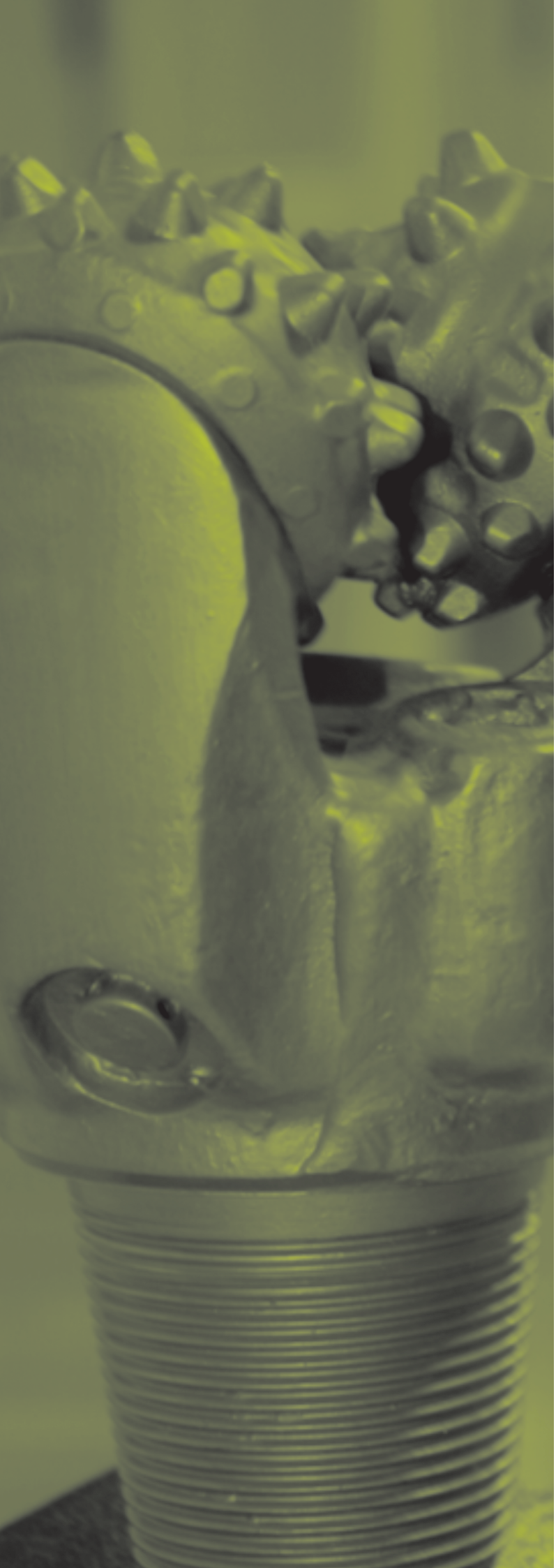
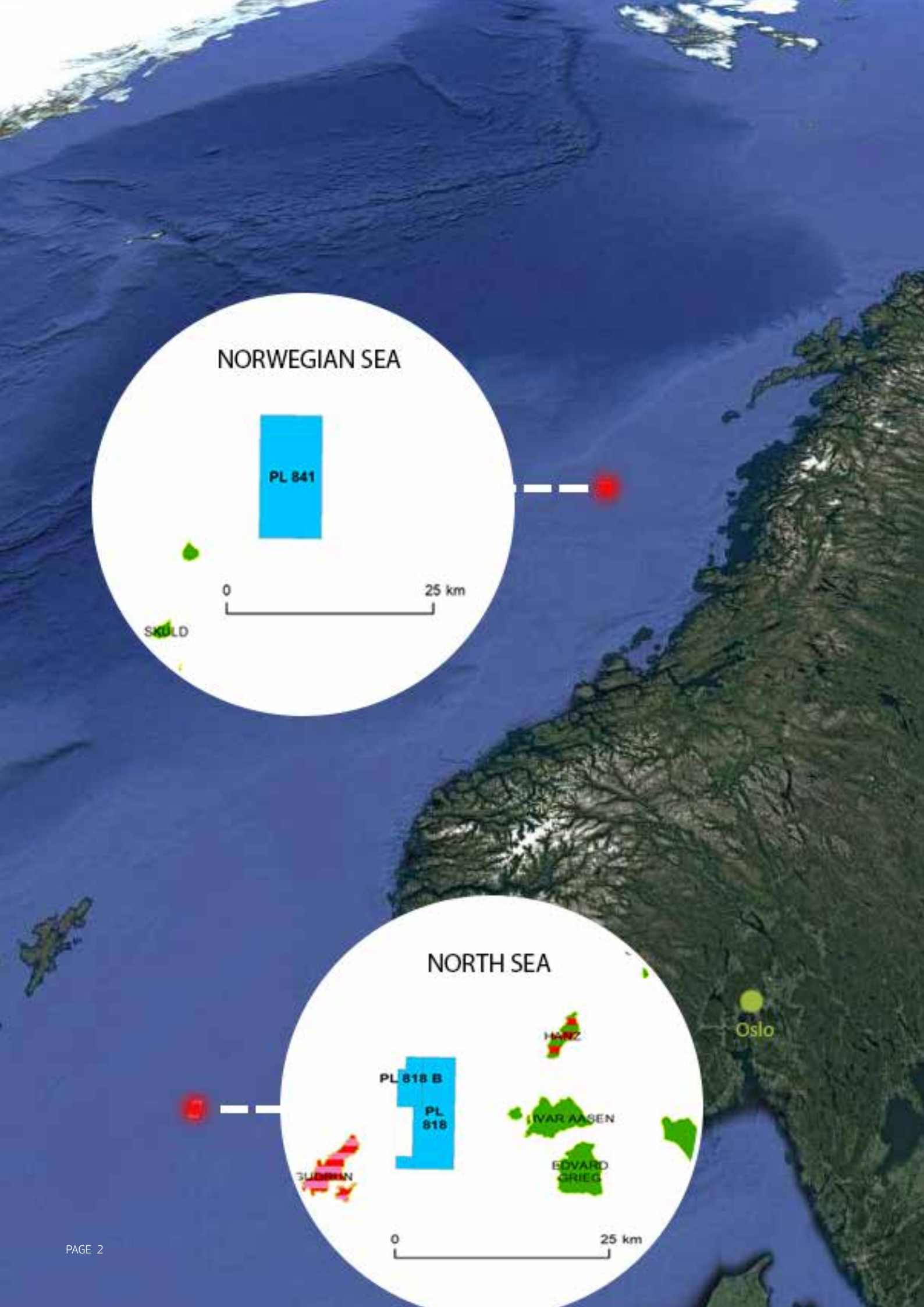


Lime PETROLEUM

ANNUAL REPORT 2018


NORWEGIAN SEA
PL 841
0
25 km
SKULD
NORTH SEA
PL 818 B
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IVAR AASEN
EDVARD GRIEG
0
25 km
Oslo

Contents

Licence Portfolio Information

Licence	Location	Lime stake	Operator	Other Partners	Expiry date
PL338C [1]	North Sea	30 %	Lundin Norway AS	OMV (Norge) AS	17.12.19
PL338E [1] [2]	North Sea	30 %	Lundin Norway AS	OMV (Norge) AS	01.03.21
PL815 [1]	North Sea	20 %	Lundin Norway AS	Petoro AS, Concedo ASA	05.02.24
PL818	North Sea	30 %	Aker BP ASA	Equinor Energy AS	05.02.24
PL818B	North Sea	30 %	Aker BP ASA	Equinor Energy AS	05.02.24
PL841	Norwegian Sea	20 %	Edison Norge AS	Equinor Energy AS, Petoro AS	05.02.23

[1] The licences were divested to Lundin Norway AS 25 January 2019 with effect from 1 January 2019
[2] APA2018 award formally received 7 March 2019

Directors' Report 2018

In January 2019, Lime Petroleum AS announced the monetisation of its interests in the Rolvsnes discovery on PL338C and PL338E, and the interest in the associated Goddo prospect on adjacent licence PL815. This followed the successful horizontal test production well drilled on the Rolvsnes discovery, de-risking also the Goddo prospect being part of the same basement reservoir trend. Further, PL762 in the Norwegian Sea and PL850 in the Barents Sea have been divested during 2018.

Lime Petroleum AS (hereinafter referred to as Lime) is a Norwegian oil company owned by Rex International Investments Pte Ltd (Rex; 90% share capital), a wholly owned subsidiary of the Singapore-listed Rex International Holding Limited, and Schroder & Co Banque SA (10% share capital). Lime's office is located at Skøyen in Oslo, Norway.

Lime's main business is to explore for, develop and produce oil and gas on the Norwegian Continental Shelf. Lime has participated in drilling of seven exploration wells in both mature and frontier areas, resulting in one commercial discovery in Rolvsnes on PL338C on the Utsira High in the North Sea and one technical oil/gas discovery on PL708 in the Barents Sea.

2018 Operations update

During 2018, Lime had a large part of its activities on the Utsira High in the North Sea with participation in the drilling of the second appraisal well on Rolvsnes, successfully completed in August 2018. Passing the decision gate 1 (DG1) milestone in 2017, Rolvsnes was moved into the concept selection phase (DG2) and the decision to drill a test horizontal production well including drill stem test was taken. The well was designed as a possible future producer with a 2.5km horizontal section and demonstrated production capacity of 7000 barrels oil per day from the weathered and fractured basement reservoir constituting a new play model on the Norwegian Continental Shelf. Gross 2C resources have been estimated at 47 million barrels of oil equivalents in an internal study following the appraisal well. Concept evaluations continued through 2018 towards making a financial investment decision late March 2019 to tie the well sub-sea to the Edvard Grieg platform for an extended production test.

Based upon the positive results from the Rolvsnes well, a drill decision on the Goddo prospect in licence PL815 was made in October 2018. The prospect is regarded as a direct continuation of the Rolvsnes discovery, having the potential to add significant volumes. The licence is preparing to drill the Goddo prospect using the semi-submersible Leiv Eiriksson with likely start May 2019. The well is planned as a near vertical pilot hole to test the oil column and reservoir quality, followed by an optional horizontal section depending on the result of the pilot. The Orkja prospect in licence PL818 falls in the same area and close to the producing field Ivar Aasen, both with Aker BP as operator. An additional licence was awarded in March 2018 as PL818B. Ocean Bottom Seismic was acquired on the two licences during the year which will be processed in 2019 followed by evaluation of the prospectivity, expected to lead to a conclusion in 2020 and drilling of the Orkja prospect in 2021.

Subsequent Events

On 25 January 2019, Lime accepted the bid from Lundin Norway AS for its interest in Rolvsnes (PL338C, PL338E) and Goddo (PL815) against a cash consideration of USD 45 million. The sales transaction is effective as of 1 January 2019 and authority approval is expected second quarter 2019. At the date of signing this report, approval from the Ministry of Petroleum and Energy is pending.

Lime was awarded one new licence in the APA2018 licencing round. The licence PL338E is an extension of licence PL338C held by the same partnership with Lime 30%. The licence was formalised 7 March 2019 and is a part of the Lundin sales transaction.

Following these events affecting the licence portfolio, the Company has interests in three concessions.

Rex Virtual Drilling

Lime has a licence agreement with Rex Technology Management Ltd granting access to use their proprietary technology Rex Virtual Drilling (RVD). RVD uses standard seismic data to differentiate between liquid hydrocarbons and water in the subsurface reservoirs by analysing the dispersive properties of the resonant seismic waves. The Company uses the RVD technology as a de-risking tool and to provide a second opinion on the prospectivity of an area.

Rex Technology Management Ltd is a wholly owned subsidiary of Rex International Investments Pte Ltd.

Technical Centre of Excellence

The Rex Group has two E&P companies; Lime in Norway owned 90% and Masirah Oil Ltd in Oman owned 92.65%. However, most of the technical expertise reside in Lime, and the Oslo office acts as a centre of excellence for E&P work in close cooperation with the other resources in the Rex Group.

Masirah Oil is the operator with 100% participating interest of Block 50 offshore east Oman. A small oil discovery has been made and feasibility studies demonstrate economic viability. The work continues to take the discovery through development to possible production already in 2019.

Oman Seaside

Changes to the Board of Directors

Karl Martin Lidgren left the Board of Directors in December 2018 and were replaced by Christopher David Atkinson.

At the signing of this report the Board of Directors consist of the following members:

Svein Helge Kjellesvik	Executive Chairman
Peter Nikolaus Eckhard Oehms	Director
Nicolai Alexander Sebastian Bonnevier	Director
Christopher David Atkinson	Director

HSE and equal opportunity

At the end of 2018, the Company had 9 employees of which three females. In addition, two persons were temporarily employed on 100% basis and one person temporarily employed on 60% basis through consultancy contracts. Accounting, tax, legal and IT services are outsourced and contracted from professional service providers. Beyond this capacity, the Company has acquired consultancy services from several vendors typically on short-term contracts.

The Company practices equal opportunity between the sexes with respect to employment, wages and professional development. Factors determining wages are work area, seniority, skills and education. Vacant positions are filled on a gender-neutral basis. The Company follows the provisions of the Norwegian Equal Opportunities Act. At present there are no female directors on the Board.

The working environment in the Company is good and efforts are made for continuous improvement. Absence due to illness during 2018 was 3.0% compared to 2.4% in 2017. None of the Company's employees have been injured or caused damage to property of any kind.

The Company is located in modern premises at Drammensveien 145, close to Oslo city centre.

External environment

The operations of the Company could potentially pollute the external environment. The Company together with its joint venture partners work actively on measures to prevent and reduce any negative impact on the environment.

Annual Financial Statements

(2017 figures in brackets)

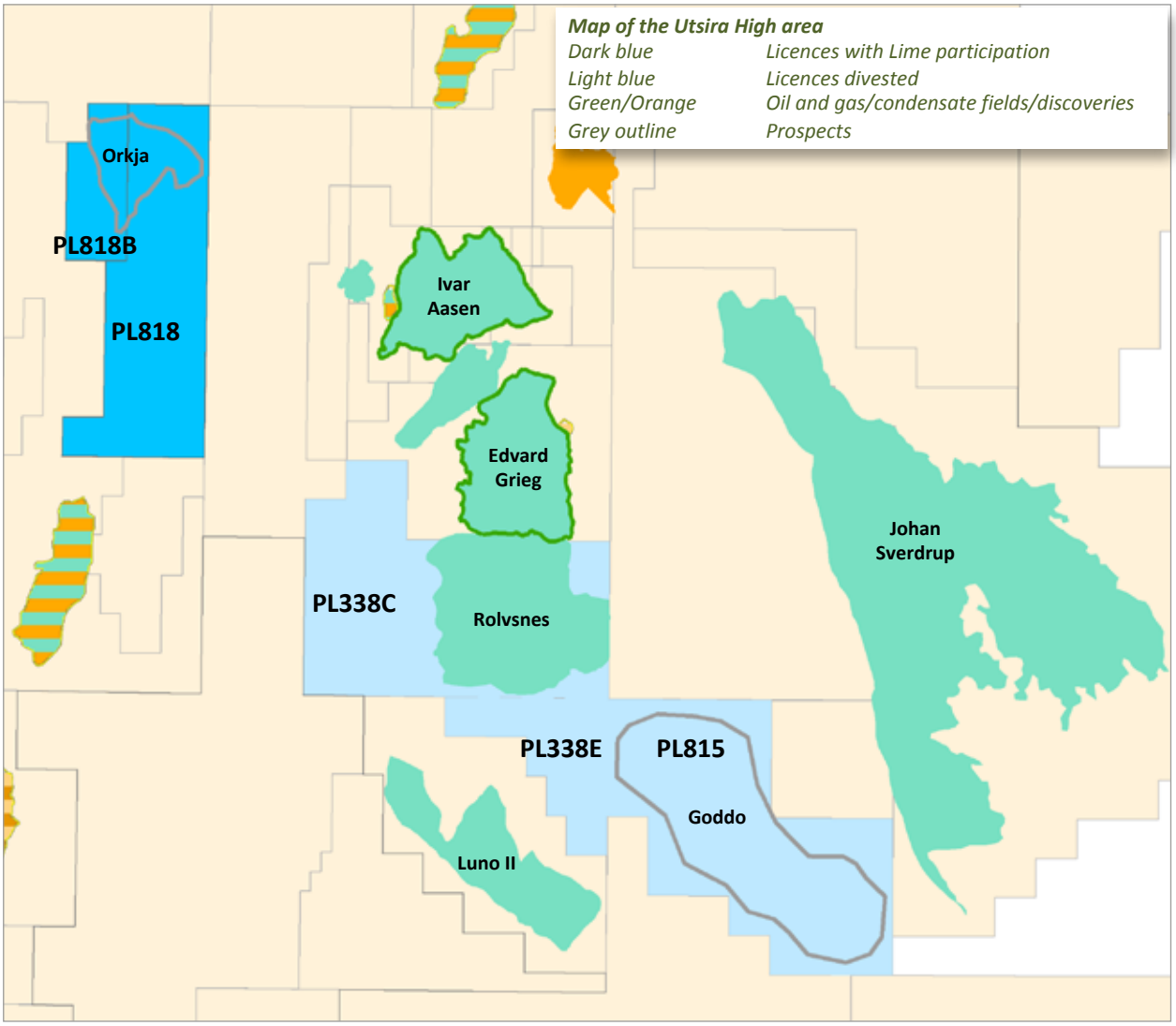
Pursuant to § 3-3 of the Norwegian Accounting Act, the Board of Directors confirm that the financial statements have been prepared on a going concern basis.

As for 2017, the Company had no operating income in 2018. Operating expenses were NOK 65.8 million (NOK 68.3 million). Of this, the net impairment following divestment of licence PL850 was NOK 15.7 million (NOK 17.0 million).

Net financial items amounted to NOK 5.9 million (NOK 4.4 million). Financial cost is increased primarily due to rising interest-bearing debt during the year. Total loan drawn under the SEB Revolving Exploration Financing Facility of NOK 270 million (NOK 165 million) was repaid by NOK 40 million (NOK 165 million) in November 2018 and the Company ended the year with NOK 230 million in debt (no debt at year end 2017). Total loans drawn on the loan facility with Rex amounted to NOK 48.7 (including interest).

Loss before taxes was NOK 71.7 million (NOK 72.7 million). Tax income amounted to NOK 51.6 million (NOK 53.5 million). The Company's tax refund related to the 2018 activity is calculated to NOK 251.7 million at year end (NOK 60.6 million). The tax refund related to 2017 was received in November 2018, amounting to NOK 60.9 million (NOK 183.0 million) including interest.

Annual loss was NOK 20.1 million (NOK 19.2 million).



Map of the Utsira High Area

Capitalized cost

During the year, the Company capitalized costs worth NOK 286.2 million (NOK 34.2 million) on its exploration activities, of which the biggest part was related to the Rolvsnes appraisal well.

Financing

The Company has a NOK 48 million loan facility agreement with Rex for funding of exploration cost related to the asset portfolio. The loan facility agreement was signed 15 May 2018 and has a duration of two years. A further NOK 120 million loan facility was signed 7 January 2019. The loan has a duration of one year and will provide the capital needed for the work programme until the transaction with Lundin is completed.

On 15 February 2019, the company signed an amendment agreement with Skandinaviska Enskilda Banken AB (SEB) to extend the duration of the exploration financing until end of 2019 reducing the size of the facility amount from NOK 400 million to NOK 300 million.

Risk

The Company is not exposed to particular risk factors other than those common for oil companies in the exploration phase. Lime is to some extent exposed to exchange rate fluctuations as exploration operations are partly in foreign currency, primarily in USD. The Company is also exposed to changes in market interest rates, as its financing facility has variable rate terms (NIBOR). The Company's financing needs are continuously monitored to ensure appropriate funding- For further information refer to Financial Risk Management described in Note 15.

Outlook

The Board of Directors and the Company's management consider the outlook for E&P activities on the Norwegian Continental Shelf to be interesting and believe the Company to be well positioned for further growth. Through its engagement in the Rolvsnes discovery on the Utsira High, the Company has contributed to successfully advancing the project towards field development. The value of our efforts was evidenced by the successful sale of the Rolvsnes discovery to Lundin Norway AS early 2019. The Company considered the sale to have optimal timing to preserve the Company's financial strength. The focus on the Norwegian Continental Shelf continues, and the Company will look for new possibilities to expand its activity for further value creation.

The Board of Directors of Lime Petroleum AS

Oslo, 7 May 2019

Svein Helge Kjellesvik
Executive Chairman

Christopher David Atkinson
Director

Nicolai Alexander Sebastian Bonnevier
Director

Peter Nikolaus Eckhard Oehms
Director

Terje Hagevang
CEO

Income Statement

(Amounts in TNOK)	Note	2018	2017
Operating income		0	0
Exploration expenses	4	-41 569	-45 453
Payroll and related cost	5	-13 585	-14 098
Depreciation and amortisation	10	-124	-335
Other operating expenses	6	-10 491	-8 376
Operating profit (loss)		**-65 769**	**-68 262**
Finance income	7	942	1 061
Finance costs	7	-6 825	-5 499
Net financial items		**-5 883**	**-4 438**
Profit (loss) before income tax		**-71 652**	**-72 700**
Income tax credit	8	51 551	53 499
Profit (loss) for the year		**-20 101**	**-19 202**

Statement of comprehensive income

(Amounts in TNOK)	Note	2018	2017
Profit (loss) for the year		-20 101	-19 202
Other comprehensive income, net of tax:			
Total comprehensive income for the year		**-20 101**	**-19 202**

Balance Sheet as at 31 December

(Amounts in TNOK)	Note	2018	2017
ASSETS			
Non-current assets			
Exploration and evaluation assets	9	548 332	286 746
Property, plant and equipment	10	305	159
Intangible asset	10		124
Total non-current assets		**548 638**	**287 030**
Current assets			
Prepayments and other receivables	11	25 451	19 122
Tax receivable refund tax value exploration expenses	8,14	251 668	60 584
Cash and cash equivalents	12	19 690	9 170
Total current assets		**296 809**	**88 876**
Total assets		**845 447**	**375 906**
EQUITY AND LIABILITIES			
Equity			
Share capital	13	130 320	130 320
Other paid-in capital		274 960	274 572
Uncovered loss		-234 331	-214 231
Total equity		**170 948**	**190 661**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	8	356 549	161 749
Interest-bearing loans and borrowings	14	48 740	
Total non-current liabilities		**405 289**	**161 749**
Current liabilities			
Interest-bearing loans and borrowings	14	230 000	
Trade creditors	15	10 893	4 199
Other current liabilities	16	28 317	19 297
Total current liabilities		**269 210**	**23 495**
Total liabilities		**674 499**	**185 245**
Total liabilities		**845 447**	**375 906**

The Board of Directors of Lime Petroleum AS

Oslo, 7 May 2019

Svein Helge Kjellesvik
Executive Chairman

Christopher David Atkinson
Director

Nicolai Alexander Sebastian Bonnevier
Director

Peter Nikolaus Eckhard Oehms
Director

Terje Hagevang
CEO

Statement of changes in equity

(*Amounts in TNOK*)	Share capital	Other paid in capital	Uncovered loss	Total equity
Equity at 1 January 2017	130 320	274 291	-195 029	209 582
Profit (loss) for the year			-19 202	-19 202
Other comprehensive income for the year				0
Total comprehensive income for the year			-19 202	-19 202
Shares issued in 2017				0
Share-based payment		280		280
Equity at 31 December 2017	**130 320**	**274 572**	**-214 231**	**190 661**
Equity at 1 January 2018	130 320	274 572	-214 231	190 661
Profit (loss) for the year			-20 101	-20 101
Other comprehensive income for the year				0
Total comprehensive income for the year			-20 101	-20 101
Share-based payment		388		388
Shares issued in 2018				0
Equity at 31 December 2018	**130 320**	**274 960**	**-234 331**	**170 948**

Cash Flow Statement

(Amounts in TNOK)	Note	2018	2017
Cash flow from operating activities			
Profit (loss) before income tax		-71 652	-72 700
Adjustments:			
Tax refunded	8	60 585	182 252
Depreciation	10	248	851
Impairment/disposals exploration assets	9	17 791	17 017
Changes in trade creditors		6 694	-436
Changes in other current receivables and liabilities		4 229	-3 132
Net cash flow from operating activities		17 896	123 852
Cash flow from investing activities			
Investment in exploration and evaluation assets	9	-286 196	-34 157
Proceeds from sale of exploration and evaluation assets		1 500	
Purchase of property, plant and equipment	10	-269	
Net cash flow from investing activities		-284 965	-34 157
Cash flow from financing activities			
Funds drawn current borrowings, net of transaction costs incurred		268 850	56 150
Repayments of current borrowings		-40 000	-165 000
Loans from shareholder	14	48 740	
Proceeds from share issues	13		
Net cash flow from financing activities		277 590	-108 850
Net change in cash and cash equivalents		**10 520**	**-19 156**
Cash and cash equivalents at 1st January 2018 / 2017		9 170	28 325
Cash and cash equivalents at 31st of December		**19 690**	**9 170**
Interest paid		5 089	4 340

Note 1 General information

The Financial statements of Lime Petroleum AS were approved by the Board of Directors and CEO on 7 May 2019.

Lime Petroleum AS is a private limited company incorporated and domiciled in Norway, with its main office in Oslo. The Company is a part of the consolidated Financial Statement of Rex International Holding Ltd. The consolidated Financial Statement can be retrieved from http://rex.listedcompany.com. Lime Petroleum AS was incorporated 18 August 2012.

The Company's only business segment is exploration for oil and gas on the Norwegian Continental shelf.

Note 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis for preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in accordance with the additional requirements following the Norwegian Accounting Act.

Foreign currency
Functional currency and presentation currency
The Company's functional and presentation currency is Norwegian kroner (NOK).

Transactions in foreign currency
Foreign currency transactions are translated into NOK using the exchange rates at the transaction date. Monetary balances in foreign currencies are translated into NOK at the exchange rates on the date of the balance sheet. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment charges. Depreciations are calculated on a straight line basis over the assets expected useful life and adjusted for any impairment charges. Expected useful lives of long-lived assets are reviewed annually and where they differ from previous estimates, depreciation periods are changed accordingly.

Property, plant and equipment are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount.

Intangible assets
Exploration costs for oil and gas properties
The Company uses a "modified full cost method" to account for exploration costs. All exploration costs directly related to areas where Lime holds an interest is capitalized. As a rule, each license constitutes one cost area, but in areas where two or more licences have boundaries against each other, it may be natural to view multiple licences together as a separate cost area. A cost area will be tested for impairment if facts and circumstances suggest that the carrying amount of the asset(s) on the area may exceed its recoverable amount. Typical facts and circumstances that would indicate that a cost area should be tested for impairment are:

- the right to explore in the specific area has expired or will expire in the near future and is not expected to be renewed;
- further exploration in the specific area is neither budgeted or planned;
- commercially viable reserves have not been discovered and the Company plans to discontinue activities in the specific area, and
- existing data shows that the carrying amount of the asset(s) will not be recovered in full through development activity.

Interests in joint arrangements
The Company applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor.

The Company has assets in licences which are not incorporated entities. All of these are related to licences on the Norwegian Continental Shelf. The Company has classified these joint arrangements as joint operations and accounts for these assets (oil and gas licences) applying the proportionate consolidation method by accounting for its share of the assets' income, expenses, debt and cash flow under the respective items in the Company's financial statements.

Leases (as lessee)
Financial leases
Leases where the Company assumes most of the risk and rewards of ownership, is classified as financial leases. The Company does not have any such leases.

Operating leases
Leases in which most of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Receivables
Receivables are initially recognised at fair value plus any transaction costs. The receivables are subsequently carried at amortised cost using the effective interest method.

Cash and cash equivalents
Cash and the equivalents include cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

Borrowings
All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of transaction/issue costs associated with the borrowing. After initial recognition, interests-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the consideration received net of transaction/issue costs associated with the borrowing and the redemption value, is recognised in the income statement over the term of the loan.

Taxes
Income taxes for the period comprise tax payable, refundable tax from refund tax value of exploration expenses and changes in deferred tax.

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are calculated on the basis of existing temporary differences between the carrying amounts of assets and liabilities in the financial statement and their tax bases, together with tax losses carried forward at the balance sheet date. Deferred tax assets and liabilities are calculated based on the tax rates and tax legislation that are expected to exist when the assets are realised or the liabilities are settled, based on the tax rates and tax legislation that have been enacted or substantially enacted on the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that the deferred tax asset can be utilised. Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Provisions
A provision is recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as finance cost.

The Company recognises a provision and an expense for severance payment when there exists a legal obligation to pay severance payment.

Trade creditors
Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Contingent liabilities
Contingent liabilities are not recognised in the financial statements. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability occurring is remote.

Segment reporting
The Company's only business segment is exploration for oil and gas on the Norwegian continental shelf. Based on this no segment note is presented and this is in accordance with management's reporting.

Cost of equity transactions
Transaction costs directly linked to an equity transaction are recognised directly in equity, net after deducting tax.

Cash flow statement
The cash flow statement is prepared by using the indirect method.

Events after the balance sheet date
The financial statements are adjusted to reflect events after the balance sheet date that provide evidence of conditions that existed at the balance sheet date (adjusting events). The financial statements are not adjusted to reflect events after the balance sheet date that are indicative of conditions that arose after the balance sheet date (non-adjusting events). Non-adjusting events are disclosed if significant.

Changes in accounting policies and disclosures
New and amended standards and interpretations adopted by the Company

The Company has adopted the IFRS 9 Financial Instruments effective from 1 January 2018. This new standard had no material impact on the Company's financial statements

In addition the Company implemented IFRS 15 Revenue from Contracts with customers from 1 January 2018. This new standard had no material impact on the Company's financial statements

New and amended standards and interpretations issued but not adopted by the Company

IFRS 16 Leases:
IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. Effective date is January 1, 2019.

The Company adopted the standard on 1 January 2019 using the modified retrospective approach. The implementation had no impact on net equity and resulted in an increase of approximately NOK 9 million in property, plant and equipment (right of use assets) with a corresponding increase in liabilities. The Company's leasing portfolio consists of leased office space.

Note 3. Financial risk management

Financial risks
Exploration for oil and gas involves a high degree of risk, and the Company is subject to the general risk factors pertaining to this business, such as (i) volatility of oil and gas prices, (ii) uncertainty pertaining to estimated oil and gas reserves, (iii) operational risk related to oil and gas exploration and (iv) volatility in exchange rates. Furthermore, only few prospects that are explored are ultimately developed into production.

Furthermore, the Company is exposed to financial risks in relation to receivables, loans, accounts payable and drawing rights to financial institutions. The business activities of the Company involve exposure to credit risk, interest rate risk, liquidity risk and currency risk.

Critical accounting estimates and judgements
The preparation of the financial statements in accordance with IFRS, requires management to make judgements, use estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis.

Estimates and assumptions which represent a considerable risk for material changes in carrying amounts of assets and liabilities during the next fiscal year, are presented below.

a)Taxes
Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income.

The Company are subject to the Norwegian oil taxation regime which involves an allocation of indirect costs to exploration expenses as items allowable for tax deductions and subsequent tax refunds. The allocation and the calculated tax receivable is based on judgments and understanding by the Company regarding items allowable for tax deduction, and the view may differ from the Norwegian Authorities' practice in the final settlement of the tax refund.

Judgement is also required in determining whether deferred income tax assets are recognised in the statement of financial position. Deferred income tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred income tax assets. See note 8.

Critical judgements in applying the Company's accounting policies
Management has made judgements also in the process of applying the Company's accounting policies. Such judgements with the most significant effect on the amounts recognised in the financial statements are presented in the following:

a) Accounting policy for exploration expenses
The Company uses a "modified full cost method" to account for exploration costs. All exploration costs directly related to areas where the Company holds an interest are initially capitalised in cost centres by well, field or exploration area, as appropriate.

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. These estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. Circumstances may suggest that the carrying amount may exceed the recoverable value of the asset, and such assessment of circumstances involves judgment as to likely future commerciality of the asset and also when such commerciality should be determined.

Note 4 Exploration expenses

(Amounts in TNOK)	2018	2017
Expensed capitalized exploration [1]	15 692	17 017
Direct seismic costs and field evaluation	2 440	2 027
G&G costs, Virtual Drilling	19 330	18 808
Consultants exploration	3 325	2 946
Other operating exploration expenses	784	4 655
Total exploration expenses	**41 569**	**45 453**

[1] Expensed capitalized exploration in 2018 is related to sale of the licence PL850.

Note 5 Payroll and related cost

(Amounts in TNOK)	2018	2017
Salaries	15 687	14 964
Consultancy fees, hours invoiced to other companies	-6 476	-4 962
Social security	2 387	2 294
Pension costs	1 147	1 219
Share-based payment	388	280
Other employee related expenses	451	303
Total	**13 585**	**14 098**
Average number of employees	**11**	**11**

Remuneration to board of directors and management:
See information in note 17 Related party disclosure regarding remuneration of key management and note 13 Share capital regarding share-based bonus program for key management.

Pensions
The Company has a defined contribution pension plan for its employees which satisfies the statutory requirements in the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

Share-based payment
The Company has a share-based payment plan for key employees as originally approved on 28 November 2014. These employees have been granted options that vest over a time frame of two years. The options expire three years subsequent to first possible date of exercise.

Options (1000)	Total granted and outstanding	Vested
2018		
At 1 January	2 281	
Granted	1 480	
Vested		917
Forfeited		
At 31 December	**3 762**	**917**

Options (1000)	Total granted and outstanding	Vested
2017		
At 1 January	1 295	
Granted	986	
Vested		
Forfeited		
At 31 December	**2 281**	**0**

Weighted average exercise price is NOK 1,83.

The Committee administering the share based plan during the financial year ending 31 December 2018 was the Board of Directors. Participants who received 10% or more of the total number of options available under the scheme are listed in the table below.

Name of participant	Number of Shares comprised in options granted during financial year ended 31 Desember 2018	Aggregate number of Shares comprised in options granted since commencement of the Scheme to 31 Desember 2018	Aggregate number of Shares comprised in Options exercised since commencement of the Scheme to 31 Desember 2018	Aggregate number of Shares comprised in Options which outstanding as at 31 Desember 2018
Terje Hagevang	381 250	866 319	0	866 319
Rune Skogen [1]	259 498	664 664	0	664 664
Ivar Aarseth [2]	0	379 716	0	379 716

[1] Left the Company as of 1 December 2018.
[2] Retired from the Company as of 1 November 2016.

No options were granted to Directors or to controlling shareholders and their associates.

Note 6 Other operating expenses

Other operating expenses include:

(Amounts in TNOK)	2018	2017
Offices rental and other lease expenses	1 374	1 241
Travelling expenses	502	359
Consultant's and other fees [1]	4 876	5 146
Other administrative expenses	3 740	1 630
Total	**10 491**	**8 376**

[1] Fees includes payments to related parties. See note 17 for further information.

Remuneration to auditor is allocated as specified below:

(Amounts in TNOK)	2018	2017
Audit	279	278
Attestations		22
Other assistance	22	46
Total, excl. VAT	**301**	**346**

Note 7 Finance income and costs

Finance income:

(Amounts in TNOK)	2018	2017
Interest income	336	810
Net Foreign exchange effects	606	250
Other finance income		
Total finance income	**942**	**1 061**

Finance costs:

(Amounts in TNOK)	2018	2017
Interest expenses loans and borrowings	6 824	5 498
Other interest expenses		1
Net Foreign exchange effects		
Other finance costs	1	
Total finance costs	**6 825**	**5 499**

Note 8 Tax

Specification of income tax:

(Amounts in TNOK)	2018	2017
Calculated refund tax value of exploration costs this year	251 668	60 584
Of this refund not recognised in income statement (acquisition of licences recognised net of tax)		
Correction refund previous years	1	48
Change deferred tax	-200 118	-7 133
Total income tax credit	**51 551**	**53 499**

Oil-exploration companies operating on the Norwegian Continental Shelf may claim a 78 % refund of their exploration costs limited to taxable losses of the year. The refund is paid out in November the following year.

Specification of tax effects on temporary differences, tax losses carried forward and deferred tax:

(Amounts in TNOK)	2018	2017
Property, plant and equipment	507	603
Capitalised exploration and licence costs	-411 259	-209 729
Non-current borrowings		-265
Tax losses carried forward, onshore	165	173
Tax losses carried forward, offshore 22 % basis (23 % in 2017)	22 750	20 764
Tax losses carried forward, 56 % basis (55 % in 2017)	31 453	26 877
Deferred tax liability (-) / tax asset (+)	-356 384	-161 577
Not capitalised deferred tax asset (valuation allowance)	-165	-173
Deferred tax liability (-) / tax asset (+) in balance sheet	**-356 549**	**-161 749**

Change in deferred taxes:

Correction refund previous years, assessed but not settled (amounts in TNOK)	2018	2017
Deferred taxes recorded in income statement	-200 118	-7 133
Deferred taxes recorded in balance sheet on sale of licences	5 318	
Deferred taxes recorded in balance sheet on acquisition of licences		
Total change in deferred taxes	**-194 800**	**-7 133**

Deferred tax is calculated based on tax rates applicable on the balance sheet date. Ordinary income tax is 23 % (22 % in 2019), to which is added a special tax for oil and gas companies at the rate of 55 % (56 % in 2019), giving a total tax rate of 78%.

Companies operating on the Norwegian Continental Shelf under the offshore tax regime can claim the tax value of any unused tax losses or other tax credits related to its offshore activities to be paid in cash (including interest) from the tax authorities when operations cease. Deferred tax assets that are based on offshore tax losses carried forward are therefore normally recognised in full.

Reconciliation of effective tax rate:

(Amounts in TNOK)	**2018**	**2017**
Profit (loss) before tax	-71 652	-72 700
Expected income tax credit 78%	55 889	56 706
Adjusted for tax effects (23%-78%) (24%-78% in 2017) of the following items:		
Permanent differences	-416	-311
Finance items	-3 784	-2 561
Adjustment previous years and other	330	61
Effect of new tax rates on deferred tax	-468	-396
Total income tax credit	**51 551**	**53 499**

Note 9 Investments in oil and gas licences

(Amounts in TNOK)	**2018**	**2017**
Cost:		
At 1 January	830 184	796 027
Additions	286 196	34 157
Disposals	-6 818	
Cost at 31 December	1 109 562	830 184
Amortisation and impairment losses		
At 1 January	543 438	526 421
Amortisation this year		
Impairment this year	17 791	17 017
Disposals		
Accumulated amortisation and impairment at 31 December	561 230	543 438
Carrying amount at 31 December	**548 332**	**286 746**

Licence portfolio	**31.12.2018**	**31.12.2017**
	Lime's share	Lime's share
PL338C	30,0 %	30,0 %
PL762	0,0 %	20,0 %
PL815	20,0 %	20,0 %
PL818	30,0 %	30,0 %
PL818B	30,0 %	0,0 %
PL841	20,0 %	20,0 %
PL850	0,0 %	20,0 %

Note 10 Property, plant, equipment and intangible assets

(Amounts in TNOK)	Fixtures and data equipment	Intangible asset (software)
2018		
Cost:		
At 1 January 2018	1 857	2 288
Additions	269	
Disposals		
Cost at 31 December 2018	2 126	2 288
Depreciation and impairment:		
At 1 January 2018	-1 698	-2 164
Depreciation this year[1]	-124	-124
Impairment this year		
Disposals		
Accumulated amortisation and impairment at 31 December 2018	-1 821	-2 288
Carrying amount at 31 December 2018	**305**	**0**

[1] TNOK 124 of depreciation of software is included in Exploration expenses.

(Amounts in TNOK)		
2017		
Cost:		
At 1 January 2017	1 857	2 288
Additions		
Disposals		
Cost at 31 December 2017	1 857	2 288
Depreciation and impairment:		
At 1 January 2017	-1 363	-1 646
Depreciation this year[2]	-335	-517
Impairment this year		
Disposals		
Accumulated amortisation and impairment at 31 December 2017	-1 698	-2 164
Carrying amount at 31 December 2017	**158**	**124**

[2] TNOK 517 of depreciation of software is included in Exploration expenses.

Economic life	3-5 years	3 years
Depreciation method	linear	linear

Note 11 Prepayments and other receivables

(Amounts in TNOK)	2018	2017
Prepaid expenses	1 797	3 753
VAT receivables	1 949	608
Receivables from group companies	7 788	5 863
Working capital and overcall, joint venture	13 918	8 583
Other short term receivables		315
Total	**25 451**	**19 122**

Note 12 Cash and cash equivalents

(Amounts in TNOK)	2018	2017
Bank deposits	19 690	9 170
Total cash and cash equivalents	**19 690**	**9 170**
Of this:		
Restricted cash for withheld taxes from employees salaries	953	989
Restricted cash for deposit office lease	868	740
Restricted cash for interest reserve on bank loan	1 826	

Note 13 Share capital and shareholder information

Movements in share capital (amounts in NOK)	Number of shares	Share capital
Share capital at 1 January 2017	130 320 000	130 320 000
Capital increase in 2017		
End balance at 31 December 2017	**130 320 000**	**130 320 000**
Share capital at 1 January 2018	130 320 000	130 320 000
Capital increase in 2018		
End balance at 31 December 2018	**130 320 000**	**130 320 000**

The share capital is denominated in NOK, and the nominal value per share as of 31 December 2018 was NOK 1. All issued shares are of equal rights.

The Company may remunerate employees in the form of options or other remuneration linked to the Company's shares or share value. Such employees participate in the Company's share-based bonus program.

Shareholders as of 31 December 2018	Shares	Ownership
Schroder & Co Banque SA	13 032 000	10,0 %
Rex International Investments Pte. Ltd	117 288 000	90,0 %
Total number of shares	**130 320 000**	**100,0 %**

Rex International Investments Pte. Ltd is a wholly owned subsidiary of Rex International Holding Ltd. Board member Svein Helge Kjellesvik is a shareholder in Rex International Holding Ltd.

Note 14 Interest-bearing loans and borrowings

(Amounts in TNOK)	Presentation in balance	2018	2017
Credit facility, nominal amount drawn	Current	230 000	
Carrying amount		**230 000**	**0**

Credit facility

The Company has a Revolving Exploration Financing Facility agreement of NOK 400 000 000 (reduced to NOK 300 000 000 15 February 2019, c.f. note 21) with Skandinaviska Enskilda Banken AB (SEB). The facility runs until December 2019, but the debt as at 31 December 2018 shall be repaid in December next year following receipt of tax refund (ref note 8). The debt is therefore classified as current liability. The agreed interest rate is three month NIBOR + 1.5 %..

Assets pledged as security

The credit facility mentioned above is for the lender secured by a first priority assignment of the tax refunds, first priority charge over the bank accounts, and a first priority assignment of insurances.

Guarantee

Rex International Investments Pte. Ltd has provided a parent company guarantee to the Ministry of Petroleum and Energy on basis of the Norwegian Petroleum Act sec. 10-7

Shareholder loan

(Amounts in TNOK)	Presentation in balance	2018	2017
Shareholder loan, nominal amount drawn in NOK [*]	Non-current	44 746	
Shareholder loan, nominal amount drawn in USD [*]	Non-current	3 253	
Capitalised interest (NOK and USD)	Non-current	741	
Carrying amount		**48 740**	**0**

[*] Rex International Investments Pte. Ltd.

Note 15 Financial instruments

Financial instruments by category

(Amounts in TNOK)

At 31 December 2018

Financial assets	Loans and receivables	Total carrying amount
Other receivables [1]		
Cash and cash equivalents	19 690	19 690
Total	**19 690**	**19 690**

[1] Prepayments and VAT receivables are not included.

Financial liabilities	Amortized cost	Total carrying amount
Borrowings, short term	230 000	230 000
Trade creditors	10 893	10 893
Other current liabilities [1]	1 322	1 322
Total	**290 955**	**290 955**

[1] Public duties payable and accruals are not included.

At 31 December 2017

Financial assets	Loans and receivables	Total carrying amount
Other receivables [1]		
Cash and cash equivalents	9 170	9 170
Total	**9 170**	**9 170**

[1] Prepayments and VAT receivables are not included.

Financial liabilities	Amortized cost	Total carrying amount
Borrowings, short term		
Trade creditors	4 199	4 199
Other current liabilities [1]	1 307	1 307
Total	**5 505**	**5 505**

[1] Public duties payable and accruals are not included

Fair value of financial instruments
It is assessed that the carrying amounts of financial instruments recognized at amortized cost in the financial statements approximate their fair values.

Financial risk management

Overview
The Company has some exposure to risks from its use of financial instruments, including credit risk, liquidity risk, interest rate risk and currency risk. This note presents information about the Company's exposure to each of the above mentioned risks, and the Company's objectives, policies and processes for managing such risks. At the end of this note, information regarding the Company's capital management is provided.

Market risk from financial instruments
a) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest risk arises from its credit facility which has variable rates terms. As at 31 December 2018, if the interest rate had been 0,5% higher, the net loss before tax would have been TNOK 1 150 higher.

b) Foreign currency risk
The Company has limited exposure to currency risk from assets and liabilities recognised as at 31 December 2018, through trade receivables and payables denominated in USD. An increase in the exchange rate of USD of 10 % would have resulted in a finance loss pre tax of TNOK 171 (TNOK 377 in 2017).

Credit risk
The carrying amounts of financial assets presented above represent the Company's maximum credit exposure. The counterparty to the cash and cash equivalents and other financial assets are large banks with solid credit ratings. The Company monitors the credit ratings of its main counterparties on a regular basis.

Liquidity risk
Liquidity risk is the risk of being unable to pay financial liabilities as they fall due. The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its financial liabilities as they fall due, under normal as well as extraordinary circumstances, without incurring unacceptable losses or risking damage to the Company's reputation. Prudent liquidity risk management implies maintaining sufficient cash and the availability of appropriate funding.

The following table details the contractual maturities for the Company's financial liabilities. The tables includes amounts for both principal and interest payments. The contractual amounts were estimated based on closing exchange rate at balance sheet date.

At 31 December 2018

(Amounts in TNOK)	Less than 3 months	3 to 12 months	1 to 5 years	Total
Borrowings, short term	1 593	234 778		236 371
Trade creditors and other short term liabilities	10 845	1 370		12 215
Total liabilities	**12 438**	**236 148**	**0**	**248 586**

At 31 December 2017

(Amounts in NOK)	Less than 3 months	3 to 12 months	1 to 5 years	Total
Borrowings, short term				
Trade creditors and other short term liabilities	4 199	1 307		5 505
Total liabilities	**4 200**	**1 307**	**0**	**5 505**

Capital management

A key objective in relation to capital management is to ensure that the Company maintains a sufficient capital structure in order to support its business development and to maintain a strong credit rating. The Company evaluates its capital structure in light of current and projected cash flows, potential new business opportunities and the Company's financial commitments. In order to maintain or adjust the capital structure, the Company may issue new shares or obtain new loans.

Note 16 Other current liabilities

(Amounts in TNOK)	2018	2017
Public duties payable	1 754	1 556
Salary and vacation payable	1 322	1 307
Working capital and undercall, joint venture	20 296	8 913
Other accruals for incurred costs	4 945	7 521
Total	**28 317**	**19 297**

Note 17 Related party disclosure

(Amounts in TNOK)

a) Purchases from related parties

Purchase of services from	Description of services	2018	2017
Rex International Holding Ltd [1]	Consulting services	1 192	1 396
Powergen GmbH [2]	Consulting services	399	583
Lidgren Consulting [3]	Consulting services	215	529
Inoil AS [4]	Consulting services	8 503	875
Rex Technology Management Ltd [5]	Rex Virtual Drilling analysis	19 330	18 808

[1] Rex International Holding Ltd owns 100 % of the shares in Rex International Investments Pte. Ltd which owns 90 % of the shares in Lime Petroleum AS.
[2] A company controlled by Kristofer Skantze who is CCO in Rex International Holding Ltd.
[3] A company controlled by Måns Lidgren who is CEO in Rex International Holding Ltd.
[4] A company controlled by Terje Hagevang, CEO in Lime Petroleum AS. The amount includes purchases of TNOK 7 827 invoiced directly to related parties (see b))
[5] Rex Technology Management Ltd is owned 100 % by Rex International Investments Pte. Ltd.

b) Sales to related parties

Sales of consulting services to (see also note 5 Payroll)	2018	2017
Group companies under control of Rex International Holding Ltd.	5 774	3 323
Trace Atlantic Oil Ltd [6]	702	1 639

[6] A company jointly controlled by Karl Lidgren, Hans Lidgren and Svein Helge Kjellesvik who has significant influence over Rex International Holding Ltd through their shareholding.

c) Balances with related parties (trade payables)

Related party	2018	2017
Group companies under control of Rex International Investments Pte. Ltd	7 788	5 863
Trace Atlantic Oil Ltd		313

d) Balances with related parties (trade payables)

Related party	2018	2017
Group companies under control of Rex International Holding Ltd	8 130	1 396
Inoil AS	964	102
Powergen GmbH		290
Lidgren Consulting		62

Compensation to key management 2018

(Amounts in TNOK)

Position	Salary/ Board fee	Pension contribution	Total 2018
CEO	3 374	162	3 535
Board of Directors	3 479		3 479

As at 31 December 2018 there is no agreement of bonus to key management..

The Company may remunerate employees in the form of options or other remuneration linked to the Company's shares or share value. Such employees participate in the Company's share-based bonus program.

Compensation to key management 2017

(Amounts in TNOK)

Position	Salary/ Board fee	Pension contribution	Total 2017
CEO	2 866	162	3 028
Board of Directors	2 432		2 432

Note 18 Operating leases

The Company has no finance leases.
The Company has entered into operating leases for office premises, parking and IT equipment/software.
The lease costs consist of ordinary lease payments and include:

(Amounts in TNOK)	2018	2017
Lease office premises and parking	1 293	1 162
Lease machinery and office furniture	80	79
Total lease costs	**1 374**	**1 241**

The future minimum rents related to non-cancellable leases and subleases fall due as follows:

(Amounts in TNOK)	2018	2017
Within 1 year	1 714	1 163
1 to 5 years	6 905	4 783
After 5 years		965
Total	**8 620**	**6 912**

IFRS 16 Leases:
The Company adopted the standard on 1 January 2019 using the modified retrospective approach. The implementation had no impact on net equity, and resulted in an increase of approximately NOK 9 million in property, plant and equipment with a corresponding increase in liabilities.

Note 19 Contingent liabilities

The Company has not been involved in any legal or financial disputes in 2018 where adversely outcome is considered more likely than remote.

Note 20 Shares in licences and obligations

The Company`s obligations for 2019 related to the licence portfolio as at year end are estimated to a total of NOK 504 million. This forecast is based on the approved licence budgets and is reflecting obligations pre Lundin sale transaction (ref note 21). The Company`s obligations for 2019 after the completion of Lundin sale transaction are estimated to NOK 109 million.

Note 21 Events after the balance sheet date

IOn 25 January 2019, the Company accepted the bid from Lundin Norway AS for its interest in Rolvsnes (PL338C, PL338E) and Goddo (PL815) against a cash consideration of USD 45 million (USD 43 million paid in cash on the Completion Date and USD 2 million paid in cash 12 months after the Completion Date upon no adverse event materialising within that period). The sales transaction is effective as of 1 January 2019. Approval from the Ministry of Petroleum and Energy is pending.

On 15 February 2019, the Company signed an agreement with Skandinaviska Enskilda Banken AB (SEB) to extend the duration of the Revolving Exploration Financing Facility until the end of 2019. The size of the loan facility amount was reduced from NOK 400 million to NOK 300 million.

The Company was awarded one new licence in the APA2018 licencing round. The licence PL338E is an extension of licence PL338C held by the same partnership with Lime 30%. The licence was formalised on 7 March 2019 and is a part of the Lundin sales transaction.

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To the General Meeting of Lime Petroleum AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lime Petroleum AS, which comprise the balance sheet as at 31 December 2018, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows 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 2018, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

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.

KPMG

Lime Petroleum AS

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 and fair presentation of the financial statements in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, 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 and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 fair presentation.

We communicate with the Board of Directors 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.

KPMG

Lime Petroleum AS

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 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 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 May 2019
KPMG AS

Roland Fredriksen
State Authorized Public Accountant

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