Registration Document

Important notice

This Registration Document prepared according to Regulation (EU) 2017/1129, is valid for a period of up to 12 months following its approval by Norwegian Financial Supervisory Authority (FSA or Finanstilsynet). This Registration Document was approved by the Norwegian FSA on 02.09.2022. The prospectus for issuance of new bonds or other securities may for a period of up to 12 months from the date of the approval consist of this Registration Document, a securities note and a summary if applicable to each issue and subject to a separate approval.

This Registration Document is based on sources such as annual reports and publicly available information and forward looking information based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for the Company line of business.

A prospective investor should consider carefully the factors set forth in chapter 1 - *Risk factors* -, and elsewhere in the Prospectus, and should consult his or her own expert advisers as to the suitability of an investment in bonds, including any legal requirements, exchange control regulations and tax consequences within the country of residence and domicile for the acquisition, holding and disposal of bonds relevant to such prospective investor.

The manager and/or affiliated companies and/or officers, directors and employees may be a market maker or hold a position in any instrument or related instrument discussed in this Registration Document and may perform or seek to perform financial advisory or banking services related to such instruments. The managers corporate finance department may act as manager or co-manager for this Company in private and/or public placement and/or resale not publicly available or commonly known. Copies of this Registration Document are not being mailed or otherwise distributed or sent in or into or made available in the United States. Persons receiving this document (including custodians, nominees and trustees) must not distribute or send such documents or any related documents in or into the United States.

Other than in compliance with applicable United States securities laws, no solicitations are being made or will be made, directly or indirectly, in the United States. Securities will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

The distribution of the Registration Document may be limited by law also in other jurisdictions, for example in Canada, Japan, Australia and in the United Kingdom. Verification and approval of the Registration Document by the Norwegian FSA implies that the Registration Document may be used in any EEA country. No other measures have been taken to obtain authorisation to distribute the Registration Document in any jurisdiction where such action is required, and any information contained herein or in any other sales document relating to bonds does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

The content of the Prospectus does not constitute legal, financial or tax advice and potential investors should seek legal, financial and/or tax advice.

Unless otherwise stated, the Prospectus is subject to Norwegian law. In the event of any dispute regarding the Prospectus, Norwegian law will apply.

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1. Risk factors

Investing in bonds involves inherent risks. Prospective investors should carefully consider, among other things, the risk factors set out in the Registration Document before making an investment decision.

A prospective investor should carefully consider all the risks related to the Company and should consult his or her own expert advisors as to the suitability of an investment in the Bonds. An investment in the Bonds entails significant risks and is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment. Against this background, an investor should thus make a careful assessment of the Company, its creditworthiness and its prospects before deciding to invest, including its current and future tax position.

The Company believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the Company may be unable to pay interest, principal or other amounts on or in connecting with the Bonds for other reasons which may not be considered significant risks by the Company based on information currently available to it or which it may not currently be able to anticipate. The risks within each category are listed, in the view of the Company, according to the possible negative impact they may have and the probability of their occurrence. The greatest risk within each category is generally mentioned first. It applies for all risk factors that, if materialized, and depending on the circumstances, may have an adverse effect on the Company and which may reduce anticipated revenue and profitability, ultimately resulting in a potential insolvency situation.

RISKS RELATING TO THE COMPANY'S BUSINESS AND OPERATIONS

The Company's business, results of operations, value of assets, any future reserves, cash flows, financial condition and access to capital depend significantly upon and may be adversely affected by the level of oil and gas prices, which are highly volatile

The Company has its income from sales of oil and gas. Prices for oil and gas may fluctuate substantially based on relatively small changes in the supply and demand for oil and gas, based on geopolitical changes and certain other factors beyond the Company's control. Consequently, it is impossible to predict future oil and gas price movements. Sustained lower oil and gas prices or price declines may inter alia lead to a material decrease in any future net production revenues of the Company (including the net production revenues from the Brage Field). Commodity price risk represents one of the most notable risks for the company going forward. A significant drop in oil and gas prices may affect the Company's ability to serve its debts and fulfil its obligations under the bonds or serve its license obligations and ongoing costs of business. The Company may from time to time enter into hedging arrangements in the form of put options to offset the risk of any such future revenue losses if commodity prices decline. However, such arrangements may be expensive and there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms. The Company has established an oil price hedging program. Lime has, effective from 1 February 2022, hedged approximately half of the company`s hydrocarbon production from the Brage Field through January 2023. The hedge is based on an Asian style monthly average put option structure. The strike price is 35 USD/barrel ensuring a price floor for the company`s oil production. The Company consider entering hedging arrangement to offset the risk of future losses of changes in the foreign exchange rates, in particular USD/NOK. Reference is made to chapter "*Changes in foreign exchange rates may affect the Company`s results of operations and financial position*" page 12 in this Registration Document.

Further, certain development projects which are or become of substantial importance to the Company could become unprofitable as a result of a decline in price and could result in the Company having to postpone or cancel a planned project, or if it is not possible to cancel the project, carry out the project with negative economic impact.

On 24 February 2022, Russia invaded Ukraine. Battles in Ukraine are still ongoing and significant uncertainties regarding global political and economic stability still applies. Severe sanction actions were imposed which led to business disruption involving an impact on the global economy. During spring/ summer 2022, the Russian invasion of Ukraine has caused a negative impact on the supply chain, disrupted energy markets and raised oil and gas prices to extraordinary levels. The extent to which this impacts the Company`s results will depend on future developments and thus difficult to predict. The level of prices going forward is subject to significant uncertainty and it is at the time of this Registration Document not possible to predict with any certainty what the long-term effects for the Company will be.

Reserves and contingent resources are by their nature uncertain in respect of the inferred volume range

Included in this Registration Document is information relating to any future reserves and resources of certain of the Company's assets. For further information refer to chapter 6. Business overview and regulatory framework, subheading "Overview of the Company`s projected net production, reserves and resources. Reserves are defined as the volume of hydrocarbons that are expected to be produced from known accumulations in production, under development or with development committed. Reserves are also classified according to the associated risks and probability that the reserves will be actually produced. Contingent resources are the volumes of hydrocarbons expected to be produced from known accumulations in planning phase, where development is likely or where development is unlikely with present basic assumptions or under evaluation.

Many of the factors in respect of which assumptions are made when estimating reserves and resources are beyond the Company's control and therefore these assumptions may prove to be incorrect over time. Evaluations of reserves and resources necessarily involve multiple uncertainties. The accuracy of any reserves or resources evaluation depends on the quality of available information and petroleum engineering and geological interpretation. Exploration drilling, interpretation, testing and production after the date of the estimates may require substantial upward or downward revisions in reserves or resources data.

Special uncertainties exist with respect to the estimation of resources in addition to those set forth above that apply to reserves, such as:

- The quantities and qualities of oil and gas that are ultimately recovered;
- The associated production and operating costs incurred;
- The amount and timing of future exploration/appraisal and development expenditures;
- Overall demand for oil and gas; and
- Future oil and gas sales prices.

The probability that contingent resources will be economically developed, or be economically recoverable, is considerably lower than for reserves. Forward-looking statements contained in this Registration Document concerning the reserves and resources definitions should not be unduly relied upon by potential investors. If the assumptions upon which the estimates of any future oil and gas reserves or resources of the Company are based prove to be incorrect, including the estimates in relation to the Brage assets, the Company may be unable to recover and/or produce the estimated levels or quality of oil or gas set out in this Registration Document, which could have a material adverse effect on the Company's business, prospects, financial condition or results of operations.

The Company's hydrocarbon production may be restricted, delayed or terminated due to a number of internal or external factors

The Company's hydrocarbon production may be restricted, delayed or terminated due to a number of internal or external factors, such as strikes, among which are malfunctions of hydrocarbon discharge or production facilities, administrative delays (particularly in the approval of development projects by public authorities), shortages or delays in the availability of drilling and/or production rigs and delivery of equipment and materials, pressure or irregularities in geological formations, equipment failures or accidents or adverse weather conditions or malicious actions. The Company is dependent on production from Brage being the main source of income. Brage is an older facility and

since the production has fallen from its plateau in the 1990`s the facilities are oversized resulting in lower level of optimization. As such the installation may attract more scrutiny. In particular, future production from the Brage field and the Group's discoveries, including transportation of petroleum and gas, will in part depend on the functionality of existing facilities, such as pipelines, wells, umbilical and processing facilities. These factors may have a material adverse effect on the Company's cash flow as well as on its business, prospects, financial condition or results of operations and consequently affect the Company's ability to serve its debts and fulfil its obligations under the bonds and otherwise.

The Company is subject to third-party risk in terms of operators and partners

As the Company is not the operator of fields in which it has an interest, it has limited control over the management of the assets and mismanagement by the operator or disagreements with the operator as to the most appropriate course of action may occur, which again may result in significant delays, losses or increased costs to the Company. There are, however, routines in mandatory joint operating agreements that regulate the relationship within the license and how the operator or others may behave or act. There is, however, a risk that partners with interests in the Company's licenses may not be able to fund or may elect not to participate in, or consent to, certain activities relating to those licenses. In these circumstances, it may not be possible for such activities to be undertaken by the Company alone or in conjunction with other participants. Inversely, decisions by the other partners to engage in certain activities, may also be contrary to the Company's desire not to commence such activities and may require the Company to incur its share of costs in relation thereto, or that the other partners may enforce decisions which will delay or affect the profitability of a project. This is especially an inherent risk in fields under development where the Company only holds a minority interest. Other participants in the Company's licenses may default on their funding obligations. In such circumstances, the Company may be required under the terms of the relevant operating agreement or otherwise to contribute all or part of such funding shortfall. The Company may not have the resources to meet these obligations. Further, the license partners are jointly and severally responsible to the Norwegian Government for financial obligations arising out of petroleum activities pursuant to a license. If any of the Company's partners become insolvent or otherwise unable to pay debts as they come due, the license interest awarded to them may be revoked by the relevant government authority who will then reallocate the license interest. There can be no assurance that the Company will be able to continue operations pursuant to these reclaimed licenses or that any transition related to the reallocation of the license would not materially disrupt the Company's operations.

The Company is dependent on finding/acquiring, developing and producing oil and gas reserves that are economically recoverable

The future success of the Company depends in part on its ability to find and develop or acquire additional reserves that are economically recoverable, which is dependent on oil and gas prices. Oil and gas exploration and production activities are, in addition to being capital intensive, inherently uncertain in their outcome. Significant expenditure is required to establish the extent of oil and gas reserves through seismic and other surveys and drilling and there can be no certainty that further commercial quantities of oil and gas will be discovered or acquired by the Company. The Company's existing and future oil and gas appraisal and exploration projects may therefore involve unprofitable efforts, either from dry wells or from wells that are productive but do not produce sufficient net revenues to return a profit after development, operating and other costs. Even if the Company is able to discover or acquire commercial quantities of oil and gas in the future, there can be no assurance that these will be commercially developed.

Completion of a well does not guarantee a profit on the investment or recovery of the costs associated with that well. Additionally, the cost of operations and production from successful wells may be materially adversely affected by a number of factors outside the Company's control. Any inability on the Company's part to recover its costs and generate profits from its exploration and production activities could have a material adverse effect on its business, results of operations, cash flow and financial condition.

Additionally, producing oil and natural gas reservoirs, particularly in the case of mature fields, are generally characterized by declining production rates that vary depending upon reservoir characteristics and other factors. For example, production from the Brage field is expected to decline in the near future. The rate of decline will change if production from existing wells declines in a different manner than the Company has estimated and can change under other circumstances. Thus, the Company's future oil and natural gas reserves and production and, therefore, its cash flow and results of operations are highly dependent upon the Company's success in efficiently developing and exploiting its current properties and economically finding or acquiring additional recoverable reserves. The Company may not be able to develop, find or acquire additional reserves to replace any future production at acceptable costs. If the Company is unable to replace any future production, the value of any future reserves will decrease, and its business, financial condition and results of operations would be adversely affected.

Developing a hydrocarbon production field, in particular the development of contingent resources into reserves, requires significant investment

Developing a hydrocarbon production field, in particular the development of contingent resources into reserves, requires significant investment, some times over several decades, to build the requisite operating facilities, drilling of production wells along with implementation of advanced technologies for the extraction and exploitation of hydrocarbons with complex properties. Making these investments and implementing these technologies, normally under difficult conditions, can result in uncertainties about the amount of investment necessary, operating costs and additional expenses incurred as compared with the initial budget, thereby negatively affecting the business, prospects, financial condition and results of operations of the Company. Drilling operations may experience mechanical problems and/or total failure resulting inability to complete a well as planned. A well may not find the targeted reserves or reservoir properties, resulting in a well unable to deliver the expected rates of production. Further, with respect to contingent resources, the amount of investment needed may be prohibitive, such that conversion of resources into reserves may not be commercially viable. The Company may be unable to obtain needed capital or financing on satisfactory terms. If any future revenues of the Company decrease, it may have limited ability to obtain the capital necessary to sustain operations at current levels. If the Company's available cash is not sufficient, a curtailment of its operations relating to development of its prospects could occur, which in turn could lead to a decline in any future oil and natural gas reserves, or if it is not possible to cancel or stop a project, be legally obliged to carry out the project contrary to its desire or with negative economic impact. Further, the Company may inter alia fail to make required cash calls and thus breach license obligations, which again could lead to adverse consequences. All of the above may have a material adverse effect on the Company and its financial position.

The Company's current or future development projects are associated with risks relating to delays, cost inflations, potential penalties and regulatory requirements and the estimated development costs and time to achieve first oil for any field development projects may be substantially exceeded and/or delayed

Development projects inter alia involve complex engineering, procurement, construction work, drilling operation to be carried out and governmental approvals to be obtained prior to commencement of production. The exploration or development period of a license, are commonly associated with higher risk, requiring high levels of capital expenditure without a commensurate degree of certainty of a return on that investment. The complexity of offshore development projects also makes them very sensitive to delays or costs increases. For the Company, this will currently in particular apply to the development of the Fogelberg, Falk and Shrek discoveries. Current or future projected target dates for production may be delayed, well productivity may be lower than expected and significant cost overruns may incur. The Company's estimated exploration costs are subject to a number of assumptions that may not materialize. Such factors may again impact on to what extent fields to be developed are fully funded or remain commercially viable, and consequently could result in breach by the Company of its obligations and/or require the Company to raise additional debt and/or equity.

Any delays, cost increases or other negative impact relating to the current or future development projects of the Company, may have a material adverse effect on its business, results of operations, cash flow, financial condition and prospects.

The Company's expected future production is concentrated in a limited number of offshore fields
Since the Company has a limited portfolio, it is vulnerable to production stoppage. The Company expects that its future production will come from the Brage field, in addition to the Fogelberg, Falk and Shrek discoveries once these are developed. If mechanical or technical problems, storms, shutdowns or other events or problems affect the future production of this discovery or any other discoveries, it may have direct and significant impact on a substantial portion of the Company's production or if any actual reserves associated with the Brage field or any one of the Company's discoveries are less than anticipated, this may result in material adverse effects for the Company, including on the Company's ability to fulfil its obligations under the bonds, make new investments and raise further financing.

The Company may not have access to necessary infrastructure or capacity booking for the transportation of oil and gas
The Company is dependent on capacity (whether through pipelines, tankers or otherwise) to process, transport and sell its oil and gas production. The Company, or the license group in which the Company holds an interest, may need to rely on access to third-party infrastructure to be able to transport produced oil and gas. In particular, the Company depends on facilities and third party infrastructure in order to transport oil and gas from the Brage field. There can be no assurance that the Company will be able to get access to necessary infrastructure at an economically justifiable cost or access necessary infrastructure at all. If access to third-party infrastructure and necessary capacity bookings are unavailable or unavailable at an economically justifiable cost, the Company's income relating to the sale of oil and gas may be reduced, which may have a material adverse effect on the Company.

The Company is subject to risks relating to capacity constraints and cost inflation in the service sector and lack of availability of required services and equipment
The Company is highly reliant upon services, goods and equipment provided by contractors and other companies to carry out its operations (including current and planned exploration and development projects). There is a continuing risk for capacity constraints and cost inflation in the service sector. Any non-performance, delays or faulty deliveries by contractors, or any other failure to obtain necessary services, goods or equipment, at all or at a reasonable cost, may expose the Company to significant delays, cost increases or liability, which may again lead to material adverse effects for the Company. Further, the Company's contractors and other companies may potentially be adversely affected by market conditions. If the Company's contractors, their suppliers or other companies should be unable to respect their obligations (towards the Company or others), become insolvent or otherwise unable to pay debts as they come due, this could lead to material adverse effects for the Company.

The Company's operations are dependent on compliance with obligations under licenses, joint operating agreements and field development plans
In all production licenses on the Norwegian Continental Shelf ("NCS") there are obligations amongst the parties in the joint venture and obligations between the production license and the authorities. Failure to comply with the obligations under the licenses may lead to fines, penalties, restrictions, revocation of licenses and termination of related agreements. A failure to comply with payment obligations (cash calls) under joint operating agreements (and unitization agreements) for the Company's licenses, may lead to penal interest on the defaulted amount, loss of voting rights and information within the license and a right for the other licensees to acquire the Company's participant interest on terms that are unfavourable to the Company and disconnected from the value of the license interest. Further, if other joint venture partners default on their payment obligations (cash calls), the Company may have to increase its interest level in the relevant field, which in turn will result in a corresponding increase in the Company's exposure and investment obligations towards the relevant field.

All such risks, non-compliance, sanctions or losses could have a material adverse effect on the Company and may result in the Company not being fully funded to meet such increased exposure and obligations and consequently could result in breach by the Company of its obligations and/or require the Company to raise additional debt and/or equity.

The Company faces risks related to abandonment, decommissioning activities and related costs
There are significant uncertainties relating to the estimated liabilities, costs and time for abandonment and decommissioning of any current or future infrastructure installed on the acreage of the Company' current and future licenses. Such liabilities are derived from legislative and regulatory requirements and require the Company to make provisions for such liabilities. The oil and gas industry still has little experience of decommissioning petroleum infrastructure on the Norwegian Continental Shelf.

The Company is jointly and severally liable with its license partners to the Norwegian Government for all abandonment and decommissioning costs and liabilities of each license in which the Company holds an interest. In Norway, there is no obligation or tradition for license partners to provide security for their respective share of decommissioning liabilities ahead of actual decommissioning. Hence, if one or more of the other licensees fails to cover its respective share of decommissioning costs, the Company can be held liable for such licensee's share of such costs without the ability to rely or draw down on any security a defaulting licensee may have previously provided. Furthermore, a licensee assigning its interest in a license remains secondarily liable for decommissioning costs related to facilities existing at the time of assignment. For such secondary liability there is an established practice for providing a decommissioning guarantee or other security to sellers. The issuance of the Bonds is connected to the Company's acquisition of KUFPEC Norway AS` total working interest of 10.0 per cent in the Yme field (Transaction) and the refinancing of the Company`s acquisition of Repsol Norge AS' (Repsol) total working interest of 33.8424 per cent in the Brage field, the acquisition was completed 31.12.2021. As part of the Transaction Lime Petroleum AS will take 10 per cent of the abandonment liability, currently estimated at present value of NOK 250 million. Lime Petroleum AS will provide security for abandonment liability (after-tax) by restricted cash of NOK 55 million. As a part of the Brage transaction, Repsol retained 95% of the abandonment liability associated with the 33.8434 per cent in the Brage field. The Company is responsible for the remaining 5%. The Company has provided a guarantee for 5% of their 33.8434per cent of the decommissioning liability relating to the Brage field, currently estimated at present value pre-tax of NOK 84 million. Although Repsol Norge AS pursuant to the terms of the sales and purchase agreement is liable for 95% of the decommissioning cost pertaining to the participating interest, the liability is capped at NOK 2,260,000,000, and consequently there is a risk that the Company will be required to cover more than its 5% liability. In addition, there is a risk that Repsol Norge AS would not be in a position to cover its 95% liability. Although the Company has obtained a guarantee (NW: Selvskyldnerkausjon) for this decommission liability from Repsol Exploración SA limited up to a maximum nominal amount of NOK 2,260 million, there can be no assurance that the Company will be able to draw on the guarantee, or that the actual decommissioning liability of Repsol will not exceed the maximum coverage amount under the guarantee, in which case the Company will be required to finance such liability itself or be in default towards the other participants under the Joint Operating Agreement.

It is, therefore, difficult to forecast accurately the costs that the Company will incur in satisfying decommissioning liabilities. No assurance can be given that the anticipated cost and timing of abandonment and decommissioning are correct and any deviation from current estimates or significant increase in decommissioning costs relating to the Company's previous, current or future licenses, may have a material adverse effect on the Company.

The Company is exposed to risks associated with the acquired assets
The Transaction will constitute a significant gross change to the Company and there is a risk that the Transaction may have a negative impact on the Group's financial position. The Group may not be able to successfully execute its strategy in a competitive business environment, and may be unable to recoup investment costs or may incur opportunity losses. There can be no assurance that the

Transaction result in long-term profitability for the Group. If the acquired asset does not perform as expected, there may be a material adverse effect on the Group's business, financial position, results of operations and/or future prospects.

In addition, there are risks associated with the asset acquisition of the Brage field made in 2021 and the asset acquisition of Yme field made in 2022 pending authorities 'approval. The majority of the reserves of the Brage field are concentrated in one part/segment of the field which has a declining production profile. Unique to Brage is the infill drilling program designed to access undrained segments to keep up production levels, and potentially extend the lifetime of the field. There will be technical and commercial risks associated with the infill drilling program, and also risks associated with cessation of production, risk associated with the lifetime of the facilities and lack of extension of the term of the licence. The Yme field is the first field in Norway to restart its production approximately 20 years after previously having been shut down. Furthermore, going from non-operational exploration to production is a significant change for the Company implying increased regulatory and organisational requirements, whereby the Company may incur additional costs in order to comply with such additional requirements from regulatory authorities.

The Company is exposed to risks relating to the outbreak of pandemics, including the ongoing coronavirus (COVID-19) pandemic

The Company`s performance may be highly affected by the global economic conditions of the markets in which it operates, including the risk relating to the outbreaks of pandemics such as the ongoing coronavirus (COVID-19) pandemic. There is a risk that outbreaks of pandemics in the future and the extraordinary health measures imposed as a result, may cause volatile and low oil and gas prices and disruptions in the Company`s operations. COVID-19 and the global pandemic creates uncertainty on all aspects of the operations and financial position of the Company including but not limited to regular supply of necessary equipment, access to international capital markets and the ability to continuously run office and on-site operations. Despite the oil prices partially recovered from lows in April 2020, they remained volatile throughout 2020 and 2021 and made it challenging to predict the full extent and duration of resulting operational and economic impact for the Company which makes key assumptions applied in the valuation of the Company`s assets and measurement of its liabilities difficult. These key assumptions include commodity prices, changes to demand for and supply of oil and gas, and the discount rate to be applied. The Company is closely monitoring developments, regularly evaluating their impact on the Company`s cash flow and liquidity position and responding with targeted measures to protect the Company's economic stability. Although the countries in which the Company operates and the Company`s operations were relatively unaffected by the COVID-19 pandemic throughout the year 2020, 2021 and 2022, there can be no assurances that the Company`s operations will continue without major interruptions arising from outbreaks of pandemics in the future. An outbreak of COVID-19 on the Brage facility will in the worst-case cause shut-down of production with consequences described in chapter "*The Company's hydrocarbon production may be restricted, delayed or terminated due to a number of internal or external factors*" on page 5 in this Registration Document.

Should the COVID-19 pandemic reappear, or any new pandemic outbreak occur, global capital markets and the outlook for global trade and national and regional economies will again be adversely affected and this will in turn have a negative effect on the Company`s operations and financial position. If any pandemic impacts the global economic conditions or the Company`s operations, it could have material adverse effect on the Company`s business, results of operations, financial position, cash flows and/or prospects.

The Company is vulnerable to adverse market perception

The Company must display a high level of integrity and maintain the trust and confidence of investors, license partners, public authorities and counterparties. Any mismanagement, fraud or failure to satisfy contracts, fiduciary or regulatory responsibilities, allegations of such activities, negative publicity, or the association of any of the above with the Company could materially adversely affect its reputation and the value of its brand, as well as its business, results of operations, cash flow and

financial condition. A negative reputation can impact the Company`s ability to operate effectively. Shareholdings on the Norwegian Continental Shelf are largely held through joint ventures between oil companies and a high degree of integrity must be maintained in order to preserve good cooperation and collaboration particularly for partner companies to effectively perform its see-to duty. A positive interaction between the authorities and the license holder is a precondition as the Company`s aim to achieve its ambitions goes hand in hand with authorities 'willingness to allow for plans to be brought to fruition. Finally, a company`s market perception has an impact on its ability to attract financial investors.

The Company's ability to sell or transfer license interests may be restricted by provisions in its joint operating agreements including pre-emption rights, if any, or applicable legislation

The Company's exit in relation to any particular oil and gas interest may be subject to the prior approval of its commercial partners pursuant to joint operating agreements, unitization agreements and approval from the relevant authorities, thus restricting the Company's ability to dispose of, sell or transfer a license interest and make funds available when needed. Any sale or transfer of license interests is subject to ministerial approval. Furthermore, the State has pre-emption rights on any transaction through Petoro. Lack of government approval may force the Company to keep its share in the license and the obligations related to the license interest will remain and thus have a negative consequence for the Company`s liquidity. Furthermore, the Company might be obliged to participate in activities sanctioned by the joint partners in a license that imposes commitments with regard to investments which could have an adverse effect on the company`s liquidity.

The Company may be subject to liability under environmental laws and regulations

All phases of oil and gas activities present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and national laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, and releases or emissions of various substances. The legislation also requires that wells and facility sites are operated, maintained and abandoned to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties in addition to loss of reputation. Any pollution may give rise to material liabilities and may require the Company to incur material costs to remedy such discharge. No assurance can be given that current or future environmental laws and regulations will not result in a curtailment or shut down of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Company.

The Company will have guarantee obligations

The Company will in its ordinary course of business provide guarantees to governmental agencies, joint venture partners or third-party contractors in respect of activities relating to its abandonment obligations under licences or obligations under the relevant terms of agreements with third party contractors. Such guarantees, if called upon, may have a material adverse effect on the ability to service the bonds.

Maritime disasters, employee errors and other operational risks may adversely impact the Company's reputation, financial condition and results of operations

The Company's offshore operations are subject to all the risks common in its industry, including inter alia encountering unexpected rock formations or pressures, seismic shifts, blowouts, pollution, explosions, fires and equipment damage or failure. The facilities on offshore fields will also be subject to the hazards inherent in marine operations, such as inter alia capsizing, sinking, grounding and damage from severe weather conditions. Also, even though the Company's employees are well supervised, trained and experienced, personnel and employee errors and mistakes may take place. If any of these events were to occur, they could, among other adverse effects, result in environmental damage, injury to persons, loss of life, a failure to produce oil and/or gas in commercial quantities, delays, shut-down of operations or other damage. These events can also put at risk some or all of the Company's licenses and could inter alia result in the Company incurring significant civil liability claims, significant fines as well as criminal sanctions. In the Company's capacity as licensee, it is

inter alia subject to liability provisions under the applicable statutory and regulatory regimes of the jurisdictions where the Company operates.

Any of these circumstances could adversely affect the operation of the Company's licenses, and result in loss of any future revenues or increased costs and adversely affect the Company's profitability.

The Company's insurance or indemnities may not adequately cover all risks, liabilities or expenses that could result from its operations

The Company's offshore oil and gas operations are subject to all the significant risks and hazards typically associated with such operations. The Company is not necessarily fully insured against all risks it may face. Furthermore, not all mentioned risks are insurable, or only insurable at a disproportionately high cost. The nature of the hazards and risks typical for the Company's industry is such that liabilities could materially exceed policy limits or not be insured at all, which may result in substantial financial liability or losses. Any uninsured loss or liabilities, or any loss and liabilities exceeding the insured limits, may have a material adverse effect on the Company.

The Company may experience conflicts of interest

Some of the directors, officers and principal shareholders of the Company are or may become engaged in other oil and gas interests (including interests relating to oil and gas services) on their own behalf and on behalf of other companies resulting in a conflict of interest or direct competition with the Company. Such conflicts, if any, will be subject to the procedures and remedies under Norwegian company law (or any similar, foreign laws), but this may not prevent adverse effects for the Company with regard to such conflicts. The Company's directors, officers and principal shareholders may not devote their time on a full-time basis to the affairs of the Company as a result of such conflicts. The chairman of the Company holds 6% of shares of the parent company of Lime Petroleum AS and has the possibility to influence the decision-making in the Company.

The risk of losing key employees and attracting new skilled personnel

The loss of key employees could adversely affect the Company's ability to operate. The Company believes that its success depends on the continued service of its key employees, as well as its ability to hire additional key employees, when and as needed. The Company is in the process of increasing the number of employees and strengthen various positions, particularly in the areas of engineering and HSEQ. There is high competition in finding skilled personnel, and no assurance can be made that the Company will be able to find, attract and retain such employees. For a partner company to perform its see-to duty it must have specific engineering skills on staff. This requires personnel who have insight and in-dept knowledge of complex industry-specific issues such as reservoir engineering, geophysics, drilling, development, production and decommissioning activities etc. The unexpected loss of the services of any of the key employees, failure to attract and retain new skilled personnel, or the Company's failure to find suitable replacements for key employees, could have a material adverse effect on the Company's ability to execute its business plan and therefore, on its financial condition and results of operations.

Changes in foreign exchange rates may affect the Company's results of operations and financial position

The Company is exposed to market fluctuations in foreign exchange rates. Currency risks arise as there are multi-currency cash flows in the Company. The Company`s revenues from sale of hydrocarbons are primarily in USD. The Company is also exposed to foreign currency risk related to its operating and capital expenditures primarily related to payments in EUR and GBP. The Company may from time to time enter into foreign currency exchange hedging arrangements to manage the risk of foreign currency exposure and may also be required to provide security for such derivative transactions. Such security if provided could make it difficult for the Company to service its debt.

The Company is exposed to risks related to negative impact on the environment
The operations of the Company could potentially pollute the external environment. The Company extracts and sells oil and gas. Quantities of toxic and non-toxic waste are generated during extraction, refinement and transportation stages of oil and gas. Climate warming, ocean acidification, and sea level rise are global changes enhanced by the industry`s emissions of greenhouse gases like carbon dioxide (CO2) and methane, and micro-particulate aerosols like black carbon. Spilled oil can pollute air, water and soil at levels that are harmful to life where improperly managed. The CO2 that contribute to greenhouse gas emissions affects the goal of reducing increase in temperature in the world. There is a risk for NGO`s engaged in environmental activism in Norway, and the authorities, might oppose to further operations on the Norwegian Continental Shelf. The authorities may require the industry to establish measures to reduce emissions which could entail capital investment size of billions of NOK.

RISKS RELATING TO THE OIL AND GAS INDUSTRY IN WHICH THE COMPANY OPERATES

The oil and gas industry is characterized by rapid and significant technological advancements, and the Company may not be able to keep pace
As others use or develop new technologies, the Company may be placed at a competitive disadvantage over time or may be forced by competitive pressures to implement those new technologies at substantial costs. The Company may not be able to respond to these competitive pressures or implement new technologies on a timely basis or at an acceptable cost. Further, one or more of the technologies used by the Company now or in the future may become obsolete. In addition, new technology implemented by the Company may have unanticipated or unforeseen adverse consequences, either to its business or the industry as a whole.

The Company's business, results of operations, value of assets, any future reserves, cash flows, financial condition and access to capital depend significantly upon and may be adversely affected by the level of oil and gas prices, which are highly volatile. It is impossible to accurately predict future oil and gas price movements. Sustained lower oil and gas prices or price declines may inter alia lead to a material decrease in any future net production revenues of the Company, including the expected revenues from the Brage field. The Company may from time to time enter into agreements to receive fixed prices on its oil and gas production to offset the risk of future revenue losses (if any) if commodity prices decline. However, if commodity prices increase beyond the levels set out in such agreements, the Company will not benefit from such increases and may nevertheless be obligated to pay suppliers and others in the market based on such higher prices. Furthermore, there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms, and in addition, hedging itself carries certain risks, including expenses associated with terminating any hedging agreements. Consequently, a sustained level of low prices for oil and/or gas may have a material adverse effect on any future reserves and resources of the Company, its financial position and future prospects.

The market in which the Company operates is highly competitive
The Company competes with a substantial number of other oil companies, such as Equinor, Vår Energi, Aker BP, Lundin, Norske Shell, Total and OKEA, with larger technical staffs and greater resources, inter alia in acquiring (prospective) oil and gas licenses and attempting to secure drilling rigs and other equipment or services necessary for operation or projects. As a result of this competitive environment, the Company may inter alia be unable to acquire suitable licenses or licenses on terms that it considers acceptable, or equipment or services it requires may be in short supply. As a result, any future revenues of the Company may decline over time. The Company may not bid good enough terms to be competitive in license sales. The Company applications to the Ministry for new licenses may not be deemed of good enough quality in competition with other companies.

Climate change abatement legislation or protests against fossil fuel extraction may have a material adverse effect on the oil and gas industry

Continued political attention to issues concerning climate change, the role of human activity in it and potential mitigation through regulation could have a material impact on the Company's business. International agreements, national and regional legislation, and regulatory measures to limit greenhouse emissions are currently in various stages of discussion or implementation. Given the Company's operations are associated with emissions of "greenhouse gases", these and other greenhouse gas emissions related laws, policies and regulations may result in substantial capital, compliance, operating and maintenance costs. The level of expenditure required to comply with these laws and regulations is uncertain and is expected to vary depending on the laws enacted by particular countries. As such, climate change legislation and regulatory initiatives restricting emissions of greenhouse gases may adversely affect its operations, the Company's cost structure or the demand for oil and gas. Such legislation or regulatory initiatives could have a material adverse effect by diminishing the demand for oil and gas, increasing the Company's cost structure or causing disruption to its operations by regulators. The Authorities has announced that the CO2 tax on the NCS will increase significantly in the years to come. Since Brage's gas turbines used for power generation emits substantial amounts of CO2, the Operator has initiated a "Climate Response Project". This includes evaluation of windmills and installing a power cable from a nearby field (e.g Troll). In addition, the Company may be subject to activism from groups campaigning against fossil fuel extraction, which could affect its reputation, disrupt its campaigns or programs or otherwise negatively impact the Company's business.

The Company is affected by the general global economic and financial market situation

The Company may be materially and adversely affected by, amongst other things, the general state of the economy and business conditions, the occurrence of recession, inflation, adverse credit markets, fluctuations in operating expenses, technical problems, work stoppages or other labour difficulties. Weak global or regional economic conditions may negatively impact the business of the Company in ways that it cannot predict. Global financial markets and economic conditions have been severely disrupted and volatile in recent years and remain subject to significant vulnerabilities, such as the rapid accumulation of public debt, continued deleveraging in the banking sector and a limited supply of credit. The Company may inter alia experience difficulties obtaining financing commitments or be unable to fully draw on the capacity under committed loans it arranges in the future if its lenders are unwilling to extend financing to it or unable to meet their funding obligations due to their own liquidity, capital or solvency issues. The Company cannot be certain that financing will be available on acceptable terms, or at all. If financing is not available when needed, or is available only on unfavourable terms, the Company may be unable to meet its future obligations as they come due. The Company's failure to obtain such funds could have a material adverse effect on its business, results of operations and financial condition, as well as its ability to service its indebtedness.

The Group is exposed towards legislative and regulatory risks

Any business operating in the natural resource sector is subject to changes in regulation and legislation. As the direction and impact of such changes in regulations can be unpredictable, there is a risk that regulatory developments will not bring about positive changes and opportunities, or that the costs associated with those changes and opportunities will be significant. In particular, there is a risk that regulatory change will bring about a significant downturn in the prospects of one or more acquired businesses, rather than presenting a positive opportunity.

All phases of the Group's oil and gas activities present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and national laws and regulations. Environmental legislation provides for restrictions and prohibitions on spills, and releases or emissions of various substances. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties in addition to loss of reputation. Any pollution may give rise to material liabilities and may require the Group to incur material costs to remedy such discharge. The Group has less financial and other resources than many of its competitors, which means that it has lower ability to withstand losses due to liability under

environmental laws and regulations (for example, in the event of an oil spill) compared its competitors. No assurance can be given that current or future environmental laws and regulations will not result in a curtailment or shut down of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

The Company is exposed to risks relating to amended tax regulations
The marginal tax rate for the Group's operations on the NCS is 78%. There can be no assurance that the marginal tax rate for oil and gas companies will not be increased, and there is no assurance that the future political environment in Norway will not result in the parliament adopting different policies for petroleum taxation. In the event there are changes to such tax regimes, it could lead to new investments being less attractive, increase costs for the Company and prevent the Company from further growth. In addition, the relevant taxing authorities could review and question the Company's historical tax returns leading to additional taxes and tax penalties. In particular, the Oil Taxation Office has notified the Company in rather general terms about a possible amendment of the Company's income tax return for income years 2014 onwards concerning exploration refund, and has requested information in this regard that has been provided by the Company. The first notice was received in 2016, with annual notices recurring annually. In September 2021 the Company provided additional information to the Oil Taxation Office. Although the Company has not received any reasoned notice of amendment for any of the income years, no assurance can be made that no such amendment will be made which could have material effect on the Company's business, results of operations, financial condition, cash flows and/or prospects.

In addition, the Company will, through the acquisition of the Brage assets, benefit from the temporary amendments to the Norwegian Petroleum Tax System due to the Covid-19 situation. MDG (political party in Norway) has challenged the temporary amendments to Petroleum Tax System due to COVID-19 situation as illegal state aid and issued a complaint to the ESA. Should the complaint prevail with the ESA then the companies benefitting from the temporary amendments will have to repay the received economic benefit and further benefits from the temporary amendments will not be available to the Company.

FINANCIAL RISKS AND RISKS RELATED TO DEBT OBLIGATIONS

The Company will require a significant amount of cash to service future debt and sustain its operations, and its ability to generate sufficient cash depends on many factors beyond its control
The Company's ability to make payments on, or repay or refinance, any debt (including the bonds), and to fund working capital and capital investments, will depend on its future operating performance and ability to generate sufficient cash. This depends on the success of its business strategy and on general economic, financial, competitive, market, legislative, regulatory, technical and other factors as well as the risks discussed in these "Risk Factors", many of which are beyond the Company's control. The Company cannot assure that its business will generate sufficient cash flow from operations or that future debt and equity financings will be available to it in an amount sufficient to enable it to pay its debt, or to fund its other liquidity needs. In particular, the Company's auditor has issued a numbered letter to the Company in March 2021 relating to a possible liquidity and equity shortfall pertaining to the Company's work program for 2021. The equity shortfall was remedied in December 2021 in connection with the share capital increase carried out on 16 December 2021. There can be no assurances that any such equity or liquidity shortfall will not arise again in the future. The 2022 commitments will be financed in full by the revenues from Brage production, the tax refund for 2021 and the Bonds. No further capital injections are budgeted until 2025. The Company cannot give assurance that it will be able to refinance any debt on commercially reasonable terms or at all. Any failure by the Company to make payments on debt on a timely basis would likely result in a reduction of its credit rating, which could also harm its ability to incur additional indebtedness. There can be no assurance that any assets that the Company may elect to sell can be sold or that, if sold, the

timing of such sale will be acceptable and the amount of proceeds realized will be sufficient to satisfy its debt service and other liquidity needs.

If the Company is unsuccessful in any of these efforts, it may not have sufficient cash to meet its obligations, which could cause an event of default under any debt arrangements and could result in the debt being accelerated, lending reserves and certain bank accounts being frozen, triggering of cross-default provisions, enforcement of security and the companies of the Company, including the Company, being forced into bankruptcy or liquidation, which could result in an investor losing its investment in the Company's shares or bonds in its entirety.

The Company's working capital needs are difficult to forecast and may be subject to significant and rapid increases which could result in additional financing requirements that the Company may not be able to obtain on satisfactory terms or at all

The Company is unable to predict with certainty its working capital needs going forward. This is primarily due to possible new acquisitions or divestments of current assets, large capital requirements for general operating expenses, exploration and development expenditures. As the future level of income is also difficult to predict with any certainty due to uncertainties concerning prices for oil and gas and actual production levels, forecasting capital requirements is difficult and subject to substantial uncertainty, which could adversely affect the Company's ability to obtain required funds on satisfactory terms, or at all. Such additional financial requirements might have an adverse effect on the company`s liquidity.

The Company has a significant infrastructure risk and may be subject to loss of production due to infrastructure damages or loss.

The Company is dependent on infrastructure to produce petroleum and bring it to the market and has a significant risk exposure connected to production and transportation. The Company has insured its share of the infrastructure at the Brage field with a comprehensive offshore energy insurance package with Gard Marine & Energy Ltd as lead insurer. However, the insurance proceed may be insufficient to remedy any damage or loss to the Brage field infrastructure or the partners may decide that reinstatement and repair is not economical. There is also a risk that the insurance proceed is insufficient to remedy any damage or loss incurred. Gas is sold at the platform and the risk of loss during transportation is negligible, save for the risk that the payment risk of the buyers. This risk is not insured.

The Company is exposed to credit risk

The Company may be exposed to financial loss if counterparties to contracts fail to meet their obligations. If significant amounts are not paid this could have a material adverse impact on the Company. If a licence partner or a contractor becomes not creditworthy, payments to the Company may fail, or payments to a license in which the Company has an interest, might not be made. In that case such events might have a negative effect on the Company`s liquidity. The Company considers its credit risk to be moderate since its license partners are creditworthy oil companies and cash and cash equivalents are received from banks.

The Company may incur substantial debt in the future, which may make it difficult for it to service its debt

The Company may incur substantial indebtedness in the future, either under the terms of the Bond Terms or as subordinated debt. In particular, the Company has established additional Parent Company Loan with RIH of NOK 50 million to cover part of the security to SEB for a Letter of to guarantee the Company's 5% decommissioning liability relating to its participating interest in the Brage field. The loan facility agreement with the Company`s shareholder Rex International Investments Pte, had a total balance of NOK 93 million including interest at 31.12.2021. Furthermore, if the Company incurs new debt or other obligations, the related risks that it faces, will increase. In addition, the Company is currently under and may in the future incur obligations that do not constitute indebtedness as defined under the agreements governing the debt arrangements. The degree to which the

Company is leveraged could have important consequences to its business and holders of the bonds, including, but not limited to:

- making it difficult to satisfy the Company's obligations with respect to the bonds or other indebtedness;
- increasing the Company's vulnerability to, and reducing its flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of the Company's cash flow from operations to the repayment of the principal of its indebtedness and interest on such indebtedness, thereby reducing the availability of such cash flow
- limiting the Company's ability to obtain additional financing to fund working capital, capital investments, acquisitions, debt service requirements, business ventures, or other general corporate purposes;
- limiting the Company's flexibility in planning for, or reacting to, changes in its business and the competitive environment and the industry in which the Company does business; and
- adversely affecting the Company's competitive position if its debt burden is higher than that of its competitors.

2. Persons responsible

RESPONSIBLE FOR THE INFORMATION

Persons responsible for the information given in the Registration Document are as follows:

Lime Petroleum AS
Drammensveien 145A
N-0277 OSLO, Norway.

DECLARATION BY RESPONSIBLE

Lime Petroleum AS confirms that, to the best of its knowledge, the information contained in the Registration Document is in accordance with the facts and that the Registration Document makes no omission likely to affect its import.

02.09.2022

Lime Petroleum AS

COMPETENT AUTHORITY APPROVAL

This Registration Document has been approved by the Financial Supervisory Authority of Norway (the "Norwegian FSA") (Finanstilsynet), as competent authority under Regulation (EU) 2017/1129. The Norwegian FSA only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the Company that is the subject of this Registration Document.

3. Definitions

Bond Terms	-	The Bond Terms for ISIN NO0012559246.
The Bonds	-	The Senior Secured NOK 1,250,000,000 Bonds 2022/2025 ISIN NO0012559246
CCS	-	Carbon Capture and Storage.
Company / Issuer / Lime Petroleum	-	Lime Petroleum AS, a company existing under the laws of Norway with registration number 998 726 441 and LEI-code 894500TQ3YLYPWW50Z36.
DNO	-	DNO Norge AS.
INEOS E&P	-	Ineos E&P Norge AS.
boepd	-	Barrels of oil equivalent per day.
Mmboe	-	Million barrels of oil equivalent.
NCS	-	The Norwegian Continental Shelf.
Neptune Energy	-	Neptune Energy Norge AS.
NGO	-	Non-Governmental Organization.
PGNiG	-	PGNiG Upstream Norway AS.
Production Licence / PL	-	Production Licence means a Norwegian licence (Nw.: Utvinningstillatelse) for the exploration and production of oil and gas within a limited area on the Norwegian Continental Shelf.
Prospectus	-	The Registration Document together with the Securities Note and, if applicable, the Summary.
Registration Document	-	This registration document dated 02.09.2022.
Securities Note	-	Document to be prepared for each new issue of bonds under the Prospectus.
Spirit Energy	-	Spirit Energy AS.
Summary	-	If applicable, a document to be prepared for new issues of bonds under the Prospectus.
Vår	-	Vår Energi AS.
Wintershall	-	Wintershall Dea Norge AS.

4. Independent auditors

Lime Petroleum's independent auditors are KPMG AS (registration number 935 174 627) which has their registered address at Sørkedalsveien 6, 0369 Oslo, Norway. The partners of KPMG are members of The Norwegian Institute of Public Accountants (Nw.: Den Norske Revisorforening).

The financial statements of Lime Petroleum AS as at and for the year ended 31 December 2021, with comparable figures as at and for the year ended 31 December 2020, incorporated by reference herein, have been audited by KPMG AS, independent auditors as stated in their reports incorporated by reference herein. The financial statements of Lime Petroleum AS as at and for the year ended 31 December 2020, with comparable figures as at and for the year ended 31 December 2019, incorporated by reference herein, have been audited by KPMG AS, independent auditors as stated in their reports incorporated by reference herein.

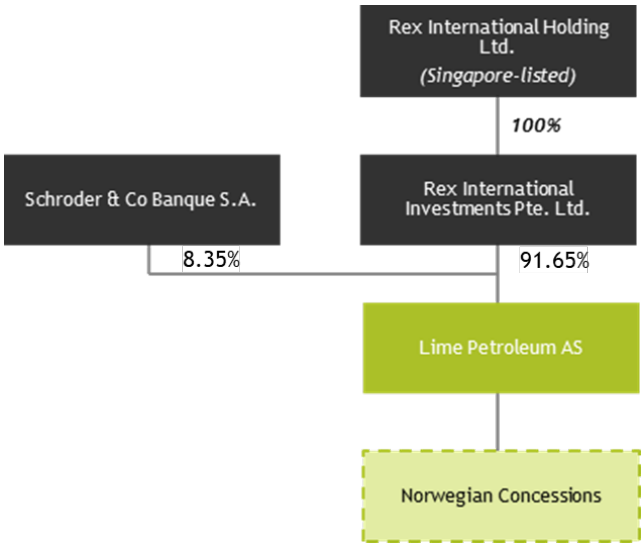
5. Information about the Company

Lime Petroleum AS is a private limited company incorporated and domiciled in Norway and existing under the laws of Norway pursuant to the Norwegian Companies Act, the Norwegian Petroleum Act and the Petroleum Taxation Act. The Company was incorporated 14 August 2012, and the organisation number in the Norwegian Register of Business Enterprises is 998 726 441 and LEI code 549300H385IGBB58CN91. The Company's registered name is Lime Petroleum AS and is colloquially known as Lime. Lime's main office is in Oslo, located at Drammensveien 145 A, 0277 Oslo, Norway and the Company's main telephone number at this address is (+47) 960 40 602.
Website: www.limepetroleum.com[1].

Lime Petroleum is a small and fast-growing exploration and production company. The Company was pre-qualified in February 2013 and has since then grown a portfolio of exploration licences on the Norwegian Continental shelf. The Company's goal is to grow its portfolio further through licensing rounds and farm-ins and to participate in 1-3 exploration wells per year.

Pursuant to section 3 of the Company's Articles of Association: *Lime Petroleum AS shall conduct exploration, development and production of oil and gas on the Norwegian shelf. as well as be able to own or participate in companies that conduct similar activities.*

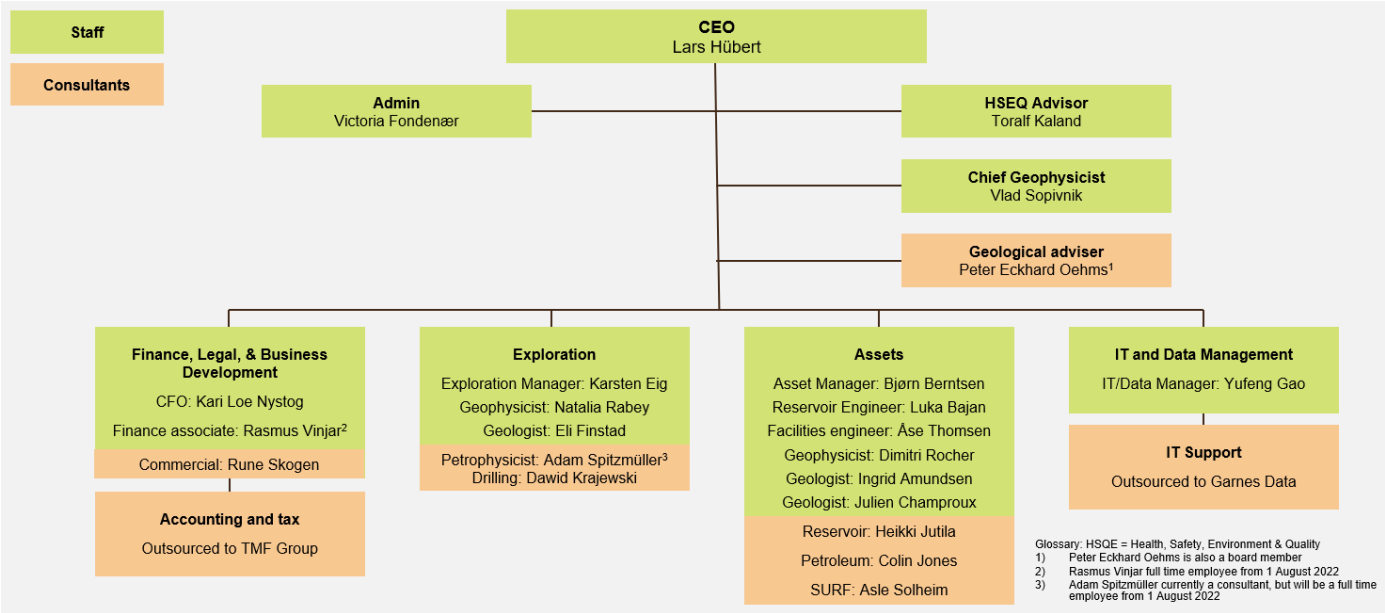
Lime Petroleum's shareholders are Rex International Investments Pte. Ltd., a wholly owned subsidiary of Rex International Holding Limited (RIH), and Schroders & Co Banque SA (Schroders). RIH is a fast-growing independent Exploration and Production oil company listed in Singapore. The company has concessions in two E&P companies, Lime Petroleum AS in Norway and Masirah Oil Ltd in Oman. Schroders is a global asset manager with £525 billion of assets under management and operates in many countries across Europe, the Americas, Asia and the Middle East



Lime Petroleum AS does not have any subsidiaries at the date of this Registration Document. The Company's only business segment is exploration for oil and gas on the Norwegian continental shelf. There are 15 employees in the Company. 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.

[1] *Disclaimer - the information on the website does not form part of this Registration Document unless information is incorporated by reference into the Registration Document*

Organisation chart



6. Business overview and regulatory framework

The source of the information contained in the Registration Document is from Lime Petroleum AS, unless otherwise stated. Where information has been sourced from a third party the information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The market information and illustrations in this chapter are from the Company's investor presentation in connection with the bond issue with ISIN NO0011037343 – not publicly available.

Lime Petroleum's strategy is to explore for, develop and produce hydrocarbons, primarily focused on oil, on the Norwegian Continental Shelf in close cooperation with it's operators and the authorities.

THE NORWEGIAN CONTINENTAL SHELF[2]

Building on its exploration operations over the last years, Lime Petroleum is transitioning to become a full cycle E&P company, and has recently completed the acquisition of Repsol Norge AS' 33.8434% participating interest in the producing Brage field.

A discovery is a petroleum deposit or several petroleum deposits collectively, which have been discovered in the same well, in which through testing, sampling or logging there has been established a probability of the existence of mobile petroleum. The definition covers both commercial and technical discoveries. A discovery receives the status of a field, or becomes part of an existing field, when a plan for development and operation (PDO) is approved by the authorities or when an exemption from the PDO requirement has been granted.

Since production started in 1971, oil and gas have been produced from a total of 115 fields on the Norwegian shelf. At the end of 2021, 90 fields were in production: 67 in the North Sea, 21 in the Norwegian Sea and 2 in the Barents Sea. five new fields started producing in 2021: Duva, Yme, Solveig, Martin Linge and Ærfugl. Several fields were under development at the end of the year, with planned production start in 2022.

Many of the producing fields are ageing, but some of them still have substantial remaining reserves. Moreover, the resource base in these fields increases when small discoveries in the area are tied in to existing infrastructure.

Production licences are normally awarded to a group of companies, led by an operator. Through the cooperation in the production licence, the various companies will check and challenge the operator's assessments so that the best possible decisions are made, while at the same time allowing less experienced companies to build more expertise.

The companies that have entered the Norwegian continental shelf since 2006 have contributed to a number of discoveries. Several of these companies have also made the transition from exploration activity into the development and operations phase. Larger resources, and a different type of resources, are required for companies that are developing fields as compared with companies that are only active within exploration activity.

At year-end 2020, there were 37 exploration and production companies active on the Norwegian shelf, 24 of which were operators. This is a smaller number compared with a few years ago, and is a result of factors including consolidation among the companies. While some companies have opted to leave the shelf, in whole or in part, others have reinforced their activity.

Today, there are many large and medium-sized companies with an active commitment on the Norwegian shelf, and there is still a combination of experienced and active large and medium-sized

[2] *Source: www.norskpetroleum.no - This site is run in cooperation by the Ministry of Petroleum and Energy and the Norwegian Petroleum Directorate.*

companies, more pure exploration companies and new companies within both exploration and production. This diversity and competition among the players in all parts of the value chain contributes to good resource utilisation and ensures continued interest in the opportunities that are found on the Norwegian shelf.

THE PETROLEUM ACT AND THE LICENSING SYSTEM[3]

Norway has put this in place through extensive legislation that requires companies to obtain licences and approval from the competent authorities for all phases of petroleum activities.

The Petroleum Act (Act of 29 November 1996 No. 72 relating to petroleum activities) provides the general legal basis for sound resource management, including the licensing system that gives companies rights to engage in petroleum operations. The Act establishes that the Norwegian state has the proprietary right to subsea petroleum deposits on the Norwegian continental shelf.

Petroleum activities can be divided into several phases. An area must be opened for petroleum activities before any operations are permitted. The first phase is exploration, when any subsea petroleum resources are mapped and proved. If commercially viable discoveries are made, activities enter a new phase with the aim of developing the field and producing from it, at the same time ensuring sound resource management and maximising value creation. When it is no longer possible to produce profitably from a field, operations must be closed down and the installations disposed of (made safe in place or removed).

Before licences can be awarded for petroleum activities, the area where activities are planned must have been officially opened. As part of this process, the Ministry of Petroleum and Energy is required to carry out an impact assessment including an evaluation of the possible economic, social and environmental impacts of the activities. During an opening process, the authorities ensure that they have an overview of all relevant arguments for and against petroleum activities in the area in question.

A production licence grants exclusive rights to exploration, exploration drilling and production of petroleum in the area covered by the licence. It also regulates other rights and duties of the licensees vis-à-vis the Norwegian state. Production licences supplement the provisions of the legislation and set out detailed conditions for activities in a particular area. Licensees become the owners of a share of the oil and gas produced proportional to their share of the ownership.

Production licences are normally awarded through licensing rounds, in which the Ministry announces that companies can apply for production licences in certain geographical areas (blocks).

On the basis of the applications received, production licences are awarded to groups of companies. Awards are made on the basis of fair, objective and non-discriminatory criteria that are announced in advance.

In each case, the Ministry designates an operator for the license, and this company is responsible for the operational activities authorised by the licence. The licensee group finances the activities jointly. Each licensee is expected to make use of its own particular expertise, and all the licensees have a responsibility for controlling the operator's activities.

Once awarded, a production licence applies for an initial period of up to ten years, which is reserved for exploration activity. To ensure that the area to which the production licence applies is explored properly, the licensee group is obliged under the terms of the licence to carry out a work programme. The obligatory work commitment of the production licence may include geological and/or geophysical

[3] *Source: https://www.norskpetroleum.no/en/framework/the-petroleum-act-and-the-licensing-system/ - This site is run in cooperation by the Ministry of Petroleum and Energy and the Norwegian Petroleum Directorate.*

activities and exploration drilling. The licence includes deadlines for carrying out the different activities.

If all the licensees agree, they may relinquish the production licence once they have completed the obligatory work. Areas relinquished in this way can later be awarded to new licensee groups. This ensures that mapping of the petroleum resources in different parts of the Norwegian continental shelf is steadily improved. As a result, we now have extensive knowledge of the subsea resources in many areas.

If the licensees make a discovery and wish to continue work under the licence after they have fulfilled their work obligation, they are entitled to an extension period for the licence. The duration of the extension period is determined by the Ministry of Petroleum and Energy when the licence is awarded, and in most cases is 30 years.

Field development and operation take place during the extension period. If the licensees wish to develop a field, they are obliged to do this in a responsible way. The companies are responsible for planning and implementing development projects, but each project requires prior approval from the Ministry. Major and/or important projects are put before the Storting before the Ministry gives its approval.

The licensees must submit a plan for development and operation (PDO) of a new deposit to the Ministry as a basis for approval. If the project includes pipelines or onshore terminals, a separate plan for installation and operation (PIO) of these must also be submitted and approved.

Cessation of petroleum activities requires to submit a decommissioning plan. The Petroleum Act requires licensees to submit a decommissioning plan to the Ministry between two and five years before the production licence expires or is relinquished, or use of a petroleum installation will be terminated permanently. A decommissioning plan consists of two parts: an impact assessment and plans for disposing of the installations.

The impact assessment must provide an overview of the possible environmental and other impacts of the shut-down process. The disposal part must contain detailed plans for closing down operations and decommissioning installations in the best possible way.

The actors in the Norwegian petroleum industry are highly professional and take a very cautious approach, and there is broad-based tripartite cooperation between employers, trade unions and the state. The Government's ambition is for Norway's petroleum industry to be a world leader in health, safety and environment work. The legislation that has been adopted sets strict requirements as regards the responsibilities of individual enterprises for risk identification, risk reduction, preparedness and response. Management of major accident risk is required to be an integral part of petroleum activities.

The authorities and the parties in the industry have together developed a tool for measuring trends in risk levels in Norwegian petroleum activities, known as RNNP. The Norwegian Petroleum Directorate publishes annual reports that give a picture of risk trends in the industry as a whole.

Liability for pollution damage is governed by Chapter 7 of the Petroleum Act, which states that licensees are strictly liable for pollution damage, i.e. they are liable regardless of fault. Chapters 9 and 10 of the Petroleum Act and regulations under the Act govern safety requirements for the industry.

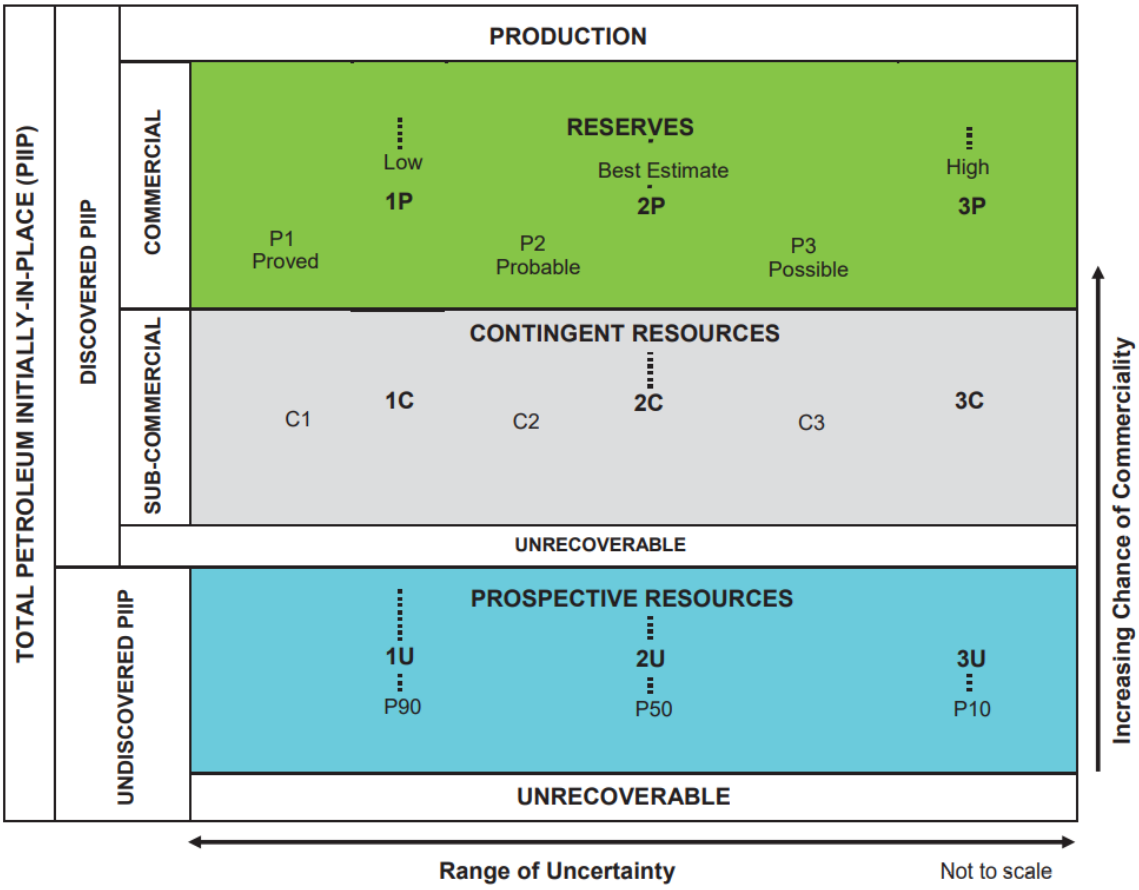
OVERVIEW OF LIME PETROLEUM'S OIL AND GAS LICENSES

As per 31.12.2021 Lime Petroleum hold interests in 19 licenses in Norway:

License	Stage	Prospect/ Discovery	Location	Lime stake	Operator	Other Partners	Expiry
Norwegian Sea North							
PL 433	Discovery	Fogelberg	Halten Terrace	15.65%	Spirit Energy	PGNiG	16/02/2042
PL 1062	Exploration	Scrabble	Halten Terrace	30%	Neptune Energy	Pandion Energy	14/02/2027
PL 838	Discovery	Shrek	Nordland Ridge	30%	Aker BP	PGNiG	05/08/2023
PL 838B	Exploration	Felicia	Nordland Ridge	30%	PGNiG	Aker BP	01/03/2026
PL 1125	Discovery	Falk	Nordland Ridge	50%	OKEA		19/02/2026
Norwegian Sea South							
PL 937	Exploration	Fat Canyon	Frøya High	15%	PGNiG		02/03/2024
PL 937B	Exploration	Fat Canyon	Frøya High	15%	PGNiG		02/03/2024
PL 1111	Exploration	Kings Canyon	Frøya High	40%	PGNiG		19/02/2028
North Sea							
PL 818	Exploration	Orkja	Utsira High	30%	Aker BP	Equinor	05/02/2026
PL 818B	Exploration	Orkja	Utsira High	30%	Aker BP	Equinor	05/02/2026
PL867	Exploration	Gjegnalunden	Utsira High	20%	Aker BP		10/02/2026
PL867B	Exploration	Gjegnalunden	Utsira High	20%	Aker BP		10/02/2026
PL 1093	Exploration	Teide/Timanfaya	Utsira High/Ling Depression	20%	Chrysaor	Petoro	19/02/2028
PL 055	Production	Brage	Viking Graben	33.8%	Wintershall	DNO, Vår, Neptune Energy	06/04/2030
PL 053B	Production	Brage	Viking Graben	33.8%	Wintershall	DNO, Vår, Neptune Energy	06/04/2030
PL 055B	Production	Brage	Viking Graben	33.8%	Wintershall	DNO, Vår, Neptune Energy	06/04/2030
PL 055D	Production	Brage	Viking Graben	33.8%	Wintershall	DNO, Vår, Neptune Energy	06/04/2030
PL 055E	Production	Brage	Viking Graben	33.8%	Wintershall	DNO, Vår, Neptune Energy	06/04/2030
PL 185	Production	Brage	Viking Graben	33.8%	Wintershall	DNO, Vår, Neptune Energy	06/04/2030

RESERVES AND RESOURCES

Petroleum Resources Management System (PRMS) classification system classifies resources into discovered and undiscovered and defines the recoverable resources classes: Production, Reserves, Contingent Resources, and Prospective Resources, as well as Unrecoverable Petroleum. Lime Petroleum's reserve and contingent resource volumes have been classified in accordance with PRMS.



Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves are classified as 1P, 2P or 3P:

- 1P – The low estimate of Reserves (proved). There is estimated to be a 90% probability that the quantities remaining to be recovered will equal or exceed this estimate.
- 2P – The best estimate of Reserves (proved+probable). There is estimated to be a 50% probability that the quantities remaining to be recovered will equal or exceed this estimate.
- 3P – The high estimate of Reserves (proved+probable+possible). There is estimated to be a 10% probability that the quantities remaining to be recovered will equal or exceed this estimate.

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies. Contingent resources are reported as 1C, 2C and 3C:

- 1C – The low estimate of Contingent Resources. There is estimated to be a 90% probability that the quantities actually recovered could equal or exceed this estimate.
- 2C – The best estimate of Contingent Resources. There is estimated to be a 50% probability that the quantities actually recovered could equal or exceed this estimate.
- 3C – The high estimate of Contingent Resources. There is estimated to be a 10% probability that the quantities actually recovered could equal or exceed this estimate.

Prospective Resources are those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.

OVERVIEW OF THE COMPANY'S PROJECTED NET PRODUCTION, RESERVES AND RESOURCES

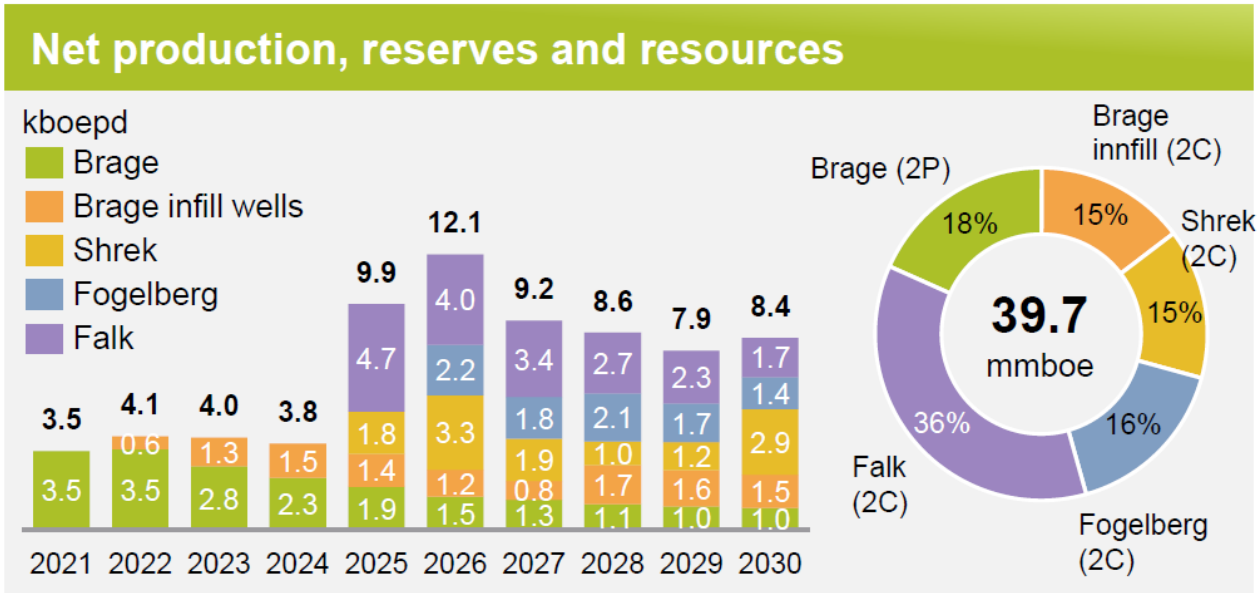


Figure to the right: Net production, expected production per day
kboepd: thousand x barrel per day (oil equivalent)
Production 2021: Brage transaction Completion 31.12.2021
Figure to the left: Reserves and resources
mmboe: million barrels oil equivalent (recoverable reserves/resources)

<u>Assets in production</u>

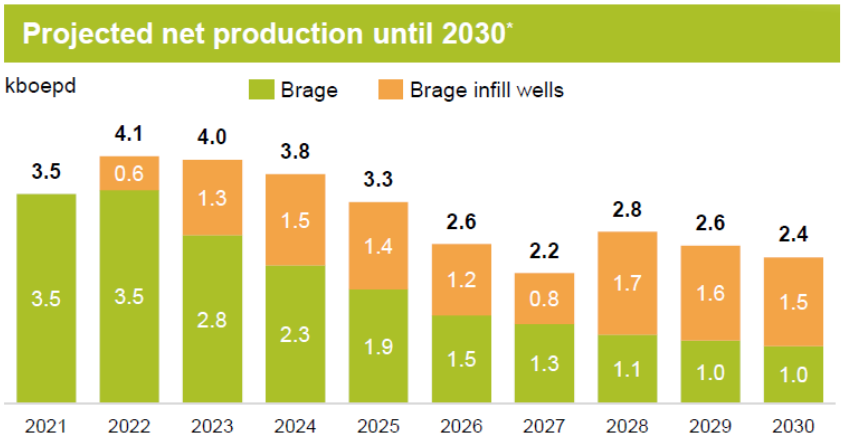
Brage
Brage has been producing for a long time, and work is still ongoing to find new ways of increasing recovery from the field. New wells are being drilled.

Brage is a field in the northern part of the North Sea, ten kilometres east of the Oseberg field. The water depth is 140 metres. Brage was discovered in 1980, and the plan for development and operation (PDO) was approved in 1990. The field has been developed with an integrated production, drilling and accommodation facility with a steel jacket. Production started in 1993. A PDO for Brage Sognefjord was approved in 1998. The authorities granted PDO exemptions for the Brent Ness and Bowmore Brent deposits in 2004 and 2007, respectively.

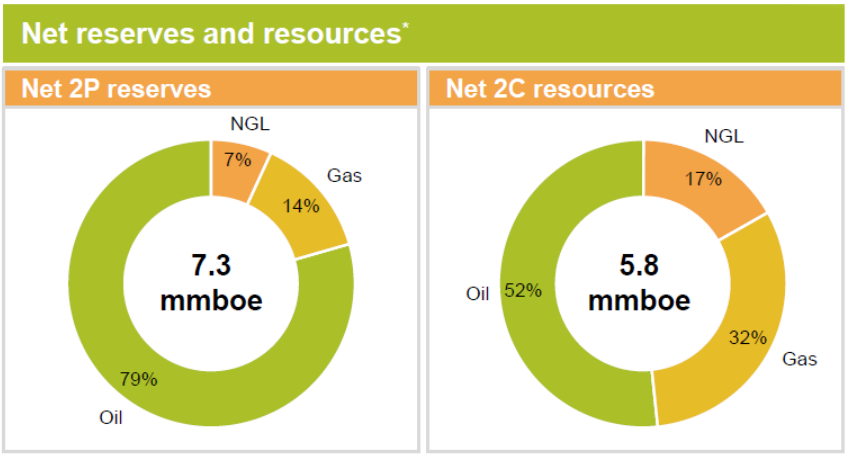
Brage produces oil from sandstone of Early Jurassic age in the Statfjord Group, and sandstone of Middle Jurassic age in the Brent Group and the Fensfjord Formation. There is also oil and gas in Upper Jurassic sandstone in the Sognefjord Formation. The reservoirs lie at a depth of 2,000-2,300 metres. The reservoir quality varies from poor to excellent.

The recovery strategy in Statfjord and Fensfjord is water injection. In the Brent Group, the production strategy is water alternating gas (WAG) injection, and the Sognefjord Formation is produced by depletion and by pressure support from the aquifer.

The oil is transported by pipeline to the Oseberg field and further through the Oseberg Transport System (OTS) pipeline to the Sture terminal. A gas pipeline is tied-back through Oseberg to Statpipe.



**Production profile for Brage includes 3 infill wells which has passed final investment decision. Brage infill wells includes 9 out of 12 infill well targets.*



**2P reserves for Brage includes 3 approved infill wells, 2C resources includes an additional 12 infill well targets.*

Assets under discovery

Fogelberg

6506/9-2 S (Fogelberg) is a discovery on Haltenbanken in the Norwegian Sea, 10 kilometres north of the Åsgard field. The water depth is 280 metres. The discovery was proven in 2010 and delineated in 2018. The reservoir contains gas and condensate in sandstone of Middle to Late Jurassic age in the Ile and Garn Formations. It has high temperature and lies at a depth of 4300-4380 metres. A concept has been selected and the DG2/BoV (Beslutning om Videreføring) was formally approved by the PL433 Licence group and a BoV report sent to the Authorities in October 2021. Fogelberg will be developed as a subsea tie-back to the Åsgard B facility with four long horizontal gas producers. The plan for development and operation (PDO) is expected to be submitted in Q3/Q4 2022.

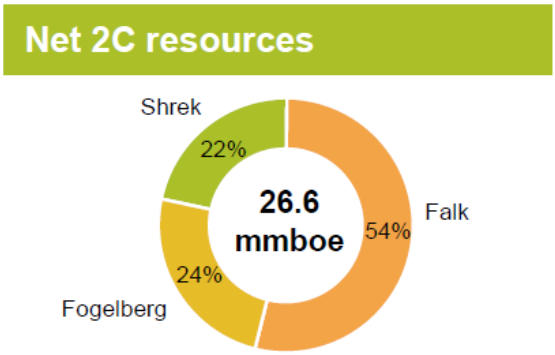
Shrek

The PL838 licence (125.3 km2) was awarded in February 2016 and straddles blocks 6507/5 and 6507/6 in the Norwegian Sea. The initial licence period was for seven years. The Shrek discovery is located approximately 4 km southeast of the Skarv Field in water depths of approximately 350 metres. The discovery was made in 2019 and contains both oil and gas. Shrek is a rotated, Jurassic, fault block in the lower part of the Ravfallet Fault Complex. It is located in the lower part of the hinge zone, just updip, and on the spill route, from the Skarv and Idun fields. A feasibility study was

completed and commerciality (DG1) declared during summer 2021. The field development project is maturing different subsea tie-back options to the nearby Skarv FPSO field and with a DG2/BoV milestone scheduled for April 2022. The current base case consists of two horizontal oil producers and depletion drive (i.e. no water injection). The plan for development and operation (PDO) is expected to be submitted in Q3/Q4 2022.

Falk

The PL1125 licence was awarded to Lime and the operator OKEA ASA in February 2021 and straddles blocks 6608/10 and 6608/11 in the Norwegian Sea and covers 61.14 km^2. The initial licence period is for five years, expiring in February 2026. The Falk discovery is located northwest of the Norne Field in water depths of approximately 350 metres. The discovery was made in 2000 and contains oil with minor associated gas. The PL1125 licence also includes the Linerle Discovery, made in 2004. The Falk discovery is a hanging wall trap, with both structural and fault seal elements. The main reservoir is Lower Jurassic Åre Formation sandstone. Development depends on finding additional resources which adds up to a commercial development.



Assets under exploration

The Company has a stated strategy of exploring near existing infrastructure, with a goal of drilling 1 to 3 exploration wells per year. The Company has currently 10 pure exploration concessions, with additional exploration potential in the development licenses (Shrek, Fogelberg, and Falk). The current portfolio of licenses were acquired either through concession rounds, or farm-ins, and are at various stages of maturation. As a partner company, Lime follows the work conducted by the operator closely, and conducts independent technical work to ensure thorough exploration work is done. Some licenses result in relinquishment without wells being drilled due to lack of prospectivity. On licenses where sound prospects are found exploration drilling is conducted, i.e. prospects with high enough prospective volumes and acceptable risk.

Two exploration wells are currently planned for in 2022 – Gjegnalunden in PL867/B, and Brage South in PL055 and PL185. Further exploration drilling may be undertaken if additional acceptable prospects are identified.

One or more licenses may be relinquished in 2022 due to inadequate prospectivity.

The Company will likely participate in a concession round in 2022, if it were to occur. Upon success, new licenses would be awarded and added to the portfolio in January 2023. Lime is also active in the farmout market, and evaluating several potential farm-in opportunities for drilling in 2022 or 2023.

The Company is also member of a Joint Industry Project tasked to identify suitable locations for CO2 storage. If a location is identified, Lime may participate in a CCS application later in 2022.

The Company actively uses state-of-the-art technology in its exploration activity. The Company's parent company has seismic technology for identifying liquid hydrocarbons in the subsurface – Rex Virtual Drilling (RVD). The Company uses this technology actively in it exploration work. To complement this technology, the Company also uses conventional seismic technology for exploration, and has funded research into Machine Learning approaches to seismic analysis and interpretation.

The Company has an excellent exploration track record and has only drilled one dry hole since 2017; the well 6306 3 1 S (Fat Canyon) in PL937 drilled in 2021 which was a high risk/high reward well in the Frøya High just south of the Njord field, eyeing a prospect similar to the giant Draugen field. Unfortunately, the well was dry.

NORWEGIAN PETROLEUM TAXATION[4]

Legal framework

For companies participating in production and transportation of petroleum products on the Norwegian Continental Shelf (NCS), there are two, partially overlapping, income tax systems to take into account. On the one hand, there is the ordinary 22% income tax for companies based on the general rules in the General Tax Act (GTA) of 1999. In addition, there is the Petroleum Tax Act (PTA) of 1975, which imposes a special tax of 56% on income from upstream petroleum sector. The 56% special tax is assessed on income related to income deriving from activities performed on the NCS. Hence, the marginal income tax rate is 78%, consisting of 22% tax on general income and a 56% special tax levied on income generated by exploitation, treatment or transportation of petroleum, cf. the PTA Sec. 5.

The PTA establishes the NCS as one tax district and petroleum tax applies on a corporation profit level, not on a ring-fenced basis. The 78% tax is thus assessed on the total net income of a company generated by exploration for and exploitation of sub-marine petroleum resources as well as transportation of produced petroleum. This also implies that a company's costs related to one license interest on the NCS will reduce the taxable income generated from other license interests on the NCS.

Petroleum Tax Act

Taxable income is computed according to the general tax legislation and particular rules set out in the PTA. Gross income generated by oil production is for tax purposes assessed according to a norm price system, whereby sales prices are fixed by an administrative body (the objective is to arrive at fair market prices). Income generated by gas sales are assessed on actual sales prices.

The PTA does not have an exhaustive regulation of tax allowances. Some important allowable expenses are dealt with in the PTA. Beyond that the PTA is based on the general rules in the GTA, cf. PTA Sec. 8. The timing of deductions for tax purposes generally follows the realization principle, i.e. when the expense is definitely incurred by the taxpayer. Provisions in the accounts based on prudent accounting principles are generally not deductible for tax purposes.

Financial items, such as charges or interest earned, currency losses and gains etc. are taxable. However, interest expenses and foreign currency items are treated separately from other financial items. Such costs will be allocated to the offshore regime (tax rate 78%) based upon the following formula:

$$\text{Offshore interest deduction} = (\text{Interest cost} + \text{agio/disagio}) \times 50\% \times \frac{\text{Tax value offshore assets 31.12}}{\text{Average interest-bearing debt}}$$

[4] *Source: https://www.norskpetroleum.no/en/economy/petroleum-tax/ - This site is run in cooperation by the Ministry of Petroleum and Energy and the Norwegian Petroleum Directorate.*

Excess interest expenses, not subject to deduction in the 78% regime and other financial items shall be allocated to the ordinary corporate tax regime (22%). However, the taxpayer shall retain a right to deduct a possible negative net amount from the ordinary offshore tax basis (22%).

Depreciations are allowed for tax purposes under a declining balance system. For petroleum tax purposes, depreciations of production installations are deductible with 16 2/3 per cent annually from the year in which the investments take place, i.e. a linear deprecation over 6 years. In addition, an uplift based on the investment in the assets of 5.2 per cent pr. year is granted in the special tax basis for a four-year period, in total 20.8 per cent for investments made after 1 January 2019.

Hence, a licensee on the NCS subject to Norwegian taxation will be entitled to tax deductions with regard to production costs (running expenses, net financial items, depreciations and uplift) and transportation costs (tariff payments).

Losses for tax purposes may be carried forward indefinitely. Losses incurred in the tax year 2002 or subsequent years may be carried forward with the addition of interest to be added to the balance as per the end of the tax year.

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. Under the current petroleum tax legislation, companies not in tax position may, in their annual income tax returns, claim a refund from the state of the tax value (78%) of direct and indirect costs except financial charges, incurred in exploration for petroleum resources - the exploration refund scheme.

Calculation of petroleum tax

+ Operating income
- Operating costs
  - Depreciations (linear over 6 years: 16 2/3 % per year from investment for production installations and pipelines)
  - Exploration expenses, R&D, incurred costs for plugging and abandonment and removal
  - Environmental taxes
- Allocated financial costs
- Loss carry forward
= GENERAL INCOME TAX BASE (22% tax)
- Uplift (4 years straight line: 5.2% per year)
= SPECIAL TAX BASE (56% tax)

Temporary rules on depreciation, uplift and losses

A set of temporary rules was enacted 19 June 2020 and laid down in a new Sec. 11 of the PTA. The purpose was to contribute to maintain the level of activity and the employment within the oil and gas sector during the COVID-19 pandemic.

An important part of the temporary rules is that the companies can deduct investments, including the uplift, immediately in the special tax base (56%). The right applies to investment costs incurred by the companies in 2020 and 2021, and to investments included in plans (PDO/PIO) submitted by year-end 2021 and approved by year-end 2022, and up to start of production. The right does not apply to investment costs incurred post 2024 however.

The uplift was increased from 5.2% for four years (20.8% in total) as described above to 24% for investments made in 2020 and 2021, immediately deductible in the special tax base.

Furthermore, the assessed value of any deficit and unused uplift for income years 2020 and 2021 will be paid out from the State in six instalments pursuant to the regulations in PTA Sec. 11 (7). The assessed value to be paid out (negative instalment tax) is set to the amount that the negative instalment tax is expected to amount to for the relevant income year.

Public consultation paper

The Government circulated 3 September 2021 proposed changes to the petroleum taxation system for public consultation. The response submission deadline was 3 December 2021. On 8 April 2022, the Ministry of Finance submitted the necessary statutory amendments to the Storting (the Norwegian parliament) and the proposal was passes by the Parliament in June 2022.
The new tax regime adopts a cash-flow model for the special petroleum tax, with immediate expensing of new investments made as of the 2022 tax year and annual pay-out of tax loss.

Furthermore, the 22% corporation tax shall be deductible from the special tax base. The special tax base will be reduced if corporation tax be-comes deductible, and, hence, the Government proposed in the consultation paper a technical increase in the special petroleum tax rate to 71.8% in order to ensure that the total tax rate remains at 78%.

7. Administrative, management and supervisory bodies

Board of Directors:

Name	Position
Svein Helge Kjellesvik	Chairman of the Board
Peter Eckhard Oehms	Board Member
Christopher Atkinson	Board Member

Svein Helge Kjellesvik – Chairman of the Board
Mr. Svein Kjellesvik holds a Masters degree in Applied Geophysics from the Norwegian Institute of Technology (NTH) in Trondheim, Norway (received in 1973). In addition, he is a board member in Kristina Marine Holding LTD, Makli Invest and Bevoy Invest.

Starting as a Seismic Processing Geophysicist in Stavanger in 1975, Mr. Kjellesvik has held leading positions in Schlumberger's seismic division. He has also been the President of their Global Marine Seismic Division.

Mr. Kjellesvik has played leading roles in key innovations in the seismic industry, which includes multi-cable 3D seismic, 4 component seismic, and seismic 4D.

He has also served at the corporate headquarter of Schlumberger. Since retiring from Schlumberger in 2002, Mr. Kjellesvik has been an independent entrepreneur. Since 2008, he has been involved in the start-up and one of the founders of Rex Oil & Gas and Lime Petroleum.

Peter Eckhard Oehms – Board member
Mr. Peter Eckhard Oehms is a petroleum geologist with 35 years experience in the E&P Industry. He has been working in the International Divisions of Deminex (1979 to 1998) and Wintershall (1998-2008). In 2009 he founded OPK Resources which is providing E&P services to Independents and holds shares in several onshore projects in Germany. His international assignments and responsibilities include Northern Europe (Norway), Middle East (U.A.E., Qatar) and CIS countries (Russia, Azerbaijan).

Christopher Atkinson – Board member
Dr Christopher Atkinson was appointed as an Independent Non-Executive Director on 6 January 2015 and was re-elected to the Board on 27 April 2018. He is a member of the Group’s Technical Review Committee. In addition, he is a board member in Rex International Holding Ltd, Far East Gold, Masirah Oil, Helios Aragon Pte Limited and CaribX Uk Limited.

Dr Christopher Atkinson is a professional geologist with over 30 years of experience in the upstream oil and gas sector. He is currently the founder and director of Worldwide Petroleum Services Pte Ltd and a director of Sonoro Energy Limited. Prior to this, Dr Atkinson was a founding investor in several exploration and production start-up ventures in Southeast Asia, the UK and Canada. He has also worked for Shell International Petroleum Company and was a 15-year career veteran with the Atlantic Richfield Company (ARCO), where his last held position was Vice President of Exploration, Europe/North Africa.

Dr Atkinson holds a PhD in Geology and a BSc (Hons) Geology (1st Class) from the University of Wales, Swansea. He has been a Fellow of the Geological Society of London since 1996 and is a Life Member of the Petroleum Exploration Society of Southeast Asia, where he served as President from 2002 to 2003.

Management:

Name	Position
Lars Hübert	Chief Executive Officer (CEO)
Bjørn Berntsen	Asset Manager
Karsten Eig	Exploration Manager
Kari Loe Nystog	Chief Financial Officer (CFO)

Lars Hubert - Chief Executive Officer

Lars has some 25 years' experience in the oil industry, with a BS from the University of Oslo, a MS from the University of Wyoming and an MBA from Heriot Watt University. He joined Lime Petroleum in 2014 as Chief Geologist, and was promoted to Exploration Manager in 2018, and was appointed to CEO in June 2019. He started his career with Exxon in New Orleans, and was responsible for Exxons first horizontal well in the Gulf of Mexico. Through his work for Halliburton, Rock Solid Images, and Lime Petroleum, he has extensive experience on the Norwegian Continental Shelf, ranging from rank exploration to production and operations. Prior to Lime Petroleum he was Exploration Manager for San Leon Energy in Warsaw, Poland.

Bjørn Berntsen – Asset Manager

Bjørn has 30 years' experience in the oil and gas industry working within Resource and Asset Management for large international E&P companies as well as small independent oil companies. He has held positions as Production, Reservoir, Well Test and Well Stimulation Engineer in Amoco, Amerada Hess, Endeavour and DNO and Project Manager, Subsurface/PETEC Manager and Asset Manager in Det norske and Faroe Petroleum. Bjørn has a Msc degree in Petroleum Engineering from NTNU (NTH) and studied International Business Management at BI.

Karsten Eig – Exploration Manager

Karsten is a structural geologist by background, with a Cand. scient. degree from the University of Oslo (2001), and a PhD from the University of Tromsø (2008). He worked for the Norwegian Petroleum Directorate, Senergy and North Energy before joining Lime as a senior geologist in 2015. Karsten has worked the whole Norwegian continental shelf, and has extensive field work experience from the Norwegian mountains, Lofoten, Svalbard and England, among others.

Kari Loe Nystog – Chief Financial Officer

Kari has more than 30 years of experience from finance, business transformation and business management. Experience from various positions in oil and gas companies both larger (Total E&P Norge AS) as well as small (Lime Petroleum AS), and real estate (Linstow AS – one of Norway`s leading property developers with a project portfolio in Norway and overseas). Diploma of Economics from BI Norwegian Business School.

Rex International Investments Pte. Ltd is a wholly owned subsidiary of Rex International Holding Ltd. Svein Helge Kjellesvik is a shareholder in Rex International Holding Ltd. Other than this there are currently no potential conflicts of interests between any duties to the Company of the persons referred to in this section – chapter 7 - and their private interests or other duties.

The Company's registered business address, Drammensveien 145A, 0277 Oslo, Norway, serves as c/o address for all the persons referred to in this section – chapter 7.

8. Major shareholders

The Company's share capital is NOK 216,900,087 divided into 216,900,087 shares, each with a nominal value of NOK 1. There is only one class of shares and all shares issued carry equal rights. The Company has one large shareholder and there are no measures in place to ensure that such control is not abused.

Lime Petroleum AS is owned by Schroder & Co Banque SA (8.35% share capital) and Rex International Investments Pte. Ltd. (Rex; 91.65% share capital), a wholly owned subsidiary of the Singapore-listed Rex International Holding Limited. The current Chairman of the Company, Mr. Svein Helge Kjellesvik, holds shares in Rex International Holding Limited.

There are no arrangements, known to the Company, the operation of which may at a subsequent date result in a change of control of the Company.

9. Historical financial information

The financial statements for 2020 and 2021 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU) (IFRS) and in accordance with the additional requirements following the Norwegian Accounting Act.

Lime Petroleum AS

	2021	2020
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Balance sheet	Page 26	Page 18
Cash flow statement	Page 28	Page 20
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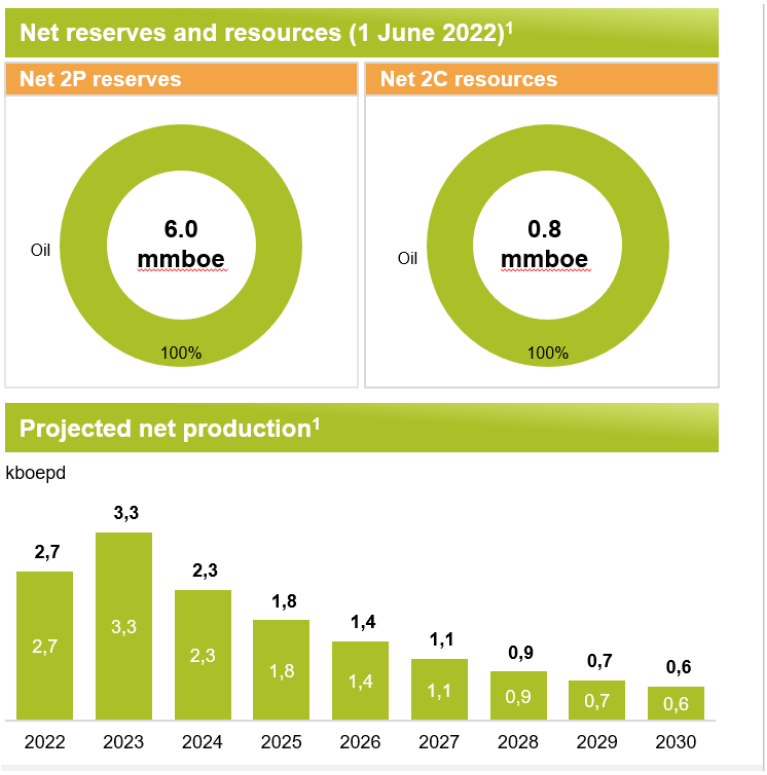
Auditors report	Page 55 - 56	Page 41 - 43

The Company's historical financial statements for 2021 and 2020 have been audited.

OTHER STATEMENTS AND INFORMATION

On 5 July 2022 the Company issued a three-year senior secured bond of NOK 950 million (ISIN NO0012559246). The coupon rate is NIBOR plus 9.25 per cent and was issued at 97 per cent of the nominal amount. At the same time the NOK 500 million senior secured bonds with maturity in January 2024 (ISIN NO0011037343) was repaid.

On 10.08.2022 the Company entered into an agreement to acquire a 10 per cent working interest in licenses PL316 and PL316B constituting the oil producing Yme Unit from KUFPEC Norway AS. Yme will be a joint operation and to be accounted for in accordance with IFRS 11 Joint Arrangements. The agreed purchase price is USD 68,052,500 and the acquisition is expected to be completed in December 2022 subject to ministerial approvals. The transaction includes NOK 309 million in tax value from tax pools which will be transferred to Lime Petroleum AS. Lime Petroleum AS will provide security for abandonment liability (after-tax) by restricted cash of NOK 55 million. The Yme field restarted production in 2021 and is an established shallow water oil field located in the North Sea ~100 km southeast of the Norwegian coast. The reservoir is well understood from past production and high quality seismic. The Yme field is operated by Repsol Norge AS. Estimated net 2P reserves are 6.0 mmboe (RNB 2022), net 2C resources 0.8 mmboe (RNB 2022) and plateau production is estimated to 5.0 kboepd (thousand x barrel per day oil equivalent) in Q4 2022.



1: Reserves and resources from RNB 2022 and Repsol as of 1 June 2022. Production volumes from Repsol.

As described in note 22 to the financial statements for 2021, on 14 April 2022, Lime Petroleum AS signed an agreement with MOL Norge AS to purchase its 40 per cent interest in the licenses PL820S and PL820SB in the North Sea containing the Iving and Evra discoveries. In connection with the completion of the transaction Lime shall pay to seller a post-tax amount of approximately NOK 12.8 million (USD 1.5 million). In addition, Lime shall pay to seller a post-tax contingent consideration of approximately NOK 25.5 million (USD 3.0 million) in the event that a Plan for Development and Operation ("PDO") is submitted for a discovery in either PL820 S or PL820 SB to the Ministry of Petroleum and Energy. Approval from the Ministry of Petroleum and Energy is expected during third quarter 2022.

As described in note 22 to the financial statements for 2021, the licenses PL937, PL937B and PL1062 have been relinquished during the first six months of 2022, with total carrying values of approximately NOK 91 million at 31 December 2021.

On 30 June 2022 Lime Petroleum AS signed an agreement with Vår Energy to farm down by 10 per cent of its 40 per cent interests in PL820S and PL820B. After the farm down, Lime Petroleum AS` ownership interest in the licenses will be 30 per cent.

There are no other significant changes in the financial position of the Company which may have occurred since the end of the last financial period.

The 2022 commitments will be financed in full by the revenues from Brage production and the tax refund for 2021. No further capital injection or loans are planned in 2022.

Trend information

There has been no material adverse change in the prospects of the Company since the date of its last published audited financial statements or any significant change in the financial performance of the Company since the end of the last financial period for which financial information has been pub-

lished to the date of the Registration Document, except that the Company due to the Brage acquisition on 31 December 2021 is now also an oil producing company with operating revenues. Due to the high oil prices, the Company's management reports so far in 2022 show positive results before income taxes.

Legal and arbitration proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company are aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the Company's financial position or profitability.

10. Documents on display

For the term of the Registration Document the following documents where applicable, can be inspected:

- the up to date memorandum and articles of association of the Company;
- all reports, letters, and other documents, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in the Registration Document.

The documents may be inspected at the Company's website: https://www.limepetroleum.com/

11. Attachments

1) Lime Petroleum AS – Annual Report 2021 including the auditor`s report
2) Lime Petroleum AS – Annual report 2020 including the auditor's report
3) Lime Petroleum AS – Articles of Association

Lime PETROLEUM

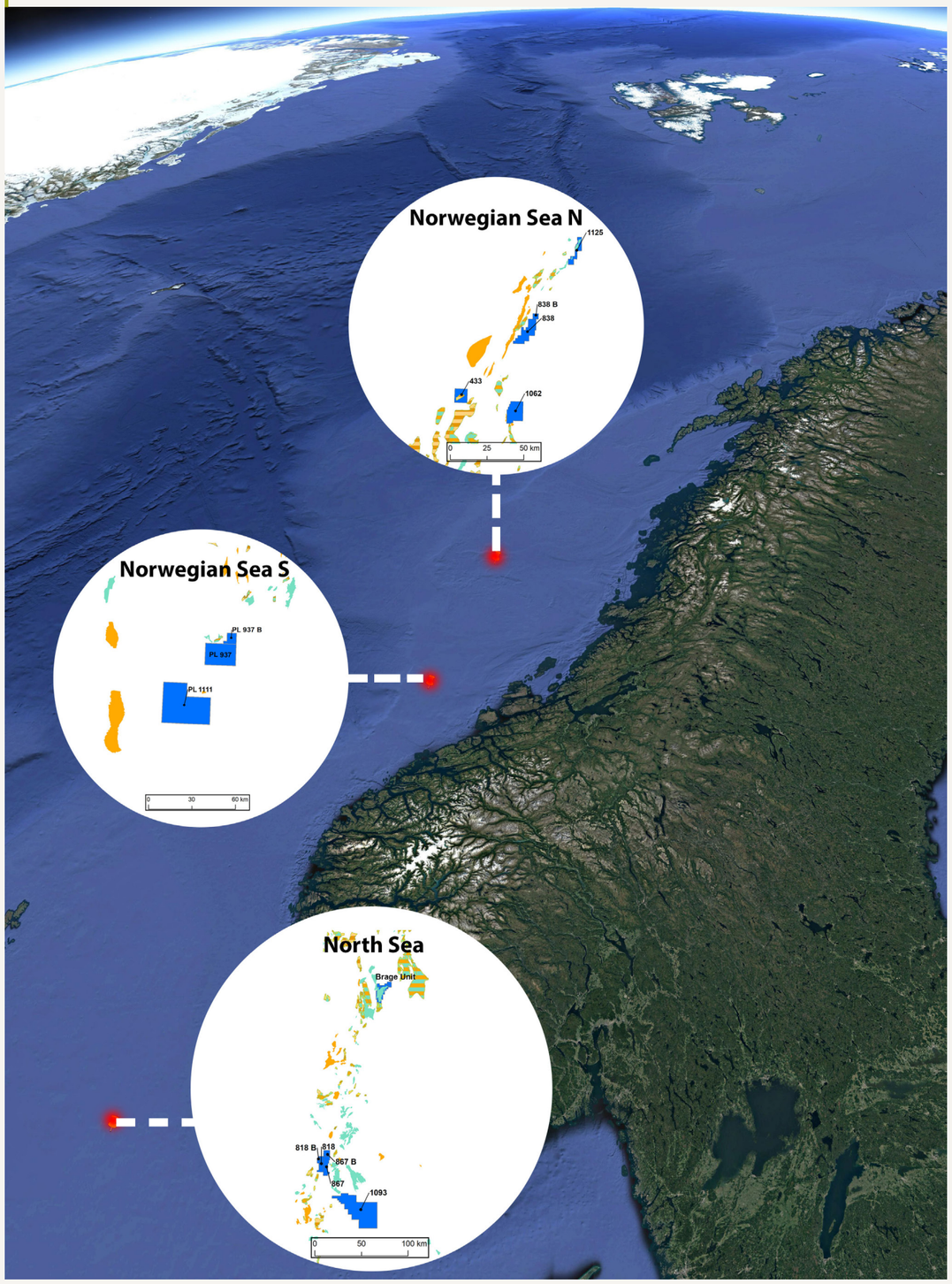
ANNUAL REPORT 2021

Brage platform at night

2021

Contents

Front page: Waterfall at Loen River Sundmøre, Norway. Photo: Victoria Fondenær



Licence Portfolio Information

Licence	Location	Lime stake	Operator	Other Partners	Expiry date
	North Sea				
PL 053 B	Bjørgvin Arch	33,84%	Wintershall Dea Norge AS	DNO Norge AS, Vår Energy ASA, Mvest Energy AS	06/04/2030
PL 055	Bjørgvin Arch	33,84%	Wintershall Dea Norge AS	DNO Norge AS, Vår Energy ASA, Mvest Energy AS	06/04/2030
PL 055 B	Bjørgvin Arch	33,84%	Wintershall Dea Norge AS	DNO Norge AS, Vår Energy ASA, Mvest Energy AS	06/04/2030
PL 055 D	Bjørgvin Arch	33,84%	Wintershall Dea Norge AS	DNO Norge AS, Vår Energy ASA, Mvest Energy AS	06/04/2030
PL 055 E	Bjørgvin Arch	33,84%	Wintershall Dea Norge AS	DNO Norge AS, Vår Energy ASA, Mvest Energy AS	06/04/2022
PL 185	Bjørgvin Arch	33,84%	Wintershall Dea Norge AS	DNO Norge AS, Vår Energy ASA, Mvest Energy AS	06/04/2030
PL 818	Gudrun Terrace	30,00%	Aker BP ASA	Equinor Energy AS	05/02/2026
PL 818 B	Gudrun Terrace	30,00%	Aker BP ASA	Equinor Energy AS	05/02/2026
PL 867	Gudrun Terrace	20,00%	Neptune Energy Norge AS	Equinor Energy AS	10/02/2026
PL 867 B	Gudrun Terrace	20,00%	Neptune Energy Norge AS	Equinor Energy AS	10/02/2026
PL 1093	Utsira High	20,00%	Chrysaor Norge AS	Petoro AS	19/02/2028
PL 820 S (1)	Utsira High	40,00%	MOL Norway AS	Lundin Energy Norway AS, Pandion Energy AS, Wintershall Dea Norway AS	05/02/2024
PL 820 SB (1)	Utsira High	40,00%	MOL Norway AS	Lundin Energy Norway AS, Pandion Energy AS, Wintershall Dea Norway AS	05/02/2024
	Norwegian Sea				
PL 433	Halten Terrace	15,65%	Spirit Energy Norway AS	PGNiG Upstream Norway AS	16/02/2042
PL 838	Nordland Ridge	30,00%	PGNiG Upstream Norway AS	Aker BP ASA	05/08/2023
PL 838 B	Nordland Ridge	30,00%	PGNiG Upstream Norway AS	Aker BP ASA	01/03/2028
PL 937 (2)	Frøya High	15,00%	PGNiG Upstream Norway AS	Equinor Energy AS	02/03/2024
PL 937 B (2)	Frøya High	15,00%	PGNiG Upstream Norway AS	Equinor Energy AS	02/03/2024
PL 1062	Haltenbanken	30,00%	Neptune Energy Norge AS	Pandion Energy AS	14/02/2027
PL 1111	Frøya High	40,00%	PGNiG Upstream Norway AS		19/02/2028
PL 1125	Nordland Ridge	50,00%	OKEA ASA		19/02/2024

(1) Acquisition agreement signed between Lime petroleum AS and MOL Norway AS on 14 April 2022
(2) PL937 Relinquished 02.03.2022

Message from the CEO

At the time of writing, war has broken out in Europe, we are seeing scenes in European cities we thought belonged to the past. Lime employees have directly felt the consequences of war through their families, with all the uncertainty, fear, and heartbreak that comes with war. Through all this, oil and gas prices have risen to record levels. However, this new price point comes with much uncertainty. In 2020, although war was not even remotely on the horizon, we discussed how to reduce risk and add value at times of increasing uncertainty. One of the solutions was to add production to the Lime portfolio.

In 2021 we achieved our goal from the previous year of transforming Lime Petroleum from a pure-play exploration company to a full cycle exploration and production company – E and P. The purchase of 33.8434% in the Brage field is driving Lime Petroleum forward, along with the maturation of field development projects, Shrek and Fogelberg as well as our traditional exploration work. Additionally, Lime is participating in the green shift initially through a carbon storage project, and likely with further projects seeking to reduce the greenhouse gas footprint and enable sustainable offshore operations. This all means Lime's skillsets are being expanded upon, the scope of our processes is being increased and new relationships are being forged. This is very much in line with the Petroleum Safety Authority's 2022 focus on capacity and competence.

Despite restricted personal interaction in 2021 due to the Covid pandemic, Lime managed to achieve three major transactions by the end of the year. The Brage transaction was agreed on with Repsol in May, quickly followed by a swap of assets with ONE Dyas, bringing the Fogelberg development into the portfolio, and capped by farming in the Gjegnalunden prospect, which closed on New Year's Eve.

Gjegnalunden, in PL867 and PL867B, is an exciting prospect adjacent to Lime's PL818 licence. With a discovery in Gjegnalunden, a development can readily be tied back to AkerBP's Ivar Aasen platform. Success will also de-risk other prospects in the area. Unfortunately, the Fat Canyon exploration well in the Norwegian Sea turned out to be dry after drilling late in 2021. We will be looking at how this will impact other prospects in the area. Other prospects are being worked up, with likely more exploration drilling in 2023.

Two field development projects are maturing, with field development plans likely to be submitted in late 2022. The Fogelberg gas development is being worked up by the operator, Spirit, along with PGNiG as our partner. Lime traded into Fogelberg to be able to get to gas production faster than staying in Sierra. First gas is expected in 2026. The Shrek oil development will be tied back to AkerBP's Skarv FPSO, with the first oil likely in 2025. Lime is playing an active role in the development planning, seeking to ensure safe and efficient operations with high hydrocarbon recovery.

Brage Unit

As mentioned, the Brage acquisition is perhaps the most significant for Lime. The deal was agreed with Repsol in the spring and closed on New Year's Eve. In the meantime, Lime raised the funds for the acquisition through a combination of new equity and bond financing. This is the first time Lime has raised a bond and we are very happy about the reception in the market. Lime will now have proven, producing reserves in the portfolio, with the cash flow from production. In preparation for the duties that come with being the second largest partner in Brage, Lime has increased the staffing level and added skills. Several of the heretofore exploration-focused G&G staff are morphing into production geoscientists, working alongside our new engineers. New technology is added, and new processes are being developed.

Brage is proving to be just the asset we were hoping it would be when the deal was signed. In 2021, two production wells were completed and an exploration target, Talisker, was tested. Talisker exceeded the pre-drill best estimate, and the production wells were completed well ahead of schedule. Further production drilling will take place in 2022, and the Brage South exploration target will be tested. Furthermore, electrification of Brage will be evaluated in 2022, using floating wind turbines. Along with sustained high commodity prices and success in these operations, the Brage life may well extend past the current shut-down date in 2030. Brage is an aging platform and attention must be paid to maintenance, as well as operation expenditures. Lime will be working closely with the Operator and our partners on all these aspects of Brage in the years to come.

As a small company, technology is one of the keys to success. We have long used the novel frequency-based seismic technology, RVD, developed by our sister company, Rex Technology Management. In 2021, Lime expanded on technology development using Big Data and machine learning technology both in geology and geophysics to develop better and more cost-effective methods for exploration. In 2022 we are looking to further expand this use of technology for production purposes.

With production alongside our exploration work, Lime has additional responsibility through our see-to-duty to ensure operations are safe for people and the environment. We are expanding our management systems to encompass the new operations, and through 2022, we will work closely with our partners, suppliers, and authorities to ensure our see-to-duty is accomplished. This gets back to the focus on capacity and competence. Through the right competence, and the capacity to apply this competence, Lime's aim in 2022 is to be a preferred partner building value for our shareholders, all the while ensuring safe operations and a good work environment. Hopefully in next year's Letter from the CEO, we can read about peace in Europe, as well as a thriving, sustainable, and safe offshore energy production.

Lars Hübert
CEO

The Brage Unit

(Lime - 33.8434%)

Brage is a one billion bbls (in-place) oilfield in the Norwegian North Sea, located about 130 km west of Bergen in Block 31/4, in close proximity to the giant Oseberg field. After discovery of oil in the Jurassic Fensfjord and Sognefjord Formation sandstone reservoirs in 1980, the well 31/4-7 discovered hydrocarbons also in the Statfjord Formation reservoir in 1984.

Brage was then developed with a fixed eight-leg steel jacket PDQ platform (production, drilling, and living quarter) and 40 well slots at a water depth of about 137 m. First oil was produced in September 1993, initially from Statfjord, Fensfjord, and Sognefjord reservoirs. Later, in 2008, oil was also discovered in the Brent formation which today is the best producing Brage reservoir (3 wells produce +30% of total field production). Normally, Brage has around 100 workers on the platform at all times. WintershallDea has been the Operator since it took over the Brage licence share from Equinor in 2012. The Brage Unit licences (PL 053 B, PL 055, PL 185, PL 055 B, and PL 055 D) will expire in 2030.

Brage is a mature oil field producing at its tail-end from 18-20 active oil wells and injecting water in 4 wells. Water cut is high between 90-99%. At YE2021 the field had produced 378 mmbbls oil (402 mmboe). The average oil recovery factor is 40% and varies between 20-60% for the four producing reservoirs. Due to the large in-place volumes and with multiple reservoirs, there is still a lot of potential for improving oil recovery by drilling infill wells, in particular the Fensfjord reservoir where the oil recovery factor is only around 30%. The drilling rig and systems were upgraded in 2012 and are currently drilling 3-4 new wells successfully per year at a total cost of around 1 billion NOK. Each infill well adds between 0.7-1.5 mmboe gross reserves. The current end of field life is 2030 which is when the Brage Unit Licence expires.

Drilling operations on Brage were restarted in April 2021 after a stop due to the Covid-19 situation developing from March 2019. As a result, only two infill wells were drilled and completed in 2021. One of the producers also included a side-track exploration well proving new reserves in an unproven Brent segment (Talisker). The plan is to continue drilling infill wells without further drilling breaks until around 2026. Drilling performance has been very good in 2021 and 43 days ahead of schedule. Brage has further exploration targets within the license boundaries. Brage South exploration well will be drilled Q3 2022 from the platform, and further exploration targets are under consideration.

During Q4 2021 the Licence partners decided to initiate the BCR (Brage Climate Response) project to significantly reduce the emission of CO_2. A floating wind concept is recommended to be further matured. This concept includes semisubmersible units with offshore wind turbines, energy storage, transformers, power management systems, and mooring systems with sub-sea power cables tied into Brage. The project will also apply for ENOVA funds which will help reduce Capex further. The project schedule is fast-tracked with a target DG4 completion by Q4-2024 when the windmills will be in full operation. The strategic driver for the BCR project is that the reduction in CO_2 and NO_x related taxes will be a pre-requisite for applying for a new life-time extension beyond 2030. Lifetime could potentially be extended to 2040 depending on the success of the upcoming infill and exploration drilling campaigns and a positive decision to execute the BCR project.

Heliport Brage

Development Assets

PL433 Fogelberg (Lime 15.7%)

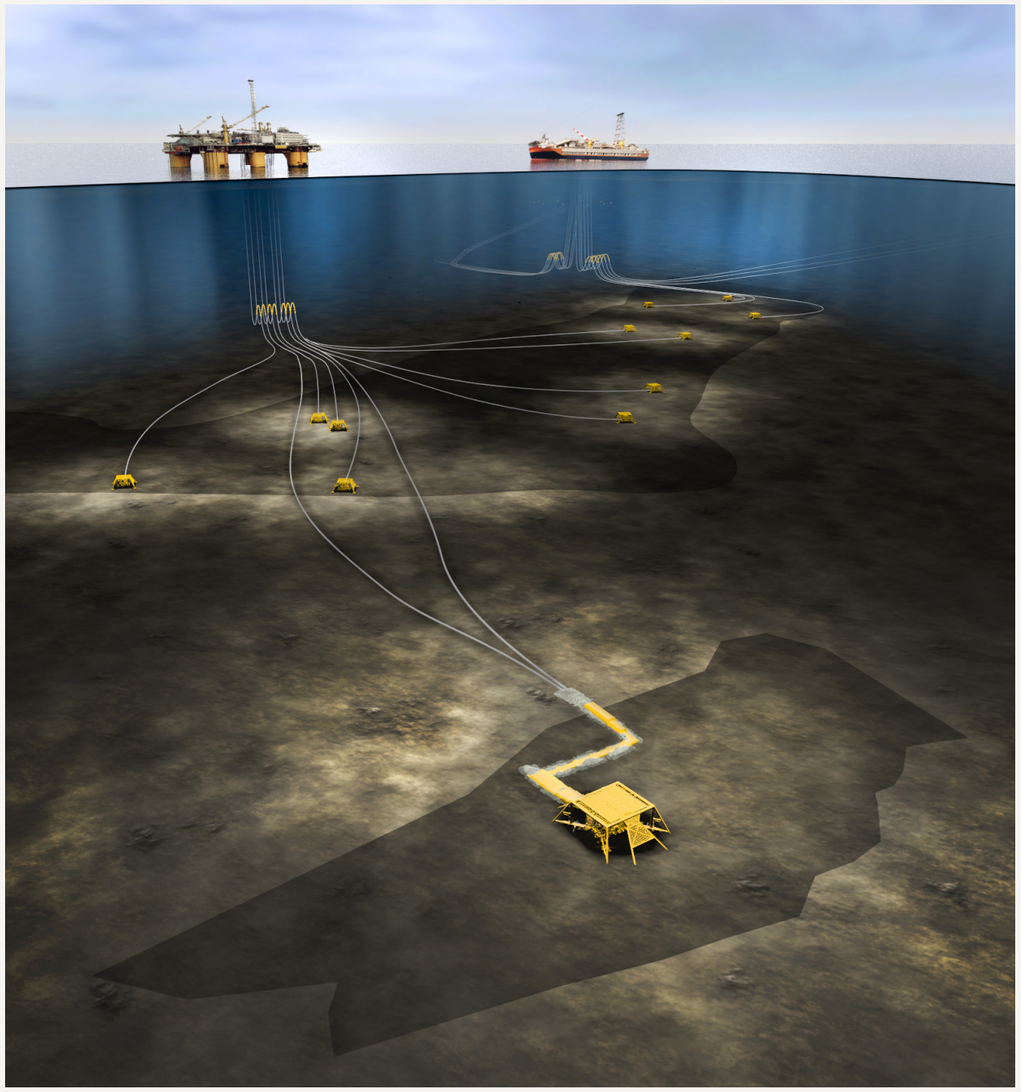
Fogelberg is located in the Halten Terrace area of the Norwegian Sea at a 300-meter water depth. The Licence was awarded as part of the APA 2006 Licensing Round. Fogelberg was discovered in 2010 and is located 18 km north of Åsgard and 30 km south of Heidrun fields. The licence is operated by Spirit Energy (60.8%) with PGNiG (23.5%) and Lime Petroleum (15.7%) as partners.

The first exploration well discovered gas in the Middle Jurassic Garn and Ile Fms. Two further appraisal wells were drilled in 2018. Both appraisal wells encountered gas in the Garn and Ile Fms proving substantial in-place volumes. A production test was run in the second appraisal well testing the Garn Fm. The drainage strategy for the Garn reservoir is via pressure depletion with four long horizontal wells. Gross reserves are around 40 mmboe. The Fogelberg field will be developed from a 4-slot subsea template and tied back 15 km to the Åsgard B semi-submersible production host platform. The concept was selected and approved (Decision Gate 2/BOV) in October 2021. First gas is expected in second half 2026.

PL838 Shrek (Lime 30%)

Shrek is a combined gas and oil field discovered in 2019. Shrek is located 5 km south-east of the Skarv Field at a 360-meter water depth. The discovery has a 110 m total hydrocarbon column in Middle Jurassic sandstones in Fangst and Båt Groups. The reservoir is of good to excellent quality. Shrek is a combined four-way closure and hanging wall trap. Shrek is expected to produce between 12-24 mmboe reserves.

A feasibility study for a subsea tie-back to the nearby Skarv floating production storage and offloading (FPSO) host vessel has been completed and commerciality (Decision Gate 1/BOK) was confirmed in August 2021. A concept was selected in December. The Shrek reference case includes a 4-slot subsea template and two long horizontal oil producers with gas lift from Skarv. First oil is expected in summer 2025. The Shrek Licence is operated by AkerBP (35%) with PGNiG (35%) and Lime Petroleum (30%) as partners.



Fogelberg 3D Field Layout toward Åsgard - High. Source Spirit Energy

Sustainability and environmental commitment

Lime is actively seizing opportunities for developing energy projects in the Norwegian Continental Shelf that enhance economic value while engaging and developing its highly qualified workforce, as well as collaborating in the creation of a more sustainable future for generations to come.

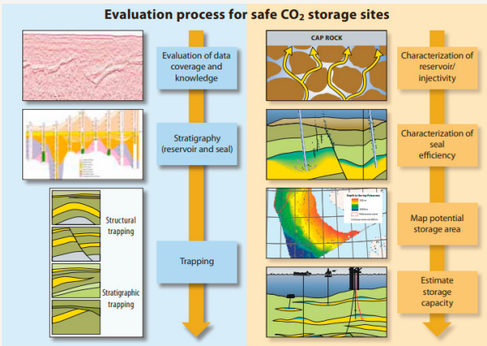
Climate change has become a major concern as rising levels of greenhouse gases accumulate in the atmosphere causing disruptions in ecosystems that could be irreversible. Lime is committed to forming part of the solution to slow down climate change and has joined initiatives for energy transformation as the Wind Units project to electrify the Brage field and a Carbon Capture and Storage (CCS) project.

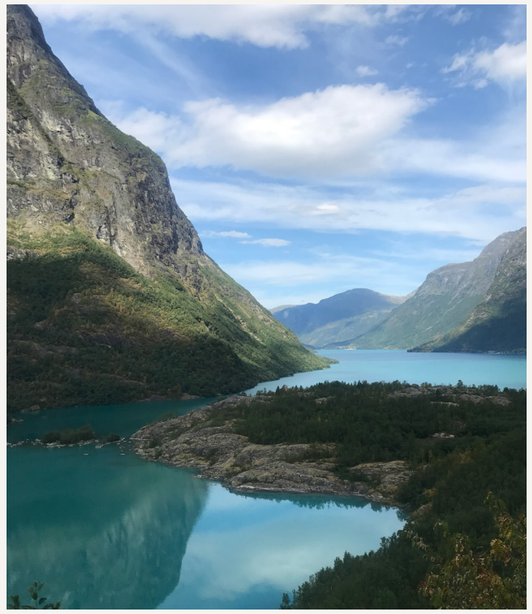
Although many efforts have been made in recent years to mitigate climate change, it is evident that a greater amount of CO_2 emissions will need to be removed over the next years and decades if net-zero goals for 2050 are to be met. In a world with ambitious goals for decarbonization whilst acknowledging the need for energy, having a strategy for carbon reduction is a required necessity.

A major concern to Lime is to reduce our own carbon footprint. Lime seeks to find low-carbon solutions for both exploration and production. Reducing the number of dry wells drilled, by employing state-of-the-art exploration technology to select drilling locations, is one aspect. Direct reduction of emissions during operations is another. For the drilling of the Fat Canyon exploration well in the fall of 2021, the Borgland Dolphin semi-submersible rig was chosen. Part of the rig-decision was the fact that Borgland Dolphin, according to Rystad Energy, has one of the lowest carbon footprints for all the rigs operating on the Norwegian Continental Shelf.

Lime is also working closely with the partners in the Brage unit to electrify the platform - the Brage Climate Response Program. This will not only reduce the CO_2 footprint for producing the oil and gas but will also result in more gas for export to a gas-starved European continent. Several solutions have been considered for electrification, including cables from land, and offshore wind turbines. Currently offshore wind is looking like the most likely solution, with a possible start-up in 2024, reducing CO_2 emissions by some 60%.

Carbon capture and permanent storage in geological formations will play an integral role in helping reduce global emissions. Lime's analyses considering the number of carbon capture projects in Europe, the time that it takes to develop them, and the levels of CO_2 emitted by industrial sites, suggest that there will be a shortage in CO_2 storage capacity of up to 40 million tonnes per year by 2030.





Loen Birksdalsbreen National Park, Norway

Seven Sisters, Sognefjord, Norway

In view of the need to fill this gap, Lime decided to participate in the Carbon Capture and Storage joint industry project (JIP) with Nautilus Carbon Services involving five industries. The Nautilus JIP project aims to secure an optimal CO_2 storage site in Northwest Europe. The project started with a kick-off meeting in September 2021 and by the end of the year 2021, an initial screening assessment of approximately 20 storage sites on the Norwegian Continental Shelf had been carried out. From this, three storage sites were selected to be assessed in detail and determine the feasibility, capacity, and security of each storage site, along with an economic evaluation. A review of the Carbon Capture and Storage value chain identified the main cost drivers and benchmarked them against selected full-scale ongoing projects in Norway and elsewhere in Europe. The plan forward is to focus on one of the assessed storage sites, that has proven to present the best qualities for carbon storage. Further analysis and detailed interpretation are to be conducted, as well as a definition of the viable business case for the chosen location, eyeing a possible concession application before the end of 2022. CO_2 storage at the site could then possibly start as soon as 2027.

Lime being part of the solution to climate change mitigation is vital to the world in general, both to mitigate climate change, but also to ensure the world has energy; and is thus key for creating value for its stakeholders.

Directors' Report

An unprecedented chain of international events in the past two years has left the oil and gas market on a tighter balance. Unexpected rise in demand due to increased mobility under lighter covid restrictions and unscheduled supply shortages have pushed oil prices to record highs. This is aggravated by the recent war in Ukraine, which will mean we will be facing another volatile year in 2022. Despite the market uncertainties, Lime Petroleum AS continues to successfully conduct its business, building upon its growth strategy. In 2021 Lime Petroleum AS made the transition from pure exploration to a full cycle exploration and production company. Lime Petroleum AS consolidated its asset portfolio in 2021 by acquiring a significant 33.8434% interest in the oil producing Brage field. During the year, Lime has also added one exploration licence and one licence planning for PDO (Plan for Development and Operation) by the end of 2022, to its portfolio. In the autumn Lime acquired 15.65% interest in licence PL433 Fogelberg and to close the year, bought a 20% interest in licences PL867/B.

Lime Petroleum AS (hereinafter referred to as Lime) is a Norwegian oil company owned by Rex International Investment Pte Ltd (Rex; 91.65% share capital) a wholly owned subsidiary of the Singapore-listed Rex International Holding Limited, and Schroeder & Co Banque SA (Schroeder; 8.35% 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. In the role as a pure exploration company until acquisition of the Brage field in 2021, Lime has participated in drilling of nine exploration and appraisal wells in both mature and frontier areas resulting in three commercial discoveries, the PL338C Rolvsnes discovery on Utsira High in the North Sea (monetised in 2019), the PL838 Shrek discovery on the Nordland Ridge in the Norwegian Sea and the PL263D/E/F Sierra South discovery on Haltenbanken in the Norwegian Sea made in 2020. The company has also participated in one technical oil/gas discovery on PL708 in the Barents Sea.

Operational review

The highlight of 2021 was marked by the acquisition of 33.8434% interest of the licenses PL053B, PL055, PL055B, PL055D, PL055E and PL185 that constitute the producing Brage field operated by Wintershall DEA Norge AS in June 2021, making it the most significant transaction for the company. On 15 June 2021, Lime signed a sales and purchase agreement with Repsol Norge AS to acquire their 33.8434% interest in the Brage field. The transaction of NOK 376.3 million, was approved by the Ministry of Petroleum and Energy and the Ministry of Finance on 14 December 2021, and completion took place on 31 December 2021. The transaction had the nature and financial effect of a business combination by way of accounting treatment, for which NOK 160.7 million was booked as a gain from bargain purchase.

On 31 August 2021 Lime closed on a transaction with ONE-Dyas Norge AS. In this transaction Lime swapped 20% interest in PL263D/E/F with the Sierra South discovery for 15.65% share in PL433 and the Fogelberg gas development, adding an additional development project to the portfolio. The sales and purchase agreement with ONE-Dyas Norge AS was signed 6 April 2021. The approval from the Ministry of Petroleum and Energy was received 23 August 2021. The swap of equity stakes was considered gainful for Lime

Brage platform view

providing the opportunity to get into production faster than in Sierra South, with less drilling uncertainty. Based on the reserves estimate available at the time of the transaction taking place, the PL263D/E/F book values were maintained under the assumption of equal exchange. At the same time, Lime closed on a transaction with AkerBP ASA and obtained a 20% share in PL867 and PL 867B with the Gjegnalunden exploration prospect just west of the Ivar Aasen field, and moreover adjacent to license PL818/B, thereby strengthening the exploration portfolio. The Gjegnalunden well will be drilled in Q4 2022. Success in Gjegnalunden will serve to de-risk additional prospects in PL867/B and PL818/B. The sales and purchase agreement of the licenses PL867 and PL867B with AkerBP ASA was signed 9 August 2021 and the transaction was formally approved by the Ministry of Petroleum and Energy 9 December 2021.

The Brage acquisition is transformational for Lime and has proven to be a sound investment for the company beyond the gain from bargain purchase. In 2021, the operator (Wintershall DEA) completed the drilling of two additional production wells, as well as the Talisker exploration well. All wells came in better than expected, resulting in reserve replacement for Brage in 2021. Production on Brage has been on stable decline, though the addition of new infill wells will increase production in 2022. Fogelberg and Shrek, operated by Spirit Energy Norway AS and AkerBP ASA respectively, are moving towards PDO (Plan for Development and Operation) in late 2022, in time to qualify for the temporary covid-19 tax incentives. Both projects have sound economics, and Lime is playing an active role as a partner company.

Lime participated in one exploration well in 2021, 6306/3-1 S (Fat Canyon) in PL937. PGNiG Upstream Norway AS was the operator, and Equinor farmed in just ahead of drilling. Lime has 15% in PL937 and PL937B. The well was a high risk/ high reward well in the Frøya High just south of the Njord field, eyeing a prospect similar to the giant Draugen field. Unfortunately, the well was dry. The license has a budget for 2022 for evaluating the prospect further and impairment has been assumed not required. Lime will evaluate the well results against other prospects in the area, most notably in PL1111 just south of PL937.

As part of the green transition, Lime is actively taking part by participating in the Nautilus "Joint Industry Project" aiming at securing a CCS (Carbon Capture and Storage) license on the Norwegian Continental Shelf. Lime joined the first phase of the project in 2021 and will play a part also in the second phase in 2022. Lime sees a growing market for carbon storage, which aligns with Lime's technical skills and business interests. Lime is also actively participating in projects to reduce CO2 emissions from operations in which Lime is involved. The company is committed to the NOROG targets for emission reductions on the Norwegian Continental Shelf and is in that respect engaged in an early phase electrification study for the Brage field.

To accommodate the increased portfolio, Lime has over the past 6 months strengthened the team. In addition to the exploration personnel, the team now includes engineers, as well as dedicated HSEQ advisor on staff.

Although the covid-19 restrictions have been moderated, Lime continues to monitor the situation with the objective of making sure necessary measures are taken to protect staff and operations. The company has taken the Corona Virus pandemic very seriously and has at all times followed the recommendations from the Norwegian Institute of Public Health (FHI) to mitigate the virus and to safeguard the employees, consultants, and their families. The company instituted home officing for the employees, eliminated business travel and replaced it with videoconferencing. The measures have been in place as long as they have been recommended by FHI. Lime Petroleum AS is a non-operator and not directly involved in the execution of offshore operations on a day-to day basis. However, as becoming a partner in the Brage Field, formally as of 1 January 2022, the company will take part in the dialogues with the operator to ensure that all necessary steps are taken to protect offshore personnel against the pandemic. The covid-19 pandemic has created challenges for the oil industry and could present significant impacts on economic activity. Under these circumstances, Lime continues to take necessary steps to ensure that the company remains financially sound.

Subsequent Events

On 21 January 2022, the capital increase of NOK 200 million, resolved in an extraordinary general assembly held on 16 December 2021, was formally registered in the Register of Business Enterprises (Foretaksregisteret). The Company`s share capital was increased from 130 320 000 share to 216 900 087 shares.

On 31 January 2022, Lime Petroleum AS established an oil price hedging programme in order to reduce the risk related to oil price fluctuations. The company has, effective from 1 February 2022, hedged approximately half of the Company`s hydrocarbon production from the Brage Field through January 2023. The hedge is based on an Asian style monthly average put option structure. The strike price is 35 USD/barrel ensuring a price floor for the company`s oil production. The average price for the put option is USD 0.50 average cost per barrel totalling the option premium to USD 240,000.

On 24 February 2022, Russia invaded Ukraine. Battles in Ukraine are on-going creating significant uncertainties regarding global political and economic stability. Severe sanction actions have been imposed which may lead to business disruption and have an impact on the global economy. The extent to which this impacts the company`s results will depend on future developments and thus difficult to predict. The energy markets are heavily affected by the invasion experiencing spiking oil and gas prices, thus the level of prices going forward is subject to significant uncertainty.

In February/ March 2022 the partners in the licenses PL937 and PL937B approved the decision of relinquishment of the licenses. The relinquishment report is expected in Q2 2022. As at 31.12.2021 the book value of the licenses is NOK 82.3 million. The licenses are expected written down in 2022 and the after-tax value will have an impact (loss) on the net result in 2022 amounting to approximately NOK 18.1 million (22%).

The authorities` approval for relinquishment of the license PL1062, as response to the application submitted to MPE 3 February 2022, was received 9 March 2022. The license was written down in 2021 by book value NOK 8.8 million. The after-tax effect (loss) on the net result was NOK 1.9 million. For further information refer to Investments in Oil and Gas licenses described in Note 10. Application for one-year extension of the licenses PL818 and PL818B was submitted to the Ministry of Petroleum and Energy 2 February 2022. The authorities` approval of the extension of drill decision until February 2023 was received 6 April 2022.

On 8 April 2022 the General Assembly resolved in extraordinary general meeting that Nicolai Alexander Sebastian Bonnevier resigns as Director to the Board of Lime Petroleum AS.

On 14 April 2022, Lime Petroleum AS signed an agreement with MOL Norge AS to purchase its 40 per cent interest in the licenses PL820S and PL820SB on the Norwegian Continental Shelf. Approval from the Ministry of Petroleum and Energy is expected during third quarter 2022.

On 14 April 2022, Lime Petroleum AS signed an agreement with MOL Norge AS to transfer operator responsibilities and thereby maintaining continuity in progressing the licenses PL820S and PL820SB work program and projects. Application to the Ministry of Petroleum and Energy (MPE) for operatorship replacement is expected during second quarter 2022. The transfer of operatorship will be subject to MPE approval.

Following these events affecting the license portfolio the company has interests in 18 concessions, of which 6 of the licenses are related to the producing Brage field.

Rex Virtual Drilling

Lime has strong focus on technology. Lime has a licence agreement with Rex Technology Investments Pte 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 further evidence of the prospectivity of a given area of prospect. Rex Technology Investments Pte Ltd is a wholly owned subsidiary of Rex International Investments Pte Ltd.

In July 2021, the company received a letter from the Oil Taxation Office (OTO) inquiring more information to the use of the technology. A response letter was submitted by Lime to OTO 30 September 2021. Lime is awaiting OTO`s reply to the letter.

Intra-company cooperation

The Rex Group has three E&P companies; Lime Petroleum AS in Norway owned 91.65%, Masirah Oil Ltd in Oman owned 91.81% and Pantai Rhu Energy SDN BHD in Malaysia owned 100%.

Masirah Oil Ltd is the operator of Block 50 with 100% participating interest offshore located in Gulf of Masirah, east of Oman. Since the Yumna field achieved first-oil milestone in 2020 the Lime team has provided support during the planning and drilling of the Yumna 2 and the

Yumna 3 wells, both wells resulted in successful appraisal of the field providing increased production early 2021.

Further development of the Block 50 in Oman continued in 2021, and the Lime team supported Masirah with subsurface exploration expertise in conjunction with a three well exploration campaign in 2021.

Changes to the Management and Board of Directors

On 1 September 2021 Lime strengthened its management team with the addition of a dedicated asset manager.

In late 2021 Schroeder notified Lime that Nicolai Alexander Sebastian Bonnevier would be leaving Schroeder and would be stepping down as a Lime board member. Bonnevier confirmed his resignation from the Board of Directors in Lime 11 March 2022. Schroeder has waived their dedicated board position in Lime notified by letter received 16 February 2022. Additional board members are being considered.

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
Christopher David Atkinson	Director

Health Safety, Environment, and Quality (HSEQ) and equal opportunity

Health, safety, environment, and quality (HSEQ) is of paramount importance to Lime, including the office setting where most of the Lime`s work is done, the offshore operations Lime participates in, and society at large. 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. Lime recognizes the changing sentiments towards the industry as a whole and works actively within the industry to address issues related to climate change, industry recruitment, and the like.

Becoming a production company underscores the importance that Lime constantly places on HSEQ. Operators managing exploration drillings in which Lime participates are closely monitored to ensure compliance with all HSEQ regulations. Furthermore, Lime has added to its team of professionals a dedicated HSEQ expert.

In seeking ways to reduce Lime`s footprint, the company is actively taking part in the Brage Climate Response Project for the electrification of the Brage platform by use of renewable wind power. This could result in a significant reduction in CO2 emissions.

When participating in the drilling of an exploration well on the Fat Canyon prospect in the Norwegian Sea licences PL937/B, Lime conducted a review of the operator's Health, Safety, Environment, and Quality (HSEQ) management system in advance of the drilling to verify that there were no missing elements and compliance to relevant HSEQ regulations.

Lime Petroleum has been following all Norwegian guidelines for covid-19. In December 2021, only half of our team worked from the office to maintain safe social distancing. Despite this, four staff members, or 33% of the employees, contracted covid-19 and the office was immediately closed and sanitized. All our members of staff are believed to be fully vaccinated. Nevertheless, several of the employees have also been ill with covid, however none with long lasting effects.

At the end of 2021, the company had a total of 12 employees balanced between 5 women and 7 men, with 5 different nationalities. Accounting, tax, legal, and IT services are out-sourced and contracted from professional service providers. The company hires support services from consultants usually on temporary short-term contracts.

Lime practices equal rights and opportunities between gender 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 always following no discrimination policies. 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 2021 was 3% compared to 2.2% in 2020. None of the company's employees have been injured or caused damage to property of any kind.

Lime Petroleum has its offices in a modern corporate complex at Drammensveien 145a, close to Oslo city centre.

Brage platform

Annual Financial Statements

(2020 figures in brackets)

Pursuant to § 3-3 of the Norwegian Accounting Act,. it is confirmed that the accounts have been prepared on the assumption that Lime Petroleum AS is a going concern and the board confirms that this assumption continues to apply.

In 2021, the company had gain from bargain purchase of NOK 160.7 million (no income in 2020), related to the acquisition of Repsol Norge AS 33.8434% participating share in Brage field. The conditional sales and purchase agreement was signed 15 June 2021, and the transaction was completed 31 December 2021. The gain from bargain purchase arises as a consequence of the oil market moving favorable compared to the market outlook at the time of the bid. Through its purchase of the Brage share of 33.8434%, the company acquired its first recurrent cash-generating asset.

Operating expenses totaled NOK 89.2 million (NOK 58.8 million in 2020). The increase in cost is mainly due to transaction cost, bonus performance appreciation paid to executives and employees of the company and the net impairment following the relinquishment of the licence PL1062. No impairment on the asset portfolio was done in 2020.

Net financial costs in 2021 were NOK 33.6 million (NOK 2.4 million in 2020). The increased financial cost in 2021 compared to 2020 was primarily related to the issuance of the senior secured bond of NOK 500 million and the shareholder loan facility.

The interest-bearing debt was NOK 583.5 million at the end of 2021 compared to NOK 184.7 million end of 2020. The Brage purchase required the establishment of a senior secured bond of NOK 500 million, put in place 9 July 2021 and subject to the completion of the Brage deal. The exploration financing facility (EFF) with Skandinaviska Enskilda Banken AB originally dated in November 2013, was repaid by NOK 180 million and cancelled in August 2021. The loan facility agreement with the company`s shareholder Rex International Investments Pte, had a balance of NOK 93.4 million including interest end of 2021 (NOK 31.8 million end of 2020).

Profit before taxes was NOK 37.9 million (loss of NOK 61.2 million in 2020). Tax income amounted to NOK 81.8 million (NOK 46.1 million in 2020). The company's tax refund related to the 2021 activity is calculated to NOK 170.8 million at year end (NOK 161.8 million in 2020). The tax refund related to 2020 was received in November 2021, amounting to NOK 164.3 million (NOK 166.1 million) including interest. The company benefits from the temporary covid-19 tax regime sanctioned by the Norwegian parliament in June 2020. The exploration tax refund and the tax refund related to covid- 19 rules received in 2021 amounted to NOK 170.8 million (NOK 165.5 million). The estimated tax refund related to 2021 to be received in 2022, is estimated to be NOK 355.5 million.

Profit for the full year amounted to NOK 119 million while there was an annual loss amounted to NOK 15.0 million in 2020.

Investments

During the year, the cash flow from investing activities amounted to NOK 575.9 million (NOK 149.1 million) of which the bigger part (NOK 364.9 million) was linked to the acquisition of the Brage share of 33.8434% and the Brage decommissioning security (NOK 84.5 million). The Brage transaction has been determined to constitute a business combination and has been accounted for using the acquisition method of accounting required by IFRS 3. The capitalized cost related to exploration activity of NOK 126.4 million was mainly driven by the PL937/ PL937B Fat Canyon well operation..

Financing

As a result of the Brage acquisition the company restructured its financing. The current borrowing base is the senior secured bond of NOK 500 million established 9 July 2021. The conditions precedent in accordance with the Bond Terms was met on 31 August 2021 and the covenants for a full release of the bond was met on 29 December 2021. The maturity date for the bond is 9 January 2024. The conversion rights in relation to the put option and call option set out in the Bond Terms are considered to be embedded derivatives but evaluated to be immaterial so not bifurcated and accounted for separately.

The company strengthened its capital structure by a capital injection from the existing shareholders of NOK 200 million in December 2021. The capital increase was made through a combination of cash contribution and conversion of debt. The share capital was increased from NOK 130,320,000 to NOK 216,900,087 by issuing 86,580,087 new shares with a nominal value of NOK 1, - per share, at a subscription price of NOK 2.31 per share. At the same time, the company`s debt to shareholder Rex of NOK 72,000,000 was set-off as capital contribution and converted into equity capital. The capital increase was resolved in an extraordinary general assembly held on 16 December 2021 and registered in the Register of Business Enterprise 21 January 2022. After the completion of the share capital increase, Rex International Investments Pte Ltd holds 91.65% (previously 90%) of the shares in the company and Schroder & Co Banque SA holds 8.35% (previously 10%) of the shares in the company.

The exploration financing facility with Skandinaviska Enskilda Banken AB originally dated in November 2013, was repaid and cancelled 31 August 2021.

Conditional to the bond, the shareholder loan agreement still stands. The loan facility agreement had a balance of NOK 93.4 million of 31 December 2021. By the amendment to the loan facility agreement dated 22 October 2021, the maturity date was further extended to 25 February 2024.

The capital contribution and the profit for the year lifted the total equity from NOK 127.7 million end of 2020 to NOK 448.0 million at the year end of 2021.

Risk factors and risk management

Lime Petroleum AS is subject to controllable and uncontrollable risks associated with the oil and gas industry and operations. Companies operating in the oil and gas are exposed to a variety of operational, financial, and external risks which it may not be possible to eliminate completely. The company is focusing on identifying risks, implementing preventive measures, and mitigating effects of such risks. The management in Lime works closely with its main shareholder and parent company Rex, to develop a risk management strategy and framework to enable the management to prevent events and to handle them effectively.

Lime has established internal procedures and system for ethical guidelines and social responsibility policy. The company is applying IT policies to ensure IT security and cybersecurity risk. In 2021, Lime initiated an IT audit and engaged EY to conduct a cyber program assessment (CPA) for the company. No significant risks were uncovered; however, Lime has implemented suggestions for improvements.

Lime has previously, as a pure exploration company, to a certain extent been exposed to exchange rate fluctuations as exploration operations are partly in foreign currency, primarily in USD. The company has also been exposed to changes in market interest rates, as its financing facilities has variable rate terms (NIBOR).

As of 2021, the company acknowledges a higher level of operational, financial, and external risk exposure as a consequence of becoming a partner of the oil producing Brage field and expanded loan obligations.

Operational risk

Lime recognizes the risks associated with the operations of the company`s operational assets. The regulations of activities on the Norwegian Continental Shelf (NCS) provides the framework for handling these risks, and Lime intends to act as an active and responsible partner supplementing technical expertise in all aspects of the operations. However, drilling, development, production, and decommissioning activities will never be risk-free and there will always be a risk for a major operational incident to occur.

Furthermore, there are risks related to the future production of oil and gas which is dependent on the ability to find or acquire reserves and resources, and to develop them. The company`s assets are non-operated and there will be risk associated with third-party contractors or operators. Also, costs related to exploration and development projects are uncertain.

Lime works together with the operator to establish risk mitigation actions to reduce the possibility of operational incidents occurring. When participating in the drilling of an exploration well on the Fat Canyon prospect in the Norwegian Sea licences PL937/B, Lime conducted a review of the operator's Health, Safety, Environment, and Quality (HSEQ) management system in advance of the drilling to verify that there were no missing elements and compliance to relevant HSEQ regulations.

Commodity price risk

Being partner of the oil producing Brage Field, the company is exposed to market fluctuations in commodity prices influencing the company`s revenues. Commodity price risk represents one of the most notable risks for the company going forward. In order to reduce the risk related to oil price fluctuations, the company has established an oil price hedging program. Lime has, effective from 1 February 2022,

hedged approximately half of the company`s hydrocarbon production from the Brage Field through January 2023. The hedge is based on an Asian style monthly average put option structure. The strike price is 35 USD/barrel ensuring a price floor for the company`s oil production. The average price for the put option is USD 0.50 average cost per barrel totalling the option premium to USD 240,000.

Financial risk

In addition to the company being exposed to market fluctuations in commodity prices, Lime will be exposed to risks related to foreign exchange rates and interest rates. Currency risks arise as the multi-currency cash flows in the company. The company`s revenues from sale of hydrocarbons are primarily in USD. Lime is also exposed to foreign currency risk related to its operating and capital expenditures. Going forward, hedging for currency risk will be considered. The company`s interest risk arises from its interest-bearing borrowings involving variable rate terms (NIBOR). The company`s current borrowing base is the senior secured bond of NOK 500 million established 9 July 2021. The bonds bear an interest rate of 3 months Norwegian interbank offered rate («NIBOR») plus margin of 8.25 per annum. Interests and redemption of bonds is repayable in semi-annual instalments, with first repayment in July 2022. The final maturity date of the bonds is 9 January 2024.

The company considers its credit risk to be low, since its licence partners are creditworthy oil companies and cash, and cash equivalents are receivables from banks.

Lime is focused on active risk management concentrating on liquidity, and insurance. The company has insured its liabilities related to exploration and production activities on the NCS in line with industry best practices and has offshore insurance programmes covering the following risks (non-exhaustive):

- loss of production income
- physical damage to assets
- well control
- third-party liability

The company stresses focus on liquidity and the company's financing needs are continuously monitored to ensure appropriate funding. Liquidity risk is the risk that the company will not be able to meet its financial liabilities when they become due. Lime develops short-term (12 months) and long-term forecasts to plan its liquidity. These forecasts are updated regularly for various scenarios, and form part of the decision basis for the company's management and board. The company's future capital requirements depend on many factors, and the company is closely monitoring the need for funds to fulfil its commitments related to exploration and development programs associated with the company`s licence portfolio. It is a possibility to reduce future commitment by withdrawing from a license. The 2022 commitments will be financed in full by the revenues from Brage production and the tax refund for 2021. (For further information refer to note 9 Tax). No further capital injection or loans are budgeted.

For further information refer to Financial Risk Management described in Note 17.

External risks

The business environment in which the company operates can change rapidly. The global pandemic which took hold in 2020 created a challenging backdrop and increased uncertainty about recovery phase. Although the covid-19 restrictions have been moderated, Lime continues to monitor the situation with the objective of making sure necessary measures are taken to protect staff and operations.

Lime Petroleum AS is a non-operator and not directly involved in the execution of offshore operations on a day-to day basis. However, as becoming a partner in the Brage Field, formally as of 1 January 2021, the company will take part in the dialogues with the operator to ensure that all necessary steps are taken to protect offshore personnel against the pandemic. The covid-19 pandemic has created challenges for the oil industry and could still present significant impacts on economic activity. Under these circumstances, Lime Petroleum continues to take necessary steps to ensure that the company remains financially sound.

Russia`s invasion of Ukraine, which commenced in February 2022 involves material influence on the oil industry. The on-going battles in Ukraine are creating significant uncertainties regarding global political and economic stability. Severe sanction actions have been imposed which may lead to business disruption and have an impact on the global economy. The extent to which the impacts the company`s results will depend on future developments and thus difficult to predict. The energy markets are heavily affected by the invasion experiencing spiking oil and gas prices, thus the level of prices going forward is subject to significant uncertainty.

In June 2020, the authorities decided to ease tax rules for the oil industry to counteract negative consequences related to the covid-19 pandemic, mainly due to depressed oil prices. The temporary covid-19 tax regime, effective for the tax year 2020 and 2021, has positive effects for Lime assets. In August 2021, the Government announced a proposal for further amendments to the petroleum tax act. In September 2021, The Ministry of Finance (MOF) called for a public consultation in which Lime participated with a public response. On 8 April 2022, MOF put forward the Government's proposal to the Parliament. The proposed new tax regime will have positive effects for Lime. The proposal will likely be passed by the Parliament before the summer and take effect as of 2022.

Lime has a potential risk exposure from the response to climate change and ESG initiatives. The company aims to develop a portfolio of assets that remains resilient as the Government`s response to climate change evolves.

Outlook

Lime Petroleum AS stays focused on its business strategy of increasing its assets portfolio, to achieve an even stronger position on the Norwegian Continental Shelf, in addition to continuing to look for new possibilities to expand its activity for further value creation. The Company constantly pursues M&A opportunities offered in the market. Lime Petroleum AS is actively taking part in the energy transition by participating in the Nautilus "Joint Industry Project" for CO2 carbon storage and is engaged in early phase electrification studies for the Brage Field Climate Response Project which shows its commitment to the NOROG targets for emission reductions on the Norwegian Continental Shelf.

The Board of Directors of Lime Petroleum AS
Oslo, 30 April 2022

Svein H. Kjellesvik
Executive Chairman

Christopher D. Atkinson
Director

Peter N. Eckhard Oehms
Director

Lars B. Hübert
CEO

Income Statement

(Amounts in TNOK)	Note	2021	2020
Gain from sale of licences	4	160 684	0
Exploration expenses	5	-38 673	-26 180
Payroll and related cost	6	-35 843	-22 136
Depreciation and amortisation	11,12	-1 570	-1 523
Other operating expenses	7	-13 078	-8 966
Operating profit (loss)		**71 521**	**-58 804**
Finance income		427	5 475
Finance costs		-34 068	-7 851
Net financial items	**8**	**-33 641**	**-2 376**
Profit (loss) before income tax		**37 880**	**-61 181**
Income tax credit	9	81 785	46 136
Profit (loss) for the year		**119 664**	**-15 045**

Statement of comprehensive income

(Amounts in TNOK)	Note	2021	2020
Profit/loss(-) for the year		119 664	-15 045
Other comprehensive income, net of tax:		0	0
Total comprehensive income for the year		**119 664**	**-15 045**

Balance Sheet as at 31 December

(Amounts in TNOK)	Note	2021	2020
ASSETS			
Non-current assets			
Exploration and evaluation assets	10	355 010	246 513
Oil and gas properties	4,9	727 670	0
Property, plant and equipment	11	583	814
Intangible asset	11	78	144
Right-of-use assets	12	2 256	3 545
Non-current receivables	4	1 473 184	0
Total non-current assets		**2 558 780**	**251 016**
Current assets			
Prepayments and other receivables	13	51 623	15 960
Spareparts, equipment and inventory		104 539	0
Tax receivable refund tax value exploration expenses	9,16	355 488	162 738
Other financial asset - restricted cash	14	84 500	0
Cash and cash equivalents	14	146 262	17 337
Total current assets		**742 412**	**196 035**
Total assets		**3 301 193**	**447 051**
EQUITY AND LIABILITIES			
Equity			
Share capital	15	130 320	130 320
Other paid-in capital		12 052	11 386
Capital increase pending registration		200 000	0
Retained earnings / Uncovered loss		105 650	-14 014
Total equity		**448 022**	**127 692**
Liabilities			
Non-current liabilities			
Asset retirement obligations		1 674 828	0
Deferred tax liabilities	9	359 777	112 564
Leasing liabilities	12	969	2 262
Interest-bearing loans and borrowings	16	508 489	0
Total non-current liabilities		**2 544 063**	**114 826**
Current liabilities			
Interest-bearing loans and borrowings	16	75 000	184 720
Trade creditors	17	24 652	7 536
Other current liabilities	18	209 456	12 277
Total current liabilities		**309 108**	**204 533**
Total liabilities		**2 853 171**	**319 359**
Total equity and liabilities		**3 301 193**	**447 051**

The Board of Directors of Lime Petroleum AS
Oslo, 30 April 2022

Svein H. Kjellesvik
Executive Chairman

Christopher D. Atkinson
Director

Peter N. Eckhard Oehms
Director

Lars B. Hübert
CEO

Statement of changes in equity

(Amounts in TNOK)	Share capital	Not registered capital increase	Other paid in capital	Retained earnings / Uncovered loss	Total equity
Equity at 1 January 2020	130 320		11 261	1 031	142 612
Profit /loss(-) for the year				-15 045	-15 045
Other comprehensive income for the year	0			0	0
Total comprehensive income for the year				-15 045	-15 045
Shares issued in 2018				0	0
Share-based payment			125		125
Equity at 31 December 2020	**130 320**		**11 386**	**-14 014**	**127 692**
Equity at 1 January 2021	130 320		11 386	-14 014	127 692
Profit/loss(-) for the year				119 664	119 664
Other comprehensive income for the year	0			0	0
Total comprehensive income for the year				119 664	119 664
					0
Share-based payment			665		665
Shares issued in 2021, registered in 2022		200 000			200 000
Equity at 31 December 2021	**130 320**	**200 000**	**12 052**	**105 650**	**448 022**

Cash Flow Statement

(Amounts in TNOK)	Note	2021	2020
Cash flow from operating activities			
Profit (loss) before income tax		37 880	-61 181
Adjustments:			
Gain from bargain purchase	4	-160 684	0
Tax refunded	9	170 848	165 493
Depreciation	11,12	1 637	1 578
Impairment/disposals exploration assets	10	8 745	0
Changes in trade creditors		17 116	-11 134
Changes in other current receivables and liabilities		41 616	19 068
Net cash flow from operating activities		117 157	113 825
Cash flow from investing activities			
Investment in exploration and evaluation assets	10	-126 446	-148 088
Net cash paid in business combination	4	-364 889	0
Brage abandonment liability - restricted cash	4	-84 500	0
Purchase of property, plant and equipment	11	-51	-1 032
Net cash flow from investing activities		-575 885	-149 120
Cash flow from financing activities			
Funds drawn current borrowings, net of transaction costs incurred	16	25 000	128 775
Net proceeds from borrowings, bond loan	16	486 875	0
Repayments of current borrowings	16	-180 000	-115 000
Repayments of lease liabilities	12,16	-1 370	-1 370
Loans from shareholder	16	129 148	20 000
Proceeds from share issues	15	128 000	0
Net cash flow from financing activities		587 653	32 405
Net change in cash and cash equivalents		**128 925**	**-2 891**
Cash and cash equivalents at 1st January		17 337	20 228
Cash and cash equivalents at 31st of December		**146 262**	17 337
Interest paid		**14 769**	5 625

Notes

Note 1 General information

The Financial Statements of Lime Petroleum AS were approved by the Board of Directors and CEO on 30 April 2022 and will be presented for approval at the Annual General Meeting in 2022.

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, development and production of 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 as adopted by the European Union (EU) (IFRS) and in accordance with the additional requirements following the Norwegian Accounting Act.

Operating expenses in the Income statement are presented as a combination of function and nature in conformity with industry practice.

Balance sheet classification
Current assets and current liabilities include items due less than a year from the balance sheet date, and items related to the operating cycle, if longer. Other assets and liabilities are classified as noncurrent.

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.

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 nor 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.

Property, plant, and equipment, including oil and gas properties
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.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in operating profit.

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. The company accounts for its share of assets, liabilities, income and expenses, debt and cash flow under the respective items in the company's financial statements.

Acquisitions of interests in oil and gas licences
Acquisitions of interests in oil and gas licences or similar joint operations are accounted for according to IFRS 11. Where the joint operation constitutes a business, are accounted for in accordance with the principles in IFRS 3 Business Combinations (acquisition method). Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred. The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If, following careful consideration, the consideration transferred is less than the fair value of the net identifiable assets of the joint operation acquired, such difference is recognised directly in profit or loss. Acquisitions of interests in oil and gas licences or similar joint operations where the joint operation is not considered to be a business, are accounted for as acquisitions of assets. The consideration for the interest is allocated to individual assets and liabilities acquired.

Swaps
Swaps of assets are calculated at the fair value of the asset being surrendered, unless the transaction lacks commercial substance, or neither the fair value of the asset received, nor the fair value of the asset surrendered, can be effectively measured. In the exploration phase, the company normally recognizes swaps based on historical cost, as the fair value cannot be reliably measured.

Leases (as lessee)
IFRS 16 defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For each contract that meets this definition, IFRS 16 requires lessees to recognize a right-of-use asset and a lease liability in the balance sheet with certain exemptions for short term and low value leases. Lease payments are to be reflected as interest expense and a reduction of lease liabilities, while the right-of-use assets are to be depreciated over the shorter of the lease term and the assets' useful life. Lease liabilities are measured at the present value of remaining lease payments, discounted using the Company's calculated borrowing rate. Right-of-use assets are measured at an amount equal to the lease liability at initial recognition.

Overlift and underlift of petroleum products
Over/underlift balances are measured at the lower of production cost including depreciation and net realisable value. Changes in over/underlift balances are presented as an adjustment to cost in the statement of income. Overlift and underlift is calculated as the difference between the company's share of production and its actual sales and are classified as current assets and current liabilities respectively. If accumulated production exceeds accumulated sales, there is an underlift (asset) and if accumulated sales exceed accumulated production there is an overlift (liability).

Spare parts, equipment and inventory
Inventories of petroleum products are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and comprises direct purchase costs, cost of production, transportation and processing expenses. Inventories of spare parts and consumables are valued at the lower of cost price (based on weighted average cost) and net realisable value. Capital spare parts are accounted for under the same principles as property, plant and equipment.

Receivables
Trade receivables are recognized in the Statement of Financial Position at nominal value after a deduction for the provision for credit losses. Historically there have been no significant credit losses.

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.

Income taxes
Income taxes for the period comprise tax payable, refundable tax from refund tax value of exploration expenses and other refunds as presented in note 9 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.

Uplift
Uplift is a special income deduction in the basis for calculation of the special tax relief. The uplift is calculated on the basis of the original capitalised cost of offshore production installations and generally amounts to 5.2% of the investment per year. The uplift may be deducted from taxable income for a period of four years (i.e. in total 20.8% over four years), starting in the year in which the capital expenditures incur. The tax effect on uplift is recognised when the deduction is included in the current year tax return and impacts taxes payable. Unused uplift may be carried forward indefinitely.

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.

Asset retirement obligations
The company recognises an asset retirement obligation when the oil and gas installations are installed or at the later date when the obligation is incurred. The obligation is measured at the present value of the estimated future expenditures determined in accordance with current technology, local conditions and requirements for the dismantlement or removal of oil and gas installations.

Applicable asset retirement costs are capitalised as part of the carrying value of the tangible fixed asset and are depreciated over the useful life of the asset (i.e., unit-of-production method). The liability is accreted for the change in its present value on each balance sheet date. The accretion effect is classified as financial expense. The asset retirement provision and the discount rate are reviewed at each balance sheet date.

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 has identified its reportable segment based on the nature of the risk and return within its business. The company's only business segment is exploration for and development/production of 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.

New and amended standards and interpretations adopted by the company
New standards and amendments to standards and interpretations effective from 1 January 2021 did not have any significant impact on the financial statements.

New and amended standards and interpretations issued but not adopted
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2022 and have not been applied in preparing these financial statements. None of these new standards and amendments to standards and interpretations are expected to have any significant impact on the company's financial statements.

Note 3 Financial risk management

Financial risks
Exploration for, development and production activities in 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 production (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 The company is exposed to exchange rate fluctuations as exploration, development and production operations including revenues are partly in foreign currency, primarily in USD, whilst the loan agreement is in NOK. See note 16 for further information.

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 Norwegian entities 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 are 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 9.

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.

b) Asset retirement obligations
Production of oil and gas is subject to statutory requirements relating to decommissioning and removal. Provisions to cover such future asset retirement obligations is recognised at the time the statutory requirement arises, which is defined as when the equipment has been installed or a well has been drilled. The estimates are uncertain and may vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example in response the changes in reserves or changes in laws and regulations or their interpretation. A premise in the estimation for the future obligations is current technology and market conditions. As such, there is also inherent risk related to future developments in technology and market prices. Furthermore, future price levels, market conditions and development in technology can impact the timing of the closing of production and thus the timing of abandonment. The company is reviewing the estimates and assumptions related to asset retirement obligations to ensure the financial statements reflect the company's best estimate at any reporting date.

Note 4 Business combination IFRS 3

Acquisitions in 2021

Acquisition of a 33.8434% interest in Brage Unit
On 31 December 2021, Lime Petroleum AS completed the acquisition of a 33.8434 per cent working interest in licenses PL053B, PL055, PL055B, PL055D, PL055E and PL185 constituting the oil producing Brage Unit from Repsol Norge AS. Brage is a joint operation and is accounted for in accordance with IFRS 11 Joint Arrangements.

The acquisition was financed through the issuance of a NOK 500 million secured bond loan in July 2021. The acquisition is accounted for according to IFRS 11. The activity of the joint operation constitutes a business, and the company has applied, to the extent of its share, the principles on business combinations accounting in IFRS 3. The economic date of the transaction, which will be used for tax purposes, is 1 January 2021. The acquisition date for accounting purposes has been determined to be 31 December 2021.

A preliminary purchase price allocation (PPA) has been performed and all identified assets and liabilities have been measured at their acquisition date fair values in accordance with the requirements of IFRS 3. The agreed purchase price is USD 42.6 million (NOK 376.3 million). Adjusted for interim period adjustments and working capital, the total cash consideration is estimated to USD 41.3 million (NOK 364.9 million).

The acquired licences did not contribute to any income or profit before tax in 2021, other than the recognition of gain from bargain purchase because the acquisition took place at 31 December 2021. In addition, expenses related to the acquisition of Brage Unit NOK 1.8 million are expensed as "Other operating expenses". A preliminary estimation of the impact from the transaction indicates that if the acquisition had taken place at the beginning of the year, total revenues for the year would have been approximately NOK 657.8 million higher and profit before tax would have been approximately NOK 280.6 million higher. This includes operating and production costs of NOK 307.8 million and DD&A (depreciation depletion and amortisation) and amortisations of NOK 69.4 million.

At this stage, the purchase price allocation is preliminary due to the complexity of the transaction and the fact that the Company is in the process of performing a detailed review of the final completion statement prepared by the seller. As a result, the final PPA and the impact on the financial statements from the transaction may differ. The final PPA will be completed within 12 months of the acquisition at the latest. The fair values of the identifiable assets and liabilities in the transaction as at the date of the acquisition have been estimated as follows:

Amounts in	USD '000	NOK '000
Brage oil field	82 374	727 670
Abandonment retirement obligation (1)	(189 594)	(1 674 828)
Receivable on seller (1)	166 767	1 473 184
Deferred tax liability (2)	(18 435)	(162 852)
Tax receivable	21 310	188 250
Trade and other receivables	1 874	16 557
Inventory	11 144	98 442
Trade and other payables	(15 945)	(140 851)
Total allocated to assets and liabilities	**59 496**	**525 572**
Purchase price	(41 306)	(364 888)
Gain from bargain purchase	**(18 190)**	**(160 684)**

A purchase price allocation (PPA) has been performed for application of the business combination requirements for financial reporting purposes under IFRS 3. Based on the fair value estimates, a gain from bargain purchase of USD 18.2 million has been estimated. The gain from bargain purchase arises as a consequence of the time difference between effective date (1 January 2021) and closing date (31 December 2021) of the transaction where the oilmarket has moved favourable compared to the market outlook at the time of the bid.

'Management primarily used a discounted cash flow model (net present value of expected future cash flows) to determine the fail value of the oil and gas properties. The model incorporated expected future cash flows based on estimates of projected revenues, production costs and capital expenditures as at the acquisition date. The cash flows were estimated using post-tax basis in accordance with the industry practice where acquisition of licenses on Norwegian continental shelf without grossing up the value with a tax amortisation benefit.

(1) The parties have agreed that the seller shall cover 95% of the costs of decommissioning, plugging and abandonment (ABEX) of the acquired oilfields limited to an agreed cap of NOK 2 260 million. Lime Petroleum AS will pay an effective 1.69% of the total estimated decommissioning costs for the current Brage field, in respect of its 33.8434 per cent share in Brage field. The abandonment retirement obligation (ARO) of USD 189.6 million is calculated based on a nominal ABEX estimate of NOK 2 021 million, with decommissioning in 2031 and an ARO discount rate of 2% equivalent to the risk free interest rate. Since the expected future nominal ABEX is below the cap of NOK 2 260 million, the decommissioning receivable is calculated by discounting NOK 1 920 million (95% of NOK 2 021 million) with a discount rate of 2.8%. The discount rate for the receivable is equivalent to the discount rate for the ARO plus the estimated credit spread for Repsol.

Management primarily used a discounted cash flow model (net present value of expected future cash flows) to determine the fail value of the oil and gas properties. The model incorporated expected future cash flows based on estimates of projected revenues, production costs and capital expenditures as at the acquisition date. The cash flows were estimated using post-tax basis in accordance with the industry practice where acquisition of licenses on Norwegian continental shelf without grossing up the value with a tax amortisation benefit.The deferred tax liability arise from the difference between fair values and tax values multiplied with the tax rate applicable at the date of transaction.

'(2) Deferred tax is calculated using the Tax rates at the transaction date and are specified in the table below:

Description	Temporary difference - NOK '000	Tax rate	Deferred tax in NOK '000
Brage oil field	(67 049)	22%	(14 751)
Brage oil field	(433 825)	56%	(242 942)
Abandonment retirement obligation	1 635 559	78%	1 275 736
Receivable on seller	(1 473 184)	78%	(1 149 083)
Inventory, including Over-/underlift	(40 784)	78%	(31 811)
Total	**(379 284)**	**22%/56%/78%**	**(162 852)**
Total in USD			**(18 435)**

Note 5 Exploration Expenses

(Amounts in TNOK)	2021	2020
Expensed capitalized exploration (1)	8 745	0
Direct seismic costs and field evaluation	3 752	3 306
Geological and geophysical costs	13 256	16 113
Consultants exploration	7 835	3 657
Other operating exploration expenses	5 084	3 103
Total exploration expenses	**38 673**	**26 180**

(1) Expensed capitalized exploration in 2021 is related to impairment of licence PL1062.

Note 6 Payroll and related cost

(Amounts in TNOK)	2021	2020
Salaries employees	15 810	8 629
Director's fee	15 059	11 561
Consultancy fees, hours invoiced to other companies	-1 628	-2 183
Social security	4 546	2 886
Pension costs	1 275	1 007
Share-based payment	665	125
Other employee related expenses	115	110
Total	**35 843**	**22 136**
Average number of employees	10	10

The increase in cost is mainly due to bonus performance appreciation paid to executives and employees of the Company.

Remuneration to board of directors and management:
See information in note 19 Related party disclosure regarding remuneration of key management and note 15 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.

Following the divestment of Rolvsnes and Goddo options awarded as per date of sale vested and exercised as a result of Change of Control. The options representing cash value were paid out in cash, the cash value of each option valued to NOK 2.1 less strike price of the option of NOK 1.0.

In November 2021 the share-based incentive payment plan was decided cancelled, and options awarded as per end of 2021 were exercised as a result of the program being abandoned. The options representing cash value were paid out in cash, the cash value of each option valued to NOK 2.13 less strike price of the option of NOK 1.0.

Options (1000)	Total granted and outstanding	Vested
2021		
At 1 January	2 813	0
Granted	0	2 078
Vested	-2 813	-2 078
Forfeited	0	0
At 31 December	**0**	**0**

Options (1000)	Total granted and outstanding	Vested
2020		
At 1 January	877	0
Granted	1 935	0
Vested*	0	0
Forfeited	0	0
At 31 December	**2 813**	**0**

Weighted average exercise price is NOK 1.0

The Committee administering the share based plan during the financial year ending 31 December 2021 was the Board of Directors. No options were granted to Management or Directors nor to controlling shareholders and their associates.

Note 7 Other operating expenses

Other operating expenses include:

(Amounts in TNOK)	2021	2020
Travelling expenses	195	122
Consultant's and other fees [1]	11 206	5 413
Other administrative expenses	1 677	3 431
Total	**13 078**	**8 966**

[1] Fees includes payments to related parties. See note 18 for further information.

Remuneration to auditor is allocated as specified below:

(Amounts in TNOK)	2021	2020
Audit	360	597
Attestations	186	0
Other assistance	95	78
Total, excl. VAT	**642**	**675**

Note 8 Finance income and costs

Finance income:

(Amounts in TNOK)	2021	2020
Interest income	20	2 248
Net Foreign exchange effects	407	3 226
Total finance income	**427**	**5 475**

Finance costs:

(Amounts in TNOK)	2021	2020
Interest expense on loan from parent companies	5 445	731
Interest expenses other loans and borrowings	28 418	6 818
Other finance costs	205	303
Total finance costs	34 068	7 851
Net financial items	**-33 641**	**-2 376**

Note 9 Tax

Certain temporary changes in the Norwegian Petroleum Tax Law were enacted on 19 June 2020. These changes included a temporary change in the tax rules for depreciation and uplift, whereas all investments incurred for income years 2020 and 2021 including 24 per cent uplift can be deducted from the basis for special tax in the year of investment. These changes also apply for all investments according to Plans for Development and Operation delivered within 31 December 2022 and approved within 31 December 2023. In addition, the tax value of any losses incurred in 2020 and 2021 will be refunded from the state. The tax effect of the temporary changes is included as of 31 December 2020 and contributes to increase in deferred tax liabilities and increase in tax receivable short term.

The tax refund exceeding the ordinary refund of the tax value of the exploration costs can be repaid in 6 installment, 3 installment in the current year and 3 in the next year. As at 31 December 2021, the Company has received 3 installment, in total TNOK 8 096.

Specification of income tax:

(Amounts in TNOK)	2021	2020
Calculated refund tax value of exploration costs this year *	150 252	161 808
Calculated tax refund due to the temporary change in the tax rules this year	213 332	2 500
Of this refund not recognised in income statement (acquisition of licences recognised net of tax)	-197 454	-5 792
Correction refund previous years	14	-4 123
Change deferred tax	-84 360	-108 257
Total income tax credit	**81 785**	**46 136**

* Under the current petroleum tax legislation, companies not in tax position may, in their annual income tax returns, claim a refund from the state of the tax value (78%) of direct and indirect costs except financial charges, incurred in exploration for petroleum resources - the exploration refund scheme.

Specification of tax receivable refund tax value exploration and other expenses:

(Amounts in TNOK)	2021	2020
Calculated refund tax value of exploration costs and other costs this year	363 584	164 308
Received prepaid payable tax, short term ("negativ terminskatt")	-8 096	-1 570
Total tax receivable refund tax value exploration expenses and other expenses	**355 488**	**162 738**

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

(Amounts in TNOK)	2021	2020
Capitalised exploration and licence costs	-332 263	-174 305
Capitalised fields in production	-183 616	0
Temporay differences other non current assets	-2 505	-2 772
Temporay differences current assets	-31 711	99
Provisions, ARO, leasing liabilities	128 433	2 772
Non-current borrowings	0	-242
Tax losses carried forward, onshore	165	165
Tax losses carried forward, offshore 22 % basis	27 995	27 995
Tax losses carried forward, 56 % basis	33 889	33 889
Deferred tax liability (-) / tax asset (+)	-359 612	-112 399
Not capitalised deferred tax asset (valuation allowance)	-165	-165
Deferred tax liability (-) / tax asset (+) in balance sheet	**-359 777**	**-112 564**

Change in deferred taxes:

Correction refund previous years, assessed but not settled (amounts in TNOK)		2020
Deferred taxes recorded in income statement	-84 360	-108 257
Deferred taxes recorded in balance sheet on acquisition of licences	-162 852	0
Total change in deferred taxes	**-247 213**	**-108 257**

Deferred tax is calculated based on tax rates applicable on the balance sheet date. Ordinary income tax is 22 %, to which is added a special tax for oil and gas companies at the rate of 56 %, 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)	2021	2020
Profit (loss) before tax	37 880	-61 181
Expected income tax 78%	-29 546	47 721
Adjusted for tax effects (22%-78%) of the following items:		
Permanent differences; Non taxable income	125 334	0
Permanent differences; capitalized deferred tax as part of acquisition cost	-2 025	0
Other permanent differences	-588	-198
Finance items (tax rate 22%) (*)	-11 405	-1 926
Adjustment previous years and other	16	539
Total income tax credit	**81 785**	**46 136**

Note 10 Investments in oil and gas licences

Exploration and evaluation assets are considered intangible assets.

(Amounts in TNOK)	EXPLORATION AND EVALUATION ASSETS	OIL AND GAS PROPERTIES
2021		
Cost:		
At 1 January 2021	817 441	0
Additions	225 768	0
Business combination [1]	0	727 670
Disposals/ retirements	-108 526	0
Cost at 31 December 2021	934 683	727 670
Depreciation and impairment losses		
At 1 January 2021	570 928	0
Depreciation this year	0	0
Impairment this year [2]	8 745	0
Disposals/ retirements	0	0
Accumulated amortisation and impairment at 31 December 2021	579 674	0
Carrying amount at 31 December 2021	**355 010**	**727 670**

[1] Reference is made to Note 4 Business Combination IFRS 3.
[2] Impairment in 2021 is related to PL1062 whcich was decided relinquished in Q4 2021. In 2022 it is decided to relungish PL937/PL937B. For more information reference is made to Note 22. Events after the balance sheet date.

Exploration and evaluation assets: The assets have been evaluated according to IFRS 6. 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.

Oil and gas properties: The amortisation method is Unit of Production and the expected lifetime of the assets is 2031.

2020		
Cost:		
At 1 January 2020	675 145	0
Additions	142 296	0
Disposals/ retirements	0	0
Cost at 31 December 2020	817 441	0
Depreciation and impairment losses		
At 1 January 2020	570 928	0
Depreciation this year	0	0
Impairment this year	0	0
Disposals/ retirements	0	0
Accumulated amortisation and impairment at 31 December 2020	570 928	0
Carrying amount at 31 December 2020	**246 513**	**0**

Licence portfolio	**31.12.2021** Lime's share	**31.12.2020** Lime's share	
PL 053B, PL 055, PL 055B, PL 055D, PL 185 (Brage Unit)	33,84%	0,0 %	Brage transaction ref. Note 4 Business Combination. Valid to 6 April 2030.
PL 263 D	0,00%	0,0 %	Swapped for PL433 Fogelberg. Completion 31 August 2021.
PL 263 E	0,00%	0,0 %	Swapped for PL433 Fogelberg. Completion 31 August 2021
PL 433	15,65%	0,0 %	Maturing Fogelberg discovery, planning for PDO submission by end of 2022. Valid to 16 February 2042
PL 818	30,00%	30,0 %	Extension of drill decision until February 2023 approved 6 April 2022. Valid to 5 February 2026
PL 818B	30,00%	30,0 %	Extension of drill decision until February 2023 approved 6 April 2022. Valid to 5 February 2026.
PL 838	30,00%	30,0 %	Maturing Shrek discovery, planning for PDO submission by end of 2022. Valid to 5 August 2023.
PL 838B	30,00%	30,0 %	The initial period of the license is extended to 1 March 2028
PL 867	20,00%	0,0 %	Drilling of Gjegnalunden well in Q3 2022. Valid to 10 February 2026.
PL 937	15,00%	0,0 %	Decided relinquished in Q2 2022
PL 937B	15,00%	0,0 %	Decided relinquished in Q2 2022
PL1062	30,00%	30,0 %	Decided relinquished in Q4 2021
PL 1093	20,00%	0,0 %	Perform technical work and re-interpretation of 3D seismic. Valid to 19 February 2028.
PL 1111	40,00%	0,0 %	Perform prospect assessment leading to drilling decision in 2023. Valid to 19 February 2028.
PL 1125	50,00%	0,0 %	Assumes DG0 in 2022. Valid to 19 February 2024.

Note 11 Property, plant, equipment and intangible assets

(Amounts in TNOK)	Fixtures and data equipment	Intangible asset (software)
2021		
Cost:		
At 1 January 2021	2 589	1 750
Additions	51	0
Disposals	0	0
Cost at 31 December 2021	2 640	1 750
Depreciation and impairment:		
At 1 January 2021	-1 776	-1 606
Depreciation this year [1]	-281	-67
Impairment this year	0	0
Disposals	0	0
Accumulated amortisation and impairment at 31 December 2021	-2 057	-1 673
Carrying amount at 31 December 2021	**583**	**78**

[1] TNOK 67 of depreciation of software is included in Exploration expenses.

(Amounts in TNOK)	Fixtures and data equipment	Intangible asset (software)
2020		
Cost:		
At 1 January 2020	1 758	1 550
Additions	832	200
Disposals	0	0
Cost at 31 December 2020	2 589	1 750
Depreciation and impairment:		
At 1 January 2020	-1 542	-1 550
Depreciation this year [2]	-234	-56
Impairment this year	0	0
Disposals	0	0
Accumulated amortisation and impairment at 31 December 2020	-1 776	-1 606
Carrying amount at 31 December 2020	**814**	**144**

[2] TNOK 56 of depreciation of software is included in Exploration expenses.

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

Note 12 Leases (IFRS 16)

Right-of-use assets:
The Company leases office facilities. The Company's right-of-use assets are categorised and presented in the table below:

(Amounts in TNOK)

Right-of-use assets	Office facilities
Acquisition cost 1 January 2021	6 123
Addition of right-of-use assets	0
Disposal of right-of-use assets	0
Acquisition cost 31 December 2021	6 123
Accumulated depreciation and impairment 1 January 2021	-2 578
Depreciation	-1 289
Impairment	0
Disposal	0
Accumulated depreciation and impairment 31 December 2021	-3 867
Carrying amount of right-of-use assets 31 December 2021	**2 256**
Lower of remaining lease term or economic life	3.75 years
Depreciation method	Linear
Acquisition cost at 1 January 2020	6 123
Addition of right-of-use assets	0
Disposal of right-of-use assets	0
Acquisition cost 31 December 2020	6 123
Accumulated depreciation and impairment 1 January 2020	-1 289
Depreciation	-1 289
Impairment	0
Disposal	0
Accumulated depreciation and impairment 31 December 2020	-2 578
Carrying amount of right-of-use assets 31 December 2020	**3 545**
Lower of remaining lease term or economic life	4.75 YEARS
Depreciation method	LINEAR

Leasing liabilities:	
Lease liabilities 1 January 2021	3 632
Additions new lease contracts	0
Disposal	0
Accretion lease liabilities	78
Payments of lease liabilities	-1 370
Total leasing liabilities 31 December 2021	**2 340**

Break down of lease debt:	
Short-term	1 370
Long-term	969
Total lease debt	**2 340**

Maturity of future undiscounted lease payments under non-cancellable lease agreements:

	31/12/2021
Within 1 year	1 370
1 to 5 years	2 398
After 5 years	0
Total	3 768

Lease liabilities 1 January 2020	4 893
Additions new lease contracts	0
Disposal	0
Accretion lease liabilities	110
Payments of lease liabilities	-1 370
Total leasing liabilities 31 December 2020	**3 632**

Break down of lease debt:	
Short-term	1 370
Long-term	2 262
Total lease debt	**3 632**

Maturity of future undiscounted lease payments under non-cancellable lease agreements:

	31/12/2020
Within 1 year	1 370
1 to 5 years	2 398
After 5 years	0
Total	**3 768**

The leases do not impose any restrictions on the Company's dividend policy or financing opportunities.

Note 13 Prepayments and other receivables

Prepayments and other receivables include:

(Amounts in TNOK)	2021	2020
Prepaid expenses	15 791	1 462
VAT receivables	1 903	220
Receivables from group companies	687	1 116
Working capital and receivable, joint operations/licences	33 054	13 162
Other short term receivables	188	0
Total	**51 623**	**15 960**

Note 14 Cash and cash equivalents

(Amounts in TNOK)	2021	2020
Bank deposits	146 262	17 337
Total cash and cash equivalents	**146 262**	**17 337**
Of this:		
Restricted cash for "Tax Refund Threshold" according to Bond Terms [1]	77 556	0
Restricted cash for withheld taxes from employees salaries	3 467	953
Restricted cash for deposit office lease	868	868
Restricted cash for interest reserve on bank loan	0	3 019
Other financial asset - restricted cash	84 500	0
The amount is related to Brage abandonment liability [2]		

[1] The company shall ensure that the aggregate of 95% of the exploration tax amount and the amount standing to the debit on the Exploration Tax Refund Account exceeds the «Tax Refund Threshold» of NOK 200,000,000

[2] The company has provided a Letter og Credit (LoC) issued by Skandinaviska Enskilda Banken AB of the amount of NOK 84,500,000 to Repsol Norge AS to guarantee for the Brage abandonment obligations according to the Decommissioning Security Agreement. The LoC was signed 31 December 2021, and the expiry date is the date falling 364 days after the date of the LoC.

Note 15 Share capital and shareholder information

Movements in share capital (amounts in NOK)	Number of shares	Share capital
Share capital at 1 January 2020	130 320 000	130 320 000
Capital increase in 2020	0	0
End balance at 31 December 2020	**130 320 000**	**130 320 000**
Share capital at 1 January 2021	130 320 000	130 320 000
Capital increase in 2021	0	0
End balance at 31 December 2021	**130 320 000**	**130 320 000**

The share capital is denominated in NOK, and the nominal value per share as of 31 December 2021 was NOK 1. All issued shares are of equal rights.

In December 2021, the Company strengthened its capital structure by a capital injection from the existing shareholders of NOK 200 million. The capital increase was made through a combination of cash contribution and conversion of debt. The share capital was increased from NOK 130,320,000 to NOK 216,900,087 by issuing 86,580,087 new shares with a nominal value of NOK 1, - per share, at a subscription price of NOK 2.31 per share. At the same time, the company` s debt to shareholder Rex of NOK 72,000,000, which was drawn and paid to the company in 2021, was set-off as capital contribution and converted into equity capital. The capital increase was resolved in an extraordinary general assembly held on 16 December 2021 and registered in the Register of Business Enterprises 21 January 2022. After the completion of the share capital increase, Rex International Investments Pte Ltd holds 91.65% (previously 90%) of the shares in the Company and Schroder & Co Banque SA holds 8.35% (previously 10%) of the shares in the company.

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. The share-based bonus program ended in 2021. See information Note 6.

Shareholders as of 31 December 2021	Shares	Ownership
Schroder & Co Banque SA	18 107 068	8,3 %
Rex International Investments Pte. Ltd	198 793 019	91,7 %
Total number of shares	**216 900 087**	**100,0 %**

[1] Including share capital increase in December 2021.

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 16 Interest-bearing loans and borrowings

(Amounts in TNOK)	Presentation in balance	31/12/2021	31/12/2020
Bond loan, nominal amount drawn	Non-current	500 000	0
Bond loan, short-term	Non-current	-75 000	0
Bond loan; Capitalised arrangement fee (subject to amortisation)	Non-current	-9 923	0
Shareholder loan incl. capitalized interest, nominal amount drawn in NOK	Non-current	93 412	0
Carrying amount		**508 489**	**0**

(Amounts in TNOK)	Presentation in balance	2021	2020
Credit facility, nominal amount drawn	Current	0	155 000
Credit facility; Capitalised arrangement fee (subject to amortisation)	Current	0	-1 100
Shareholder loan incl. capitalized interest, nominal amount drawn in NOK	Current	0	30 820
Bond loan, short-term	Current	75 000	0
Carrying amount		**75 000**	**184 720**

Reconciliation of liabilities arising from financing activities:

(Amounts in TNOK)	Leasing liabilities, long term	Interest-bearing loans, long-term	Leasing liabilities, shoort-term	Interest-bearing loans, short-term	Total liabilities from financing activities
Balance at 31 December 2019	**3 522**	**0**	**1 370**	**149 039**	**153 931**
Cash flows - continuing operations			-1 370	33 775	32 405
Non-cash changes:					
Net changes in current balances	-1 370		1 370		0
New leases					0
Added accrued interests on loan				731	731
Accretion lease liabilities	110				110
Amortizations				1 175	1 175
Converted IC loans to equity					0
Balance at 31 December 2020	**2 262**	**0**	**1 370**	**184 720**	**188 352**
Cash flows - continuing operations		541 023	-1 370	-80 000	459 653
Non-cash changes:					
Net changes in current balances	-1 370	-35 735	1 370	35 735	0
New leases					0
Added accrued interests on loan				5 445	5 445
Accretion lease liabilities	78				78
Amortizations		3 201		1 100	4 301
Converted IC loans to equity		0		-72 000	-72 000
Balance at 31 December 2021	**969**	**508 489**	**1 370**	**75 000**	**585 828**

Senior Secured Bond Issue 2021/2024 ISIN NO0011037343
On 9 July 2021, Lime Petroleum AS completed the issuance of NOK 500 million worth of 2.5-year senior secured bonds. The bonds bear an interest rate of 3 months Norwegian interbank offered rate («NIBOR») plus margin of 8.25 per annum. Interests and redemption of bonds is repayable in semi-annual instalments, with first repayment in July 2022. The final maturity date of the bonds is 9 January 2024.

The conversion rights in relation to the put option and call option set out in the Bond Terms are considered to be embedded derivatives but evaluated to be immaterial so not bifurcated and accounted for separately.

Redemption of Bonds:

July 2022	NOK 75,000,000
January 2023	NOK 75,000,000
July 2023	NOK 75,000,000

Maturity Date NOK The remaining outstanding bonds (100 per cent of the nominal amount)
From the closing date of the Brage transaction, the Company shall ensure to comply with the following covenants related to the Senior Secured Bond Issue 2021/2024 ISIN NO0011037343:

(i) Minimum Liquidity: The Issuer shall at all times maintain a minimum Liquidity of NOK 30,000,000.
(ii) Maximum Leverage Ratio: The Issuer shall, in respect of any Calculation Date, maintain a Leverage Ratio not exceeding 2:1. The Leverage Ratio means the ratio of Net Debt to EBITDA. The Calculation Date means 30 June and 31 December.
(iii) Tax Shelter: The Issuer shall at all time ensure that the aggregate of (A) 95 per cent. of the Exploration Tax Refund Amount and (B) the amount standing to the debit of the Exploration Tax Refund Account exceeds the Tax Refund Threshold.
Tax Refund Threshold means the sum of (a) NOK 200,000,000 less (b) the Initial Nominal Value of the Bonds that have been redeemed by the Issuer pursuant to the Call Options.

(i) Minimum liquidity per 31.12.2021
Aggregate amount standing on Accounts excluding restricted accounts: NOK 64,371,108

(ii) Leverage Ratio per 31.12.2021

EBITDA 31.12.2021	MNOK
Operating profit	71,5
Depreciation and amortisation	1,6
EBITDA	**73,1**
NET DEBT 31.12.2021	
Bond loan	500,0
Cash deposit Decommissioning Security Agreement	-84,5
Cash deposit on the Tax Refund Account	-77,6
The Tax Refund Amount	-355,5
Total cash and cash equivalents	-146,3
NET DEBT	**-163,8**
Leverage Ratio: Net debt/EBITDA < 2	-2,2

Net Debt means the aggregate amount of all obligations of the company excluding shareholder loans and less cash deposits on the DSRA, cash deposits on the exploration tax refund account, the tax refund amount and any liquidity of the company.

(iii) Tax Shelter per 31.12.2021

Confirmation Tax Refund	**Tax Refund 78%**	
(NOK)		
Tax Refund Claims 2021	150 252 248	Final Tax calculation 2021
TOTAL	150 252 248	
	95 %	
(i) Tax Refund Claims 2021	142 739 636	150,252,248 x 95%
exceeds threshold NOK 200,000,000	(57 260 364)	
Account 9750 01 02563 31.12.2021	**77 555 850**	

Credit facility
The Company had until August 2021 a Revolving Exploration Financing Facility (EFF) agreement of NOK 350 000 000 with Skandinaviska Enskilda Banken AB (SEB). The facility ran until December 2021, under the condition that the debt as at 31 December 2021 should be repaid in December next year following receipt of tax refund (ref note 9). The debt was therefore classified as current liability as at 31.12.2020. The agreed interest rate was three month NIBOR + 2.0 %.

The EFF with Skandinaviska Enskilda Banken AB originally dated in November 2013, was repaid and cancelled 31 August 2021.
Shareholder loan agreement
Lime has a shareholder loan agreement with Rex International Investments Pte. Ltd. Conditional to the bond, the shareholder loan agreement still stands. By the amendment to the shareholder loan facility agreement dated 22 October 2021, the maturity date was further extended to 25 February 2024. The loan facility agreement had a balance of NOK 93.4 million on 31 December 2021.

Assets pledged as security
The Bond loan mentioned above is for the lender secured by a first priority assignment of all shares issued by the company, monetary claims under the Shareholder Loan Agreement, mortage over the interest in the hydrocarbon licenses, monetary claims under the company` s insurances and tax refunds, first priority charge over the Tax Refund Account and bank accounts, and floating charges over the trade receivables, operating asstes and inventory, and the DSRA (Debt Service Reserve Account).

Guarantee
Rex International Investments Pte. Ltd (Rex) has provided a parent company guarantee to the Ministry of Petroleum and Energy on basis of the Norwegian Petroleum Act sec. 10-7. According to request from the Ministry of Petroleum and Energy, Rex has as the parent company of Lime, issued a parent company guarantee in accordance with the standard guarantee statement.

According to the Decommissioning Security Agreement (DSA) dated 15.06.2021, Lime Petroleum AS has provided a Letter of Credit (LoC) issued by Skandinaviska Enskilda Banken AB of the amount of NOK 84,500,000 to Repsol Norge AS.
The LoC was signed 31 December 2021, and the expiry date is the date falling 364 days after the date of the Letter of Credit.

Note 17 Financial instruments

Financial instruments by category

(Amounts in TNOK)

At 31 December 2021

Financial assets	Amortized cost	Total carrying amount
Receivables from group companies	687	687
Other receivables [1]	188	188
Other financial asset - restricted cash	84 500	84 500
Cash and cash equivalents	146 262	146 262
Total	**231 637**	**231 637**

[1] Prepayments, VAT receivables and tax receivables are not included.

Financial liabilities	Amortized cost	Total carrying amount
Borrowings, long term	508 489	508 489
Borrowings, short term	75 000	75 000
Trade creditors	24 652	24 652
Other current liabilities [1]	12 151	12 151
Total	**620 292**	**620 292**

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

At 31 December 2020

Financial assets	Amortized cost	Total carrying amount
Receivables from Group companies	1 116	1 116
Other receivables [1]	0	0
Cash and cash equivalents	17 337	17 337
Total	**18 453**	**18 453**

[1] Prepayments and VAT receivables are not included.

Financial liabilities	Amortized cost	Total carrying amount
Borrowings, short term	184 720	184 720
Trade creditors	7 536	7 536
Other current liabilities [1]	1 346	1 346
Total	**193 602**	**193 602**

[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 bond loan which has variable rates terms. As at 31 December 2021, if the interest rate had been 0,5% higher, the interest cost before tax would have been TNOK 2.500 higher (TNOK 775 in 2020).

b) Foreign currency risk

The Company has limited exposure to currency risk from assets and liabilities recognised as at 31 December 2021, 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 1.643 (TNOK 274 in 2020).

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.

Lime develops short-term (12 months) and long-term forecasts to plan its liquidity. These forecasts are updated regularly for various scenarios, and form part of the decision basis for the company's management and board. The company's future capital requirements depend on many factors, and the company is closely monitoring the need for funds to fulfil its commitments related to exploration and development programs associated with the company`s license portfolio. It is a possibility to reduce future commitment by withdrawing from a license. The 2022 commitments will be financed in full by the revenues from Brage production and the tax refund for 2021. (For further information refer to note 9 Tax). No further capital injections or loans are budgeted.

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 2021

(Amounts in TNOK)	Less than 3 months	3 to 12 months	1 to 2 years	2 to 3 years	3 to 5 years	Total
Shareholder loan	0	0	0	102 753	0	102 753
Bond loan	11 223	110 027	163 875	300 438	0	585 563
Trade creditors and other short term liabilities	22 735	**14 068**	0		0	36 803
Total liabilities	**33 958**	**124 094**	**163 875**	**403 191**	**0**	**725 119**

At 31 December 2020

(Amounts in TNOK)	Less than 3 months	3 to 12 months	1 to 5 years	Total
Shareholder loan	0	30 820	0	30 820
Borrowings, short term	969	157 906	0	158 875
Trade creditors and other short term liabilities	7 912	**970**	0	8 882
Total liabilities	**8 882**	**189 696**	**0**	**198 577**

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 18 Other current liabilities

(Amounts in TNOK)	2021	2020
Working capital and other debt, joint operations/licences	152 835	7 751
Overlift of petroleum products, joint operations/licences	23 248	0
Public duties payable	6 231	1 509
Salary and vacation payable	12 151	1 346
Short-term leasing debt	1 370	1 370
Other accruals for incurred costs	13 620	301
Total	**209 456**	**12 277**

Note 19 Related party disclosure

(Amounts in TNOK)

a) Purchases from related parties

Purchase of services from	Description of services	2021	2020
Rex International Holding Ltd [1]	Consulting services	1 665	2 114
Rex Technology Management Ltd [2]	Rex Virtual Drilling analysis	13 256	16 113

[1] Rex International Holding Ltd owns 100 % of the shares in Rex International Investments Pte. Ltd which owns 91.65 % of the shares in Lime Petroleum AS

[2] 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 6 Payroll)	2021	2020
Group companies under control of Rex International Holding Ltd	1 478	2 183

[3] 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	2021	2020
Group companies under control of Rex International Holding Ltd	687	1 116

d) Balances with related parties (trade payables)

Related party	2021	2020
Group companies under control of Rex International Holding Ltd	492	402

e) Balances with related parties (non-current liabilities)

See note 16. Interest-bearing loans and borrowings.

Compensation to key management 2021

(Amounts in TNOK)

Position	Salary/ Board fee	Pension contribution	Total 2021
CEO Lars B. Hübert	3 972	0	3 972
Board of Directors (including accrued bonus)	15 059	0	15 059

CEO Lars B. Hübert is remunerated through invoicing as self-employed.

As at 31 December 2021 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. The share-based bonus program ended in 2021. .

Compensation to key management 2019

(Amounts in TNOK)

Position	Salary/ Board fee	Pension contribution	Total 2020
CEO Lars B. Hübert	3 220	0	3 220
Board of Directors	11 561	0	11 561

CEO Lars B. Hübert is remunarated through invoicing as self-employed.

Note 20 Contingent liabilities

The company has not been involved in any legal or financial disputes in 2021 where adversely outcome is considered more likely than remote.

Note 21 Shares in licences and obligations

The company`s 2022 obligations related to the total licence portfolio including exploration, development and production assets as at year end, is estimated to a total of 822 million. This forecast is based on operator's licence budgets for 2022. The operators will, according to the Joint Venture Agreements, call for funds as needed during the budget period. For further information refer to Financial Instruments and liquidity risk described in Note 17.

Note 22 Events after the balance sheet date

On 21 January 2022, the capital increase of NOK 200 million, resolved in an extraordinary general assembly held on 16 December 2021, was formally registered in the Register of Business Enterprises (Foretaksregistreret). The Company`s share capital was increased from 130 320 000 shares to 216 900 087 shares.

On 31 January 2022, Lime Petroleum AS established an oil price hedging programme in order to reduce risk related to oil price fluctuations. Lime Petroleum AS has effective from 1 February 2022 hedged approximately half of the Company`s hydrocarbon production from the Brage Field through January 2023. The hedge is based on an Asian style monthly average put option structure. The strike price is 35 USD/barrel ensuring a price floor for the company`s oil production. The average price for the put option is USD 0.50 per barrel totalling the option premium to USD 240,000.

On 24 February 2022, Russia invaded Ukraine. Battles in Ukraine are ongoing creating significant uncertainties regarding global political and economic stability. Severe sanction actions have been imposed which may lead to business disruption and have an impact on the global economy. The extent to which the impacts the Company`s results will depend on future developments and thus difficult to predict. The energy markets are heavily affected by the invasion experiencing spiking oil and gas prices, thus the level of prices going forward is subject to significant uncertainty.

In February/ March 2022 the partners in the licenses PL937 and PL937B approved the decision of relinquishment of the licenses. The relinquishment report is expected in Q2 2022. The book value of the licenses is NOK 82.3 million as per 31.12.2021. The licenses are expected written down in 2022 and the after tax value will have an impact (loss) on the net result in 2022 amounting to approximately NOK 18.1 million (22%).

The authorities` approval for relinquishment of the license PL1062, as response to the application submitted to MPE 3 February 2022, was received 9 March 2022. Book value of PL1062, NOK 8.7 million, was impaired and resulting in a net loss of NOK 1.9 million.

Application for one-year extension of the licenses PL818 and PL818B was submitted to the Ministry of Petroleum and Energy 2 February 2022. The authorities` approval of the extension of drill decision until February 2023 was received 6 April 2022.

On 8 April 2022 the General Assembly resolved in extraordinary general meeting that Nicolai Alexander Sebastian Bonnevier resigns as Director to the Board of Lime Petroleum AS.

On 14 April 2022, Lime Petroleum AS signed an agreement with MOL Norge AS to purchase its 40 per cent interest in the licenses PL820S and PL820SB in the North Sea containing the Iving and Evra discoveries. In connection with the completion of the transaction Lime shall pay to seller a post-tax amount of approximately NOK 12.8 million (USD 1.5 million). In addition, Lime shall pay to seller a post-tax contingent consideration of approxemately NOK 25.5 million (USD 3.0 million) in the event that a Plan for Development and Operation ("PDO") is submitted for a discovery in either PL820 S or PL820 SB to the Ministry of Petroleum and Energy. Approval from the Ministry of Petroleum and Energy is expected during third quarter 2022.

On 14 April 2022, Lime Petroleum AS signed an agreement with MOL Norge AS to transfer of operator responsibilities to Lime and thereby maintaining continuity in progressing the licenses PL820S and PL820SB work program and projects. Application to the Ministry of Petroleum and Energy (MPE) for operatorship replacement is expected during second quarter 2022. The transfer of operatorship will be subject to MPE approval.

KPMG

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To the General Meeting of Lime Petroleum AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Lime Petroleum AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity 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 financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

We conducted our audit in accordance with 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, 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 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 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 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.

Oslo, 30 April 2022
KPMG AS

Stian Tørrestad
State Authorised Public Accountant

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Lime PETROLEUM

ANNUAL REPORT 2020

Stevns Klint Denmark, Cretaceous/Tertiary boundary in the overhang, from white to grey, layered limestone. Foto: Karsten Eig

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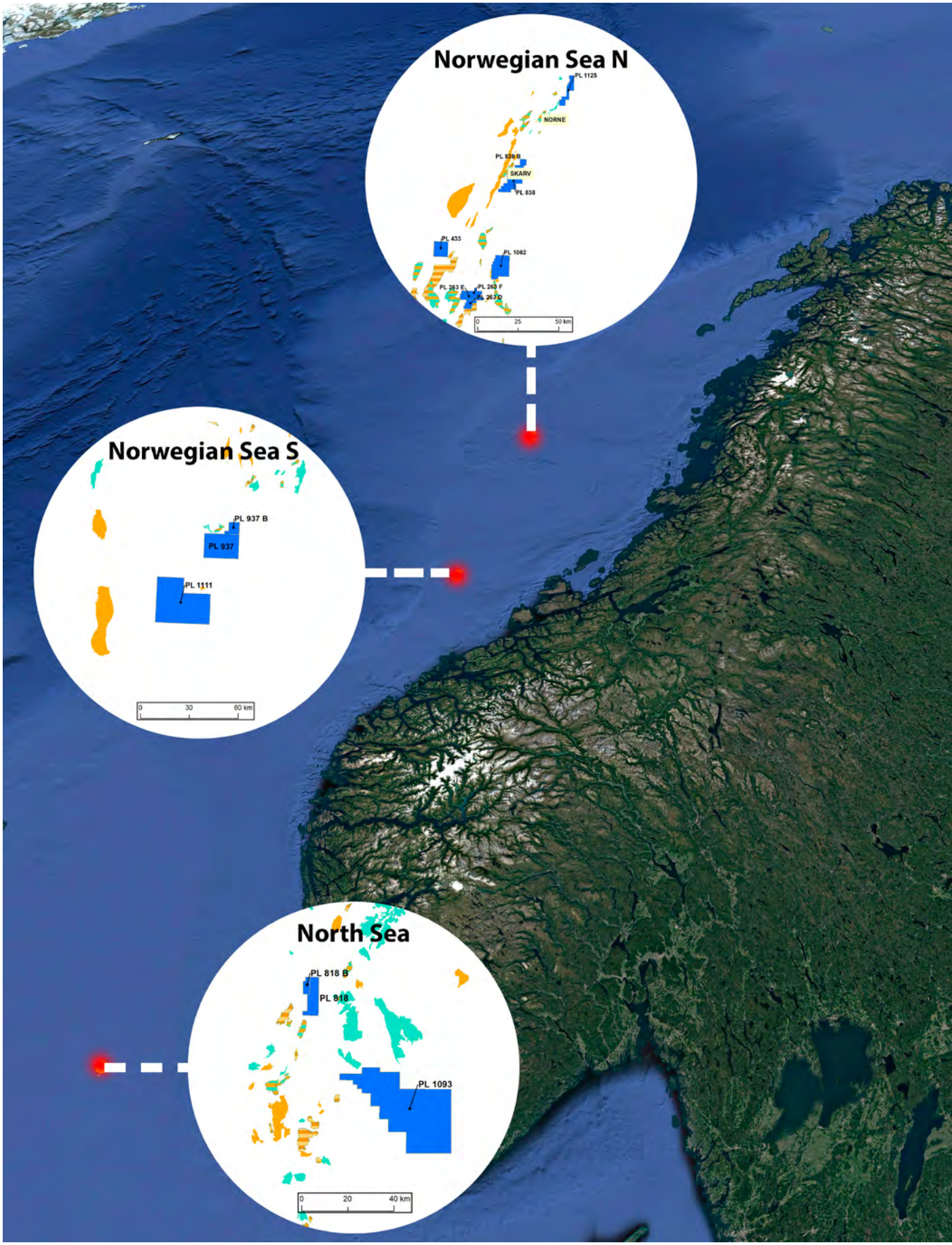
Front page: Submarine fans, Van Keulen Svalbard Foto: Karsten Eig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SKARV
PL 838
PL 433
PL 1062
PL 263 E
PL 263 F
PL 263 D
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25
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Norwegian Sea S
PL 937 B
PL 937
PL 1111
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30
60 km
North Sea
PL 818 B
PL 818
PL 1093
0
20
40 km

Licence Portfolio Information

Licence	Location	Lime stake	Operator	Other Partners	Expiry date
	North Sea				
PL818	Utsira High	30 %	Aker BP ASA	Equinor Energy AS	05/02/2026
PL818B	Utsira High	30 %	Aker BP ASA	Equinor Energy AS	05/02/2026
PL1093 1)	Utsira High/Ling Depression	20 %	Chrysaor Norge AS	Petoro AS	19/02/2028
	Norwegian Sea				
PL263D 2)	HaltenTerrace	20 %	Equinor Energy AS	Pandion Energy AS, ONE-Dyas Norge AS	02/03/2025
PL263E 2)	HaltenTerrace	20 %	Equinor Energy AS	Pandion Energy AS, ONE-Dyas Norge AS	12/05/2037
PL263F 1) 2)	HaltenTerrace	20 %	Equinor Energy AS	Pandion Energy AS, ONE-Dyas Norge AS	12/02/2027
PL433 2)	HaltenTerrace	13.3 %	Spirit Energy Norway AS	PGNiG Upstream Norway AS, DNO Norge AS	16/02/2042
PL838	Nordland Ridge	30 %	PGNiG Upstream Norway AS	Aker BP ASA	05/08/2023
PL838B	Nordland Ridge	30 %	PGNiG Upstream Norway AS	Aker BP ASA	01/03/2026
PL937	Frøya High	15 %	INEOS E&P Norge AS		02/03/2024
PL937B	Frøya High	15 %	INEOS E&P Norge AS		02/03/2024
PL1062	HaltenTerrace	30 %	Neptune Energy Norge AS	Pandion Energy AS	14/02/2027
PL1111 1)	Frøya High	40 %	INEOS E&P Norge AS		19/02/2028
PL1125 1)	Nordland Ridge	50 %	OKEA ASA		19/02/2026

1) APA2020 licenses awarded 19 February 2021
2) Swap agreement with ONE-Dyas Norge AS signed 6 April 2021

Message from the CEO

Pathway to production

2020 was a busy year! Through the Covid-19 pandemic and low oil prices, we have worked on moving the company ever closer to production. This has been possible due to an amazing staff, strong support from our shareholders, and a focused strategy. Following the Shrek discovery in the fall of 2019, we concluded two farm-ins early in the year, bringing us into PL937/B with the Fat Canyon prospect, and PL263D/E, with the Apollonia well scheduled for 2020 drilling. Both these deals were concluded during the first weeks of the Covid-19 shut-down, with home-office. During the spring and summer we wrote four APA 2020 licence applications, and participated in two more, for a total of six submissions by the deadline in October. This led to an unprecedented four licence awards in January 2021. The licenses focus on infrastructure-led exploration, in areas the company knows well, including the Nordland Ridge, Halten Terrace and Utsira High. In addition to exploration potential, one of the new licence also contains the Falk discovery that will be evaluated for production in 2025. Falk is in many ways similar to Shrek, and containing high value barrels close to production facilities. Early in the fall Shrek passed through DG-0, representing a significant milestone towards production. The project is on track to submit a PDO by the end of 2022, with production likely starting in 2025. In the fall of 2020, the Apollonia well was drilled. Though the main Jurassic target was disappointingly dry, the well encountered hydrocarbons in Lange Formation sandstones. Initial volume estimates, in what is now the Sierra South discovery, were modest, however, further exploration work will likely make the discovery larger, with significantly more potential in the surrounding area. None-the- less, the Sierra discovery will require further appraisal drilling, and a rather long timeline till production. Thus, in the spring of 2021, we traded Limes share in the Sierra discovery for a share in the Fogelberg development. Fogelberg is a well defined gas/condensate discovery, with three wells and a test, and is moving fast toward production possibly as soon as 2025.

The company is evolving, and on a clear pathway to production, now with three field development projects ongoing. This will require strengthening of our engineering capabilities. We are building on our sister-company, Masirah Oil's, experience in Oman, and also expanding the team in Norway with the requisite competencies. However, we are continuing our exploration efforts with the same goal of drilling 2-3 exploration wells per year over the next several years. Success in exploration comes from the good ideas and hard work of our geoscientists, along with solid exploration technology. We continue to employ Rex Virtual Drilling (RVD) on all our prospects in addition to classic AVO and inversion technology on our seismic data. However, we are expanding on the techology to take advantage of new developments in Machine

Foto: Yumna Field, Oman.

Learning and Artificial Intelligence. To that end, we have sponsored PSSGeo and AGGS project, along with the Norwegian Research Council, which aims to develop an ML based inversion to identify sandstone reservoirs in the subsurface, and predict fluid content. We expect this technology to be a good compliment to the RVD tehcnology. Furthermore, Lime is participating in the industry sponsored project called Released Wells, which aims to digitize all cuttings samples currently stored in warehouses. This entails chemical analysis of some 600,000 samples, resulting in several million datapoints. In order to make sense of all this data, Lime is working with M Vest Energy AS and Wintershall DEA Norge AS on a joint technology development project called GLEX, which will develop tools to analyse the cuttings data. Given the shared volume data, machine learning tools are front and center, paired with tools for visualizing the results. Through use of these tools for anlyzing seismic and well data, we hope to further improve our geological predictions and continue making new discoveries.

Through 2020, we have heeded the authority's recommendations, and stayed safe by instituting home-office, and stopped business travel and face-to-face meetings. Despite this challenging work environment we have had a very busy and productive year. We look forward to the drilling of Fat Canyon with our partner INEOS E&P Norge AS later in 2021, and to furthering our exploration and development projects as we go down the pathway to production.

Lars Hübert
CEO

"LL Merge" – Method and Algorithms for post-stack Inversion

Lime Petroleum AS is participating and sponsoring a R&D project along with Innovation Norge to develop methods to predict lithology and fluids from well and seismic data using Artificial Intelligence (AI) and Machine Learning (ML) techniques. AGGS AS, PSS-Geo AS and Cama Geosciences AS, independent professional geological and geophysical consulting firms, are working as a consortium combining seismic big-data and well data with AI and ML processes integrated in a geological context.

Vintage seismic 3D data cover large areas in mature petroleum provinces. On the Norwegian shelf most of the data is part of the public domain and has on several occasions been merged into large 3D surveys. While these surveys are great tools for regional geological analysis, they also represent an enormous amount of data that can be used in big-data analysis leading to new understandings.

This R&D project concentrates on developing a method and algorithms for post-stack inversion to separate Vp and seismic density from reprocessed and merged public 3D seismic. In a second part of the project Machine Learning algorithms are used to predict pore fluids by combining the previously inverted seismic with well data.

The result will be a local or regional seismic inversion cube premediated for fluid and lithology predictions. The reprocessed data is expected to have a resolution comparable to newly acquired seismic, and with the possibility for stratigraphy and fluid analysis gain detailed insight in the deposition systems and fluid migration. This data will give explorationists a new regional tool to access prospectivity on a local and regional basis.

The project workflow is divided into two parts. For the first part Artificial Intelligence inversion (annealing global optimization) is used to estimate P- velocity and density from post-stack seismic data. Further, the inverted volumes are used to compute Volume of Clay (Vcl), Porosity (Phi) and Reservoir Quality ((1-Vcl) *Phi). This method has been tested on seismic data of the Cretaceous turbiditic plays in Mid-Norway (60 000 km2) and proved highly successful.

In the second part, fluid detection from seismic data is investigated. Since the post-stack mega merged seismic does not contain S-wave related information, the possibilities of using ML techniques with well data as training input to predict fluid and specific fluid type is investigated. The basic principle of such automation is to find relationships among attributes for identifying fluid. Well-logs have been used as input for training, testing and validation.

The learning process considered the following log data; registration time (T), density (DEN), acoustic p-velocity (Vp), porosity (Phi), volume of shale (Vcl), P-impedance (P-imp) synthetic seismic trace and its eleven attributes. The target parameter is water saturation (Sw). An indicator was defined as 0 for brine and 1 for hydrocarbon (HC), with a cut-off on Sw-log for more than 60% of HC.

The well-to-well ML predictions of water-saturation proved to be successful and showed high R-scores and accurate fluid prediction for all algorithms. The ongoing research on AI and ML processing of vintage big-data 3D seismic (Mega-Merge) appears to give good results that yield new insights in the petroleum system of the Norwegian Continental Shelf.

"Old" big-data has been awakened to new life with AI/ML processing.

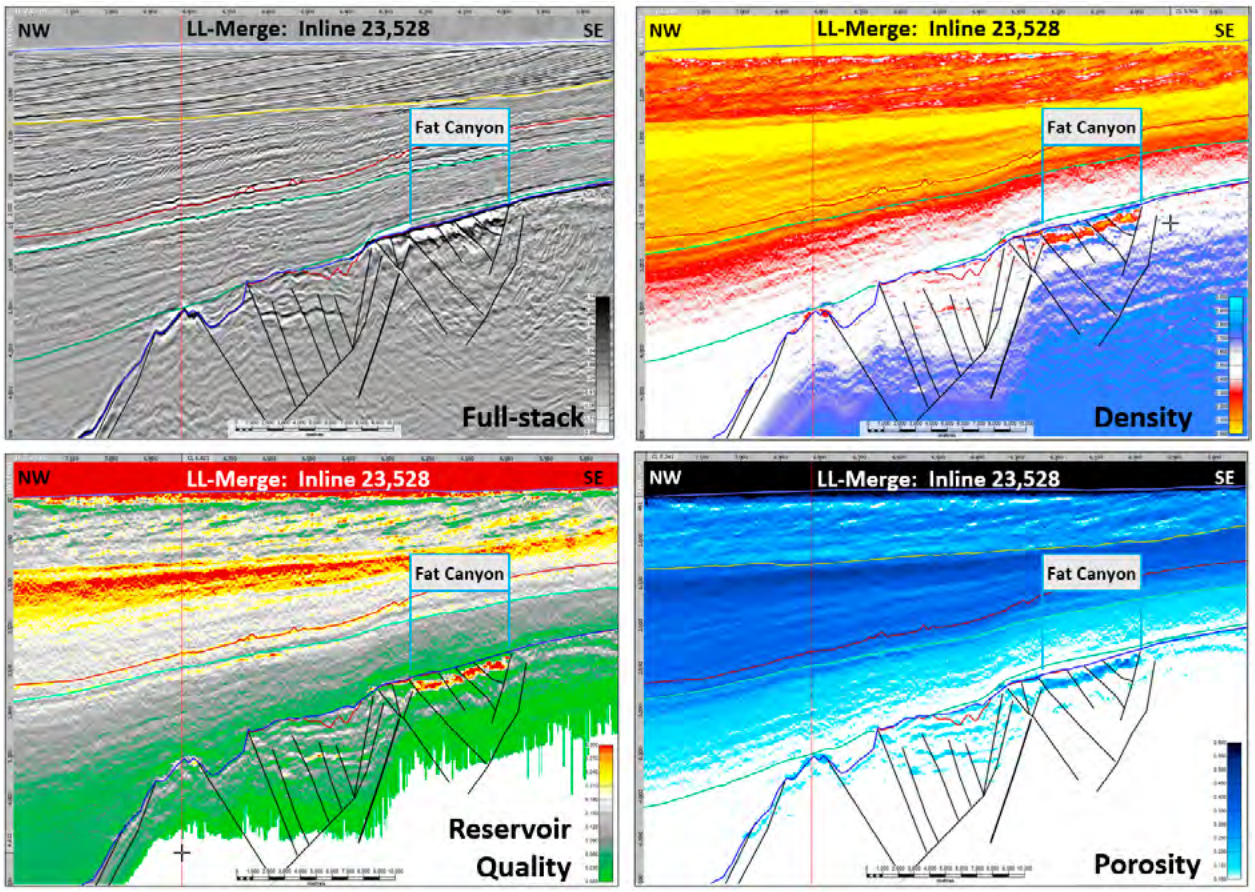

Figure 1: LL-Merge, a composition of a seismic line across the different inversion attributes on PL937/B Fat Canyon

Directors' Report

Although 2020 was an unusual year that had consequences for the business activity in the oil and gas industry, Lime Petroleum AS took steps to further build a solid asset portfolio by acquiring 20 percent stake in licences PL263D and PL263E spring 2020, and participated in Sierra South gas discovery located in the vicinity of the Maria field in the Norwegian Sea. At the same time, the company acquired 15 percent stake in the licences PL937 and PL937B now preparing to undertake drilling of the Fat Canyon well situated at Frøya High during the summer 2021. Along with the 2019 participation in the Shrek discovery located nearby the Skarv facility, Lime Petroleum AS has increased its asset value contributing to further growth for the company. Both the Sierra South discovery and the Shrek discovery are typical examples of near-field-exploration envisioned to yield "high value barrels" adhering to the company ` s infrastructure-led exploration strategy.

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 a total of nine exploration and appraisal wells in both mature and frontier areas, resulting in three commercial discoveries, one in Rolvsnes on PL338C on the Utsira High in the North Sea (monetised in 2019), one in Shrek on PL838 on the Nordland Ridge in the Norwegian Sea and the latest in Sierra South on PL263D/E on Haltenbanken in the Norwegian Sea. Furthermore, the company has participated in one technical oil/gas discovery on PL708 in the Barents Sea.

2020 Operations update

During 2020 Lime has carried out extensive reviews of available farm in opportunities consistent with the strategy of the company. The reviews have covered low risk/low reward opportunities but also higher impact well opportunities. In the latter category the Fat Canyon prospect emerged as the most attractive, with a strong RVD signal indicating oil presence. On 17 March 2020 Lime entered into agreement with INEOS E&P Norge AS to acquire 15% participating interest in PL 937 and PL937B. The transaction being effective as of 1 January 2020, was approved by the Ministry of Petroleum and Energy 28 April 2020. The drilling operation of the Fat Canyon well is under preparation and the licence has contracted the semisubmersible rig Borgland Dolphin to drill the exploration well expected to start late summer 2021.

Based on the farm in evaluation process, the Apollonia prospect (renamed Sierra South) stood out as a good opportunity.

Tertiary turbidites, Van Keulen Svalbard Foto: Karsten Eig

The agreement with Equinor Energy AS to acquire 20% participation share in the licences PL263D/E was signed 8 April 2020. The purchase agreement was approved by the Ministry of Petroleum and Energy 20 August 2020, and completion took place 31 August 2020. As a result of this transaction Lime had during the second half of 2020 a large part of its activity in the area of HaltenTerrace in the Norwegian Sea with participation in the drilling operation performed by the West Hercules rig which resulted in a gas discovery. Going forward, the licence will continue post-well studies and maturation of the Sierra South discovery.

During 2020, Lime put considerable work into the post-well evaluations of the Shrek oil and gas discovery made late 2019 in the licence PL838 on the Nordland Ridge in the Norwegian Sea. The Shrek discovery is assumed moved towards a field development and production phase with a tie-back to the Skarv infrastructure. DG0 milestone has been passed and the feasibility studies for BoK phase (Decision of Concretization) is ongoing. The next decision gate will be the DG1 planned for in Q3 2021. The Field Development Plan (PDO) is intended to be submitted by the end of 2022 in time for Covid-19 related tax benefits. Near-field exploration drilling for adding reserves is under evaluation including the adjacent licence PL838B which was separated from PL838 in 2020 and potential drilling of Shaw prospect is being assessed.

Lime still has a stake in the Orkja prospect in licences PL818 and PL818B which lies in the area of Utsira High, close to the producing field Ivar Aasen and with Aker BP as operator. Following the processing and interpretation of the recently acquired Ocean Bottom Node Seismic envisaging a better image of the subsurface, the licence will further evaluate the prospectivity of PL818. Based on this, application for extending the drill-or-drop decision by one year was decided by the partnership. Potential drilling of the Orkja prospect may be conducted in 2022.

The licence PL841 was decided relinquished by the licence partners end of 2019, and the relinquishment was approved by the Ministry of Petroleum and Energy 7 February 2020.

Lime was awarded one new licence in the APA2019 licencing round, a 30% participating share in the licence PL1062 (Scrabble) situated in the Norwegian Sea. The licence PL 1062 was formalised 12 March 2020. The licence is working towards a drill-or-drop decision in Q1 2022.

Subsequent Events

Lime was awarded four new licences in the APA2020 licencing round. 20% participating share in the licence PL1093 (El Teide), 40% participating share in the licence PL1111 (Kings Canyon), 50% participating share in the licence PL1025 (Falk) which already is a discovery, and finally 20% participating share in the licence PL263F add-on, capturing more of the Sierra South discovery. The licences are situated in the Norwegian Sea, which currently stands out as focus area for Lime, except for PL1093 which is located in the North Sea. The licences were formally awarded 19 February 2021.

One-year extension of the licences PL818 and PL818B was approved by the authority's 10 March 2021.

The authorities` approval of one-year extension of the licence PL838B was received 15 March 2021.

On the 6 April 2021 Lime signed an agreement with ONE-Dyas Norge AS to swap its 20 per cent interests in each of the licences PL263D, PL263E, and PL263F Sierra (previously known as Apollonia) in the Norwegian Sea for ONE-Dyas' 13.3 per cent interest in PL433 Fogelberg. Approval from the Ministry of Petroleum and Energy is expected during second quarter 2021.

Following these events affecting the licence portfolio the company has interests in 11 concessions, of which 8 concessions situated in the Norwegian Sea.

Rex Virtual Drilling

Lime has strong focus on technology. 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

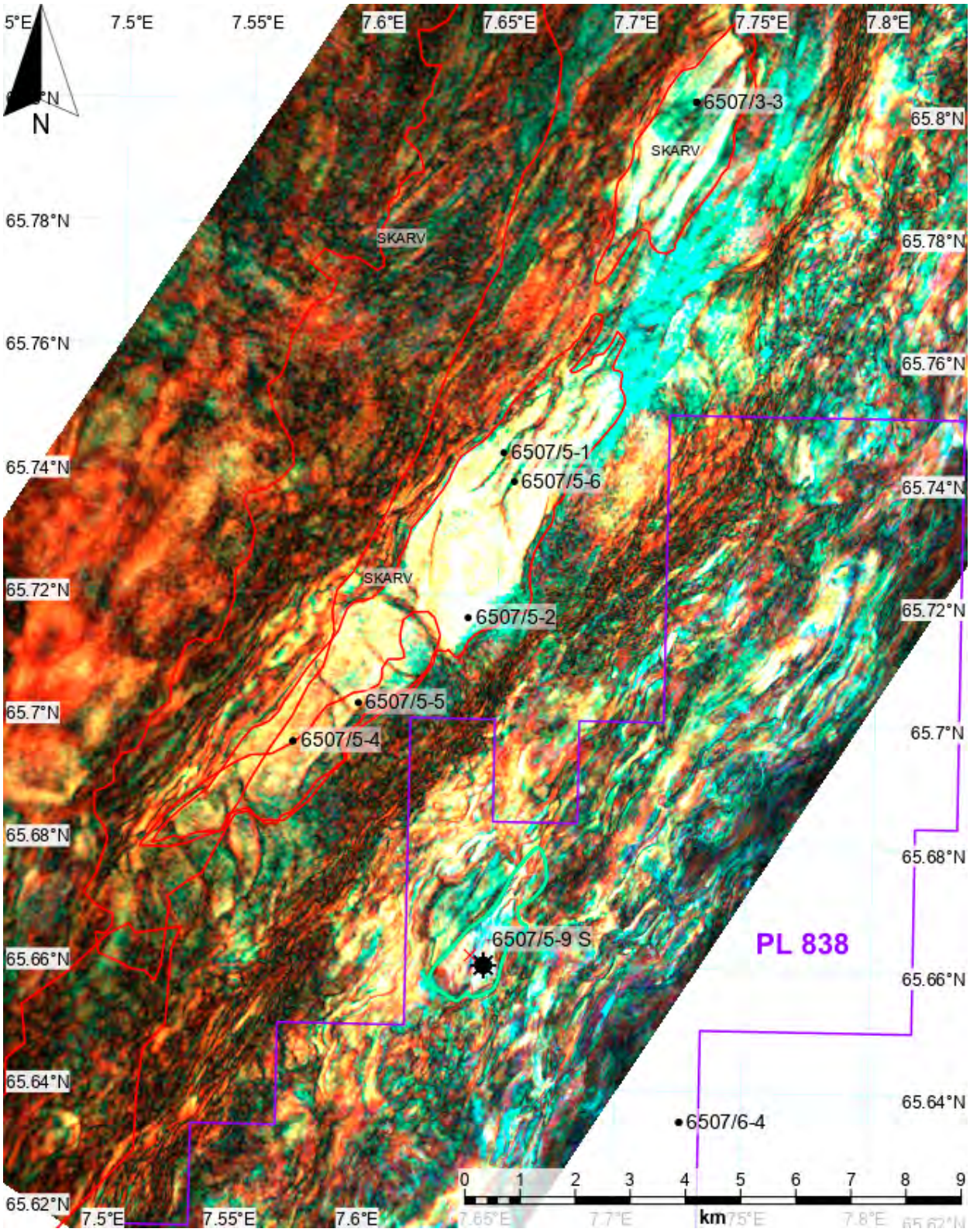

Figure 2: PL838 Shrek – BPN0501Z13 – Garn (2017) Intercept RGB Blending map

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 further evidence of the prospectivity of a given area of prospect.

During 2020, Lime Petroleum undertook 12 RVD evaluations in 12 different areas, covering some 4200 km2. These analyses led to two positive farm-in decisions (PL263 and PL937) and six APA licence applications, four of which were awarded.
Rex Technology Management Ltd is a wholly owned subsidiary of Rex International Investments Pte Ltd.

Intra-company cooperation

The Rex Group has two E&P companies; Lime in Norway owned 90% and Masirah Oil Ltd in Oman owned 86.4%. Masirah Oil is the operator with 100% participating interest of Block 50 offshore east Oman. The oil discovery made in 2014 achieved first-oil milestone early 2020.

Before reaching this milestone, an integrated engineering team concluded positively to a development of the GA South (renamed Yumna) discovery on Block 50 in Oman, and an operations team was assembled in Muscat to take the project forward.

Much of the groundwork for the Yumna development was done by Lime in Oslo, including the subsurface work and the engineering feasibility and concept selection work. During 2020, the Lime team provided support during the planning and drilling of the Yumna 2 and Yumna 3 appraisal/production wells. Both wells resulted in successful appraisal of the field providing increased production, Yumna 2 commenced production in January 2021 and the Yumna 3 commenced production in February 2021.

To further develop the Block 50, the Lime team has contributed in the work to map further prospects nearby the Yumna field, in close cooperation with Rex Technology Management on RVD and with the operations team in Muscat. The Zakhera prospect located approximately 12 kilometers south of the Yumna Field will be the next target, exploration drilling is planned for in February 2021.

Changes to the Management and Board of Directors

During 2020 there were no changes to the composition of Board of Directors nor the management. 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

Health, safety and environment (HSE) is of paramount importance to Lime, including the office setting where most of Lime's work is done, the offshore operations Lime participates in, and society at large. 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. Lime recognizes the changing sentiments towards the industry as a whole and works actively within industry fora to address issues related to climate change, industry recruitment, and the like.

At the end of 2020, the company had 9 employees of which four females. In addition, one person was temporarily employed on 100% basis. 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 rights and opportunities 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 with the design to have no discrimination relating to gender or anything else. 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 2020 was 2.2% compared to 2.5% in 2019. None of the company's employees have been injured or caused damage to property of any kind.

The company is taking the current Corona Virus pandemic very seriously and is following the recommendations from the Norwegian Institute of Public Health (FHI) to mitigate the virus and to safeguard the employees, consultants, and their families. The company has instituted home officing for the employees, business travel is eliminated and replaced by videoconferencing. These measures will be continued as long as recommended by FHI.

The company is located in modern premises at Drammensveien 145a, close to Oslo city centre

Annual Financial Statements

(2019 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.

In 2020, the company had no operating income (NOK 268.9 million operating income in 2019, deriving from the sale of PL338C, PL338E and PL815). Operating expenses totalled NOK 58.8 million (NOK 74.9 million). No impairment on the asset portfolio was done in 2020, while net impairment on non-current assets following relinquishment of licence PL841 amounted to NOK 9.7 million in 2019.

Net financial items were NOK 2.4 million (NOK 17.9 million). The high-level financial cost in 2019 was primarily related to currency effects generated by the sale of PL338C, PL338E and PL815 as the cash consideration was paid in dollars.

Total loan drawn under the SEB Revolving Exploration Financing Facility (EFF) of NOK 130 million (NOK 300 million) was repaid by NOK 115 million (NOK 160 million) in November 2020 and the company ended the year with NOK 155 million in debt (NOK 140 million). Moreover, total outstanding loans on the shareholder loan facility with Rex amounted to NOK 30 million at year end (NOK 10 million).

Loss before taxes was NOK 61.2 million (profit NOK 176.1 million). Tax income amounted to NOK 46.1 million (NOK 59.2 million). The company's tax refund related to the 2020 activity is calculated to NOK 161.8 million at year end (NOK 165.6 million). The tax refund related to 2019 was received in November 2020, amounting to NOK 166.1 million (NOK 253.4 million) including interest.

Annual loss after tax amounted to NOK 15.0 million (profit NOK 235.4 million).

Capitalized cost

During the year, the company capitalized costs worth NOK 148.1 million (NOK 156.1 million) on its exploration activities, of which the biggest part was linked to the acquisition of PL263D/E and the well operation related to the Sierra South discovery.

Financing

The monetisation of the Rolvsnes discovery in May 2019 (PL338C, PL338E and PL815) triggered a good story for the company from a financial perspective. A cash consideration of USD 43 million was received at the time of the divestment and the remaining USD 2 million was received in June 2020 according to agreement 12 months after the Completion of the sale. Beyond distribution of dividend and repayment of loans, a part of the cash consideration was kept in the company contributing to fund exploration activities during 2020.

Lime has an exploration financing facility with Skandinaviska Enskilda Banken AB (SEB) originally dated in November 2013 which has since then been renewed when needed. On 30 November 2020, the company signed an amendment agreement to extend the duration of the exploration financing until end of 2021 increasing the size of the facility amount from NOK 300 million to NOK 350 million.

As a result of a continued high level of activity and exploration cost also in 2020, the shareholder loan agreement with Rex still stands. An amendment to the shareholder loan agreement with Rex originally established in 2019 was signed 15 October 2020 extending the expiry date to 15 April 2021, the size of the facility NOK 50 million. The loan facility agreement had a balance of NOK 31.8 million at 31 December 2020. In April 2021 the loan facility agreement was further extended to 15 April 2022.

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.

As a result of the Covid-19 situation, the company practices business-as-usual in the home office of all employees. The pandemic inhibits the company's operations to a small degree and will not affect the number of employees or factors such as equity or debt. In June 2020, the authorities decided to ease tax rules for the oil industry to counteract negative consequences, mainly due to depressed oil prices. The new tax regime will have positive effects for Lime prospects.

Outlook

The Board of Directors and the company's management consider the outlook for E&P activities on the Norwegian Continental Shelf to be good and believe the company to be well positioned for further growth. Despite the Covid-19 pandemic, the company stayed focus on its business strategy and increased the licence portfolio through farm in transactions. The company` s efforts to achieve an even stronger position on the Norwegian Continental Shelf was recognized by the nomination of "Explorer of Year" by Rystad Energy in January 2020. As per today Lime has participated in several oil and gas discoveries and the company has during 2020 stepped up the understanding and expertise of how to move a discovery towards a field development and production. Lime is an active partner in the process of maturing both the Shrek discovery and the Sierra South discovery including evaluation of additional undrilled fault-blocks nearby. Lime contributes in all aspects of the evaluation, including G&G and engineering. The two discoveries have attractive locations near infrastructure, and strong proactive partnerships who will strive for maximising the future value of the discoveries in a sustainable manner. The focus on the Norwegian Continental Shelf continues, and the company will look for new possibilities to expand its activity for further value creation both through traditional exploration and new concessions, as well as business development through swaps and farm in transactions.

The Board of Directors of Lime Petroleum AS
Oslo, 22 April 2021

Svein H. Kjellesvik
Executive Chairman

Christopher D. Atkinson
Director

Sebastian Bonnevier
Director

Peter N. Eckhard Oehms
Director

Lars B. Hübert
CEO

Income Statement

(Amounts in TNOK)	Note	2020	2019
Gain from sale of licences	9	0	268 852
Exploration expenses	4	-26 180	-32 858
Payroll and related cost	5	-22 136	-20 979
Depreciation and amortisation	10,11	-1 523	-1 690
Other operating expenses	6	-8 966	-19 333
Operating profit (loss)		**-58 804**	**193 991**
Finance income	7	5 475	1 966
Finance costs	7	-7 851	-19 829
Net financial items		**-2 376**	**-17 863**
Profit (loss) before income tax		**-61 181**	**176 128**
Income tax credit	8	46 136	59 234
Profit (loss) for the year		**-15 045**	**235 362**

Statement of comprehensive income

(Amounts in TNOK)	Note	2020	2019
Profit (loss) for the year		-15 045	235 362
Other comprehensive income, net of tax:		0	0
Total comprehensive income for the year		**-15 045**	**235 362**

Balance Sheet as at 31 December

(Amounts in TNOK)	Note	2020	2019
ASSETS			
Non-current assets			
Exploration and evaluation assets	9	246 513	104 217
Deferred tax asset	8		
Property, plant and equipment	10	814	216
Intangible asset	10	144	
Right-of-use assets	11	3 545	4 834
Total non-current assets		**251 016**	**109 267**
Current assets			
Prepayments and other receivables	12	15 960	43 572
Tax receivable refund tax value exploration expenses	8,15	162 738	168 045
Cash and cash equivalents	13	17 337	20 228
Total current assets		**196 035**	**231 845**
Total assets		**447 051**	**341 111**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	130 320	130 320
Other paid-in capital		11 386	11 261
Retained earnings			1 031
Uncovered loss		-14 014	
Total equity		**127 692**	**142 612**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	8	112 564	4 307
Leasing liabilities	11	2 262	3 522
Interest-bearing loans and borrowings	15		
Total non-current liabilities		**114 826**	**7 829**
Current liabilities			
Interest-bearing loans and borrowings	15	184 720	149 039
Trade creditors	16	7 536	18 670
Other current liabilities	17	12 277	22 961
Total current liabilities		**204 533**	**190 670**
Total liabilities		**319 359**	**198 500**
Total liabilities		**447 051**	**341 111**

The Board of Directors of Lime Petroleum AS
Oslo, 22 April 2021

Svein H. Kjellesvik
Executive Chairman

Christopher D. Atkinson
Director

Sebastian Bonnevier
Director

Peter N. Eckhard Oehms
Director

Lars B. Hübert
CEO

Statement of changes in equity

(Amounts in TNOK)	Share capital	Other paid in capital	Retained earnings / Uncovered loss	Total equity
Equity at 1 January 2019	130 320	274 960	-234 331	170 948
Profit (loss) for the year			235 362	235 362
Other comprehensive income for the year				0
Total comprehensive income for the year			235 362	235 362
Dividend payment as at 28 June 2019		-264 067		-264 067
Share-based payment		369		369
Equity at 31 December 2019	**130 320**	**11 261**	**1 031**	**142 612**
Equity at 1 January 2020	130 320	11 261	1 031	142 612
Profit (loss) for the year			-15 045	-15 045
Other comprehensive income for the year				0
Total comprehensive income for the year			-15 045	-15 045
Share-based payment		125		125
Equity at 31 December 2020	**130 320**	**11 386**	**-14 014**	**127 692**

Cash Flow Statement

(Amounts in TNOK)	Note	**2020**	**2019**
Cash flow from operating activities			
Profit (loss) before income tax		-61 181	176 128
Adjustments:			
Tax refunded	8	163 922	251 672
Depreciation	10,11	1 578	1 690
Gain from sale of exploration and evaluation assets			-268 852
Impairment/disposals exploration assets	9		9 699
Changes in trade creditors		-11 134	7 778
Changes in other current receivables and liabilities		20 639	-6 145
Net cash flow from operating activities		113 825	171 969
Cash flow from investing activities			
Investment in exploration and evaluation assets	9	-148 088	-156 868
Proceeds from sale of exploration and evaluation assets			381 953
Purchase of property, plant and equipment	10	-1 032	-41
Net cash flow from investing activities		-149 120	225 045
Cash flow from financing activities			
Funds drawn current borrowings, net of transaction costs incurred		128 775	92 989
Repayments of current borrowings		-115 000	-175 000
Repayments of lease liabilities	11	-1 370	-1 659
Loans from shareholder	15	20 000	50 000
Repayments of loans from shareholder			-98 740
Dividend payment			-264 067
Net cash flow from financing activities		32 405	-396 477
Net change in cash and cash equivalents		**-2 891**	**538**
Cash and cash equivalents at 1st January 2020 / 2019		20 228	19 690
Cash and cash equivalents at 31st of December		**17 337**	**20 228**
Interest paid		5 625	8 280

Notes

Note 1 General information

TThe Financial statements of Lime Petroleum AS were approved by the board of directors and CEO on 22 April 2021.

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
IFRS 16 Leases was issued in January 2016 and replaced IAS 17 Leases. The Company implemented IFRS 16 on 1 January 2019.

IFRS 16 sets out the principles for recognition, measurement, presentation and disclosures of leases and replaces IAS 17 and other previous guidance on lease accounting within IFRS. IFRS 16 defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For each contract that meets this definition, IFRS 16 requires lessees to recognize a right-of-use asset and a lease liability in the balance sheet with certain exemptions for short term and low value leases. Lease payments are to be reflected as interest expense and a reduction of lease liabilities, while the right-of-use assets are to be depreciated

over the shorter of the lease term and the assets' useful life. Lease liabilities are measured at the present value of remaining lease payments, discounted using the Company's calculated borrowing rate. Right-of-use assets are measured at an amount equal to the lease liability at initial recognition.

Leases (as lessee)
Until 2018, leases in which most of the risks and rewards of ownership were retained by the lessor were classified as operating leases. Payments made under operating leases were charged to the income statement on a straight-line basis over the period of the lease.

The Company adopted IFRS 16 – Leases from 1 January 2019. IFRS 16 sets out the principles for recognition, measurement, presentation and disclosures of leases and replaces IAS 17 and other previous guidance on lease accounting within IFRS. IFRS 16 defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For each contract that meets this definition, IFRS 16 requires lessees to recognize a right-of-use asset and a lease liability in the balance sheet with certain exemptions for short term and low value leases. Lease payments are to be reflected as interest expense and a reduction of lease liabilities, while the right-of-use assets are to be depreciated over the shorter of the lease term and the assets' useful life. Lease liabilities are measured at the present value of remaining lease payments, discounted using the Company's calculated borrowing rate. Right-of-use assets are measured at an amount equal to the lease liability at initial recognition.

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2020, and have not been applied in preparing the Financial statements. None of these new standards and amendments to standards and interpretations are expected to have any significant impact on the Company's financial statements.

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 The Company is to some extent exposed to exchange rate fluctuations as exploration operations are partly in foreign currency, primarily in USD, whilst the Facility loan agreement is in NOK. See note 16 for further information.

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 Norwegian entities 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)	2020	2019
Expensed capitalized exploration [1]		9 699
Direct seismic costs and field evaluation	3 306	2 479
G&G costs, Virtual Drilling	16 113	18 045
Consultants exploration	3 657	3 050
Other operating exploration expenses	3 103	(415)
Total exploration expenses	**26 180**	**32 858**

[1] Expensed capitalized exploration in 2019 is related to impairment of licence PL841.

Note 5 Payroll and related cost

(Amounts in TNOK)	2020	2019
Salaries	20 191	20 504
Consultancy fees, hours invoiced to other companies	-2 183	-4 151
Social security	2 886	3 070
Pension costs	1 007	1 002
Share-based payment	125	369
Other employee related expenses	110	185
Total	**22 136**	**20 979**
Average number of employees	**10**	**10**

Remuneration to board of directors and management:
See information in note 18 Related party disclosure regarding remuneration of key management and note 14 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.

*Following the divestment of Rolvsnes and Goddo options awarded as per date of sale vested and exercised as a result of Change of Control. The options representing cash value were paid out in cash, the cash value of each option valued to NOK 2.1 less strike price of the option of NOK 1.0.

Options (1000)	Total granted and outstanding	Vested
2020		
At 1 January	877	-
Granted	1 935	-
Vested	-	-
Forfeited	-	-
At 31 December	**2 813**	**-**

Options (1000)	Total granted and outstanding	Vested
2019		
At 1 January	3 762	917
Granted	877	-
Vested*	-3 004	-917
Forfeited	-758	-
At 31 December	**877**	**-**

Weighted average exercise price is NOK 1.0

The Committee administering the share based plan during the financial year ending 31 December 2020 was the Board of Directors. No options were granted to Management or Directors nor to controlling shareholders and their associates.

Note 6 Other operating expenses

Other operating expenses include:

(Amounts in TNOK)	2020	2019
Travelling expenses	122	544
Consultant's and other fees [1]	5 413	14 925
Other administrative expenses	3 431	3 864
Total	**8 966**	**19 333**

[1] Fees includes payments to related parties. See note 18 for further information.

Remuneration to auditor is allocated as specified below:

(Amounts in TNOK)	2020	2019
Audit	597	136
Other assistance	**78**	198
Total, excl. VAT	**675**	**334**

Note 7 Finance income and costs

Finance income:

(Amounts in TNOK)	2020	2019
Interest income	2 248	1 966
Net Foreign exchange effects	3 226	
Total finance income	**5 475**	**1 966**

Finance costs:

(Amounts in TNOK)	2020	2019
Interest expenses loans and borrowings	7 549	10 382
Other interest expenses	193	359
Net Foreign exchange effects		8 930
Other finance costs	110	158
Total finance costs	**7 851**	**19 829**

Note 8 Tax

Specification of income tax:

(Amounts in TNOK)	2020	2019
Calculated refund tax value of exploration costs this year	161 808	168 045
Of this refund not recognised in income statement (acquisition of licences recognised net of tax)	-5 792	-72 118
Correction refund previous years	-4 123	4
Calculated tax refund other than tax value of exploration costs this year	2 500	
Change deferred tax	-108 257	-36 696
Total income tax credit	**46 136**	**59 234**

Specification of tax receivable refund tax value exploration and other expenses:

(Amounts in TNOK)	2020	2019
Calculated refund tax value of exploration costs and other costs this year	164 308	168 045
Received prepaid payable tax, short term («negativ terminskatt»)	-1 570	
Total tax receivable refund tax value exploration expenses and other expenses	**162 738**	**168 045**

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)	2020	2019
Property, plant and equipment	-8	-344
Right-of-use assets	-2 765	-3 770
Capitalised exploration and licence costs	-174 305	-64 784
Leasing liabilities	2 772	3 728
Non-current borrowings	-242	-231
Tax losses carried forward, onshore	165	165
Tax losses carried forward, offshore 22 % basis	27 995	27 541
Tax losses carried forward, 56 % basis	33 889	33 454
Uplift earned	99	99
Deferred tax liability (-) / tax asset (+)	-112 399	-4 142
Not capitalised deferred tax asset (valuation allowance)	-165	-165
Deferred tax liability (-) / tax asset (+) in balance sheet	**-112 564**	**-4 307**

Change in deferred taxes:

Correction refund previous years, assessed but not settled (amounts in TNOK)	2020	2019
Deferred taxes recorded in income statement	-108 257	-36 696
Deferred taxes recorded in balance sheet on sale of licences		388 938
Total change in deferred taxes	**-108 257**	**352 242**

"Deferred tax is calculated based on tax rates applicable on the balance sheet date. Ordinary income tax is 22 %, to which is added a special tax for oil and gas companies at the rate of 56 %, 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)	2019	2019
Profit (loss) before tax	-61 181	176 128
Expected income tax credit 78%	47 721	-137 380
Adjusted for tax effects (22%-78%) (23%-78% in 2018) of the following items:		
Permanent differences; sale of PL338c/PL815		206 192
Other permanent differences	-198	-376
Finance items	-1 926	-9 827
Adjustment previous years and other	539	624
Effect of new tax rates on deferred tax		
Expensed acquisition of licence net of tax		
Total income tax credit	**46 136**	**59 234**

Note 9 Investments in oil and gas licences

(Amounts in TNOK)	**2020**	**2019**
Cost:		
At 1 January	675 145	1 109 562
Additions	142 296	84 749
Disposals		-519 166
Cost at 31 December	817 441	675 145
Amortisation and impairment losses		
At 1 January	561 230	561 230
Amortisation this year		
Impairment this year	9 699	9 699
Disposals		
Accumulated amortisation and impairment at 31 December	570 928	570 928
Carrying amount at 31 December	**246 513**	**104 217**
Gain from sale of the licences PL338c/PL815		268 852

Licence portfolio	**31.12.2020**	**31.12.2019**
	Lime's share	Lime's share
PL 263 D	20,0 %	0,0 %
PL 263 E	20,0 %	0,0 %
PL 818	30,0 %	30,0 %
PL 818B	30,0 %	30,0 %
PL 838	30,0 %	30,0 %
PL 838B	30,0 %	30,0 %
PL 937	15,0 %	0,0 %
PL 937B	15,0 %	0,0 %
PL 1062	30,0 %	0,0 %

Note 10 Property, plant, equipment and intangible assets

(Amounts in TNOK)	Fixtures and data equipment	Intangible asset (software)
2020		
Cost:		
At 1 January 2020	1758	1550
Additions	832	200
Disposals	0	0
Cost at 31 December 2020	2589	1750
Depreciation and impairment:		
At 1 January 2020	-1542	-1550
Depreciation this year [1]	-234	-56
Impairment this year		
Disposals		
Accumulated amortisation and impairment at 31 December 2020	-1776	-1606
Carrying amount at 31 December 2020	**814**	**144**

[1] TNOK 56 of depreciation of software is included in Exploration expenses.

(Amounts in TNOK)		
2019		
Cost:		
At 1 January 2019	2 126	2 288
Additions	41	0
Disposals	-410	-738
Cost at 31 December 2019	1 758	1 550
Depreciation and impairment:		
At 1 January 2018	-1 821	-2 288
Depreciation this year [2]	-130	
Impairment this year	-	-
Disposals	410	738
Accumulated amortisation and impairment at 31 December 2019	-1 542	-1 550
Carrying amount at 31 December 2019	**216**	

[2] TNOK 0 of depreciation of software is included in Exploration expenses.

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

Note 11 Leases (IFRS 16)

Right-of-use assets:
The Company leases office facilities. The Company's right-of-use assets are categorised and presented in the table below:

(Amounts in TNOK)

Right-of-use assets	Office facilities
Acquisition cost at initial application 1 January 2020	6 123
Addition of right-of-use assets	
Disposal of right-of-use assets	
Acquisition cost 31 December 2020	6 123
Accumulated depreciation and impairment 1 January 2020	-1 289
Depreciation	-1 289
Impairment	
Disposal	
Accumulated depreciation and impairment 31 December 2020	-2 578
Carrying amount of right-of-use assets 31 December 2020	**3 545**
Lower of remaining lease term or economic life	3.75 years
Depreciation method	Linear
Acquisition cost at initial application 1 January 2019	7 840
Addition of right-of-use assets	0
Disposal of right-of-use assets	-1 717
Acquisition cost 31 December 2019	6 123
Accumulated depreciation and impairment 1 January 2019	0
Depreciation	-1 560
Impairment	0
Disposal	271
Accumulated depreciation and impairment 31 December 2019	-1 289
Carrying amount of right-of-use assets 31 December 2019	**4 834**
Lower of remaining lease term or economic life	4.75 YEARS
Depreciation method	LINEAR
Leasing liabilities:	
Lease liabilities 1 January 2020	4 893
Additions new lease contracts	0
Disposal (buy out of lease contracts)	0
Accretion lease liabilities	110
Payments of lease liabilities	-1 370
Total leasing liabilities 31 December 2020	**3 632**

Break down of lease debt:	
Short-term	1 370
Long-term	2 262
Total lease debt	**3 632**

Maturity of future undiscounted lease payments under non-cancellable lease agreements:	
	31.12.2020
Within 1 year	1 370
1 to 5 years	2 398
After 5 years	-
Total	**3 768**

Lease liabilities at initial application 1 January 2019	7 840
Additions new lease contracts	
Disposal (buy out of lease contracts)	-1 459
Accretion lease liabilities	171
Payments of lease liabilities	-1 659
Total leasing liabilities 31 December 2019	**4 893**

Break down of lease debt:	
Short-term	1 370
Long-term	3 522
Total lease debt	**4 893**

Maturity of future undiscounted lease payments under non-cancellable lease agreements:	
	31.12.2019
Within 1 year	1 370
1 to 5 years	3 768
After 5 years	
Total	**5 138**

The leases do not impose any restrictions on the Company's dividend policy or financing opportunities.

Note 12 Prepayments and other receivables

Prepayments and other receivables include:

(Amounts in TNOK)	2020	2019
Prepaid expenses	1 462	1 405
VAT receivables	220	1 317
Receivables from group companies	1 116	10 514
Working capital and overcall, joint venture	13 162	12 255
Other short term receivables		18 080
Total	**15 960**	**43 572**

Note 13 Cash and cash equivalents

(Amounts in TNOK)	2020	2019
Bank deposits	17 337	20 228
Total cash and cash equivalents	**17 337**	**20 228**
Of this:		
Restricted cash for withheld taxes from employees salaries	953	845
Restricted cash for deposit office lease	868	868
Restricted cash for interest reserve on bank loan	3 019	2 430

Note 14 Share capital and shareholder information

Movements in share capital (amounts in NOK)	**Number of shares**	**Share capital**
Share capital at 1 January 2019	130 320 000	130 320 000
Capital increase in 2019		
End balance at 31 December 2019	**130 320 000**	**130 320 000**
Share capital at 1 January 2020	130 320 000	130 320 000
Capital increase in 2020		
End balance at 31 December 2020	**130 320 000**	**130 320 000**

The share capital is denominated in NOK, and the nominal value per share as of 31 December 2019 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 2020	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 15 Interest-bearing loans and borrowings

(Amounts in TNOK)	Presentation in balance	2020	2019
Credit facility, nominal amount drawn	Current	155 000	140 000
Credit facility; Capitalised arrangement fee (subject to amortisation)	Current	-1 100	-1 050
Shareholder loan (*) incl. capitalized interest, nominal amount drawn in NOK	Current	30 820	10 089
Carrying amount		**184 720**	**149 039**

Credit facility
The Company has a Revolving Exploration Financing Facility agreement of NOK 350 000 000 with Skandinaviska Enskilda Banken AB (SEB). The facility runs until December 2021, but the debt as at 31 December 2020 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 + 2.0 %.

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.

Note 16 Financial instruments

Financial instruments by category

(Amounts in TNOK)

At 31 December 2020

Financial assets	Amortized cost	Total carrying amount
Receivables from Group companies	1 116	1 116
Other receivables [1]	0	0
Cash and cash equivalents	17 337	17 337
Total	**18 453**	**18 453**

[1] Prepayments and VAT receivables are not included.

Financial liabilities	Amortized cost	Total carrying amount
Shareholder loan (long term)		
Borrowings, short term	184 720	184 720
Trade creditors	7 536	7 536
Other current liabilities [1]	1 346	1 346
Total	**193 602**	**193 602**

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

At 31 December 2019

Financial assets	Amortized cost	Total carrying amount
Receivables from group companies	10 514	10 514
Other receivables [1]	18 080	18 080
Cash and cash equivalents	20 228	20 228
Total	**48 822**	**48 822**

[1] Prepayments and VAT receivables are not included.

Financial liabilities	Amortized cost	Total carrying amount
Shareholder loan (long term)		
Borrowings, short term	149 039	149 039
Trade creditors	18 670	18 670
Other current liabilities [1]	1 262	1 262
Total	**168 971**	**168 971**

[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 2020, if the interest rate had been 0,5% higher, the net loss before tax would have been TNOK 775 higher (TNOK 700 in 2019)."

b) Foreign currency risk

The Company has limited exposure to currency risk from assets and liabilities recognised as at 31 December 2020, 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 274 (TNOK 625 in 2019).

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 2020

(Amounts in TNOK)	Less than 3 months	3 to 12 months	1 to 5 years	Total
Shareholder loan	0	30 820		30 820
Borrowings, short term	969	157 906	-	158 875
Trade creditors and other short term liabilities	7 912	970	-	8 882
Total liabilities	**8 881**	**189 696**	**0**	**198 577**

At 31 December 2019

(Amounts in NOK)	Less than 3 months	3 to 12 months	1 to 5 years	Total
Shareholder loan	0	10 089		10 089
Borrowings, short term	1 344	144 032	-	145 376
Trade creditors and other short term liabilities	18 951	981	-	19 932
Total liabilities	**20 296**	**155 102**	**0**	**175 397**

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 17 Other current liabilities

(Amounts in TNOK)	2020	2019
Public duties payable	1 509	1 270
Salary and vacation payable	1 346	1 262
Working capital and undercall, joint venture	7 751	18 795
Short-term leasing debt	1 370	1 370
Other accruals for incurred costs	301	264
Total	**12 277**	**22 961**

Note 18 Related party disclosure

(Amounts in TNOK)

a) Purchases from related parties

Purchase of services from	Description of services	2020	2019
Rex International Holding Ltd [1]	Consulting services	2 114	2 357
Inoil AS [4]	Consulting services		3 949
Rex Technology Management Ltd [5]	Rex Virtual Drilling analysis	16 113	18 045

[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 Terje Hagevang, former CEO in Lime Petroleum AS. The amount for 2019 includes purchases of TNOK 1 651 invoiced directly to related parties (see b). .

[3] 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)	2020	2019
Group companies under control of Rex International Holding Ltd.	2 183	3 967
Trace Atlantic Oil Ltd [6]		184

[4] 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	2020	2019
Group companies under control of Rex International Investments Pte. Ltd	1 116	10 514

d) Balances with related parties (trade payables)

Related party	2020	2019
Group companies under control of Rex International Holding Ltd	402	6 405

e) Balances with related parties (non-current liabilities)

See note 15. Interest-bearing loans and borrowings.

Compensation to key management 2020

(Amounts in TNOK)

Position	Salary/ Board fee	Pension contribution	Total 2020
CEO Lars B. Hübert	3 220		3 220
Board of Directors	11 561		11 561

CEO Lars B. Hübert is remunerated through invoicing as self-employed.

As at 31 December 2020 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 2019

(Amounts in TNOK)

Position	Salary/ Board fee	Pension contribution	Total 2019
CEO Terje Hagevang (CEO until 31 may 2019)	1 237	108	1 345
CEO Lars B. Hübert (CEO from 1 June 2019)	1 610	0	1 610
Board of Directors	4 237	0	4 237

Note 19 Contingent liabilities

The company has not been involved in any legal or financial disputes in 2020 where adversely outcome is considered more likely than remote.

Note 20 Shares in licences and obligations

The company ` s 2021 obligations related to the licence portfolio as at year end estimated to a total of 176 million. This forecast is based on operator's licence budgets and includes one farm-in well and obligations related to APA2020 awards.

Note 21 Events after the balance sheet date

Following its participation in the APA2020 licencing round, Lime was awarded four licences, announced in January 2021. 20% participating share in PL1093 (El Teide), 40% participating share in PL1111 (Kings Canyon), 50% participating share in PL1125 (Falk) and 20% participating share in PL263F (add-on). The licences were formally awarded by the authorities 19 February 2021.

On the 6 April 2021 Lime signed an agreement with ONE-Dyas Norge AS to swap its 20 per cent interests in each of the licences PL263D, PL263E, and PL263F Sierra (previously known as Apollonia) in the Norwegian Sea for ONE-Dyas' 13.3 per cent interest in PL433 Fogelberg. Approval from the Ministry of Petroleum and Energy is expected during second quarter 2021.

An amendment to the shareholder loan agreement with Rex was signed 15 April 2021 extending the expiry date of loan facility to 15 April 2022. The size of the loan facility NOK 50 milion.

The company is taking the current Corona Virus pandemic very seriously, and is following the recommendations from the Norwegian Institute of Public Health (FHI) to mitigate the virus. The company has instituted home officing for the employees. Business travel is reduced/eliminated, replaced by videoconferencing. These measures will be in place as long as recommended by FHI. The company anticipates improved business conditions in the long term and will continue monitoring the situation globally.

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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 2020, the income statement, 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 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

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 International Financial Reporting Standards as adopted by the EU, 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 a true and fair view.

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, 23 April 2021
KPMG AS

Stian Tørrestad
State Authorised Public Accountant

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LIME PETROLEUM AS
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www.limepetroleum.com

VEDTEKTER
FOR
LIME PETROLEUM AS

(sist oppdatert 16. desember 2021)

§ 1 Foretaksnavn

Selskapets foretaksnavn er Lime Petroleum AS. Selskapet er et aksjeselskap.

§ 2 Forretningskontor

Selskapets forretningskontor er i Oslo kommune.

§ 3 Virksomhet

Lime Petroleum AS skal drive leting, utbygging og produksjon av olje og gass på norsk sokkel og russisk side i Barentshavet, samt kunne eie eller delta i selskap som driver tilsvarende virksomhet herunder.

§ 4 Aksjekapital

Selskapets aksjekapital er NOK 216 900 087 fordelt på 216 900 087 aksjer, hver pålydende NOK 1.

§ 5 Ledelse

Selskapets styre består av 1 – 5 styremedlemmer og et varamedlem der styrets sammensetning krever det. Antall styremedlemmer innenfor vedtektsfestet intervall velges etter generalforsamlingens nærmere beslutning.

Selskapets firma tegnes av styrets leder og daglig leder i fellesskap.
Styret kan meddele prokura.

§ 6 Generalforsamling

Den ordinære generalforsamling skal behandle:

1. Godkjennelse av årsregnskapet og årsberetningen, herunder utdeling av utbytte.
2. Valg av styre
3. Andre saker som etter loven eller vedtektene hører under generalforsamlingen.

§ 7 Aksjeeierregistrering

Selskapets aksjer skal være registrert i Verdipapirsentralen (VPS).

§ 8 Eierskifte

Aksjer i selskapet, av enhver klasse, kan skifte eier uhindret av aksjelovens regler om forkjøpsrett og bestemmelsene i Aksjeloven § 4-15 tredje ledd, jf. §§ 4-19 til 4-23 gjelder ikke.

§ 9 Forholdet til aksjeloven

For øvrig henvises til den til enhver tid gjeldende aksjelovgivning.