or as a gift or by any other means requires board approval.

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

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

Name	Number of rights	Sub-scription Price (NOK)	Total Price (NOK)	Allocation date
Employees	100 747	15,00	1 511 205	Ordinary General Meeting 30. May
Employees	237 333	15,00	3 559 995	Ordinary General Meeting 39. May
Employees	296 000	11,25	3 330 000	Ordinary General Meeting 28. May
Employees	239 456	30,00	7 183 680	Board Meeting 17. December 2010
Employees and Directors	59 167	60,00	3 550 020	Board Meeting 16. December 2011
Total	**932 703**		**19 134 900**	

The above figures include 109 730 subscription rights allocated to Geir Lunde and 105 484 subscription rights allocated to Erik Klausen in connection with the incentive scheme.

Ownership structure
The ten largest shareholders as of 31.12.2011

Name	Number of shares	% of interests	Home country / Country of registration
H.M. STRUCTURES LIM	2 983 609	27.51	CYP
EUROCLEAR BANK S.A./	2 580 000	23.79	BEL
MEGABRAS AS	2 176 449	20.07	NOR
RBC DEXIA INVESTOR S	578 258	5.33	GBR
GOLDMAN SACHS INT. -	412 201	3.80	GBR
KNUTSEN JOHN ERIC TA	250 000	2.31	NOR
GOLDMAN SACHS & CO -	227 799	2.10	USA
SIX SIS AG	220 000	2.03	CHE
SIX SIS AG	170 000	1.57	CHE
FJELLVIT AS	154 529	1.42	NOR
Diverse	1 092 512	10.07	
Total	**10 845 357**	**100,00**	

Shares owned by Directors and CEO

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

Note 6

Equity

	Share capital	Share Premium Account	Unreg. reduction of capital	Other contributed capital	Other reserves	Total
Equity capital 1/1-11	**9 805 000**	**80 257 046**		**2 007 563**	**8 157 897**	**100 227 506**
Subscription rights				2 110 627		2 110 627
Share issue	1 040 357	29 527 273				30 567 630
Transfer		-80 257 046		80 257 046		0
Unreg. reduction of capital [1]			-38 203 559	38 203 559		0
Allocated of return of paid-in capital				-8 096 696		-8 096 696
Current year's profit/loss					468 521 932	468 521 932
Equity capital 31/12-11	**10 845 357**	**29 527 273**	**-38 203 559**	**114 482 099**	**476 679 828**	**593 330 998**

[1] On 21 September 2011 and 16 December 2011 the General Meeting adopted resolutions to write down share capital by NOK 8 096 696 and NOK 579 589.60 respectively, by writing down nominal share value by NOK 0.80, from NOK 1.00 to NOK 0,20. On 16 December 2011 the General Meeting further decided to write down the share premium account by NOK 29 527 273, and to transfer the same amount to other reserves. The reduction of capital will be registered in 2012.

Note 7

Tax cost

Tax cost for the current year is calculated as follows:	**2011**	**2010**
Insufficient provision for tax earlier years	187 057	113 951
Change in deferred tax	-51 996 665	31 795 121
Tax value of exploration costs (See Note 9)	-120 231 344	- 82 209 649
Tax cost on ordinary income	**- 172 040 953**	**- 50 300 578**

Reconciling nominal and actual tax rates:	**2011**	**2010**
Ordinary pre-tax profit	296 480 980	- 42 142 681
Anticipated income tax at nominal rate (28%)	8 014 674	- 11 799 951
Tax effect of following items:		
Insufficient provision for tax earlier years	187 057	113 951
Non-deductible expenses	516 679	769 011
Non-taxable income	-143 500 000	-7 700 000
Tax effect of interest on loss for carrying forward (50%)	-103 820	-66 992
Effect of surtax (50%)	-112 155 542	- 31 616 597
Tax cost	-172 040 953	- 50 300 578
Effective tax rate	**-58%**	**119%**

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

	2011		2010	
	Credit	**Debit**	**Credit**	**Debit**
Fixed assets & exploration expenses		3 615 195		48 522 860
Provisions for liabilities	2 727 746			
Loss to be carried forward	9 649 546		5 102 627	
Total			**5 102 627**	**48 522 860**
Of which net value is recognised	12 377 292	3 615 195	-5 102 627	-5 102 627
Net deferred debit/credit in balance sheet	**8 762 097**			**43 420 233**

Profit from oil and gas operations on the Norwegian shelf is taxed in accordance with the Norwegian Petroleum Tax Act. A special 50% surtax is levied in addition to the ordinary 28% corporate tax. The taxpayer may claim payment from the government for the tax value of direct and indirect expenses (with the exception of financing expenses) for petroleum exploration, 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 on loss for carrying forward connected to operations on the Norwegian Shelf be paid out in the event of a possible termination.

Utilization of shelf loss is in this respect regarded as probable, and thus deferred tax effect has been capitalised. See also Note 9.

Note 8
Bank deposits

Bank deposits, cash in hand etc. includes non-distributable withheld tax monies in the sum of NOK 788 979.- and a rental deposit of NOK 610 992.-

Note 9
Receivables

For the 2011 tax assessment the company claims reimbursement of the tax value of petroleum exploration costs in a sum totalling NOK 120 231 344 (2010: NOK 82 209 649), see Petroleum Tax Act, 5th paragraph of section 3c. Outstanding accounts with operators and others are also included under receivables.

Note 10

Leasing agreements

Annual rental for non-capitalised assets amounts to NOK 749 512, which relates to rent for the office premises in Asker. The tenancy was renewed towards the end of 2011. The remaining period of tenancy being 5 years.

Note 11

Debt to financial institutions

The company has a credit line for NOK 200 000 000 in DnB ASA. The interest rate is NIBOR plus a 2.45% margin.

Withdrawals are limited to 95% of the tax value of petroleum exploration expenses. Repayments coincide with the reimbursement of exploration expenses from the tax authorities. Withdrawals may be made until 31/12-2012 and the last repayment must be made in December 2013.

As of 31/12-2011 withdrawals totalled NOK 137 381 631. We have calculated the tax reimbursement as being NOK 120 231 344, see notes 7 and 9. 95% of that amounts to NOK 114 219 777, so that withdrawals exceed the maximum permitted by NOK 23 161 854 as of 31/12-2011. Therefore a sum of NOK 23 161 854 was repaid in March 2012, in accordance with the rules.

The loan is secured by the tax reimbursement scheme, 21% of the interests in licence PL 434, 15% in PL 383, 20% in PL 531, 10% in PL 370 and 20% in PL 561. Under the loan agreement a mortgage is also given on the company's offshore insurances relating to exploration activities.

Note 12

Other current liabilities

Other short-term debt includes NOK 3 860 516 which is the company's share of provisions made in the licences in which the company holds interests. This item also includes salaries, holiday pay etc. totalling NOK 1 382 256.

Note 13

Financial market risk

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

The most important 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.

Note 14

Exploration costs

Exploration costs in the P&L Account consist of the following:

	2011	2010
Pay costs, ref note 3	21 497 025	16 495 311
Seismic, drilling and general licence expenses	134 916 151	24 111 140
Other operating costs linked with exploration	8 933 136	4 879 256
Total	**165 346 312**	**45 485 707**

Exploration costs, capitalised and expensed, totalled NOK 173 374 450 in 2011 (2010:NOK107 791 748). Taxable refundable exploration expenses are NOK 154 142 749.

Note 15

Licenses

The company acquired five new licenses in 2011, PL370B, PL475CS, PL576 and PL588 in licensing round APA 2010 and license PL607 in the 21st round. One license was relinquished; PL 485 and the licenses PL475/475BS7475CS were sold to Wintershall. One well has been drilled in 2011 in the Ronaldo prospect (PL 434) which proved to be water filled.

The following lists events and commitments related to the company's licenses in 2011:

PL370/PL370B – Concedo gained interests in this license through a swap with Wintershall. Concedo reduced its interests PL475/ PL475BS in the Haltenbanken by 10% in return for an equivalent interest in PL 370 in the North Sea. Concedo's part was increased to 20% through a trade with Wintershall in 2010. This license is in the vicinity of the Snorre field. Operator is Wintershall with 40%. A decision to drill an exploration well in this license has been done, expected to start in the first half of 2012.

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

PL 531 – This license was awarded in the 20th round and Concedo holds a 20% interest. This is Concedo's first license in the Barents Sea. Operator for the license is Repsol with 20%. The work program includes one permanent well. Drilling location is now decided and a well will probably be drilled late 2012 or early 2013.

PL607 - PL 607 was awarded in the 21st round. The license lies in the west of the Barents Sea immediately north of our PL 531. Concedo acquired a 40% interest and operator was GdF with 60%. Preparations have started for drilling a well in 2013.

PL576 – After an application in APA 2010, Concedo was awarded a 40% interest in PL 576. The license is in blocks 30/9 and 31/7, directly south of Brage. Operator for the license is Lundin who holds a 60% interest. Seismic reprocessing is taking place and will probably be completed during the first quarter of 2012. A decision to drill or relinquish the license must be made within two years of the award.

PL 561 – This license was awarded Concedo in APA 2009 with an interest of 20%. The area stretches across the two exploration blocks 6608/7 and 6608/8. PL 561 is situated approx. 30 km northeast of the Nome field and in the vicinity of the discovery in the Dompap prospect. Operator is Wintershall with a 35% interest, E.ON Ruhrgas has 25% and Det norske oljeselskap 20%. The license was awarded in the beginning of 2010. Work plans include reprocessing 3D seismic. This was done with very good results in 2010-2011. A decision whether to drill must be made during February 2012. An application to postpone the decision to drill with one year has been issued.

PL588 - Concedo was awarded a 30 % interest in PL 588 in round APA 2010. The license lies in block 6407/9, directly north of Draugen. Operator is Rocksource with a 40% interest, while other license partners are VNG with 30%. Work programme for the license is nearly completed and the "Drill or Drop" decision will be made early in 2012.

PL475/PL475BS/PL475CS Concedo sold its 10% interest in licenses PL 475, 475 BS and 475 CS to Wintershall Norge in September 2011.

PL434 – 21% interest was awarded in 2007 (APA 2006) through a deal with Revus (now Wintershall) and Nexen. The Ronaldo prospect was drilled in 2011, but proved to be water filled. The decision to relinquish the license to the Government has been made.

PL485 – Concedo had a 15% interest. The licence is now relinquished.

Deloitte.

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Til generalforsamlingen i Concedo ASA

REVISORS BERETNING

Uttalelse om årsregnskapet

Vi har revidert årsregnskapet for Concedo ASA, som består av balanse per 31. desember 2010, resultatregnskap som viser et overskudd på kr 8.157.897 og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen, og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre noteopplysninger.

Styret og daglig leders ansvar for årsregnskapet

Styret og daglig leder er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge, og for slik intern kontroll som styret og daglig leder finner nødvendig for å muliggjøre utarbeidelsen av et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Revisors oppgaver og plikter

Gammel

... dette årsregnskapet på bakgrunn av vår revisjon. Vi har ... rskrift og god revisjonsskikk i Norge, herunder International ... krever at vi etterlever etiske krav og planlegger og ... nde sikkerhet for at årsregnskapet ikke inneholder vesentlig

En revisjon innebærer utførelse av handlinger for å innhente revisjonsbevis for beløpene og opplysningene i årsregnskapet. De valgte handlingene avhenger av revisors skjønn, herunder vurderingen av risikoene for at årsregnskapet inneholder vesentlig feilinformasjon, enten det skyldes misligheter eller feil. Ved en slik risikovurdering tar revisor hensyn til den interne kontrollen som er relevant for selskapets utarbeidelse av et årsregnskap som gir et rettvisende bilde. Formålet er å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll. En revisjon omfatter også en vurdering av om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene utarbeidet av ledelsen er rimelige, samt en vurdering av den samlede presentasjonen av årsregnskapet.

Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Konklusjon

Etter vår mening er årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av den finansielle stillingen til Concedo ASA per 31. desember 2010 og av resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Uttalelse om øvrige forhold

Konklusjon om årsberetningen og anvendelse av overskuddet

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet og forutsetningen om fortsatt drift, samt forslaget i årsregnskapet til anvendelse av overskuddet, er i samsvar med lov og forskrifter og at opplysningene er konsistent med årsregnskapet.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 "Attestasjonsoppdrag som ikke er revisjon eller begrenset revisjon av historisk finansiell informasjon", mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo, 25. mars 2011
Deloitte AS

Mette Herdlevær

Mette Herdlevær
statsautorisert revisor

The Board of Directors

Ben Stanway

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

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.

Olav Fjell

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

Erik Klausen

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

Hege Wullum

Hege Wullum, director, is the commercial manager of AS Nationen. She also has 10 years' experience from Edda Media AS, where her work included M&A, business development and digital projects. Hege has 7 years' international experience in the oil and gas industry, partly from Norsk Hydro and the Norwegian Ministry of Petroleum & Energy. She holds a Bachelor's degree in economics and an Executive MBA in brand management from NHH, the Norwegian School of Economics and Business Administration.

People 2011

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

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

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

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

Ole Herman Fjelltun
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.

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

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

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

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

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

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

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