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concedo

Annual Report 2020

Hidden Values

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About Concedo

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

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

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

What we do

Our key tools for identifying new discovery opportunities are seismic and well data and the staff's overall experience. The 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 the interpretation, analysis and integration of the various data.

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

Hidden Values

Human curiosity knows no bounds. We have always been fascinated by the unknown, wondered about what is beyond the next bend in the road, under the earth, down in the sea. The most curious among us have made it their life's work to discover the earth's secrets. Some in order to extract value and others to extract knowledge. Although the motives differ, they are in any case about values – tangible or intangible – that have been hidden for hundreds, thousands or hundreds of thousands of years, just waiting to be discovered.

The Oseberg Find

Little did he know what he initiated, farmer Oskar Rom from the Lille Oseberg farm, when he sought out Professor Gabriel Gustafson at the University of Oslo's Collection of Classical Antiquities on 8 August 1903. Rom had come over what he believed was a ship in a large burial mound on his property. Two days later, the professor was in Tønsberg and ascertained with no room for doubt that the burial mound was a ship grave from the Viking ages. The mound was dug out that summer and the last parts of the ship were removed on 5 November 1904. Although the actual dig was completed in just under three months, it took 21 years to restore the ship and objects. Analyses of the timber show that the ship was built in West Norway in around 820AD. The burial chamber in timber behind the ship's mast is dated to 834AD, the year when the burial took place.

The burial mound was plundered as early as in 953AD, but a number of unique objects were nevertheless found in the grave, including tools, ship equipment, domestic utensils, three sledges and a four-wheel wagon with rich carvings.

The ship itself is a light oak vessel, 22 metres long and just over 5 metres wide. It was built to be both rowed and sailed, and had a 13-metre-high pine mast mid-ships and a strong rudder at the back on the starboard side. The high stems have carved animal ornaments and the prow is in the shape of a coiled snake with a head.

Defining moment

Last year I described 2019 as a good year for Concedo, but I also predicted that 2020 would be a defining moment for the company. The key question was whether it would be possible to improve discovery rates and volumes significantly based on the clever application of technology and a selective exploration strategy. In my mind, this needed to be demonstrated by results – not by words and good intentions.

I believe we have been successful and are on a good track. At the beginning of 2021 I am very pleased about the following:

- The company has made oil discoveries in each of the past three years, despite participating in only a few wells.
- In 2020, the company participated in the drilling of the Dugong prospect in PL 882, which resulted in one of the largest oil discoveries on the Norwegian Continental Shelf (NCS) that year. We avoided any dry or non-commercial discoveries by making tough decisions based on our own technical evaluations.
- In September 2020, some independent consultant companies presented a ranking of NCS exploration successes over the past three to five years in which Concedo was among the top companies.
- The resources discovered in PL 882 and PL 815 are promising. We have sold a minor interest in PL 882 to support further investments in appraisal and exploration wells and field development preparations.
- For many years, the company has tested out certain technologies at low cost and learned their strengths and weaknesses. This will benefit our future activities, including the attractive APA2020 award in PL 1096 just south of the Grane field.

The discoveries made in PL 882 (Dugong and Sjøpølse) during the summer of 2020 immediately led to a lot of work on acquired well data. Close collaboration on technical evaluation and planning activities was quickly established between Neptune, as the operator, and the licence partners Idemitsu, Petrolia and Concedo. The operator is strongly dedicated to the project and has already allocated drilling slots for the Deepsea Yantai drilling rig to PL 882 in 2021. Frequent video meetings allow active partner participation and contributions. Further, Petrolia and Concedo have established a reservoir simulation cooperation project for the Dugong discovery and the results of this will be shared with the partnership.

Concedo employees and the GeoCore consultant team continue to be flexible, innovative and supportive of each other with the aim of constantly improving performance. We live up to our key words – knowing and creating. I notice with particular satisfaction that our youngest employee, Jens Fredrik Kolnes, contributes very strongly as an exploration geophysicist in several of our licences and in evaluations of new opportunities. We have also employed Arild Andresen as Commercial Manager from January 2021. He has supported Concedo with his expertise for many years and it is a great pleasure to welcome him as a colleague. All colleagues, friends and family are healthy and in good spirits. This is often taken for granted but, especially this year, I have frequently been reminded to be grateful for this.

Concedo's main operational plan for 2021 is:

1. Drilling of an appraisal well on the Dugong discovery from mid-February
2. Possible production testing of the appraisal well in August
3. Drilling of the Dugong Tail prospect with potential sidetrack(s) in August or immediately following the production test on Dugong
4. Drilling of the Rødhette prospect in PL 901, just north of the Goliat field, with Vår Energi as operator, from mid-September.

In parallel with the operational activities in PL 882, there will be field development planning in preparation for the possible submission of a Plan for Development and Operation (PDO). The intention is to submit the PDO to the authorities by the end of next year and production could potentially start in 2025.

The tie-in of the discovery to nearby host platforms or an independent production ship is being considered.

2020 was a year of dramatic, unforeseen global events. We were all exposed to the indirect effects of the COVID-19 virus and I am especially grateful for the following:

1. The Norwegian authorities worked closely with the industry and managed to mitigate some of the harmful effects.
2. Concedo's employees and good suppliers and partners in the industry have managed to keep activities running efficiently.

Hopefully, the industry and authorities will be able to tackle any future dramatic events in a similarly good way. Jointly, we have created a lot of value for the country and minimised unemployment and the loss of competence.

Successful exploration is a key ingredient for value creation on the NCS. Every time there is a good discovery, we all benefit in some way or another. Each company has its ups and downs from year to year, but at the end of 2020 we noticed that ConocoPhillips had an excellent exploration year. Some large oil companies have gradually reduced their activity on the NCS, and I am very pleased that the company which discovered the Ekofisk field keeps on exploring and demonstrating its ability to create value that is material - even for an oil major. History has shown that a plurality of active companies, as well as sometimes key individuals, are important for successful exploration. I think most of us will agree that Hans Christen Rønnevik, who passed away in January 2021, was such a key individual through his valuable contributions to the Norwegian Petroleum Directorate (NPD), Saga Petroleum and Lundin. In my opinion, his creativity and competence are what 'gave us' the Edvard Grieg and Johan Sverdrup fields, which will contribute billions in tax to Norway to pay for continued welfare. I hope I have learned a few points from my conversations with Hans Christen – including that all data, from large-scale seismic to microscopic data, should be looked at together when making interpretations and decisions.

To sum up, 2020 has been a very good year for Concedo and our overall activities on the NCS. Our licence portfolio and subsurface technological insights have allowed us to establish a foundation for further value creation in 2021. By making gradual improvements and maintaining a selective exploration strategy, I am confident we will continue to be successful in discovering hidden values in the subsurface as well as in the practical application of technologies.

Geir Lunde
CEO

Petroglyphs – ancient rock engravings

Hardly any findings from earlier times are infused with more mysticism than petroglyphs. What was he thinking about – the Stone Age man who patiently and carefully chiselled, polished and engraved his pictures into the rock? What did he want to tell us? And why?

There are few answers but many theories. Most researchers tend to believe that the ancient artworks are of ritual importance – hunting magic, perhaps linked to shamanism.

Anyone looking for petroglyphs must have plenty of time and a bit of luck. There are no traces in the landscape that reveal the modest reliefs, no modern instruments can find these secrets. But when the light shines in the right way, a picture of a ship or an animal can suddenly appear from a slope of naked rock that was flat and had no markings just a few minutes earlier.

In Norway, the richest petroglyph areas are found in Northern Norway and the Østfold area in south-east Norway. In the north, the so-called “veideristninger” (hunter’s rock carvings) dominate – pictures of animals and sometimes hunting scenes. In Østfold, the petroglyphs usually depict a ship, often with lines representing crew members, in a group that is rather erroneously called agricultural carvings.

It is difficult to date petroglyphs accurately, but experts more or less agree that most of the petroglyphs in the north are from the Stone Age and are approximately 7,000 years old, i.e., from around 5000BC. The agricultural carvings in the south are mainly from the Bronze Age. In the Nordic region, that means somewhere between 1700BC and 500BC.

Figure 1: A Fourier transform of Lapskaus, a traditional Norwegian dish.

What is hidden in sound waves?

I look on a final processed seismic dataset as a Lapskaus, a traditional Norwegian dish which is a mix of several over-cooked ingredients where you can hardly tell each individual ingredient apart. Not that it does not serve its purpose, the point is that you cannot really appreciate each individual ingredient or understand what it tastes of as everything is mixed together. The same goes for seismic data, if you can imagine the ingredients being the different frequency components of the seismic signal. Different frequencies and wavelengths contain unique information controlled by many factors, i.e., the geological bed thickness, rock properties and fluid phase, which are factors that we exploration geo-scientists are interested in.

Understanding what went into a particular Lapskaus is difficult without a recipe. Fortunately for us, we can do this for seismic datasets. We can extract individual ingredients (frequency components) from a seismic signal via an approximation of the Fourier transform. This is demonstrated in Figure 2, where it is possible but difficult to observe any “geology” from the raw seismic amplitude map. As we extract frequency components from the same seismic data, we can already start to see a clearer image.

When these frequency components are blended, we start to see the geology even better (Figure 3). Both channel and fan geometries are now clear. The dominating colours of the RGB (red – green - blue) blending reveal thickness information, i.e., the dominant blue colours at the edge of the fan systems indicate a thinning or pinch out of the fans. This is because we have assigned blue colours to the component with the highest frequency. Digging into what is hidden in the seismic data with frequency approaches like the one used here is a very powerful tool for geological insight.

Figure 4 shows the drastic changes we can get by changing the frequencies extracted from our data. The two images are made from the same location and data and with approximately the same geological time interval. However, the fan system which is so clear in Figure 4 b) is not recognisable in Figure 4 a). On the other hand, the left side of Figure 4 a) shows another geological system which is difficult to spot in Figure 4 b). This system is even more difficult to interpret based on the raw seismic amplitudes (Figure 1).

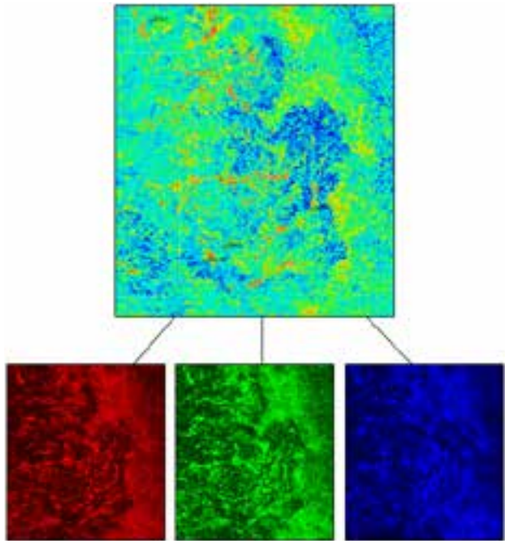


Figure 2: The top image shows seismic amplitudes extracted from a tertiary target interval. The three bottom images show different-frequency components extracted from the same data (increasing frequency from left to right).

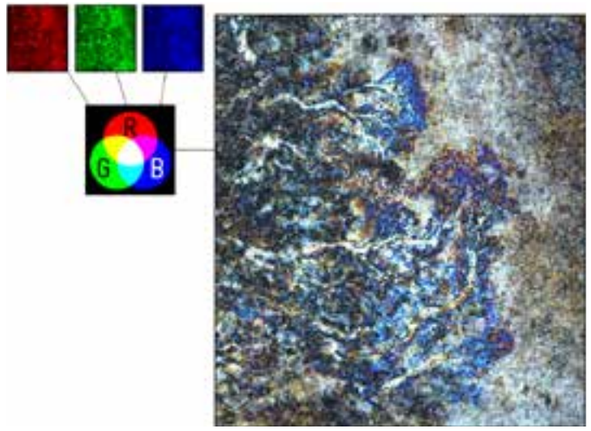


Figure 3: The same extracted frequency components in Figure 2 are shown here in the upper left corner. The image to the right is the result of blending the three frequency components together.

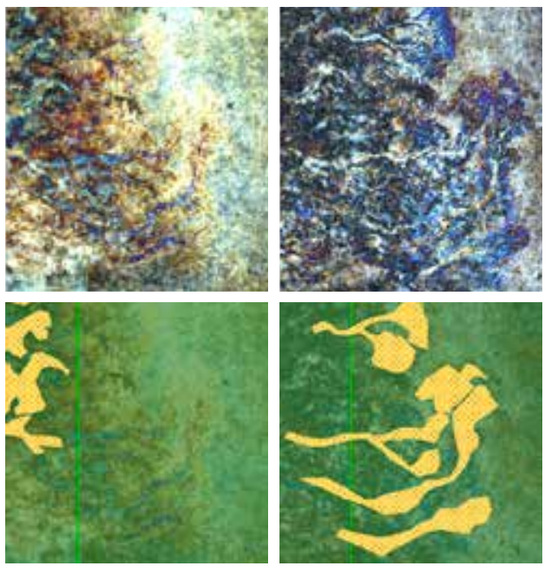


Figure 4: Two different RGB blendings. The image to the left is blended with a lower frequency than the image to the right.

What is hidden in rock cuttings?

Occasionally – in older wells – what was *not* expected was also not seen. There has often been sparse data collection in intervals that, pre-drill, have been considered non-prospective as reservoirs. In shallow intervals, data collection has generally focused on risk instead of prospectivity.

The reuse of data, such as when revisiting previously abandoned wells with a new perspective, is an approach that has, for instance, been a success in the Edvard Grieg area. Also, the perception of post-Paleocene reservoirs as having low prospectivity has been challenged lately. An exciting discovery was made last year in the Skade Formation in the Liatårnet Prospect. The shallow plays are underexplored, and wells can be revisited to find information hidden in the cuttings when little other material is available.

Data from the NOROG Digital Cuttings Project (factbox) help fill the knowledge gap, as these cuttings are available for the whole length of the well.

In 2019, Concedo partnered with The Innovation Effect in three projects to investigate the potential for identifying reservoirs based on the released cuttings data. During these projects, students have coded both a probabilistic and a neural network program for geological classification from pictures. When NOROG started releasing digital cuttings in January 2020, we were ready to start digitally analysing some of this vast amount of data, as well as to potentially use the incoming information to further improve the programs.

As the focus of the projects has deliberately been kept narrow, the aim has been sandstone reservoir identification. The sandstone intervals we are looking for *can* be observed directly on these pictures. However, as there are hundreds of pictures from each well, a digital analysis is a more effective use of the data for exploration purposes. This is especially true for a small company. A combination of picture analyses and the corresponding XRF database points out intervals to be investigated further for assessing underexplored prospectivity.

Examples are seen in the figures showing shallow intervals in wells, where the logs are not sufficient for lithology classification, but where the Concedo analysis and the XRF components pick up the sandstone impulse.

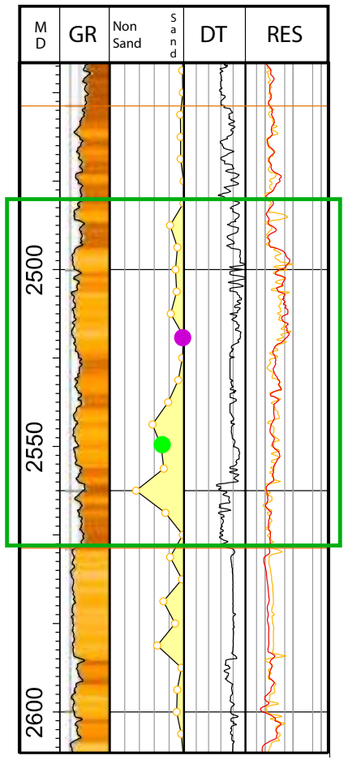
Factbox

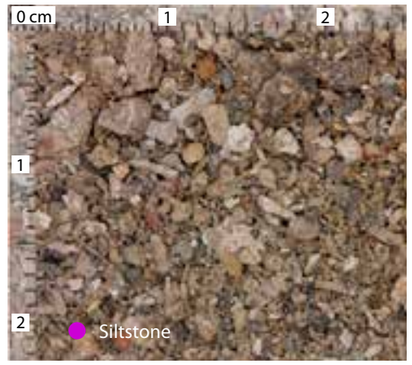
The Digital Cuttings project will expand the NPD's open Diskos Database by adding cuttings data consisting of photos and XRF data from around 1,500 released wells, in addition to Qemscan, XRD and SpecCam data from a selection of these wells.

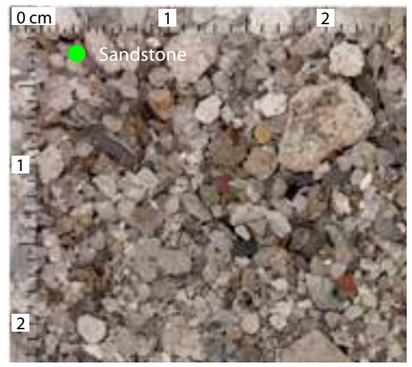
The project makes this data digital and available across disciplines within and between oil companies, authorities and academia. Furthermore, the same data will be reported from all upcoming wells in the future.

- XRF
  - X-ray fluorescence analysis of the elemental composition of materials)
- Qemscan
  - Scanning electron microscopy for the quantitative evaluation of minerals
- XRD
  - X-ray diffraction analysis to study the structure, composition and physical properties of materials
- SpecCam
  - Hyperspectral infrared spectroscopy for quantifying the mineral content of cuttings

Caption 1
Example from an interval with moderate data coverage. Within the green rectangle, interpreting the lithologies from the existing logs is not straigh-forward. The sand fraction log is the result of Concedo's analysis of digital cuttings. To the right, pictures of siltstone and sandstone cuttings respectively, from two of the data points (marked in green and purple).

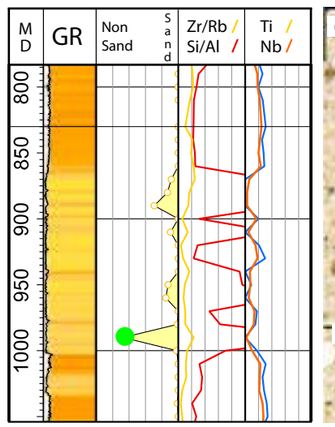


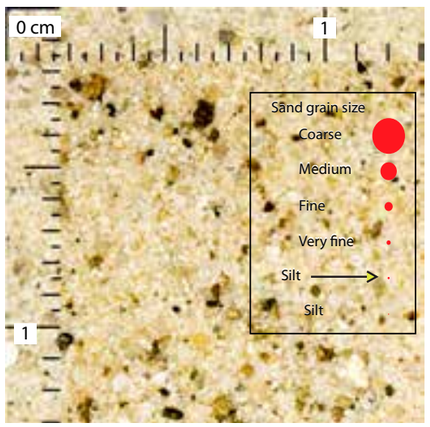




Caption 2
Example from a depth interval with poor data coverage – gamma ray log available only. The sand fraction log from the Concedo analysis corresponds well with the sand indicator analysis of components from the digital cuttings' X-ray diffraction.

The photo of cuttings to the right is from the data point marked with green in the sand fraction log. The grain sizes are illustrated on the photo; reservoirs can consist of grains down to very fine sand.





What is hidden next to producing fields?

In the beginning, the NCS belonged to the Giants...

Production of oil and gas from the Norwegian Continental Shelf (NCS) commenced in 1969 with the opening of the Ekofisk Field. Other very large oil discoveries (often referred to as elephants), like Statfjord (1974), Gullfaks (1978), Oseberg (1979) and Troll (1979), were made and production was subsequently established. Apart from the exceptional Johan Sverdrup Field (2010), the elephants discovered in the 1970s are still the largest oil discoveries made on the NCS. At the time when these discoveries were made, geological knowledge was limited as not much seismic and well data were available to the professionals for interpretation. The data quality was also poor compared to more modern data.

These very large fields were all developed with their own infrastructure, typically large platforms with structures placed on the seabed, as the reserve base could accommodate such massive investments. Development wells were normally drilled from the platform and several platforms were sometimes the solution to the challenges involved in drilling the more distant parts of the reservoir. All the elephants mentioned above have development solutions involving more than one platform.

...then the smaller E&P companies entered the scene

Until the late 1990s, the NCS was an arena for the major oil & gas companies hunting for large fields. At the same time, several large fields experienced a decline in production and, hence, were able to offer spare processing capacity and field operating services to adjacent discoveries. In order to increase exploration activity and attract new companies to a maturing NCS, the government introduced annual licensing rounds in mature areas in 2003 and the exploration cost tax refund system in 2005. This system made it possible for smaller companies without production revenues to explore without carrying potential losses forward. As a result, several small E&P companies have entered the NCS since 2005, and Concedo, established in 2006, is one of them.

"The best place to find oil is next to where oil has already been found"

The new players were not hunting for elephants with low discovery probabilities. The smaller companies were more focused on reducing the exploration risk and saw an attractive risk/reward in exploring for medium-sized oil & gas discoveries close to producing fields. In June 2005, Revus Energy, the first public, purely NCS-focused E&P company, was listed on the Oslo Stock Exchange. Its exploration strategy was formulated as follows: "The best place to find oil is next to where oil has already been found". In the years to come, several E&P companies entered the NCS, and most of them have been, and still are, looking for hidden values close to producing fields. This has resulted in numerous discoveries which are today in production.

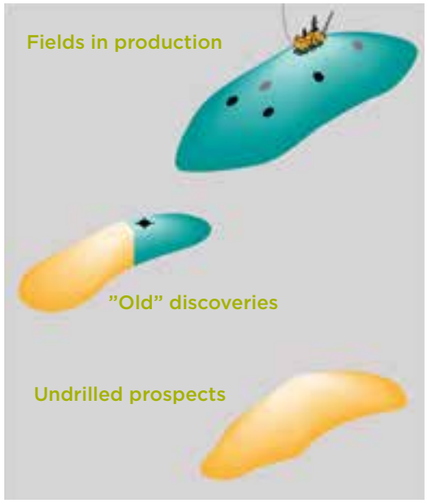
With continued exploration, the basin matures and there is more and better seismic and well data available. The improved understanding of the geology enables oil companies to find smaller and smaller accumulations which are, not surprisingly, harder to find than elephants. New technology, such as electromagnetic measurements, supports modern exploration in new ways. It should also be mentioned that computers with advanced software revolutionized the work and efficiency in the mid-1980s.

The start of the era of tie-back developments

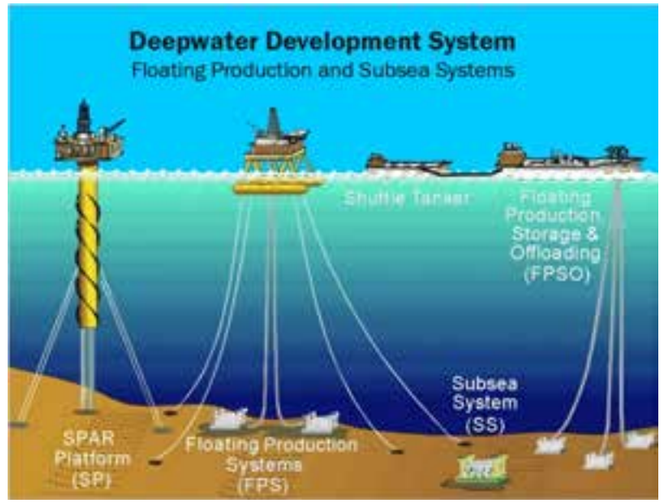
When there is infrastructure with spare capacity, i.e. production facilities and/or oil and gas export pipelines with spare capacity close to a discovery, the discovery can be developed as a tie-back to this infrastructure. This means the discovery is being developed based on the use of this infrastructure. The development costs will in such case be much lower compared to a stand-alone development with all the necessary capacities and infrastructure. This means the discovery's profitability will be much better compared to a stand-alone case, thus reducing the minimum size required for discoveries to be developed. For the host infrastructure, a tie-back development represents revenues and cost-sharing, which usually lead to a prolonged lifetime for the host field and infrastructure, and increased recovery from the host field. For the Norwegian state, tie-back developments represent better utilization of the discovered resources and increased revenues for society.

Tie-back developments can take many forms, but often include subsea templates

The-back developments can take many forms, based on the types of production facilities and infrastructure that are available in the vicinity, i.e. usually a maximum of ~50 km from the discovery. The Maria discovery was developed in 2017 as a subsea tie-back with two templates using the facilities on three adjacent stand-alone fields. The wellstream is sent to the Kristin platform for processing and further liquid transport to the Åsgard C storage vessel for offloading to shuttle tankers.



The best place to find oil is next to where oil has already been found. Source: Revus Energy, IPO presentation, June 2005



Various deepwater development systems. Source: American Petroleum Institute

The rich gas is sent from Kristin via the Åsgard transport system (ÅTS) to the Kårstø terminal for processing and export. Water injection for pressure support is supplied from the Heidrun platform, while gas for gas lift is supplied from the Åsgard B platform via the Tyrihans D subsea tie-back template. Other tie-back development elements commonly used are wellhead platforms with or without partial processing facilities and long-reach production wells drilled from existing platforms.

NCS fields, platforms and infrastructure are aging, but may be "re-developed"

Looking into the future, one major concern is the remaining technical and economic lifetime of the existing infrastructure, primarily the production platforms and vessels, since most of the pipelines are designed to have a longer economic lifetime. A large part of the existing infrastructure was built in the 1970s and 1980s, typically for a lifetime of 30-40 years. The remaining infrastructure lifetime is therefore becoming a key issue to consider when exploring for hidden values near producing fields. Will there be a tie-back host available in 5-8 years if a discovery is made tomorrow? However, as long as this is economically viable, the lifetime of the production hubs and producing assets will be prolonged. Both the Njord field, developed with a floating steel platform and floating storage unit, and the Balder and Ringhorne fields, developed with an FPSO, will be redeveloped, increasing their lifetime to ~2040.

Concedo is an active explorer in several mature NCS areas

In June last year, Concedo participated in a significant discovery called Dugong, located in PL 882 in the Northern North Sea. Although the discovery is significant in size, it is most likely not economically viable to do a traditional stand-alone field development including a platform/vessel with all the required processing capacities and export pipelines. Several producing fields and potential host platforms, including infrastructure, are to be found nearby, of which the Snorre and Statfjord fields are the closest ones. If appraisal wells confirm a field size in the upper resources range, the reuse of an FPSO will also be a development alternative to be considered.

Later this year, Concedo will participate in drilling Rødhette, a Barents Sea prospect. The existing infrastructure in the Barents Sea is not as well-developed as in the North Sea, but the Goliat Field is just ~30 km away so, if a discovery is made, the most likely development solution is a tie-back to the Goliat platform.

Near-field developments are of major economic significance to Norwegian society

Near-field exploration is, and will continue to be, of major economic significance to Norwegian society as the development of such new discoveries makes use of existing infrastructure and increases the recovery from the total NCS resource base. Both the Norwegian state and individual companies have already invested large sums in this infrastructure. In the last 15 years, NCS activity has been more focused on this due to targeted means from the government. A total of 90 fields are now in production on the entire NCS, of which ~50 % are tie-back developments. This shows the hidden values to be found in near-field exploration. Concedo plans to continue securing its fair share of these hidden values in the future too!

What is hidden in the electromagnetic field?

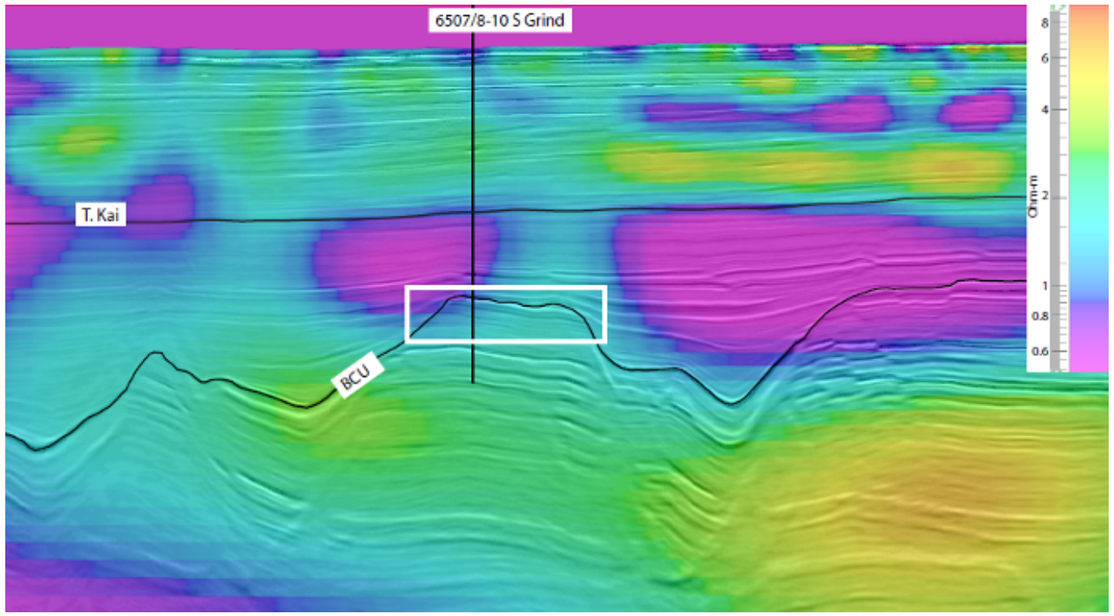


Figure – The Grind prospect, drilled in 2020, resulted in a dry well. The lack of CSEM anomalies (represented in this figure by the green-blue colours) indicated a lack of hydrocarbons at the target location, resulting in Concedo withdrawing from the licence before the well was drilled. Concedo's experience in the use of CSEM data was crucial to evaluate the data and thus downgrade the prospect to either a dry structure or a sub-commercial hydrocarbon accumulation.

The use of artificially generated electromagnetic (EM) fields to detect hydrocarbons is becoming more and more widespread and accepted in the oil and gas industry as a useful technology despite the challenges it involves.

EM fields are of a different nature than the well-known sound waves generated by the air-guns used in seismic surveys. The simple principle of sound waves bouncing on subsurface interfaces and returning back to the surface like the echoes of our voices against a wall becomes more complicated when dealing with electromagnetic fields. But EM theory is nothing new. The behaviour of EM fields was fully described in the 19th century by James C. Maxwell, who unified electricity and magnetism in what we today call electromagnetism.

Today, modern acquisition technology combined with advanced computer modelling capacity allows the extraction of the information carried by the EM fields after travelling through buried rocks. This is potentially a breakthrough in oil and gas exploration. Controlled-Source Electromagnetic (CSEM) surveys have become a common exploration tool that should not be ignored. Hydrocarbons' resistivity to electromagnetic flow makes CSEM methods suitable for the detection of porous rocks saturated with oil and gas.

The story would be much simpler if this behaviour was exclusive to hydrocarbons. Unfortunately, a variety of lithologies, such as limestone, salt, granite and cemented sandstones, react in a similar way to a passing electromagnetic current. Although the presence of such rocks may produce "false positive" EM anomalies, the integration of EM data with seismic and well information as well as the geological understanding of the area under exploration should help companies to recognize true hydrocarbon-related EM anomalies.

Concedo has used different companies' CSEM methods for over a decade as a de-risking tool throughout the Norwegian Continental Shelf (NCS). Close cooperation with service companies and a significant data library have helped to build solid expertise in the use of this technology. CSEM data has mainly been purchased/licensed from the two main companies operating on the NCS, EMGS and Allton (previously Petromarker), each with its own patented method. Another CSEM method used by Concedo is based on induced polarization (IP) signals recorded at the shallow subsurface, interpreted to be indirect indications of deeper hydrocarbon accumulations. Although still in an early stage of development, this method, developed by ORG Geophysical, shows a promisingly good correlation with proven hydrocarbon fields in some areas of the NCS. Concedo has acquired the entire data library and is using it primarily in the early screening phase of exploration activities.

For an exploration company, the hidden value in CSEM methods should ultimately lead to commercial oil and gas discoveries. Despite the good integration of technological disciplines in the exploration workflow, CSEM and seismic methods sometimes contradict each other and, when they do, old traditions are usually imposed on the new "alien" technology. CSEM anomalies with little or no seismic support will probably not be drilled and will be categorized as "false positives". The huge economic cost of drilling a well demands a reasonably high chance of success, which is seldom provided without solid seismic evidence of hydrocarbons being present in commercial volumes. Hidden value can likewise be harvested in the absence of CSEM anomalies, since this may be strongly indicative of a lack of a significant amount of hydrocarbons. This was the case for production licence PL889, in which Concedo was a partner. Electromagnetic data acquired in this area showed a total lack of EM anomalies at the target location, resulting in Concedo withdrawing from the licence prior to drilling. The well turned out to be dry (Grind prospect, drilled in 2020). Concedo has recently identified interesting prospectivity inspired by positive CSEM anomalies in several areas of the NCS. Ongoing work to further de-risk the prospects may eventually lead to these anomalies being drilled through. The outcome of a strong CSEM-based discovery has the potential to be a game-changer for exploration, since numerous identified CSEM anomalies would potentially be reviewed from a new perspective.

The route from licence award to Drilling the Dugong prospect in PL882

In the APA 2016 licensing round, Concedo applied for the area north-west of the Snorre Field that included a Middle Jurassic Brent reservoir prospect which is now called Dugong. The area was awarded to Concedo in February 2017 and assigned the licence number PL 882.

The work programme included the acquisition of 3D seismic data, and the deadline for a Drill or Drop (DoD) decision was two years after the award. Concedo took over PL 882 together with Neptune as the operator and Petrolia as the other partner. After a while, the three companies arrived at quite similar interpretations and agreed that their focus should be on the Dugong prospect.

The work towards a DoD decision took place in several committee meetings, with frequent partner contact in between. The different general and detailed experience in the specific area and special skills of those involved complemented each other for the benefit of all. This starting point forced the three licensees involved to be focused and sharpened in the task of bringing PL 882 forward to a well-founded DoD decision.

In December 2019, Idemitsu joined PL 882 as a partner when Concedo and Petrolia each sold 10% of their respective shares. Idemitsu's experience as a partner in the nearby Snorre and Sygna fields has made them an important contributor.

Modern 3D seismic data was acquired soon after PL 882 was established. This data was reprocessed with a focus on the reservoir interval and prospect challenges, such as the resolution and structural definition. Since PL 882 is located within a mature area that contains several discoveries and producing fields as well as dry wells, there is plenty of geological and geophysical data available. Several studies were performed, including geophysical work such as assessments of variations in seismic reflection amplitude (AVO) and fluid cube analyses, sedimentological studies, detailed core analysis from wells in the area and geochemical studies, just to mention a few.

The basis for the decision was not the result of one single study. Some studies were more important than others, but the DoD decision was based on the sum of all of them. One of the most crucial studies was the geophysical evaluation, including the mapping of the base reservoir reflector anomaly. In many cases, the amplitude of the top reservoir could be used as an HC indicator. This amplitude is softer where hydrocarbons are present and harder downdip where the reservoir is water bearing. In the case of Dugong, we realised that the main key was the base reservoir reflector. The amplitude anomaly attached to the base reservoir had a similar extent to that of the mapped prospect and was considered to be a possible hydrocarbon indicator. This meant that the chance of success with Dugong increased for all partners prior to drilling. Almost two years after the award, the licensees of PL 882 reached a unanimous decision to drill Dugong.

The Dugong well 34/4-15 S and side-track 34/4-15 A were drilled in the summer of 2020. The successful discovery was estimated to contain 40-120 million bbl oil. The fact that the discovery is located close to existing infrastructure makes it even more commercial.

The licence is now in the process of delineating the Dugong discovery with well 34/4-16 S, which is planned to be drilled in the first quarter of 2021. Dugong Tail, another Brent prospect in PL 882, has been significantly de-risked as a result of the Dugong discovery. This prospect is planned to be drilled in the late summer of 2021.

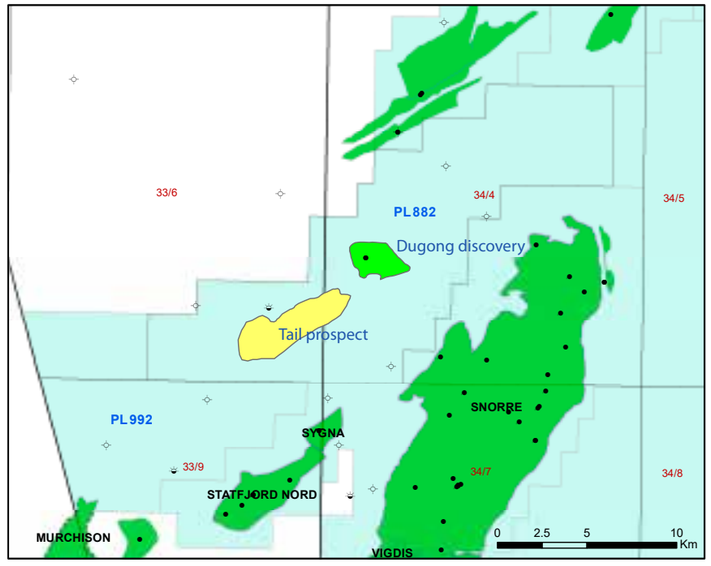
Preparations for drilling the wells

Dugong is located 158km west of Florø in Norway, at a water depth of 330 metres, and drilled by the *Deepsea Yantai*, a semi-submersible drilling rig owned by CIMIC and operated by Odfjell Drilling. Consent to start drilling was applied on 19 July 2019, and final approval was given in ample time, 30 April 2020, before drilling.

The preparation work involves activities to secure the drilling and completion of the wells and to ensure that this work is done safely with no accidents, incidents or environmental damage. The activities prepare for the drilling operations to be done in an economically efficient manner. The drilling programme must satisfy the requirements given in the Data Acquisition Plan in order to allow sufficient evaluation of the Dugong prospect.

One important part of the preparations before drilling is the "Drilling the well on paper (DWOP)" workshop. This is a process of analysing each step of the well construction to generate ideas for improving performance and reducing costs. The process takes us to the brink of reality while maintaining a controlled environment. Drilling the well on paper allows exposures to be identified in a setting where excessive risks do not become actual losses. The DWOP workshop explores opportunities for eliminating non-productive time or reducing risks by dissecting the proposed programme and sharing experiences.

Concedo's own experienced operations personnel together with those of the other partners form the DWOP group. The DWOP workshop for Dugong thus had the opportunity to tap into a wide range of experience, have an early influence, get everyone trained for these particular operations and lastly improve performance.



As a partner, there are also a number of well planning documents to review, such as the Dugong well plans, Dugong Emergency Response Plan, Well Control Manual, PL882 Dugong Wellbore Stability Analysis Hazards Assessment, Cementing Programme, Data Acquisition Programme, Operational Bridging Document, Recommendation to Drill Document, etc. Preparing cost estimates for the well and obtaining management approval in the form of an Approval for Expenditures (AFE) is the final step in well planning.

The Deepsea Yantai is managed and operated by Odfjell and has an experienced crew and a state-of-the-art highly efficient drilling system. A new innovation, CAN-ductor, was used when drilling the Dugong wells, and was very efficient as it made the BOP stable and vertical.

No major problems were encountered during the drilling-operation. The Dugong wells were drilled in about 20 days less time than planned and below budget.

See-to-it duty - HSE partner review

The regulations governing the Norwegian petroleum sector are functional for its activities and assign clear responsibilities to the partners involved. Since they are not as detailed as in standards, the requirements are further elaborated and explained in recommendations, guidelines and interpretations. As a licence partner, Concedo is responsible for ensuring that the operator complies with requirements stated in the health, safety and environmental legislation (the see-to-it responsibility). It is also a condition that partners and operators in petroleum activities must be prequalified by the authorities.

Partners must independently evaluate the operator's information and identify high-risk issues during the planned operation. These high-risk issues should be evaluated against regulations, the partners' own experience, and internal requirements. If there are non-conformances, they should be discussed with the operator and the best solution should be agreed upon.

Before the drilling operations, the partners will "see to it" that the operator has a functioning management system by checking either other previous audits of the operator or internal audits by the operator.

Regarding the readiness of the Dugong well operations in PL 882, Concedo used its internal "see-to tool" for drilling operations to conduct risk screening based on the current knowledge about the project. Concedo then took the initiative and the lead, in co-operation with the other partners, to formulate a questionnaire to the operator concerning main issues such as the management systems, discharge, organisation, communications, safety, environmental risks, audits and emergency preparedness. Further, the review particularly addressed the challenges related to the pandemic.

In response to the questionnaire, the operator held a presentation meeting. The partners had the opportunity to raise more questions and discuss particular issues. After some further clarifications, the partners were satisfied with the operator's response and no additional specific audit was requested.

Concedo is satisfied with the HSE performance during the Dugong operations. No serious incidents were reported. The wells were drilled during the COVID-19 pandemic and the operator implemented the relevant recommendations of the Norwegian Oil and Gas Association (NOROG) and authorities. At completion, no COVID-19 cases had affected the work.

The Hoen Treasure

At some time between 875AD and 900AD, a Viking chief wanders into the marshy area outside Hokksund in the municipality of Øvre Eiker. He is carrying an enormous amount of gold that he has collected during his long life, while travelling, or perhaps when plundering other countries. He has a total of 2.5kg of gold coins, jewellery, pearls and semiprecious stones. He buries the entire treasure in the marsh. The treasure is incredibly valuable and, according to good Viking tradition, the marsh is considered to be a safe hiding place.

Almost 1,000 years later, in 1834, a tenant farmer, Halvor Torstensen Kvernmoen, puts the finishing touches to his work on a ditch in the same marsh. As he pulls the spade out of the soft earth, he sees a huge gold ring on it. He continues to dig and reveals Norway's biggest gold treasure ever, an archaeological sensation that can only be compared to the large Viking ships that have been found.

What does a poor tenant farmer do with gold treasure that is more valuable than he can imagine? He went straight to the farmer who owned the land, Borger Christofersen Hoen, who just as dutifully took the entire treasure to Christiania (now Oslo) and the Ministry of Finance. There was no duty to hand in historical finds at that time, but the farmer on the Hoen farm understood his duty as a citizen. Hoen was paid a finder's fee of 2,060 spesidaler (silver coins) which he shared equally with the tenant farmer.

Using the marsh as a treasure chest was not at all unusual in the 10th century. As long as the marsh was a good topographic landmark, it could be used. And the marsh at Hoen is actually still a landmark.

The treasure in the Hoen marsh is unique because it consists of pure gold, while most of the Viking treasure that has been found is silver. The jewellery was mainly made in Scandinavia, some of it in Norway, and there are items of Anglo-Saxon and Frankish goldsmith art, as well as Roman and Arabian coins.

The Hoen Treasure is currently in the Museum of Cultural History in Oslo and is called "the gem in the museum's collections from the Viking ages".

Licence portfolio

Licence portfolio

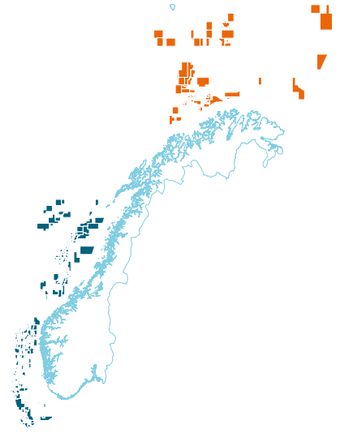
Barents Sea

PL 901 Concedo interest: 20%
Operator: Vår Energi AS
Granted: APA 2016

PL 1022 Concedo interest: 30%
Operator: AkerBP ASA
Granted: APA 2018

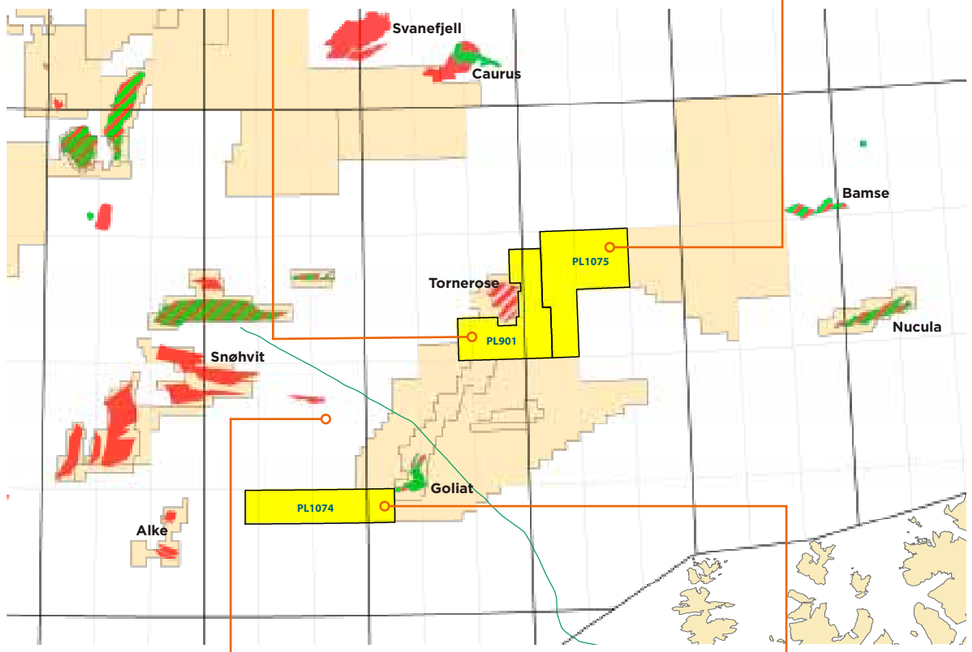
PL 1074 Concedo interest: 20%
Operator: Vår Energi AS
Granted: APA 2019

PL 1075 Concedo interest: 40%
Operator: Vår Energi AS
Granted: APA 2019



PL 901 (20%) in blocks 7122/5, 7122/6 and 7123/4 (granted in APA 2016)
Awarded in APA 2016. Vår Energi AS is Operator.
3D seismic has been acquired and reprocessed.
Decision to drill has been taken.
The Rødhette prospect will be drilled autumn 2021.

PL 1075 (40%): block 7123/4, 5 (granted in APA 2019)
Awarded in APA 2019. Operator is Vår Energy.
Acquire 3D seismic before DoD within two years.



PL 1022 (30%): in blocks 7121/9 and 7122/7 (granted in APA 2018)
Awarded in APA 2018. Aker BP ASA is Operator.
Reprocess 3D seismic before DOD February 2021.
The license was relinquished in March 2021.

PL 1074 (20%): in blocks 7121/10, 11,12 and 7122/10 (granted in APA 2019)
Awarded in APA 2019. Operator is Vår Energy.
Reprocessing 3D/acquire new 3D.
DoD within two years

Licence portfolio

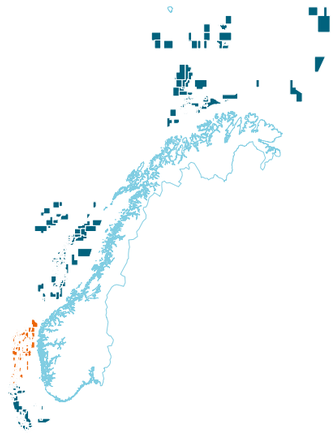
Northern North Sea

PL 882 Concedo interest: 20%
Operator: Neptune Energy Norge AS
Granted: APA 2016

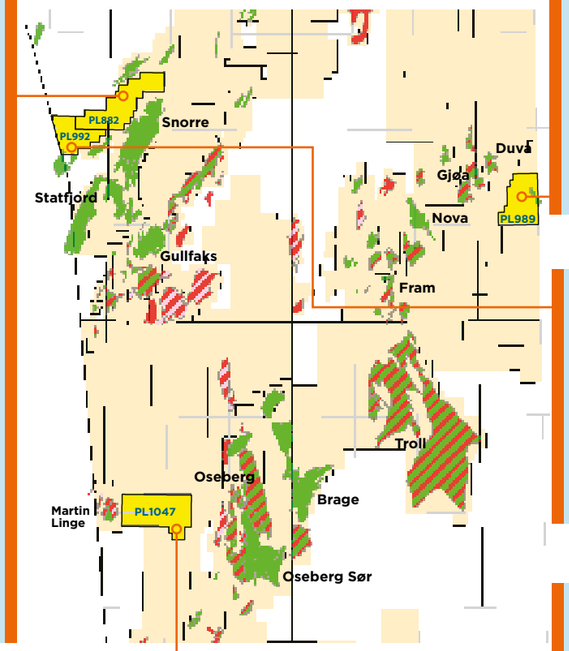
PL 992 Concedo interest: 30%
Operator: Neptune Energy Norge AS
Granted: APA 2018

PL 989 Concedo interest: 30%
Operator: WintershallDea Norge AS
Granted: APA 2018

PL 1047 Concedo interest: 20%
Operator: AkerBP ASA
Granted: APA 2019



PL 882 (20%): in blocks 33/6 and 34/4 (granted in APA 2016)
Neptune Energy Norge AS is Operator.
Well 34/4-15S was drilled in June 2020 into the Dugong prospect.
A discovery was made in the Brent Group but no OWC was proven.
A sidetrack well, 34/4-15A, was followed and an OWC was proven.
The discovered recoverable volumes were estimated to be between 40-120 mboe.
The Dugong discovery will be further matured by an appraisal well 34/4-16S, planned to be spudded in February.
The Tail prospect, targeting same reservoir as Dugong, is planned to be drilled in August.
The license is now preparing for a PDO. Concedo has 15% working interest effective from 01.01.2021 (5% has been divested).



PL 989 (30%): in block 36/7 (granted in APA 2018)
Wintershall DEA Norge AS is Operator.
DoD is extended from February 2021 to February 2022.
The main focus in the partnership is on the potential recovery of the shallow oil discovery within the license.

PL 992 (30%): in blocks 33/6, 9 (granted in APA 2018)
Neptune Energy AS is Operator.
Acquire and reprocess 3D seismic.
DoD has been extended from February 2021 to February 2022.

PL 1047 (20%): in blocks 30/4, 5, 7 and 30/8 (granted in APA 2019)
Aker BP is Operator.
Acquire and reprocess modern 3D seismic.
EM feasibility. EM data has been acquired and analysed.
DoD February 2022.

Licence portfolio

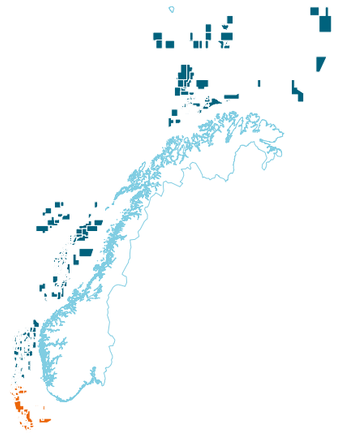
Southern North Sea

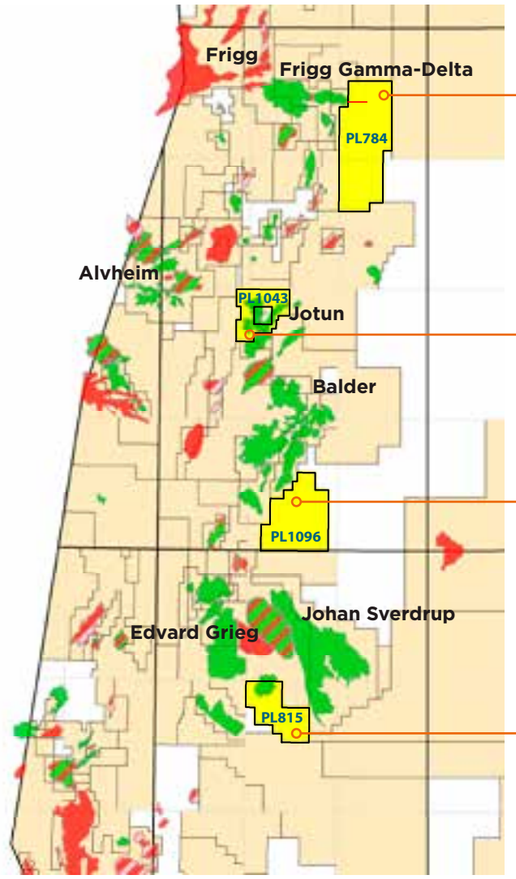
PL 784 Concedo interest: 20%
Operator: AkerBP ASA
Granted: APA 2014

PL 815 Concedo interest: 20%
Operator: Lundin Norge AS
Granted: APA 2015

PL 1043 Concedo interest: 30%
Operator: Vår Energi AS
Granted: APA 2019

PL 1096 Concedo interest: 10%
Operator: Vår Energi AS
Granted: APA 2020





PL 784 (20%): in blocks 25/3, 6 (granted in APA 2014)
Operator is Aker BP ASA.
G&G work ongoing.
It was decided to apply for one year extension of DoD until February 2022.

PL 1043 (30%): in blocks 25/7 and 25/8 (granted in APA 2019)
Operator is Vår Energy.
Acquire modern 3D seismic.
DoD within 2 years.

PL 1096 (10%): in block 25/11 (Granted in APA 2020)
Operator is Vår Energy.
Acquire and reprocess modern 3D seismic.
Acquire EM data
DoD within 2 years.

PL 815 (20%): in block 16/5 (granted in APA 2015)
Lundin Norway AS is Operator.
Well 16/5-8S, drilled in August 2019 into the Goddo prospect and proved oil in weathered basement.
The discovery will be further evaluated, in particulary, in relation with the results from the long-term test of 16/1-12 (Rolvsnes) oil discovery, starting 3Q 2021.

Directors' report

Concedo began the year experiencing not only excitement about drilling operations, but also challenges and uncertainties. On the agenda were the drilling of a well in PL882, capital allocation decisions and the pandemic disease that was spreading around the world. It would have been difficult to believe that, by the year end and despite the challenges, we could happily say this was one of Concedo's best years.

Important issues were enabling safe drilling operations and handling the sanitary situation caused by the coronavirus. A flexible working environment was practised, with staff alternating between working from home and in the office as instructed by the authorities.

Together with its partners, Concedo reviewed the readiness of the Dugong well operations in PL 882 in order to comply with its see-to-it duty according to the Petroleum Regulations. This review particularly addressed the challenges related to the pandemic. Concedo and its partners monitored the situation closely throughout the planning and operation stages. The operator implemented the relevant recommendations from the Norwegian Oil and Gas Association (NOROG) and authorities. At completion, no COVID-19 cases had affected the work and the operations had been efficient, without any serious incidents and below budget.

Because of the coronavirus outbreak, the oil market was characterized by a sharp fall in prices and great unrest in 2020. This led to investments stalling and many planned developments being put on hold. In response to this, the Government offered the petroleum industry a tax relief package involving tax deficit refunds, uplift and investments. In particular, investments incurred from 2022 through to first oil on projects are to be expensed based on special tax if they are made in line with a Plan for Development and Operation (PDO) submitted by the end of 2022 and approved not later than the end of 2023.

The tax relief package was intended to limit the decline in investment on the Norwegian Continental Shelf (NCS), increase employment and significantly increase the tax payable to the Norwegian state in the years to come without increasing the risk of oil price exposure and approval of non-profitable projects. The new tax regime would certainly increase the number of projects to be matured towards approval by the PDO deadline, many of them as tie-back projects.

Concedo thoroughly evaluated the tax deficit refunds part of the relief package to discover if it was beneficial to the company, but decided to stay in the present exploration tax regime in combination with the established Exploration Finance Facility. The new package provided no major advantages to Concedo as the company had no oil and gas production income.

The drilling was successful; Concedo participated as a 20% partner in the Dugong/Sjøpølse discovery in PL 882 in the Northern North Sea. The resource estimate announced was 40-120 million boe. In addition, a potential upside in another prospect in the licence, the Tail prospect, became more likely as a result of the Dugong discovery. The data from the discovery was analysed and studied and led to a decision to drill an appraisal well and an additional exploration well in the Tail prospect during 2021.

Further, the operator started planning a possible PDO for the Dugong discovery and to submit it within the period covered by the Government tax relief package in 2022, with production start-up in 2025. If successful, this may represent considerable value creation for Concedo.

In 2021, Concedo will participate in at least two wells in PL 882 with possible side-tracks and one well in PL 901 in the Barents Sea. In addition, field development studies and front-end engineering development (FEED) projects related to the preparation of the PDO will be undertaken in 2021 and 2022.

The board and management prepared economic scenarios for the company in order to identify optimal funding to cover these investments. The alternatives were to increase the company's equity or divest assets. Concedo agreed to sell a 10% licence interest of its 30% interest in return for carry of the well costs in PL 882 effective from 01.01.2020. Further, the company signed an agreement with Neptune Energy Norge AS, which acquired 5% licence interest of Concedo's 20% interest in PL 882 effective from 01.01.2021. Concedo has reinforced its organisation by employing a new commercial manager, Arild Andresen, from the beginning of 2021. He will provide strength and focus to the company's finance and commercial activities.

The company continued its active participation in 14 licences. Further, in preparation for applications in the APA 2020 licensing round, Concedo evaluated areas across the NCS. We have leveraged the knowledge, expertise and data gained from existing and previous licences where Concedo is or has been a partner. The applications are based on knowledge from these areas as well as studies and technologies, such as EM, seismic modelling and analysis of 4D seismic data.

Objectives and strategy

Concedo's ambition is to have one of the best exploration teams on the NCS, capitalising on the team's excellent knowledge of leads and unmapped resources on the NCS and working in areas aligned with the team's strengths. We create value by selling discoveries prior to development, thus avoiding capital-intensive investments in field development. Concedo's strategy is to preserve its financial strength so it can sell discoveries at the best possible time and be regarded as an attractive partner by other oil companies. In 2012, Concedo returned the capital initially invested in 2006 to its investors in the form of dividend and pay-back of paid-in capital. The company has so far not raised more equity, as it≈has been able to monetize assets.

Financing

A MNOK 350 exploration facility with Sparebank 1 SR Bank was established in 2019. At the end of 2020, the agreement was extended for another two years.

Business office

Concedo has a five-year lease on its existing offices in Asker, up to the end of 2021, and this can be renewed for a further five years.

History

Concedo was established as an exploration company in 2006 and pre-qualified as a licensee on the NCS in 2007. From the beginning, the company had a strong team of eight experienced employees. The team grew in pace with assignments and the number of licences in the company's portfolio. The first discovery (gas) was made in 2008 - the Galtvort prospect - and in 2009 oil was found in what is now known as the Hyme field, both in licence PL 348. Concedo's interest in this licence was sold to Statoil in 2010. In 2010, the Maria discovery, just south of the Smørbukk South field, was proven to be oil-bearing. Concedo sold the Maria discovery to the operator Wintershall in 2011. The Novus discovery was made in early 2014, but was declared non-commercial. The Kallåsen discovery (well 35/12-6S) and Grosbeak appraisal drilled in the adjacent licence took place in 2018. Concedo divested PL 925 (part of the Grosbeak discovery) in 2019. The Goddo discovery was made in 2019.

At the AGM in 2020, Concedo decided to convert from a public limited company (ASA) to a private limited company (AS). Following many years with no changes to the board composition, three directors resigned at the 2020 AGM and they were replaced by three new ones.

Research and development

Concedo is a member of FORCE (Forum for Reservoir Characterization, Reservoir Engineering and Exploration), which was set up by the Norwegian Petroleum Directorate to stimulate industrial cooperation, improve exploration processes and enhance the recovery of resources on the NCS. Over the years, the company has tested out many new exploration technologies and chosen the ones most suitable for the different exploration areas.

Concedo has also been an active participant in the Norwegian Oil and Gas Association's exploration manager network and the Norwegian Oil Company Scout Group.

Health, safety and the environment

The company ensures that all its activities are carried out without causing harm to humans or the environment. Safeguarding people, the environment and financial assets is an integral part of our management system and daily operations. Our activities caused no spills, injuries or accidents in 2020.

As a licensee on the NCS, Concedo bears responsibility for and makes conscious choices designed to minimise risks to itself and its partners. Concedo actively supports operators by providing expertise and experience in preventing undesirable incidents while participating in drilling operations. Concedo has been actively involved in risk assessments and audit meetings.

The working environment is considered good and we make continuous efforts to improve it further. In 2020, the pandemic was handled satisfactorily in accordance with the guidelines issued by the Norwegian Oil and Gas Association and authorities. It has not affected Concedo's exploration work. The sick leave in 2020 was 45 days or 1.5% of the total working hours.

Gender equality

At the end of 2020, Concedo had 14 employees - three women and 11 men. The Board of Directors has five members - one woman and four men. Concedo is committed to gender equality, equal conditions, respect for cultural diversity and the equal treatment of all employees.

Sustainability and responsibility

It is an integral part of our business to ensure respect for human rights, take responsibility as an employer, minimise our impact on the environment, fight corruption and ensure a transparent corporate culture when dealing with all our stakeholders. We consider this a necessary and natural part of the way we carry out our business operations. Corporate Social Responsibility (CSR) is part of the company's management system. The company has reviewed its management system with respect to the EU General Data Protection Regulation (GDPR) and CSR.

Corporate governance

Concedo's management system is based on the Norwegian Code of Practice for Corporate Governance (NUES).
The Board of Directors held 12 meetings in 2020. Key strategic and operational issues that were discussed include:

- A review of the impact of the oil price, pandemic and political situation, both domestic and international, on the oil industry.
- An evaluation of the capital situation and capital requirements in the near future.
- An assessment of investment and divestment opportunities.

- The Board's composition and the conversion from a public limited company (ASA) to a private limited company (AS).
- Communication with major shareholders.
- A review of the Government's tax relief package.
- Liquidity risks.
- Close monitoring of the company's operational and financial performance, including quality, health, safety and the environment. Lessons-learned discussions after the completion of important activities, such as the drilling of the wells in PL822 and awards in licensing rounds.
- Strategic balancing of the portfolio of exploration licences and assessment of licence applications in APA 2020.
- Supervision of risk management processes and internal control reporting.
- A review and updating of remuneration models for the management and employees.

Management and employee salaries

The Board of Concedo has prepared guidelines for determining the salaries and other remuneration of the company's management and employees.

Financial performance 2020

Financial statements are prepared in accordance with the Private Limited Companies Act, Accounting Act and generally accepted accounting principles in Norway. To the best of the Directors' knowledge, there are no circumstances of significance for assessing the company's position as of 31 December 2020 or the result for 2020 that are not set forth in the annual report and financial statements.

The Directors believe the annual accounts give a true presentation of Concedo's financial position as of 31 December 2020 and of the result and cash flows for the fiscal year.

Revenues and profits

Concedo made an operating loss of NOK 90.8 million in 2020. The year's loss after tax was NOK 23.6 million. The result includes sale of licences. The exploration costs consist of the company's operating expenses and the costs of licences. Costs related to preparations for drilling exploration wells are recognised in the balance sheet. The capitalised cost related to drilling depends on whether or not commercial resources are discovered. The exploration costs connected to the well in PL 822 have been capitalised.

Balance sheet and liquidity

At year-end 2020, the company's book equity amounted to NOK 91.2 million, equal to an equity ratio of 26.3%. As at 31 December 2020, the company had interest-bearing debt of NOK 132.8 million to the Exploration Finance facility. At the same date the company had cash and equivalents of NOK 49.3 million and a tax refund claim equal to the tax value of exploration costs of NOK 119.4 million.

Cash flow

The net cash flow from operating activities in 2020 was NOK 49.6 million. This includes a tax refund of NOK 137.5 million. The net cash flow spent on investment activities was NOK 61.8 million, while net cash flow from financing activities was NOK 6.3 million.

Distribution of profit

No dividend was paid in 2020.

Payments/refund of tax and payments to governments

In accordance with section 3-3 d) of the Norwegian Accounting Act, companies engaged in activities within the extractive industries shall, annually, prepare and publish information about their payments to governments at country and project level, ref Note 20 in the annual statement.

Operational, financial and market risks

Our strategy is to obtain revenues through the sale of interests in discoveries. Key risks and uncertainties in our operations are related to the results of exploration work and the potential earnings from them.

Concedo is exposed to market risks relating to the oil price and US dollar exchange rate. The company has interest-bearing debt and is exposed to changes in interest levels. At present, Concedo does not have any contracts to hedge market risks.

Credit risks

The company has few receivables, so the risk of our debtors or partners being unable to fulfil their obligations to Concedo is low.

Political risks

Activity on the NCS has created huge value, helped by a stable and predictable political framework for 50 years, with supportive governments and broad parliamentary support for the oil industry.

In recent years, we have experienced growing scepticism to the oil industry among politicians, especially related to new acreage and the exploration tax regime. There is therefore a risk that the regulatory scheme for the oil industry may change, although the current government is clear that it will not make changes. Concedo has considered ways to mitigate the risk of potential changes in the exploration refund system.

Liquidity risks

The company has cash reserves, and the Exploration Finance facility provides financial flexibility until 2022. The Directors are monitoring the company's liquidity as it becomes more critical and have a close dialogue with shareholders to minimise the liquidity risk.

Currency risks

Some of the exploration costs are in USD. The Board has evaluated the situation related to USD versus NOK and decided not to hedge the currencies. Large parts of the company's costs are in NOK. Revenues from the sale of discoveries are often oil-linked, with an indirect USD exposure.

Risk of a low oil price

A short-term low oil price has some positive effects for Concedo, as exploration costs tend to be significantly reduced, e.g. lower rig rates. However, the low oil price has reduced the price obtained for new discoveries.

In the longer term, a higher oil price is desirable, as this will increase the value of the oil and gas discovered.

Going concern

The financial statements have been prepared based on the going concern assumption. In compliance with section 3-3a of the Accounting Act, we confirm that the requirements for a going concern have been satisfied. The required equity in 2020 was resolved by divesting 10% of PL882 by a carry arrangement of the Dugong well. The company has further divested 5% in the Dugong discovery, effective from January 2021, through a combination of cash compensation and carry. Following these transactions, it is management's assessment that the Company has sufficient funds to support the operation till the end of 2021. Management will consider the capital situation again at the end of the year in connection with the future drilling program. The Covid-19 pandemic has not had any negative impact on the company's operation.

Future prospects

Important factors for maintaining the exploration activity on the NCS are good availability of acreage, access to infra-structure and data coverage. In the recent oil downturn, substantial cost cuts have also contributed to the drilling of many exploration wells. Significant exploration success in the future depends on a combination of improved knowledge, the use of new seismic technologies and the application of advanced digital analytics. Concedo has implemented and targeted these areas for its future exploration success.

New discoveries provide the basis for continued activity, create big spin-offs for the rest of society, and will be extremely important for future value creation. Concedo works hard to support technological progress. Digitalisation provides better data and tools which contribute to increased geological understanding and make it possible to identify new exploration concepts. We trust that these efforts will reduce exploration risk and increase the number of discoveries. Its focus on exploration alone puts Concedo in a unique position.

The Dugong and Goddo discoveries and potential Tail and Rødhette discoveries may give Concedo substantial recoverable resources. We believe these assets can be sold at attractive prices, adding to Concedo's financial strength and allowing a potential dividend to shareholders. Discovered resources may also be considered for swaps into assets with an offshore cash flow.

Concedo's exploration portfolio normally contains 12-20 licences due to annual licensing round awards and drop decisions. New opportunities appear continuously. The company will continue to pursue converting its licence portfolio prospects into drilling decisions.

The future commercial development of Dugong and Goddo looks promising. We will continue the annual licensing round work to maintain a good portfolio. Financially, our strategy will still be to maintain strength and flexibility, making it possible to optimise the company's assets.

Asker, 9 March 2021

Olav Fjell Chairman	Jonas U Rydell Director	Sandra Dee Crane Director
Erik Sverre Jenssen Director	Nirav Dagli Director	Geir Lunde CEO

Financial statements

Concedo AS

Profit and Loss Account

Figures are given in the Norwegian currency NOK	Note	2020	2019
Sales revenue		-	180 500
Other operating revenues	6	-	40 937 614
Total operating revenues		**0**	**41 118 114**
Depreciation on fixed and intangible assets	3	-254 483	-202 204
Exploration expenses	2,10,14,15	-90 518 696	-92 974 532
Total operating expenses		**-90 773 179**	**-93 176 736**
Operating profit/loss		**-90 773 179**	**-52 058 623**
Other interest received		2 135 387	1 612 093
Other financial income		4 071 730	1 526 556
Total financial income		**6 207 117**	**3 138 649**
Other interest paid		-6 011 678	-8 252 979
Other financial expenses		-4 892 727	-1 416 621
Total financial expenses		**-10 904 405**	**-9 669 600**
Net financial items		**-4 697 289**	**-6 530 951**
Pre-tax profit/loss on ordinary activities		**-95 470 467**	**-58 589 574**
Tax cost on profit on ordinary activities	7	71 836 983	69 819 087
Ordinary profit/loss		**-23 633 484**	**11 229 514**
Income/loss for the year		**-23 633 484**	**11 229 514**
Allocations			
Other reserves	5	-23 633 484	11 229 514
Total		**-23 633 484**	**11 229 514**

Concedo AS

Balance Sheet as of 31 December

Figures are given in the Norwegian currency NOK

ASSETS	Note	2020	2019
Fixed assets			
Intangible assets			
Deferred tax assets	7	0	0
Capitalised exploration expenses and licences	3,16,17,18	152 713 131	91 261 296
Total intangible assets		**152 713 131**	**91 261 296**
Tangible fixed assets			
Furniture, fixtures & machinery	3	376 832	594 982
Total tangible fixed assets		**376 832**	**594 982**
Total fixed assets		**153 089 964**	**91 856 278**
Current assets			
Receivables			
Trade debtors		0	389 011
Other receivables	9	143 997 170	159 105 991
Total receivables		**143 997 170**	**159 495 002**
Bank deposits, cash-in-hand etc.	8	49 321 058	55 244 649
Total bank deposits, cash-in-hand etc.		**49 321 058**	**55 244 649**
Total current assets		**193 318 227**	**214 739 651**
Total assets		**346 408 191**	**306 595 929**

Concedo AS

Balance Sheet as of 31 December

Figures are given in the Norwegian currency NOK

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	2020	2019
EQUITY			
Paid-in capital			
Share capital	4,5	2 430 066	2 430 066
Treasury shares	5	-158 379	-158 379
Share premium	5	4 567 126	4 567 126
Other paid-in capital	5	4 377 118	3 152 055
Total paid-in capital		**11 215 931**	**9 990 868**
Retained earnings			
Other reserves	5	79 969 891	103 603 375
Total retained earnings		**79 969 891**	**103 603 375**
Total equity		**91 185 822**	**113 594 243**
Long-term liabilities			
Provisions for liabilities and charges			
Deferred tax	7	92 354 504	44 770 364
Total provisions for liabilities and charges		**92 354 504**	**44 770 364**
Total long-term liabilities		**92 354 504**	**44 770 364**
Current liabilities			
Owed to credit institutions	11,13	132 825 554	127 573 982
Trade creditors		2 371 676	5 018 938
Unpaid government charges etc.		2 146 471	1 970 405
Other current liabilities	12	25 524 165	13 667 997
Total current liabilities		**162 867 865**	**148 231 322**
Total liabilities		**255 222 369**	**193 001 686**
Total Equity and Liabilities		**346 408 191**	**306 595 929**

Asker, 9 March 2021

Olav Fjell Chairman of the Board	Erik Sverre Jenssen Director	Sandra Dee Crane Director	Jonas Ulrik Rydell Director	Nirav Dagli Director	Geir Lunde CEO

Concedo AS

Cash Flow Statement

OPERATING ACTIVITIES	Note	2020	2019
Pre-tax result		-95 470 467	-58 589 574
Adjustments for reconciling the current year's result with cash flow from operating activities:			
Gain from sale of licence interests		-	-40 937 614
Depreciation, amortisation and write-downs	3	254 483	202 204
Capitalised exploration costs expensed		301 670	-
Other items having no cash effect – subscription rights		202 006	426 007
Tax reimbursement received in period	7	137 539 516	99 816 705
Change in working capital (except for cash and cash equivalents):			
(Increase) reduction in trade debtors and other receivables		-2 620 560	-19 625 798
Increase (reduction) in trade creditors and other current debts		8 995 960	11 021 581
Cash flow from operating activities		**49 591 619**	**-7 686 488**
INVESTMENT ACTIVITIES			
Investments in fixed assets	3	-36 333	-470 283
Capitalised exploration expenses	3	-61 753 506	-89 027 222
Sale of assets		-	44 322 854
Cash flow spent on investment activities		**-61 789 839**	**-45 174 651**
FINANCING ACTIVITIES			
Share issue	5	1 023 057	-
New interest-bearing short-term debt	11	103 200 000	121 595 504
Repayments short-term debt	11	-97 948 428	-91 348 202
Cash flow from financing activities		**6 274 629**	**30 247 302**
Net increase (reduction) in cash and cash equivalents		-5 923 591	-22 613 836
Cash and cash equivalents at beginning of year		55 244 649	77 858 485
Cash and cash equivalents at end of year		**49 321 058**	**55 244 649**

Note 1

Accounting Principles

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

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

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

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

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

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

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

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

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

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

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

Expenses
Expenses are generally entered in the same period as the corresponding income.

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

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

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

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

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

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

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

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

Note 2

Payroll costs, number of employees, benefits etc.

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

Payroll costs	**2020**	**2019**
Salaries	20 840 770	19 024 921
Employers' payroll tax	3 104 576	2 979 035
Pension costs	1 764 204	1 629 294
Share-based remuneration	202 006	426 007
Other benefits	98 444	199 931
Total	**26 010 000**	**24 259 189**
Number of man-years employed during the financial year	14	14

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

Concedo AS has adopted a contribution-based pension scheme, which has an individual choice of investment. The scheme covers a total of 14 employees.

Remuneration paid to directors and management	**Salary**	**Pension costs**	**Other remuneration**
Geir Lunde (CEO)	1 705 591	100 764	283 881
Olav Fjell (Chairman)			150 000
Erik Klausen (Director and HSE Manager) - from 01.01.2020 to 10.06.2020	1 632 411	88 776	25 646
Hege Wullum (Director) - from 01.01.2020 to 10.06.2020			50 000
Karen Sund (Director) - from 01.01.2020 to 10.06.2020			50 000
Nirav Dagli (Director)			100 000
Jonas U Rydell (Director) - from 10.06.2020 to 31.12.2020			50 000
Sandra D Crane (Director) - from 10.06.2020 to 31.12.2020			50 000
Erik Sverre Jensen (Director) - from 10.06.2020 to 31.12.2020			50 000

The CEO has a severance pay contract under which he, if he leaves at the company's request, is entitled to salary for 6 months after his period of notice expires. For subscription rights awarded to the CEO and directors in connection with the incentive scheme, see Note 5. Consultancy services of NOK 250 000 excl. VAT were purchased from Fjellvit AS, a company owned by the Chairman of the Board.

Guidelines and adherence to the guidelines in 2020
In 2020, the company's remuneration policy has been in accordance with the guidelines described in the Annual Report for 2019.

Guidelines for 2021
The Board has established guidelines for 2021 for salaries and other remuneration to the Chief Executive Officer and other senior executives. The guidelines will be reviewed at the company's annual general meeting in 2021.

Senior executives receive a basic salary, adjusted annually. The company's senior executives participate in the general arrangements applicable to all the company's employees as regards pension plans and other payments in kind, such as subsidized fitness centre fees. No incentive and bonus scheme has been established for 2021.

Share-based remuneration
The employee incentive system was terminated in 2019 and no subscription rights granted for 2020, nor proposed for 2021.

In 2020 NOK 202 006 was expensed in the profit and loss statement related to vested subscription rights in this period. At December 31 2020, the estimated amount of share- based remuneration cost yet to be expensed throughout the vesting period is NOK 0.

The fair value of the subscription rights awarded and outstanding as of 31.12.2020, calculated according to Black & Scholes option pricing model, was NOK 647 377.

The calculation is based on a risk-free interest (Government bonds with 3-5 years maturity), and expected exercise of subscription rights after 48 months. The volatility rated used has been between

Number of subscription rights	**2020**	**2019**
Outstanding as of 1 January	337 764	1 067 077
Awarded during year	0	0
Forfeited during year		0
Cancelled during year		-650 322
Exercised during year	-54 122	0
Expired during year	-56 621	-78 991
Outstanding as of 31 December	**227 021**	**337 764**

54 122 subscription rights were excersised in 2020, but will be registered in 2021.

Auditor

Remuneration to Deloitte AS is as follows (excl. VAT):	**2020**	**2019**
Statutory audit	193 100	200 000
Audit-related services	15 000	0
Certification services	0	0

Note 3

Tangible/ intangible assets

	Furniture & Fixtures	Plant & Machinery	License interests, exploration wells	Total
Cost at 1 January	4 370 552	77 725	91 261 296	95 709 572
Additions	36 333	-	61 753 506	61 789 839
Expensed dry wells, previously capitalised			-301 670	-301 670
Disposals			-	-
Cost 31 December 2020	**4 406 885**	**77 725**	**152 713 131**	**157 197 741**
Acc. depreciation at 1 January	3 775 570	77 725		3 853 295
Current year's depreciation	254 483	-		254 483
Acc. depreciation 31 December 2020	**4 030 052**	**77 725**		**4 107 777**
Book value as of 31 December 2020	**376 832**	**-**	**152 713 131**	**153 089 964**

Note 4

Share capital and shareholders

As of 31.12.20, the company's share capital consisted of one class of shares, all of which bear the same voting rights. Acquisition of shares by purchase or as a gift or by any other means requires board approval.

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

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

An overview of the subscription rights in the company is shown below.

Name	Number of rights	Subscription Price (NOK)	Total Price (NOK)	Allocation date
Employees and Directors	110 743	16	1 771 888	15 December 2016
Employees and Directors	116 278	13	1 511 614	19 December 2017
Total	**227 021**		**3 283 502**	

The above figures include 19 393 subscription rights allocated to Geir Lunde, 18 561 to Erik Klausen and 4 746 to Olav Fjell,

Ownership structure
The ten largest shareholders as of 31.12.2020

Name	Quantity of shares	Percentage interest	Home country
H. M. STRUCTURES LIM	3 220 682	29,3 %	CYP
EUROCLEAR BANK S.A./	2 580 000	23,4 %	BEL
MEGABAS AS	2 176 449	19,8 %	NOR
BANK JULIUS BÄR & CO. AG	570 000	5,2 %	CHE
HEATHLANDS HOLDINGS	503 967	4,6 %	CYP
KNUTSEN JOHN ERIC TA	250 000	2,3 %	GBR
KOCHAR KHANNA	170 000	1,5 %	GBR
FJELLVIT AS	154 529	1,4 %	NOR
GILBO INVEST AS	120 924	1,1 %	NOR
CREMONESI TOMASO	115 000	1,0 %	ESP
OTHER SHAREHOLDERS	1 147 687	10,4 %	Miscellaneous
Total	**11 009 238**	**100 %**	

Concedo holds, in addition to the table above, 763 777 (treasury shares) own shares in the company. The table above includes 54 122 shares, related to subscription rights exercised in 2020, but not registered until 2021.

Shares owned by Directors and CEO

Name	Position	Number of shares
Olav Fjell through 100% in Fjellvit AS	Board Chairman	154 529
Olav Fjell	Board Chairman	2 342
Geir Lunde through 22,4% in Megabas AS	CEO	487 525
Geir Lunde	CEO	31 574
Nirav Dagli	Director	12 000
Sandra D Crane	Director	6 000

Note 5
Equity

	Share capital	Treasury shares	Share premium	Other paid in capital	Other	Total
Equity at 1 January 2020	**2 430 066**	**-158 379**	**4 567 126**	**3 152 055**	**103 603 375**	**113 594 243**
Subscription rights				202 006		202 006
Non-registered capital increase				1 023 057		1 023 057
Current year's proft/(loss)					-23 633 484	-23 633 484
Equity at 31 December 2020	**2 430 066**	**-158 379**	**4 567 126**	**4 377 118**	**79 969 891**	**91 185 822**

The value of subscription rights expensed in 2020 of NOK 202 006 has been calculated according to the Black-Scholes formula.

The share capital at the end of the year is NOK 2 430 066 consisting of 11 718 893 shares at a nominal value of 0.207363131, including 763 777 treasury shares.

Note 6
Other operating revenue

Other operating revenue	2020	2019
Gain on sale licences	-	40 937 614
Other operating revenue	**-**	**40 937 614**

Note 7
Income tax

Income tax for the current year is calculated as follows:	**2020**	**2019**
Adjustment for tax refund in earlier years	-	-
Change in deferred tax	47 584 140	67 720 428
Tax value of exploration costs (See Note 8)	-119 421 123	-137 539 515
Tax on ordinary income	**-71 836 983**	**-69 819 087**
Reconciling nominal and actual tax rates:	**2020**	**2019**
Pre-tax profit/loss	-95 470 467	-58 589 574
Anticipated income tax at nominal rate (22%/22%)	-21 003 503	-12 889 706
Anticipated income tax at special surtax rate (56%/56%)	-53 463 462	-32 810 161
Tax effect of following items:		
Non-deductible expenses	313 098	423 276
Non taxable income, 78%	0	-28 177 500
Tax effect of interest on loss for carrying forward (22%/56%)	-341 055	-219 732
Effect of surtax (56%/55%)	2 657 939	3 854 736
Income tax	**-71 836 983**	**-69 819 087**
Effective tax rate	75,2 %	119,2 %

Specification of tax effect of temporary differences and loss carryforwards:

	2020		2019	
	Deferred tax asset	**Deferred tax liability**	**Deferred tax asset**	**Deferred tax liability**
Exploration expenses and licence costs	0	118 930 617	0	71 005 422
Provisions for liabilities	0	0	0	0
Loss carryforwards	26 576 113	0	26 235 058	0
Total	26 576 113	118 930 617	26 235 058	71 005 422
Of which netted	-26 576 113	-26 576 113	-26 235 058	-26 235 058
Net deferred tax asset/liability	**0**	**92 354 504**	**0**	**44 770 364**

Profit from oil and gas operations on the Norwegian shelf is taxed in accordance with the Norwegian Petroleum Tax Act. A special 56% (2019: 56%) surtax is levied in addition to the ordinary 22% (2019 22%) 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. For 2020 and 2021, the companies can, in addition, claim a refund of the tax loss for these years.

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

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

Note 8
Bank deposits

Bank deposits, cash in hand etc. includes non-distributable withheld tax in the sum of NOK 1 234 337 (2019: NOK 1 128 605) and a rental deposit of NOK 973 453 (2019: NOK 968 129)

Note 9
Other receivables

For the 2020 tax assessment the company claims reimbursement of the tax value of petroleum exploration costs and tax loss totalling NOK 119 421 123

(2019: NOK 137 539 516), see Petroleum Tax Act, 5th paragraph of section 3c.

Outstanding accounts with operators and others are also in the financial line item “Other receivables”.

Note 10
Leasing agreements

Annual rental for non-capitalised assets amounts to NOK 1 634 672 (2019: 1 634 450), which relates to rent for the office premises in Asker.

The tenancy was renewed towards 30.10.2021; the remaining period of tenancy being 1 years.

Note 11
Debt to financial institutions

The company has a credit line for NOK 350 000 000 in SpareBank 1 SR-Bank ASA. The interest rate is NIBOR plus a margin of 2,3 %.

Withdrawals are limited to 95% of the tax value of petroleum exploration expenses. Repayments coincide with the reimbursement of exploration expenses from the tax authorities. Concedo signed at the end of 2020 a new Exploration Finance Facility agreement for two years utilisation and with one year extension.

As of 31 December 2020 loan amount totalled NOK 132 825 554. According to the loan agreement, 95% of the estimated tax reimbursement amounts to NOK 113 450 067. The tax reimbursement is estimated to NOK 119 421 123, see notes 6 and 8. This means that the company is not in compliance with the loan agreement. To correct this the company paid back 12.7 MNOK on 29.01.2021 as agreed with the bank. With this payment and exploration expenses accrued in the period 01.01.2021-29.01.2021 the company is compliance with the loan agreement as of 29.01.2021.

The loan is secured by the tax reimbursement scheme and balances thereon, and monetary claims in respect of all present and future Insurances.

Note 12
Other current liabilities

	2020	2019
Working capital liabilities in joint ventures	22 365 299	10 762 783
Wages, holiday pay and bonus	2 328 485	2 133 856
Accrued expenses	830 380	771 358
Total	**25 524 165**	**13 667 997**

Note 13
Financial market risk

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

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

Note 14
Exploration costs

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

	2020	2019
Payroll costs, ref note 2	26 010 000	24 259 189
Seismic, drilling and general licence expenses	47 369 183	52 954 978
Other operating costs linked to exploration	17 139 513	15 760 365
Total	**90 518 696**	**92 974 532**

Exploration expenses eligible for tax refunds amount to NOK 151 694 422 in 2020 (2019: NOK 176 332 712).

Note 15
Sponsorships

In line with the company’s Anti-bribery and corruption procedures the information on sponsorships shall be given in the notes of the Annual report. In 2020 the company sponsored the following:

Natteravnmagasinet Gatelangs	NOK 20 000	Frelsesarmeen	NOK 10 000
Asker Fotball	NOK 10 000	Petroleumskvelden	NOK 5 000
Norsk Geologisk Forening	NOK 10 000	Redningsselskapet	NOK 5 000
Støtteforreningen for kreftrammede	NOK 10 000	Asker Svømmeklubb	NOK 5 000

Note 16

Licences

North Sea
PL 784 (20%): in blocks 25/3, 6. Operator is Aker BP ASA. G&G work ongoing. It was decided to apply for one year extension of DoD until February 2022.

PL 815 (20%): in block 16/5. Lundin Norway AS is Operator. Well 16/5-8S , drilled in August 2019 into the Goddo prospect and proved oil in weathered basement. The discovery will be further evaluated, in particulary, in relation with the results from the long-term test of 16/1-12 (Rolfsnes) oil discovery, starting 3Q 2021.

PL 882 (20%): in blocks 33/6 and 34/4. Neptune Energy Norge AS is Operator. Awarded in APA 2016. Well 34/4-15S was drilled in June 2020 into the Dugong prospect. A discovery was made in the Brent Group but no OWC was proven. A sidetrack well, 34/4-15A, was followed and an OWC was proven. The discovered recoverable volumes were estimated to be between 40-120 mboe. The Dugong discovery will be further matured by an appraisal well 34/4-16S, planned to be spudded in February. The Tail prospect, targeting same reservoir as Dugong, is planned to be drilled in August. The license is now preparing for a PDO.

PL 926 (30%): in blocks 33/9,12 and 34/10. DNO Norge AS is operator. Awarded in APA 2017. The work program includes acquire and/or reprocess 3D seismic. DOD is by February 2021. It has been decided to Drop the license.

PL 989 (30%): in block 36/7. Wintershall DEA Norge AS is Operator. DoD is extended from February 2021 to February 2022. The main focus in the partnership is on the potential recovery of the shallow oil discovery within the license.

PL 992 (30%): in blocks 33/6, 9. Neptune Energy AS is Operator. Acquire and reprocess 3D seismic. DoD has been extended from February 2021 to February 2022.

PL 1043 (30%): in blocks 25/7 and 25/8. Operator is Vår Energy. Acquire modern 3D seismic. DoD within 2 years.

PL 1047 (20%): in blocks 30/4, 5, 7 and 30/8. Aker BP is Operator. Acquire and reprocess modern 3D seismic. EM feasibility. EM data has been acquired and analysed. DoD February 2022.

Barents Sea
PL 901 (20%): in blocks 7122/5, 7122/6 and 7123/4. Vår Energi AS is Operator. Awarded in APA 2016. 3D seismic has been acquired and reprocessed. Decision to drill has been taken. The Rødhette prospect will be drilled autumn 2021.

PL 1022 (30%): in blocks 7121/9 and 7122/7. Awarded in APA 2018. Aker BP ASA is Operator. Reprocess 3D seismic before DOD February 2021. The license will be dropped.

PL 1074 (20%): in blocks 7121/10, 11,12 and 7122/10. Awarded in APA 2019. Operator is Vår Energy. Reprocessing 3D/acquire new 3D. DoD within two years

PL 1075 (40%): block 7123/4, 5. Awarded in APA 2019. Operator is Vår Energy. Acquire 3D seismic before DoD within two years.

Note 17

Relinquished Licences

Norwegian Sea
PL 887 (20%): in blocks 6507/7, 8, 10 and 11. PGNiG Upstream Norge AS is Operator. Awarded in APA 2016. 3D seismic has been acquired. Applied for extension of DOD decision to February 2020. The lisence was relinquished in June 2020.

Barents Sea
PL 951 (20%): in blocks 7121/5, 6, 8, 9 and 7122/4, 7. Aker BP ASA is Operator. Awarded in APA 2017. Acquire and/or reprocess 3D seismic. The lisence has applied for DOD extension for half a year to September 2020 which has been approved by the authorities. The lisence was relinquished September 2020.

PL 953 (30%): in blocks 7122/2 ,3, 5 ,6 and 7123/1, 2, 4. Wintershall Dea Norge AS is Operator. Awarded in APA 2017. Acquire new 2D seismic and then decision on 3D seismic before DOD by 2020. The lisence was relinquished September 2020.

Note 18

Transferred interests

North Sea
PL 882 (20%): Concedo divested 10% interest of a 30% share in the licence PL 882 with effective date 01.01.2020. This was part of a well-carry cost agreement with Idemitsu Petroleum.

Note 19

New awarded licences in 2021 (APA 2020)

North Sea
PL 1096 (10%): block 25/11. Vår Energy is Operator. Acquire and reprocess 3D seismic, acquire EM data. DoD in 2023.

Note 20

Payments/refund of tax and payments to Government

In accordance with the Norwegian Accounting Act Section § 3-3 d), companies engaged in activities within the extractive industries shall annually prepare and publish information about their payments to governments at country and project level. The Company has only activity on the Norwegian Continental Shelf and taxes in Norway are levied on company basis and not project basis.

The table set out below, shows the payments to and refund from the Norwegian Government, related to tax and other fees, derived from the Company's business on the Norwegian Continental Shelf. Payments from Joint Venture where the Company participate, are done by the operator, and are not included in the payments below.

	2020	2019
Tax refund received	137 539 516	99 816 705
Interest on tax refund, received	1 865 802	680 941
Payments of other fees	-891 644	-806 204
Total payments/refunds to/from the Norwegian Government	**138 513 674**	**99 691 442**

For information about investments, revenue and purchases of goods and services, reference is made to the Income Statement and the related notes.The Company has no production or petroleum revenue.

Note 21

Going concern

The financial statements have been prepared based on the going concern assumption. In compliance with section 3-3a of the Accounting Act, we confirm that the requirements for a going concern have been satisfied. The required equity in 2020 was resolved by divesting 10% of PL882 by a carry arrangement of the Dugong well. The company has further divested 5% in the Dugong discovery, effective from January 2021, through a combination of cash compensation and carry. Following these transactions it is management's assessment that the Company has sufficient funds to support the operation till the end of 2021. Management will consider the capital situation again at the end of the year in connection with the future drilling program. The Covid-19 pandemic has not had any negative impact on the company's operation.

Independent auditor's report

Deloitte.

Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
NO-0103 Oslo
Norway

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To the General Meeting of Concedo AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements
Opinion
We have audited the financial statements of Concedo AS showing a loss of NOK 23 633 484. The financial statements comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion
We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information
Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements
The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Opinion on Registration and Documentation
Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance*

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Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 9 March 2021
Deloitte AS

Mette Herdlevær

Mette Herdlevær
State Authorised Public Accountant (Norway)

The Runde Treasure

On 19 January 1725, the Dutch trading ship *Akerendam* set sail from an island called Texel in the West Frisian area of the Netherlands heading for the colony of Batavia, the city that we now know as Jakarta in Indonesia. The ship belonged to the Dutch East Indian Company. It was carrying a lot of money and was to return home with spices and other exotic goods from the colonies.

Then the unthinkable happened. In a winter storm in the North Sea, the ship sailed off course and drifted northwards, along the Norwegian coast.
On the morning of 8 March, people on Runde Island discovered wreckage on the beach. Over the next few weeks, they found both dead people and wreckage on the beaches, and later a money chest floated to land, followed by four more. Further searches for more riches found nothing and eventually both the shipwreck and the finds were forgotten.

It was not until the early 1960s that historians started to show an interest in the ship again, and in 1972 three divers discovered what is later only referred to as the Runde Treasure.

The Akerendam was a newly built three-masted ship, 145 feet long and weighing 850 tonnes, with 40 cannons on its deck and a crew of 200. On this its maiden voyage, it was carrying gold and silver coins, many newly minted, worth a total of 230,851 florins plus two months' pay for the seamen and military personnel on board.

The Runde Treasure is referred to as the world's perhaps richest find. Almost 57,000 coins were found. Of these, 6,624 were gold coins while the rest were silver. The treasure consisted of more than 400 different types of coin, several of which were unknown. The find was divided among the divers, the Dutch state and the Norwegian state. All the 40 cannons were also found, and two of them were raised. One was given to a museum in the Netherlands, while the other is located on Runde Island.

Board of Directors

Olav Fjell

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

Sandra Dee Crane

Principal of the consultancy SC Governance Ltd. Former CFO and COO of Habrok Capital Management LLP

Erik Sverre Jenssen

Consultant and board member of several companies. Former COO of Lundin Petroleum Company, Norway

Nirav Dagli

Nirav Dagli, Director, is managing partner of Spinnaker LLC and founder and CEO of Spinnaker Analytics.

Jonas U. Rydell

Investor and investment consultant. Advisor to Elliot, London

Employees

Geir Lunde
Managing Director

CEO, has more than 30 years' experience in exploration, geology and seismic interpretation. He graduated in petroleum prospecting from NTH, the Norwegian University of Science and Technology, in 1978.

Erik Klausen
Manager HSE

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

Odd Eirik Baglo
Chief Geophysicist

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

Enric Leon
Senior Geologist

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

Ole Herman Fjelltun
Chief Reservoir Geologist

Chief Reservoir Geologist, has over 25 years' experience as an exploration and reservoir geologist. He graduated in geology from NTH, the Norwegian University of Science and Technology, in 1981.

Juergen Schlaf
Senior Geologist

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

Elisabet Malmquist
Geological Advisor

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

Hilde Alnæs
Senior Geophysicist

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

Dirk van der Wel
Principal Production Geologist

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

Anders G. Finstad
Senior Geophysicist

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

Morten Hedemark
Operations Manager

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

Jens Fredrik Kolnes
Exploration Geophysicist

Jens Fredrik Kolnes recently graduated from the department of geoscience at the University of Oslo. Jens has been with us since the summer of 2019, and has mainly been working on geophysical related topics.

Tommi Rautakorpi
Senior Geologist

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

Ane Marta Skaug Rasmussen
Senior Geologist

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

Sebastian Scheel Rey
Senior Geologist

Sebastian Scheel Rey graduated with a master's degree in applied geophysics from the University of Oslo in 2003, and has 15 years of experience as an exploration geoscientist.