

Annual Report 2016

Contents

Message from the CEO	04
A new play is explored	08
High quality acreage in the Central North Sea	10
The Andotten Prospect	12
Concedo - and its see-to-it duty	17
Fault and fracture analysis along the Scicli-Ragusa	20
Licence portfolio	24
Directors' Report 2016	28
Annual statements 2016	32
Notes	37
The Board of Directors	52
People	54

concedo

About Concedo

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

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

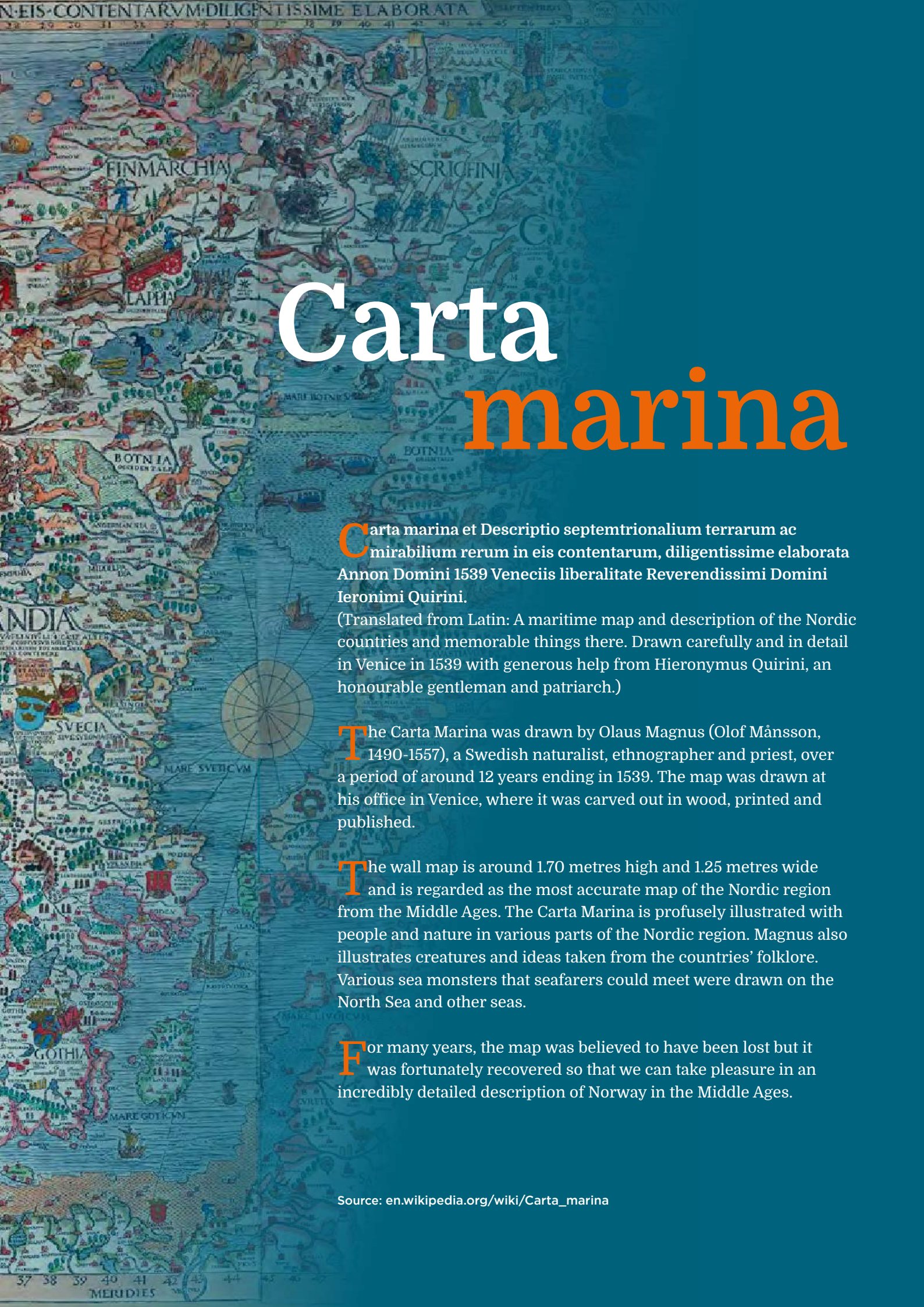
The company's business model is to divest discoveries prior to field development. Adhering to this strategy will enable us to maintain an effective organisation and to be among the best exploration environments in Norway. Our strategy is proven by considerable value creation from our position as a licensee.

What we do

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

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





Carta marina

Carta marina et Descriptio septemtrionalium terrarum ac mirabilium rerum in eis contentarum, diligentissime elaborata Annon Domini 1539 Veneciis liberalitate Reverendissimi Domini Ieronimi Quirini.

(Translated from Latin: A maritime map and description of the Nordic countries and memorable things there. Drawn carefully and in detail in Venice in 1539 with generous help from Hieronymus Quirini, an honourable gentleman and patriarch.)

The Carta Marina was drawn by Olaus Magnus (Olof Månsson, 1490-1557), a Swedish naturalist, ethnographer and priest, over a period of around 12 years ending in 1539. The map was drawn at his office in Venice, where it was carved out in wood, printed and published.

The wall map is around 1.70 metres high and 1.25 metres wide and is regarded as the most accurate map of the Nordic region from the Middle Ages. The Carta Marina is profusely illustrated with people and nature in various parts of the Nordic region. Magnus also illustrates creatures and ideas taken from the countries' folklore. Various sea monsters that seafarers could meet were drawn on the North Sea and other seas.

For many years, the map was believed to have been lost but it was fortunately recovered so that we can take pleasure in an incredibly detailed description of Norway in the Middle Ages.

Source: en.wikipedia.org/wiki/Carta_marina

Message from the CEO



My grandfather was a fisherman. I learned to know him as a quiet, humble man. Others said that he had a quite different personality out at sea. There he was a very determined captain and a skilled fisherman with a loud voice. I remember very well that he told me he saw only one serious threat to the future of fishing, the fishermen themselves. Fishing could become too efficient and this might undermine its sustainability. When I see the automatization and equipment employed in today's fishing boats, I realize that my grandfather's fears can only be prevented by good public regulation.

As an explorationist, I see many similarities between fishing activities and the search for new oil and gas discoveries. The operations are carried out at sea in all kinds of conditions and each season's catch may vary between fiasco and huge success. Speed and direction may be adjusted if there are storms or foggy weather. Whatever the conditions, we have to continue to work hard and use all our knowledge and creativity.

There is one big difference, though. Even after all the continuous improvements in exploration technology and drilling, there is no danger that we have become

too efficient as explorationists. We always have to strive for improvement.

During the last five years, the global exploration results have been quite poor and, following some fantastic years in Norway, the last two years here have been less successful. It is quite common for good exploration results in specific regions to come in 'waves' when new, high-potential fairways are identified. After the first discovery, the follow-up is often easier. The sub-salt play in the Southern North Sea, the Jurassic fault blocks of the Northern North Sea, the sub-salt play in Brazil, the 'Edvard Grieg/Johan Sverdrup' play in the Central North Sea and possibly the Permian carbonate play in the Barents Sea are examples of large 'waves of exploration success'. Locally, there could be smaller waves of success triggered by a single well result or a new seismic survey. In between the peaks of these waves, there may be some lean years, but those who are active will have the best chance of being in the right position to catch the new waves of exploration success.

According to the Norwegian Petroleum Directorate (NPD), the Norwegian Continental Shelf's remaining resource potential is still very large - 2,920 million

Sm3 oil equivalents (about 18,366 million barrels of oil equivalent (boe)).

Concedo participated in the drilling of the Rome prospect in 2016. Had there been a discovery, this prospect could have unlocked a huge upside potential with a low-cost well. We saw the potential for a wave of exploration success within acreage where we participated. However, the well penetrated very tight sandstone at the target depth and left us disappointed and with some unanswered questions. Is it still possible that some of the oil which ended up in the gigantic Johan Sverdrup field migrated through our licence and that oil can still be found here? We continue our search for answers.

This year, we found ourselves well positioned for new discoveries and developments in another of our North Sea licence areas when the Langfjellet oil discovery was made, just west of our PL 784. This discovery increased the chances of future discoveries in our licence area too. It also improved the likelihood of a commercial development in the area. A pleasant 'wave of oil' may have appeared at the doorstep of this licence, in which Concedo has a 20% share.



Whatever the conditions, we have to continue to work hard and use all our knowledge and creativity.

We are actively testing out new exploration technologies. So far, this has helped us to downgrade several opportunities that later on proved to be dry. Still, we are impatient to know with more certainty where we can make the really good discoveries.

Concedo has always been cautious about spending, and this has proven an advantage with the drop in the oil price. At the end of 2016, Concedo participated in 15 wells and proved hydrocarbon columns in six of the wells. We have had income from the sale of assets in 2010, 2011 and 2014. The most important sale was in 2011, when we sold our share in the Maria field. This sale made it possible to pay dividend to our shareholders in 2012. At that point in time, all the original shareholders had been repaid all the capital invested and the company had larger financial resources to pursue new exploration opportunities. The Maria field is now under development and is estimated to result in a total tax income to the Norwegian state of about NOK 50 billion. With cautious spending and good work, Concedo has contributed to a lot of value creation for the nation. We will stick to the strategy that we have had from the start and look for opportunities to repeat our success.

Our business model means we have to search for opportunities that will be attractive in the market in the next few years and therefore have a high value for the nation.

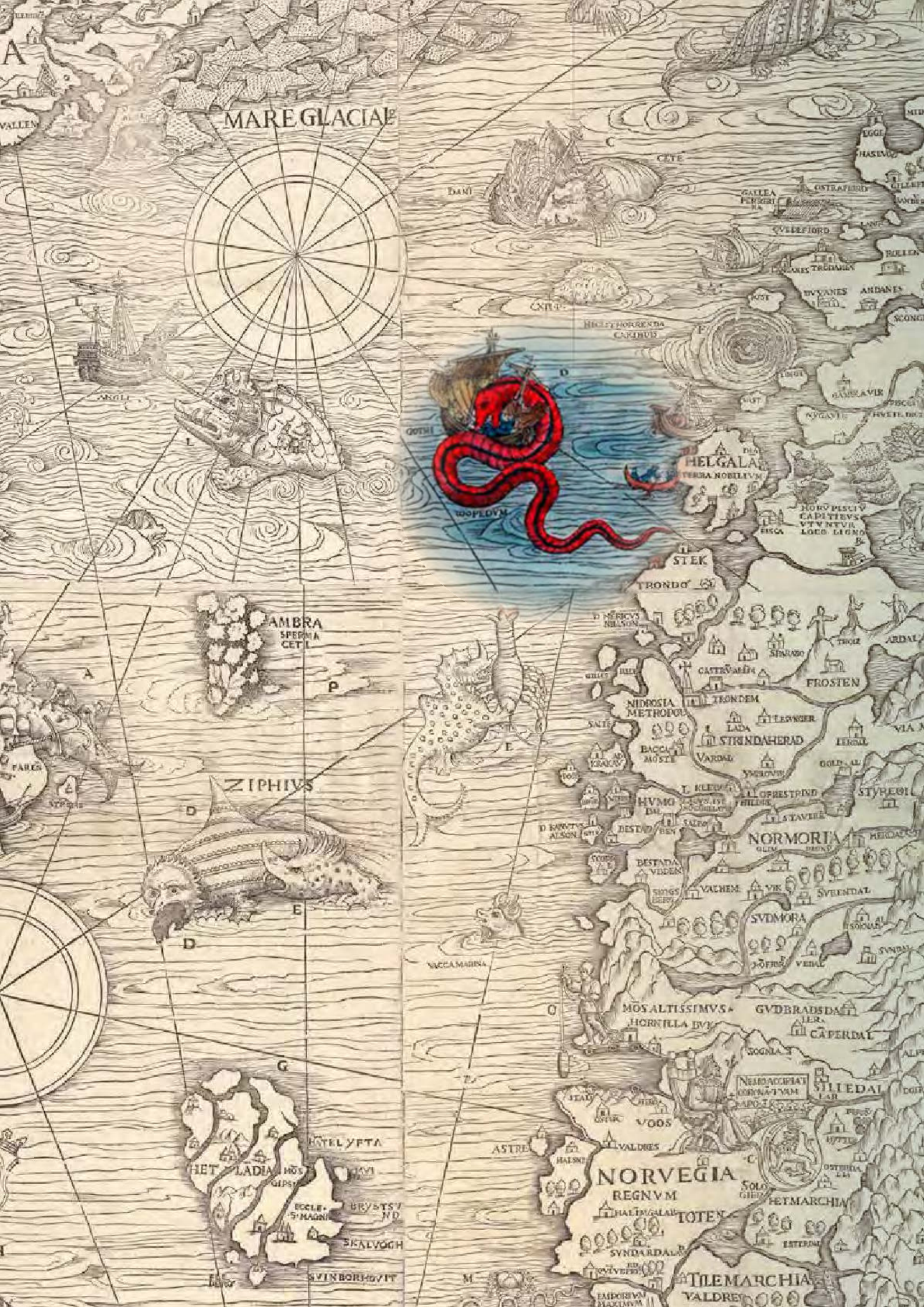
During the autumn of 2017, Concedo will participate in the drilling of the Goliat Eye prospect, located just 10 km south of the Goliat field. For safety reasons, the well will not penetrate some very shallow seismic anomalies that we interpret to represent hydrocarbon accumulations. The main targets are somewhat deeper in the Triassic section. If a discovery is made, it will probably be a good candidate for a tie-in to the Goliat field. The results from the well will probably also be valuable for the evaluation of other Concedo licence areas close to the Goliat field.

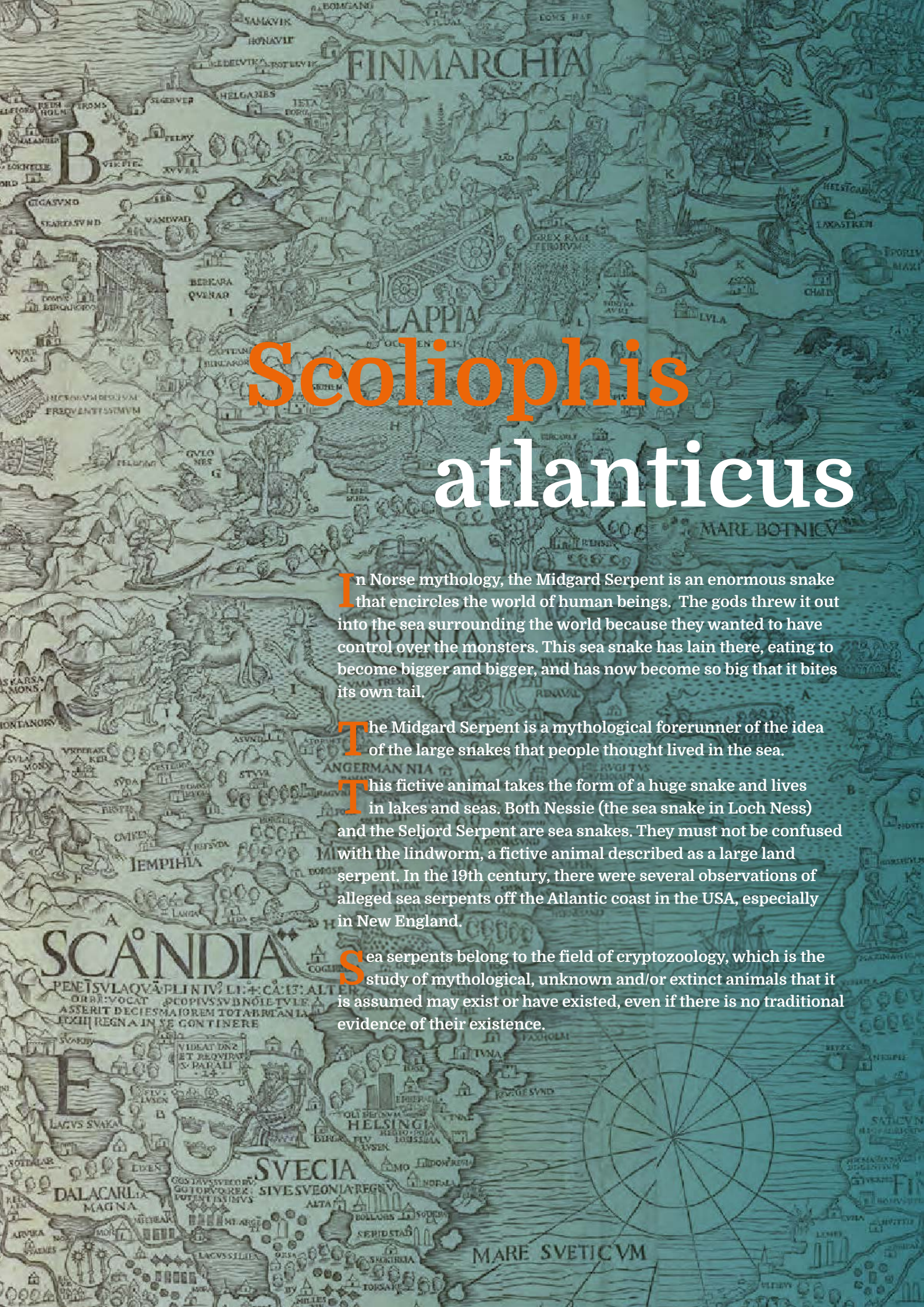
In January 2017, it was announced that Concedo had been awarded shares in five new licences in APA 2016. All these licence areas are located close to infrastructure and may result in candidates for a tie-in to the Snorre, Heidrun and Goliat fields.

From 1 January 2017, we welcome the experienced geophysicist Sebastian Scheel Rey as a new employee in

Concedo. Dirk van der Wel retired at the end of 2016, and from now on we will only see his happy face once a week during the winter months. Since early 2016, we have had the pleasure of working closely with the three experienced explorationists in the GeoCore consultancy in Bergen. This close co-operation will continue in 2017. It is with deep pleasure that I notice how all the members of the Concedo team and our network of supporting professionals always do their best to help each other and deliver good technical work.

Geir Lunde
CEO





Scoliophis atlanticus

In Norse mythology, the Midgard Serpent is an enormous snake that encircles the world of human beings. The gods threw it out into the sea surrounding the world because they wanted to have control over the monsters. This sea snake has lain there, eating to become bigger and bigger, and has now become so big that it bites its own tail.

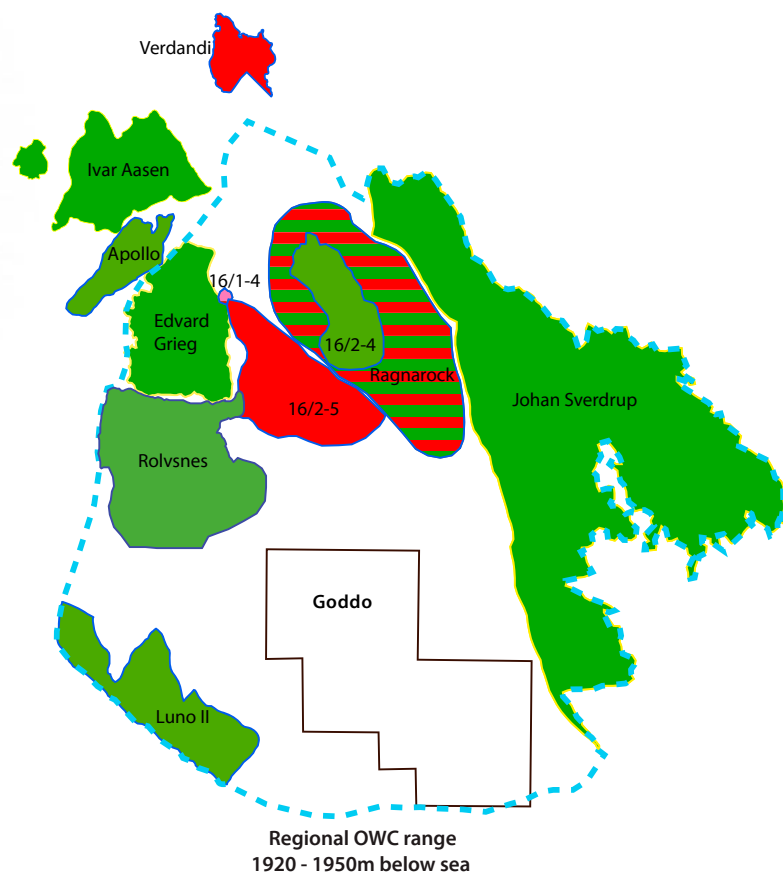
The Midgard Serpent is a mythological forerunner of the idea of the large snakes that people thought lived in the sea.

This fictive animal takes the form of a huge snake and lives in lakes and seas. Both Nessie (the sea snake in Loch Ness) and the Seljord Serpent are sea snakes. They must not be confused with the lindworm, a fictive animal described as a large land serpent. In the 19th century, there were several observations of alleged sea serpents off the Atlantic coast in the USA, especially in New England.

Sea serpents belong to the field of cryptozoology, which is the study of mythological, unknown and/or extinct animals that it is assumed may exist or have existed, even if there is no traditional evidence of their existence.

PL 815

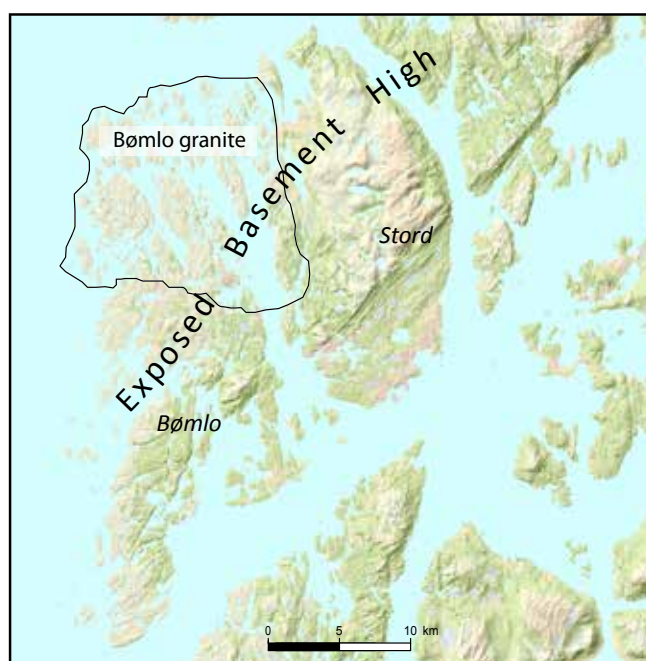
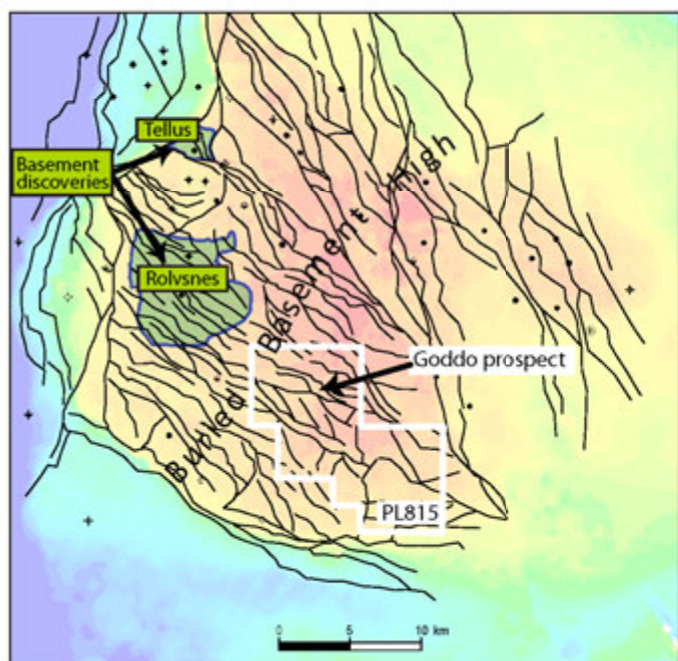
A new play is explored



Spanning from the northern half of the Utsira High to the Sleipner Terrace, licence 001 on the NCS was awarded in 1965. Within this original licence area, there are currently eight producing fields and six under evaluation or in the planning phase, and there are a further seven fields and discoveries on the Utsira High. Concedo's presence in the Utsira High region is well established with four active production licences.

The prolific nature of this area is well known, with proven hydrocarbon accumulations over a wide range of reservoir levels, from the relatively young Miocene sediments to much older rocks of Permian age. An exciting new play in the region is provided by porous basement as reservoir rock, as proven on the Utsira High by the 16/1-15 Tellus/Edvard Grieg and most recently, by the 16/1-25 S Rolvsnes discovery.

The central Utsira high is a dome, an old weathered hill buried in the Jurassic and Cretaceous times. Within this megaclosure a regional oil-water contact can be outlined. The assumption is that any reservoir situated over the oil-water contact is likely to be hydrocarbon-filled and thus may potentially contribute to production. Despite the coarse simplification of this assumption, the fact is that the understanding of the oil charge



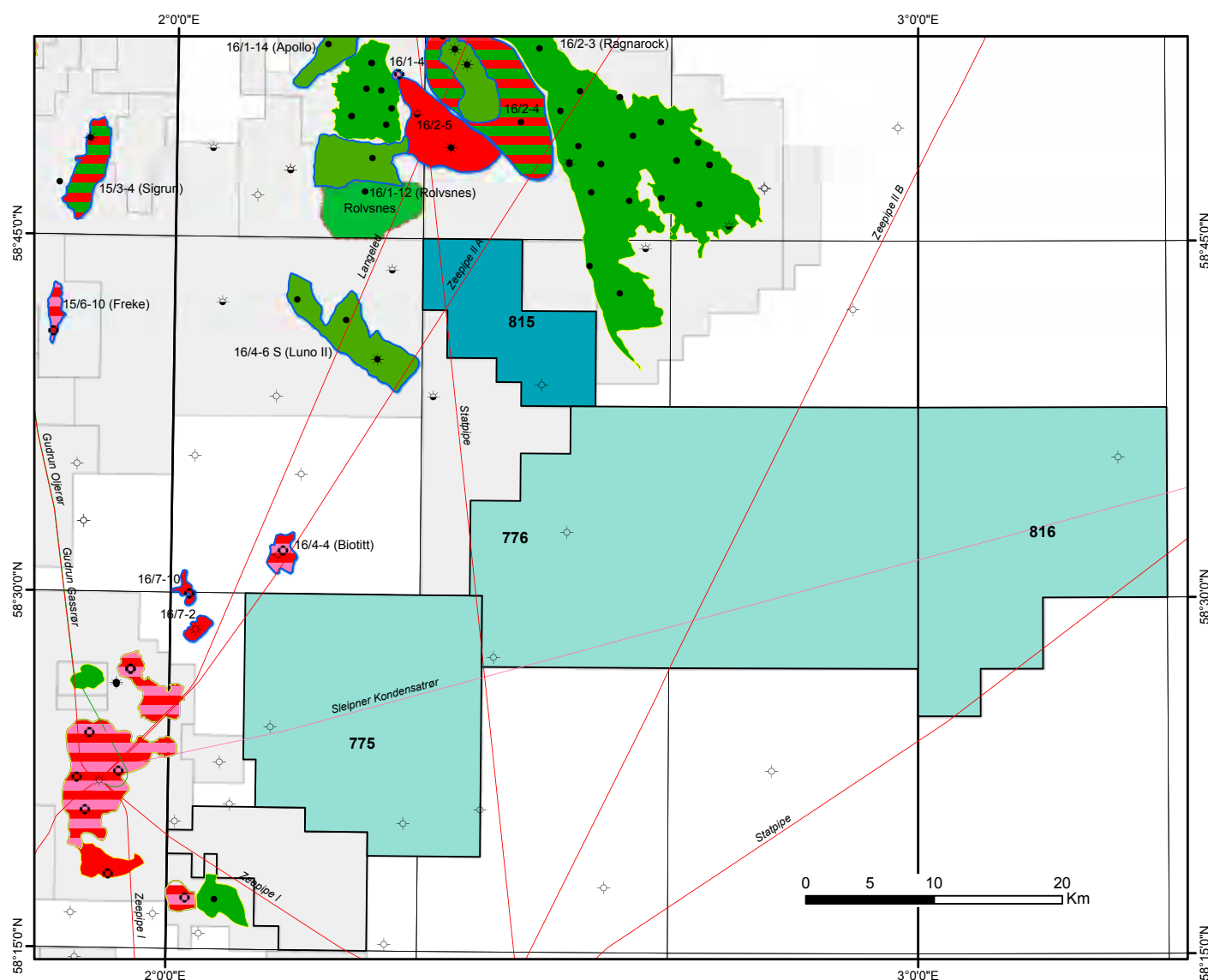
into the Utsira High has evolved significantly since the drilling of the first Edvard Grieg well in 2006. The potential of this young oil province keeps delighting the oil and gas industry with the news of discoveries on previously unexplored plays. Concedo is happy to be a party in the challenge of proving additional reserves in this successful region of the NCS.

Events are evolving in the right direction for a successful development of the Utsira basement play. The basement discoveries of Edvard Grieg South and Rolvsnes in PL338, assumed to be in communication, will be evaluated by the drilling of a horizontal well in 2018. Given positive results, a basement producing

field on the Utsira High is a possibility. The Goddo prospect in PL815, with Concedo as a partner, is located at the heart of this promising basement play on the top of the Utsira High.

The study of analogues is relevant to understand production properties in a fractured basement reservoir. The operator in PL815, Lundin, has been leading several field analogue studies onshore Scandinavia, as in the granite in the Bømlø archipelago. The Goddo prospect and the Bømlø granite share a similar geological history, with the Goddo prospect representing the buried section of the same granitic-metamorphic complex.

Basement is not a negligible resource in the world's petroleum exploration. Early basement production was mainly onshore in Venezuela, the United States and Morocco. A large basement discovery development has recently been made offshore in Vietnam. It is not until now that in the North Sea players have become serious about basement exploration. In the UK sector, the Clair Field was set in production in 2005 and the Lancaster discovery (Hurricane, 2009) west of Shetland is planned to be set in production in 2019. Both basement field presents a specific production challenge, but recent analyses indicates that these will become very productive fields.



PL 784

High quality acreage in the Central North Sea

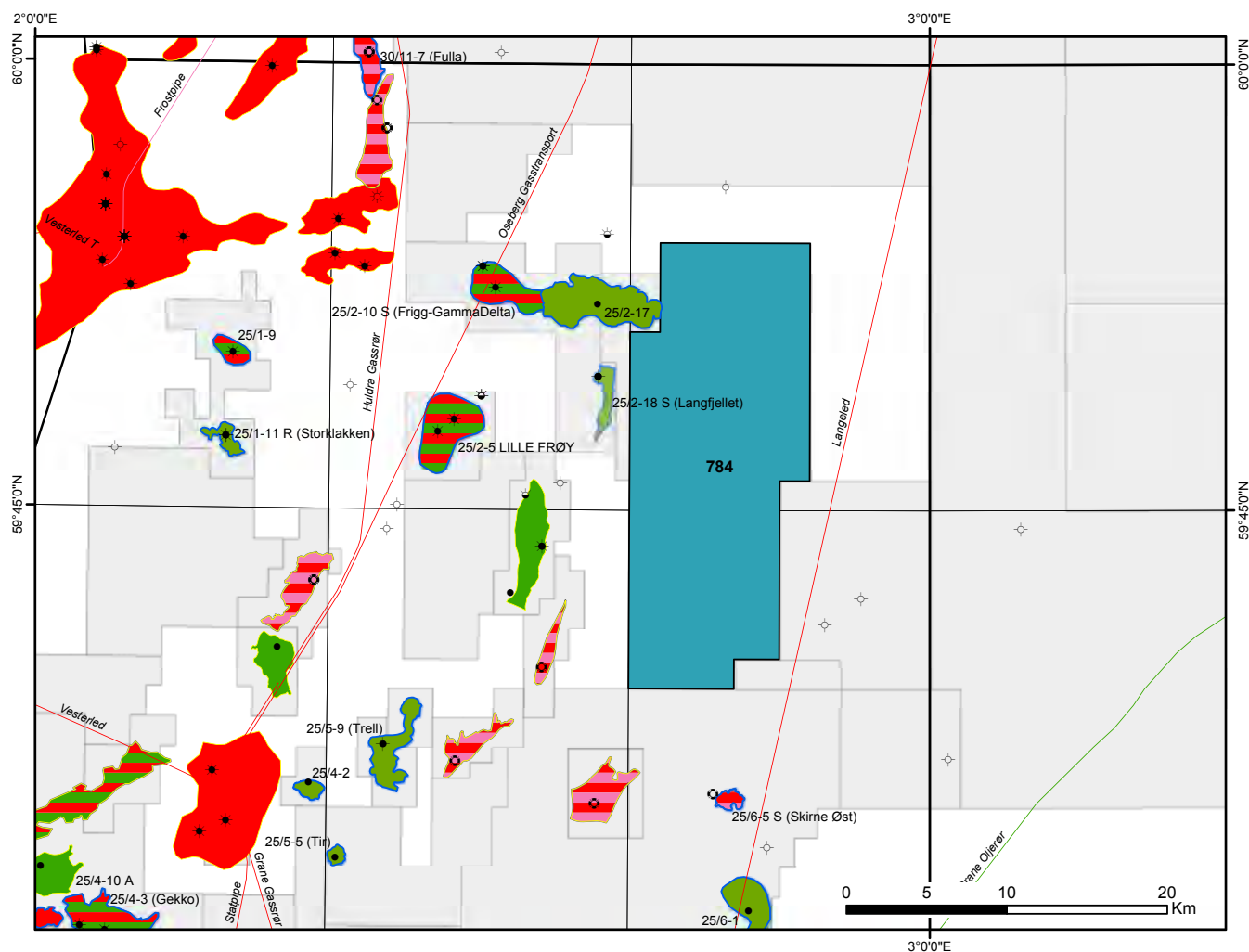
Production Licence 784 is situated in the central part of the North Sea in blocks 25/3 and 25/6. Many fields and discoveries are located in the area to the west and south of PL 784 (e.g. Frigg, Heimdal, Vilje, Vale, Frøy and Skrine) and it is likely that this prolific area extends into PL 784. In 2016, oil was discovered in the Langfjellet well, only two kilometres west of PL 784. Langfjellet was drilled by Aker BP, which subsequently acquired Tullow's share in PL 784 and became the operator of the licence. It is considered favourable that PL 784 is now operated by the same operator as the Langfjellet discovery. While no wells have been drilled in PL 784 so far, the licence represents high quality, under-explored acreage with high potential for a commercial discovery

Concedo recognized the favourable setting of this area during APA 2014, and several potential hydrocarbon-filled structures were mapped at Jurassic level, all of which were situated immediately up-dip from the oil-generating basin in the west. In addition to the Jurassic prospectivity, Concedo also mapped potential 4-way closures with significant potential in the Paleocene. Hydrocarbons at this level were proven by the Frigg Gamma Delta discovery located only a few kilometres to the north-west.

Since production from the Frøy Field was shut down in 2001, proximity to producing infrastructure has been considered to be a challenge for potential discoveries in the area. It was

therefore good news when Aker BP and Lotos this year made the Langfjellet discovery immediately to the west of the licence. Not only does this discovery make it more likely that new infrastructure will be put in place, but it also significantly increases the chances of making a hydrocarbon discovery within the Jurassic reservoirs in PL 784. With a hydrocarbon column of more than a hundred metres in Langfjellet, it is probable that hydrocarbons have also migrated eastwards and up-dip into the many structures in PL 784.

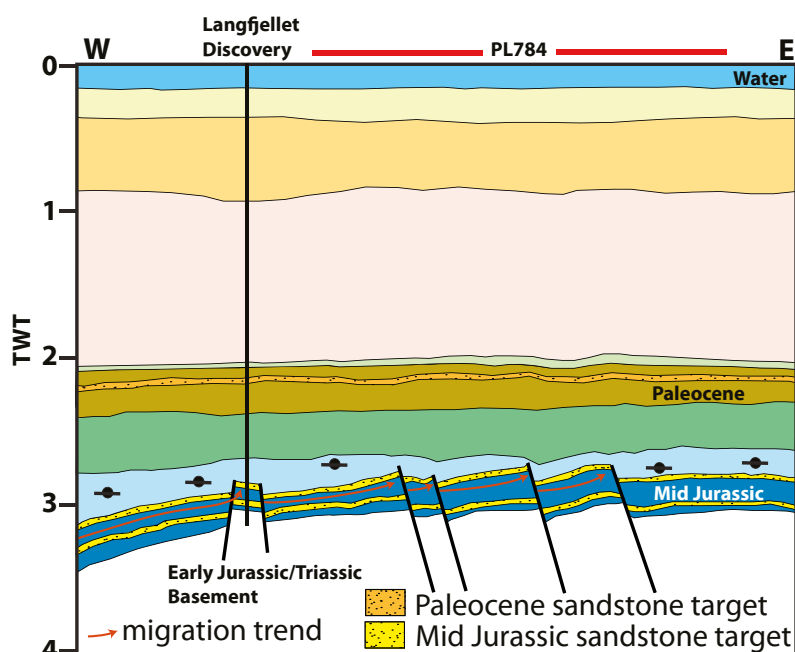
After the Langfjellet discovery was made, the licence decided to apply for a one-year extension of the DoD (drill or drop decision), originally set at February 2017. The extension was granted, and



Concedo regards it as very likely that a positive drill decision will be made within the new timeframe. This well will probably be drilled into one of the Jurassic prospects identified within the licence. The well may also test one of the closures mapped at Paleocene level.

Fact Box PL 784:

Operator: Aker BP (40%)
Partners: Statoil (20%), Point (20%), Concedo (20%)
Reservoir levels: Jurassic and Paleocene
"Drill or Drop" decision: 6 February 2018



PL 768/768 B

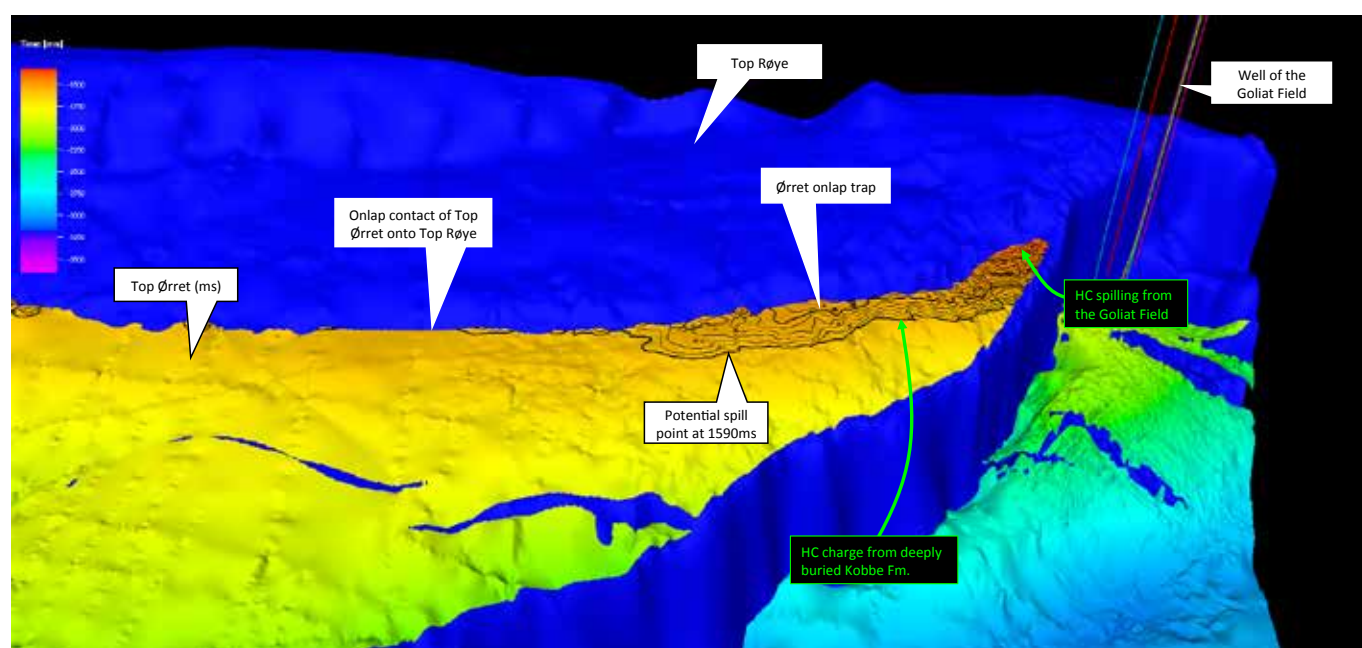
The Andotten Prospect, an unproven play with huge potential

One of Concedo's important strategies is to explore for hydrocarbons close to existing infrastructure. PL 768/768 B are located on the Finnmark Platform in the Barents Sea, just east of the Goliat Field. The operator in PL 768/PL 768 B is Wintershall Norge (30%), while its partners are Concedo (25%), OMV (25%) and Petoro (20%). The Goliat Field started oil production in 2016, but the PL 229 licence was awarded as early as in 1997. Several of Concedo's employees were involved in the technical work for this licence award (the large Barents Sea Project that involved collaboration between Norsk Agip, Neste Petroleum/ Fortum and Enterprise).

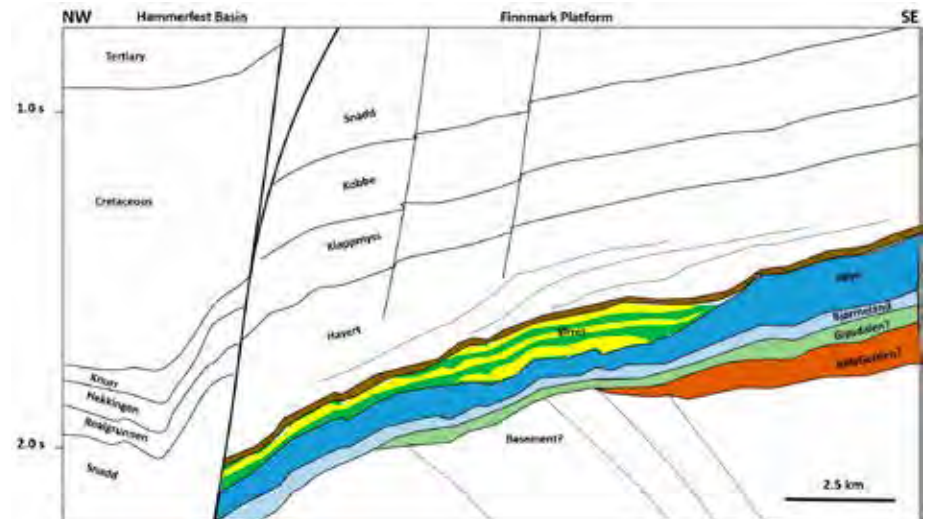
In addition to PL 768/768 B, Concedo is a partner in the following licences: PL 697 (10%), PL 900 (10%) and PL 901 (20%), the last two awarded in 2017. Nearby licences that have been relinquished are PL 393B, PL 769 and PL 804. An interesting prospect, to be drilled in September 2017, is the Goliat Eye prospect in PL 697. This represents a shallow structural closure at the Triassic/Jurassic levels and is located only 10km south of the Goliat Field. The main target is the potential oil-bearing sandstones of the Kobbe Formation.

PL 768 was awarded in February 2014 (APA 2013). The original work

programme contained a 2D seismic acquisition commitment followed by a 3D acquisition or relinquishment decision before February 2016. Approximately 1,200km of high-quality broadband 2D seismic was acquired in the summer of 2014. The licensees applied for additional acreage during APA 2015 and were awarded PL 768 B in February 2016. A one-year extension to the original 3D acquisition or relinquishment date, until February 2017, was approved by the authorities. The licensees have decided to acquire a 3D survey, which will be carried out in the summer of 2017. The drill or drop deadline is in February 2019.



Focused exploration close to infrastructure in the Barents Sea.



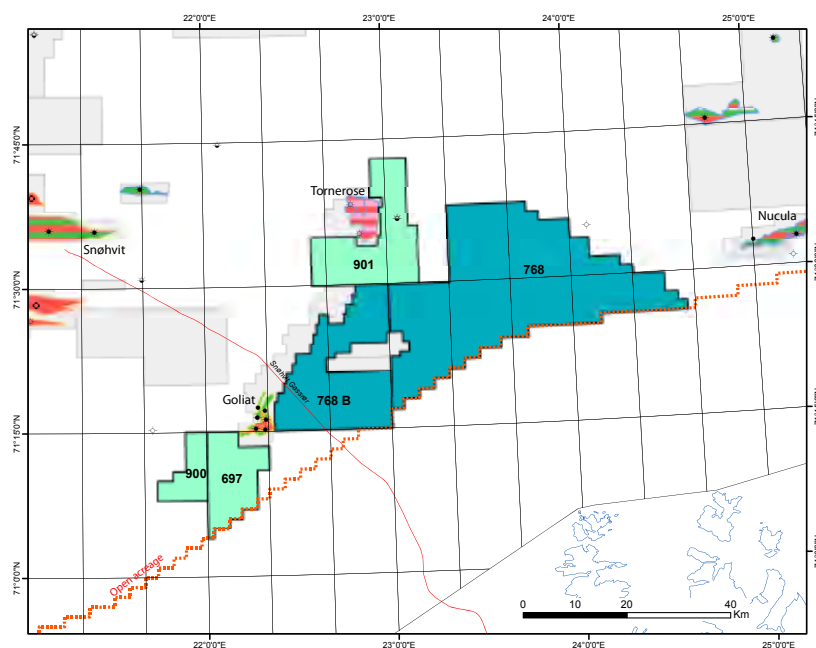
The Andotten Prospect

The Andotten Prospect is a new and unproven play in the Barents Sea. The prospect is stratigraphic with sandstones of the Upper Permian, Ørret Formation as the prognosed reservoir. A low-stand fan complex has been mapped along the northern edge of the Finnmark Platform. The Ørret Formation has a pinch-out towards the south, onto the slope of a carbonate shelf representing the Røye Formation. This carbonate shelf has a pronounced east-west trending shelf edge that defines the southern limit of the Andotten Prospect.

Sandstones of the Ørret Formation were encountered in wells 7122/7-3 (Goliat Field), 7120/12-2 (Alke discovery) and 7120/12-4. Seismic correlation from these wells into the Andotten Prospect area indicates that the potential reservoir is of Upper Permian age. There are signs that the carbonate platform was subaerially exposed during the deposition of the Ørret sandstones, which had their provenance in the south. The top seal represents claystones of the lower part of the Havert Formation and the bottom seal contains carbonates of the Røye Formation. The source rock is most likely the Kobbek Formation in the Hammerfest Basin. Oil-bearing sand-

stones of the Kobbek Formation in the Goliat Field may spill eastwards onto the platform area. An additional and local source rock may also be the Tettegras Formation of Carboniferous age.

The Andotten Prospect has a huge volumetric potential, but is relatively high risk. The largest risk is associated with source rock/migration and the integrity of the trap. However, seismic inversion of the 2D broadband data shows a potential hydrocarbon contact. Therefore, there are great expectations regarding the new 3D seismic data, seismic inversion, AVO studies and possible direct hydrocarbon indicators.



Fact Box PL 768/768 B:

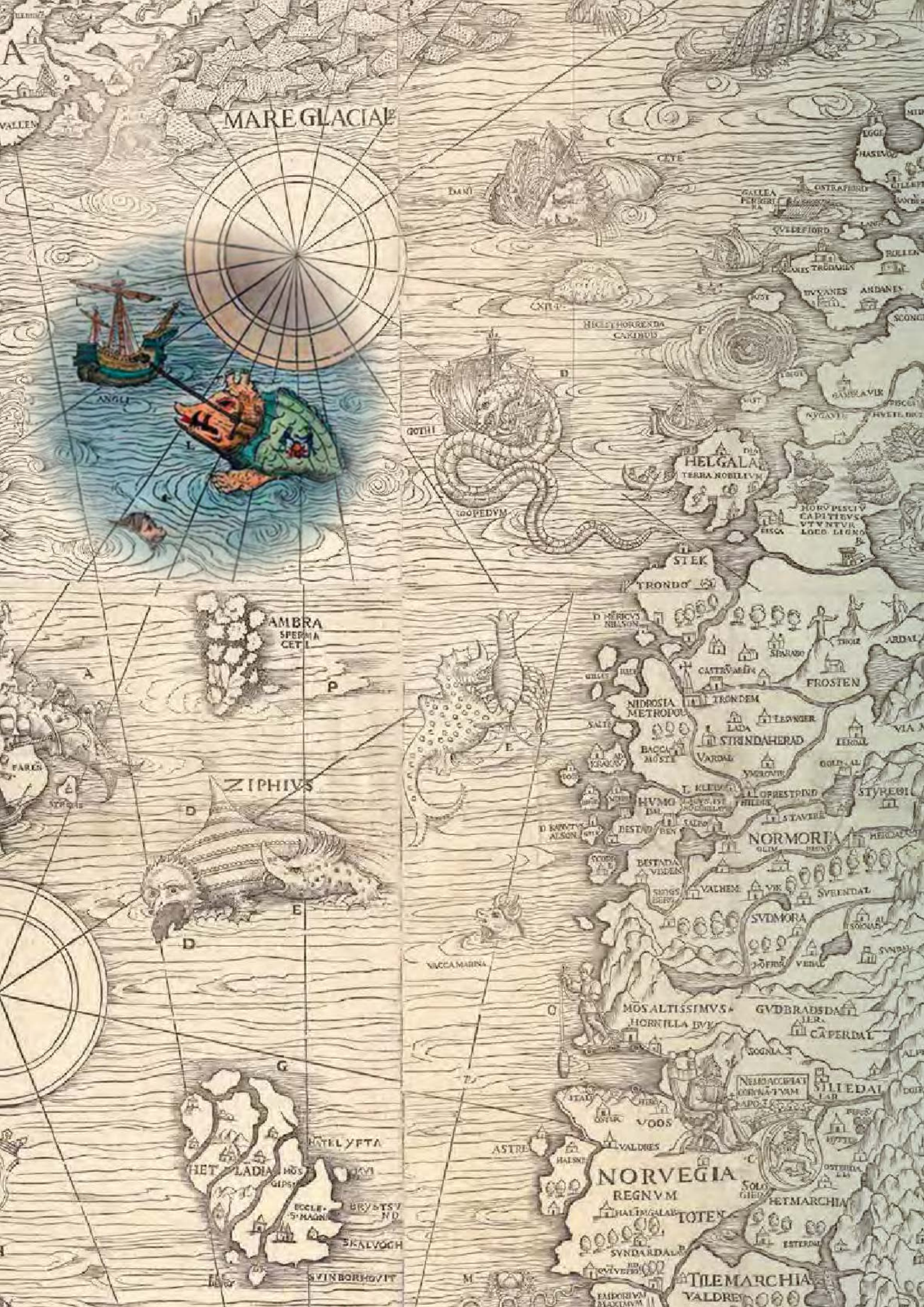
Operator: Wintershall (30%)

Partners: Concedo (25%), OMV (25%), Petoro (20%)

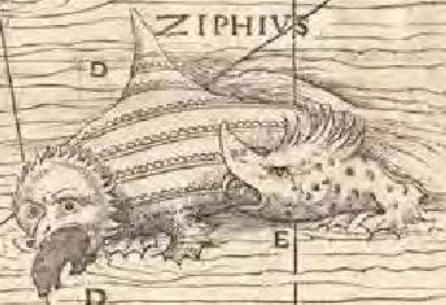
Reservoir levels: Upper Permian, Ørret Formation

"Drill or Drop" decision: February 2019

Plan 2017: Acquire 3D seismic



MARE GLACIALE





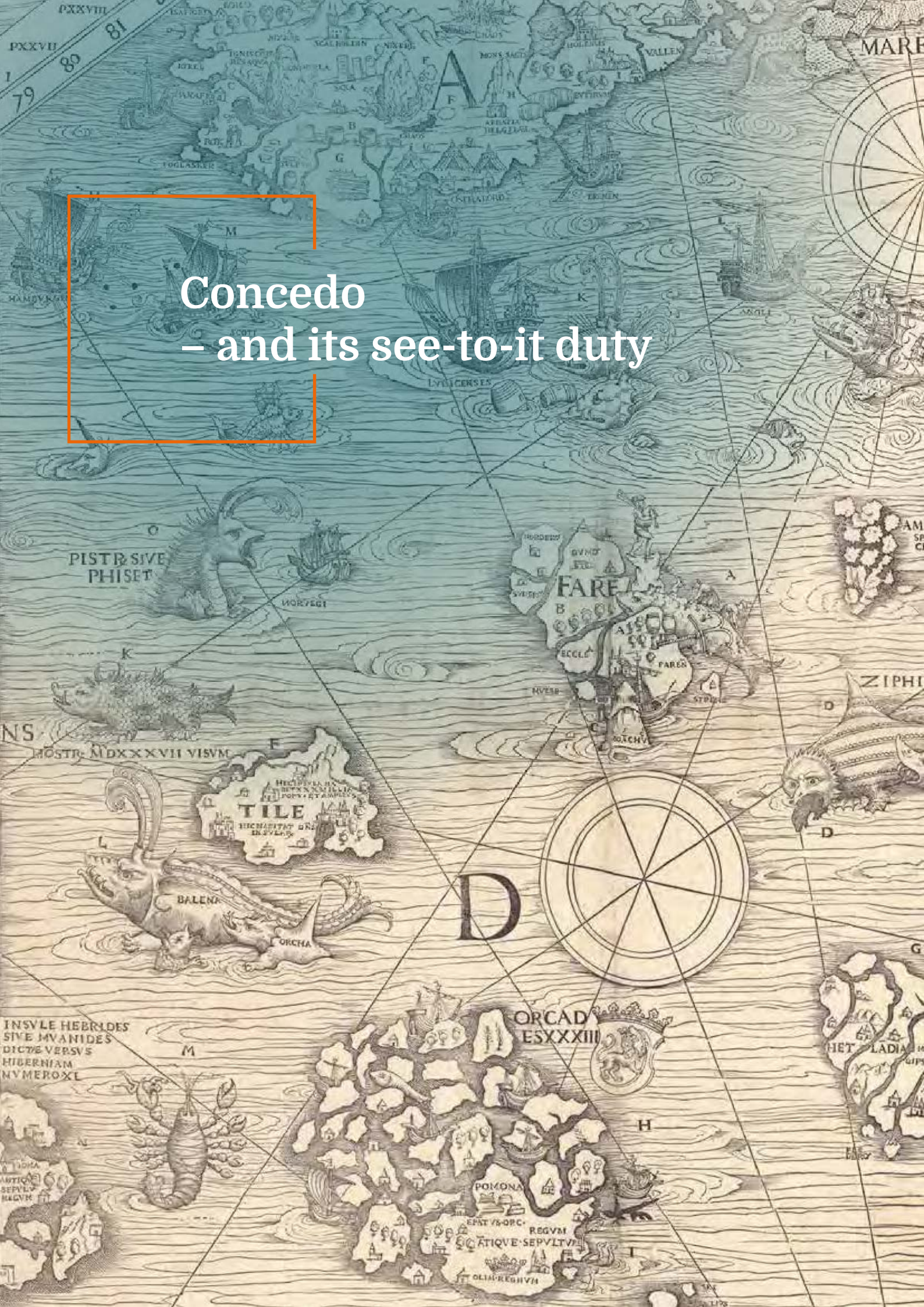
Hafgufa and Kraken

The Hafgufa (Icelandic for sea steam) or lyngbakr (heather back) is a huge sea monster referred to in Norse literature. *Kongespeilet* (a book published around 1250) describes a sea monster or gigantic whale as big as an island. This animal was rarely seen and the wording speculates about whether there may only be one or two such animals in the whole world.

The Kraken is a fictive animal in Norwegian folklore that takes the form of an enormous sea monster or a gigantic fish that fishermen are supposed to have seen along the coasts of Norway, Iceland and Ireland.

The first written description of the Kraken comes from Erik Pontoppidan the younger (1698-1764), a Danish author and bishop who lived in Bergen. He refers to it as “the absolutely biggest sea monster”. The Kraken has also been depicted as a sea monster – either as a huge octopus or as a whale.

Off the coast of Iceland, sightings of the Hafgufa can be explained by subsea volcanoes that can create ocean currents, bubbles in the water and new small islands. Many of the other sightings may quite simply be mirages or low, round clouds. In recent times, some people have interpreted “sea steam” as a possible sign of gas bubbles due to methane emissions from the seabed. Unstable methane hydrates can release gas in the case of, for example, earthquakes and subsea landslides. Both ships and people would in such case probably sink in the bubbly, low-density seawater.



Concedo
– and its see-to-it duty

As a licensee in multiple licences on the Norwegian Continental Shelf (NCS), Concedo is obliged to carry out all the duties of licensees in accordance with the Norwegian Petroleum Activities Act.

The see-to-it duty is one of a licensee's key obligations: *"The licensee must carry out its own duties in accordance with the individual provisions of the regulations, facilitate the operator's work, and see to it that the latter fulfils its duties."*

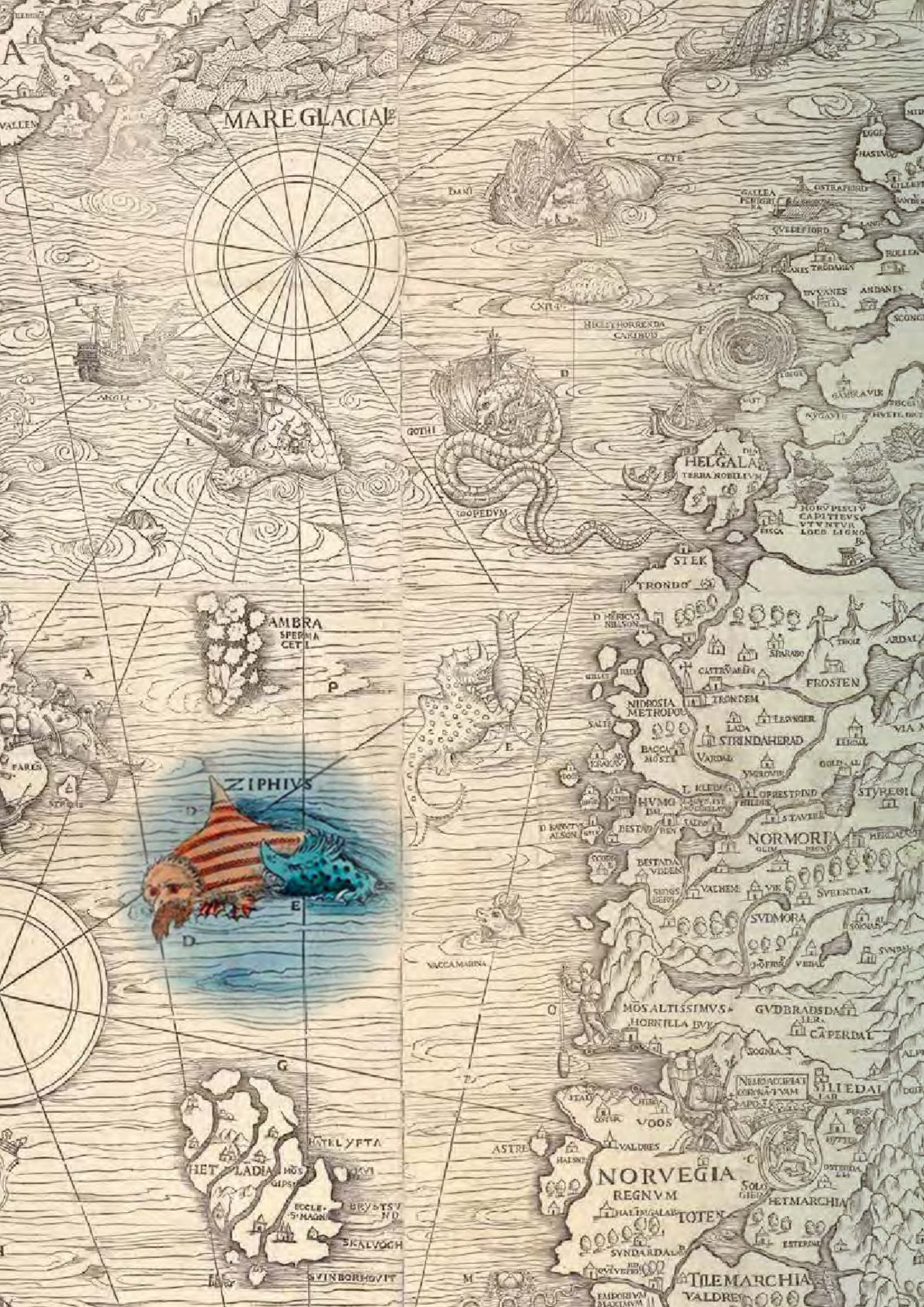
To ensure that all partners have sufficient resources and expertise to closely follow-up the operator's work on behalf of the licence, every partner must be qualified through the pre-qualification process. Without a successful outcome of the pre-qualification process, the company cannot become an owner of a licence on the NCS.

For Concedo - a pure exploration company - our see-to-it duty covers all aspects of the licence group's work, including all the technical work for prospect maturation, drilling preparations and HSE. A licensee is also required to verify that the operator has a functioning management system and adequately qualified organization and communicates key information/applications to the authorities. The licensee is obliged to take action if the operator fails to comply with the regulations.

Concedo performs its see-to-it duty by actively participating in licence meetings and exchanging information through the designated software "License2share". In addition, all partners may call for, and conduct, an audit of the operator and the work it has carried out on behalf of the licence.

Through its membership of the Norwegian Oil and Gas Association (NOROG), Concedo has participated in work related to achieving a common understanding of the see-to-it duty as stipulated in section 10-6 of the Norwegian Petroleum Activities Act and guidelines given in letters issued by the Norwegian Petroleum Directorate and Petroleum Safety Authority.

The phrase "to see to it" is employed since this is used in section 10-6 of the Petroleum Activities Act to describe the licensee's and operator's special follow-up responsibility. This phrase is used to make it clear that it is in the first instance the individual participant's duty to abide by the rules. To see to it entails a duty to ascertain, by establishing a management system and by supervision, that the participants in the activity comply with requirements laid down in and pursuant to the Act. The responsibility for seeing to it that the rules are complied with is thus a general and overarching follow-up obligation in connection with the implementation of petroleum activities.





Are they all bad?

In Nordic folklore, most sea monsters are bad creatures that sink ships and kill people. Even so, bad has its opposite – good. And there were some sea creatures that could actually be helpful to fishermen.

According to Norwegian folklore, the Man from the Sea is a sea spirit that is half man, half fish.

Fishermen who saw the Man from the Sea could expect storms and bad weather. If the Man from the Sea received any help, he might as thanks disclose good fishing sites. If the Man from the Sea says anything, it is usually in rhyming verse.

The Marmel (from the Norse marmennil – mar = sea, and mennil = little man) is a small, human-like sea spirit from the waist up, but looks like a fish down below. One of the ideas about the Marmel is that it can look into the future, reveal concealed things and predict the future. It brings its hidden secrets with it from where it lives on the seabed.

There are stories about fishermen who apparently hooked the Marmel. It is alleged to be naked and to freeze when it comes onto the boat, but if the fishermen are kind to it and give it clothes (or a mitten to hide in) and then release it into the sea again, they will later be given help and warnings of future bad weather or storms at sea. The Marmel could on the other hand take revenge if it was not given the help it requested.

Mirages and other atmospheric phenomena may have distorted the visual impression of seals, killer whales, walruses and large stones and made them look like sea monsters.

Fault and fracture analysis along the Scicli-Ragusa

The goal of this year's field trip was to study fracture patterns in porous and tight carbonates; the development of strike-slip and normal faults; fault and fracture permeability; karstic permeability; and finally fault and fracture controlled hydrocarbon migration and storage. The Scicli-Ragusa strike-slip fault zone (location blue 2) near the village of Scicli and the Streppenosa Mine (location red 1) west of Modica town were used as examples. In addition, the producing Irminio Oil Field (location blue 1) was visited, where a geological review of the oil field was given.

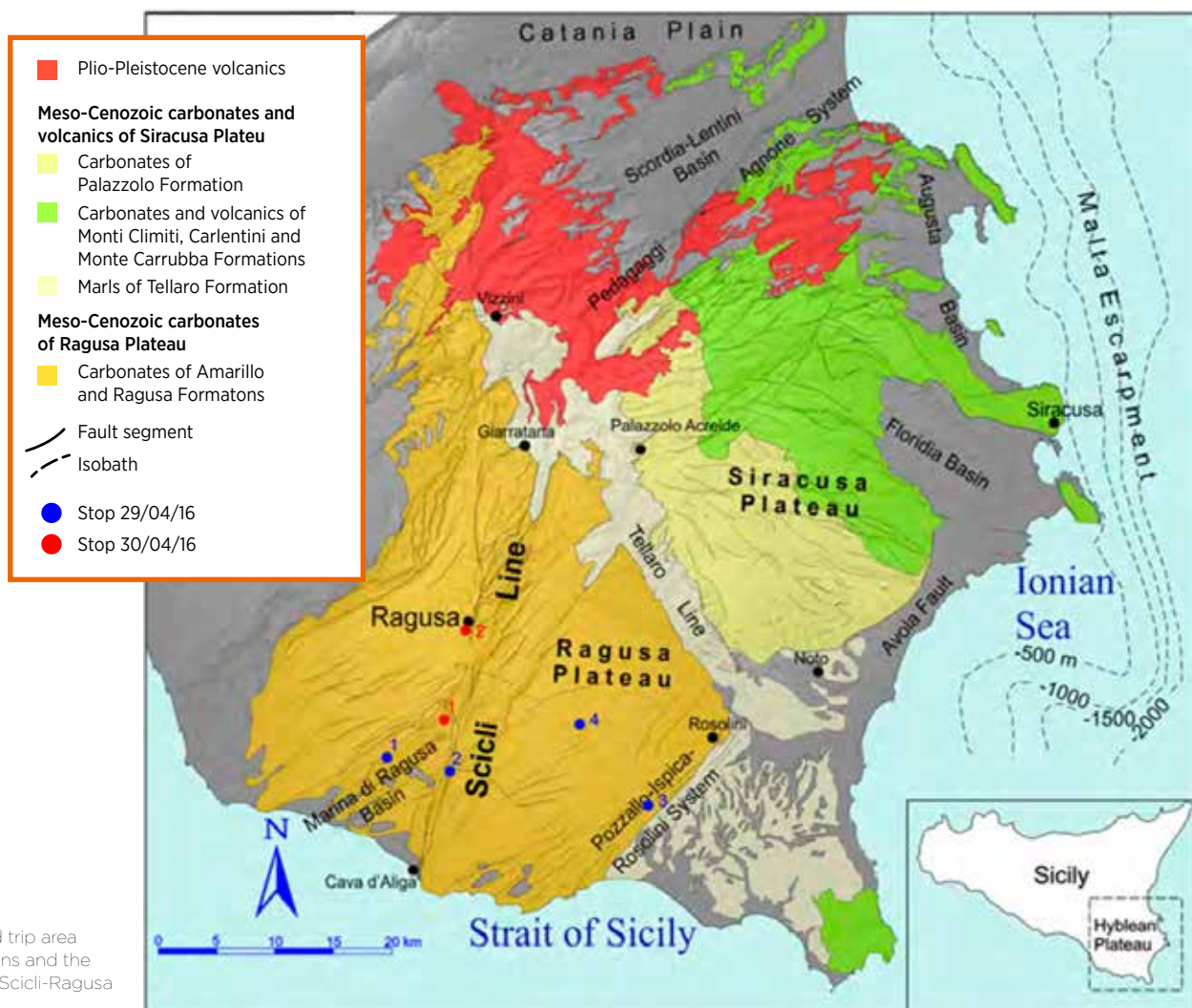
Hydrocarbon from outcrops have been known in Sicily for many centuries. Bitumen-impregnated limestones were used for building purposes in south-eastern Sicily due to the ease of workability, and for aqueducts because of their impermeability. Superficial asphalt deposits were exploited during the 19th and early 20th centuries, and several shallow wells were drilled before World War II.

The Ragusa oil field was discovered in the Sicilian foreland in 1953 in upper Triassic dolomites. Oil migrated from the source rock (black shales of the Streppenosa Formation) into a dolomitic reservoir (Late Triassic Gela Fm). The reservoir is sealed by shales and tight carbonates (the Late Triassic to Early Jurassic Noto and Streppenosa Formations).

The Ragusa anticline defines the main trapping mechanism. Later, a fault set of regional extent developed subparallel to the Ragusa anticline hinge. At the basin margin, where the Noto-Streppenosa seal is absent, oil migrated into the coeval Siracusa Formation (Rhaetian to late Jurassic) sealed by marly limestones.

Karstic dissolution along fractures within Ragusa Formation was initiated during the late Miocene and continued to develop in exposed areas throughout the Pliocene and the Quaternary. This has led to the generation of a karst system with interconnected caves, karren, solution pans and karst holes. Inside the Streppenosa mine, it is possible to see speleothems, bitumen impregnated limestones, pisolites, bitumen stalactites, bitumen flows and last but not least bats.

The asphaltic Mines of Streppenosa (Figure 4) are located within a geo-archeologic park, protected since 1991. The park includes the Ispica Cave, which comprises a verdant gorge studded with thousands of natural caves and grottoes. Evidence of human habitation dates back to about 2000 BC, and over the millennia the caves have served as Neolithic tombs, early Christian catacombs and medieval dwellings. A number of rock churches also survive from the Byzantine period.



Map of field trip area with locations and the Scicli Line (Scicli-Ragusa fault zone)



Irminio Oil Field

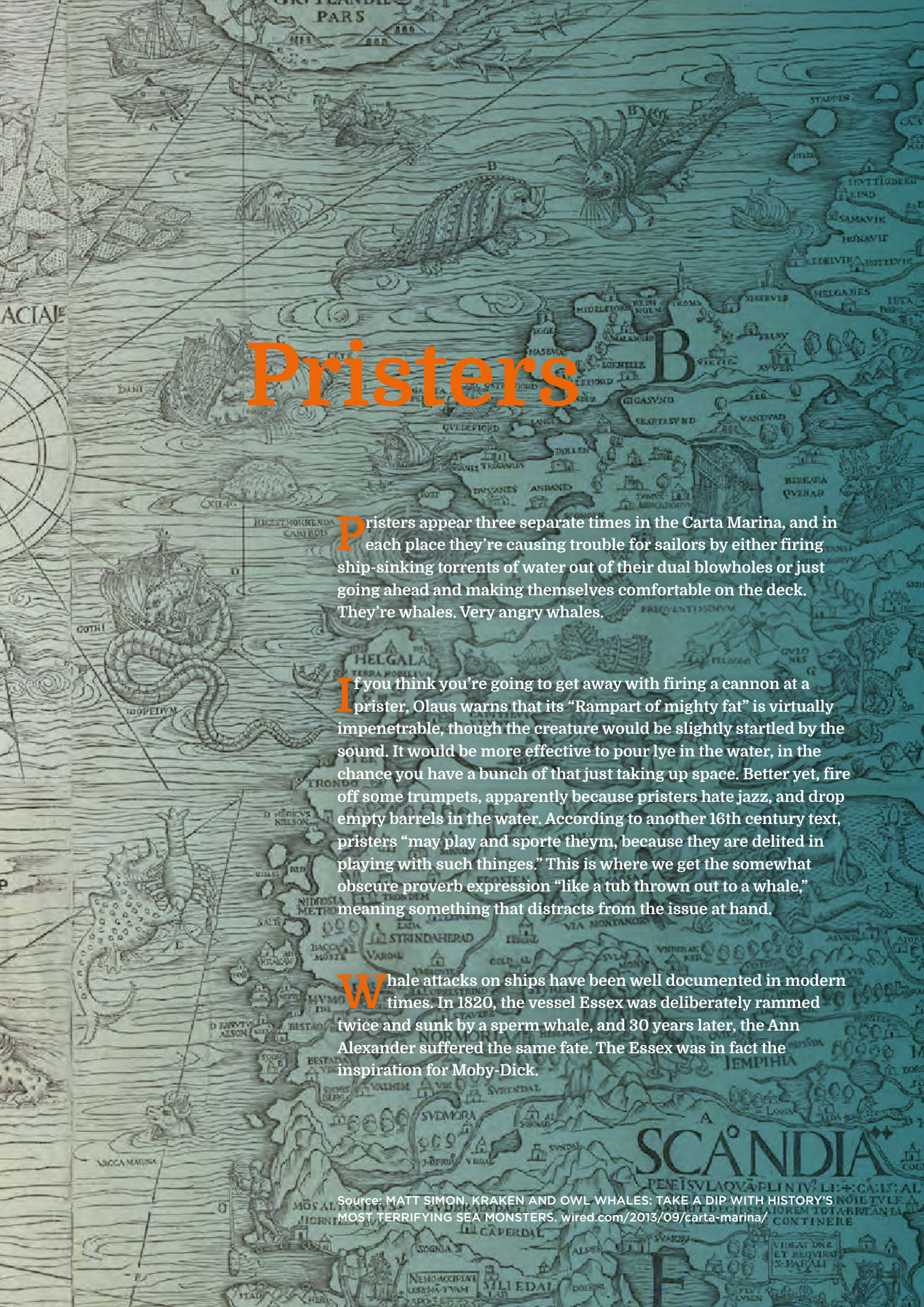


The Scicli-Ragusa strike-slip fault zone



Oil seeps along faults and fissures in the Streppenosa mine





Pristers

Pristers appear three separate times in the Carta Marina, and in each place they're causing trouble for sailors by either firing ship-sinking torrents of water out of their dual blowholes or just going ahead and making themselves comfortable on the deck. They're whales. Very angry whales.

If you think you're going to get away with firing a cannon at a prister, Olaus warns that its "Rampart of mighty fat" is virtually impenetrable, though the creature would be slightly startled by the sound. It would be more effective to pour lye in the water, in the chance you have a bunch of that just taking up space. Better yet, fire off some trumpets, apparently because pristers hate jazz, and drop empty barrels in the water. According to another 16th century text, pristers "may play and sporte theym, because they are delited in playing with such thinges." This is where we get the somewhat obscure proverb expression "like a tub thrown out to a whale," meaning something that distracts from the issue at hand.

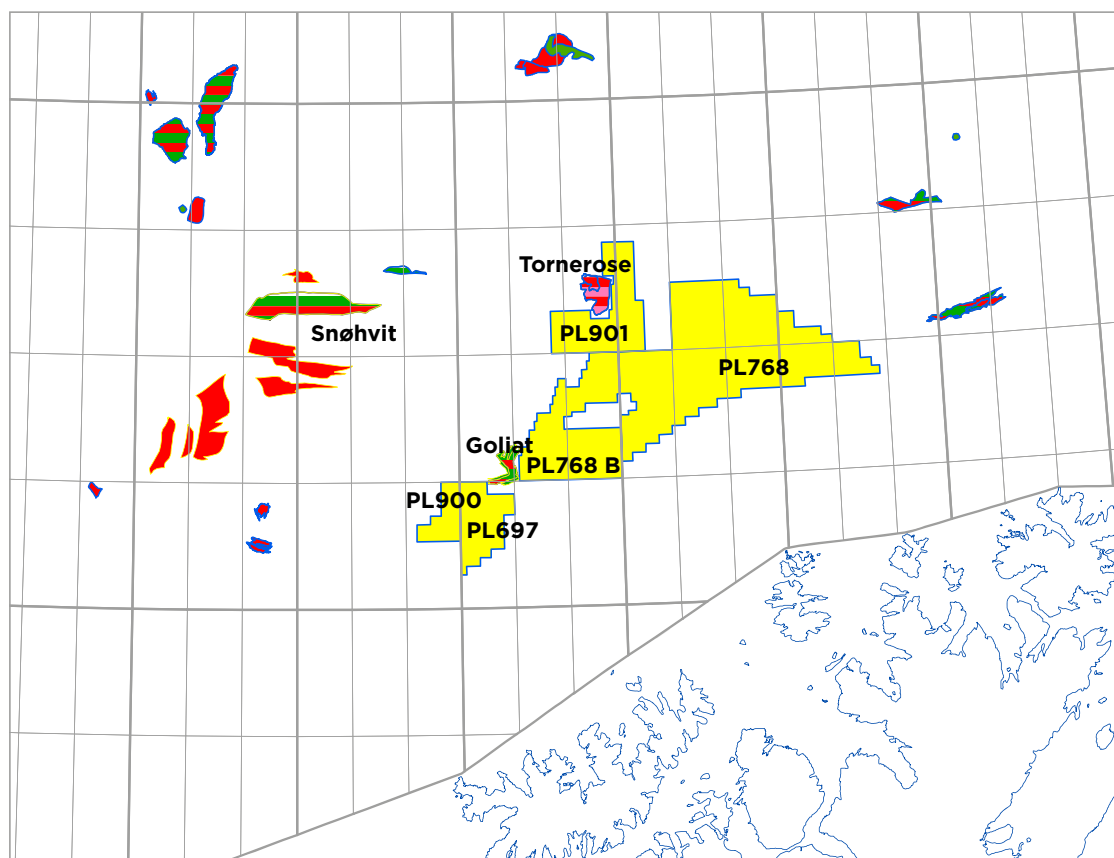
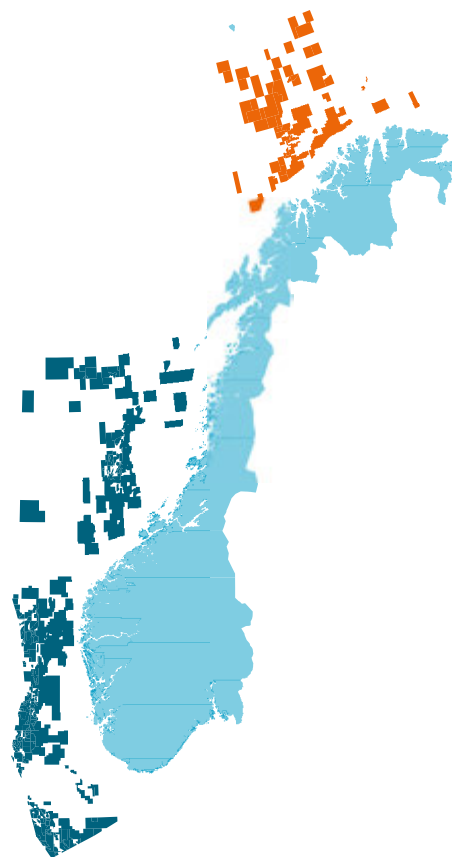
Whale attacks on ships have been well documented in modern times. In 1820, the vessel Essex was deliberately rammed twice and sunk by a sperm whale, and 30 years later, the Ann Alexander suffered the same fate. The Essex was in fact the inspiration for Moby-Dick.

Source: MATT SIMON. KRAKEN AND OWL WHALES: TAKE A DIP WITH HISTORY'S MOST TERRIFYING SEA MONSTERS. wired.com/2013/09/carta-marina/

Licence portfolio

Barents Sea

PL 697	Concedo interest: 10% Operator: ENI Norge AS Acquired 2015
PL 768	Concedo interest: 25% Operator: Wintershall Norge AS Granted: APA 2013
PL 768 B	Concedo interest: 25% Operator: Wintershall Norge AS Granted: APA 2015
PL 900	Concedo interest: 10% Operator: ENI Norge AS Granted: APA 2016
PL 901	Concedo interest: 20% Operator: Statoil Petroleum AS Granted: APA 2016

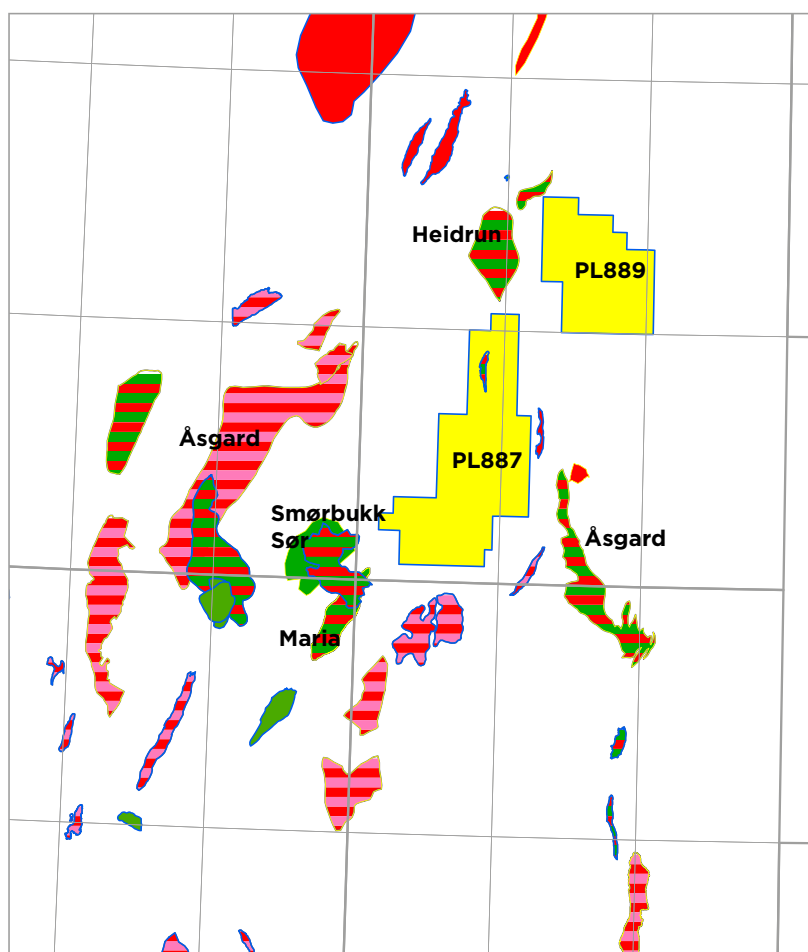
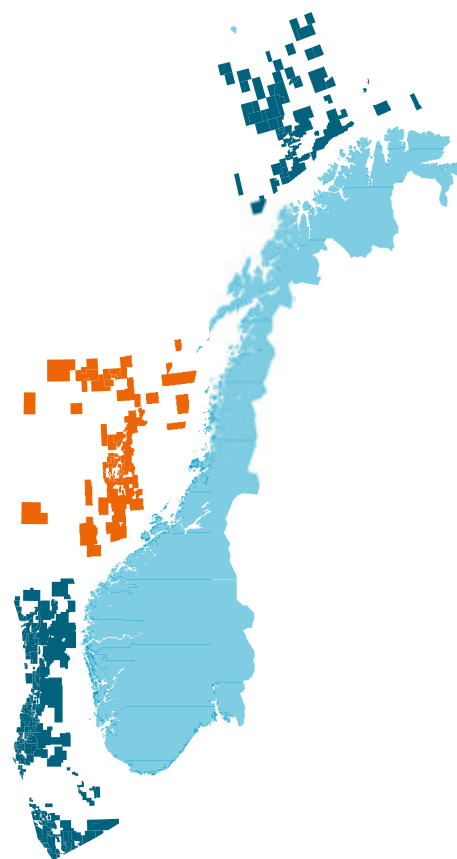


Licence portfolio

Norwegian Sea

PL 887 Concedo interest: 20%
Operator: PGNiG Upstream Norway AS
Granted: APA 2016

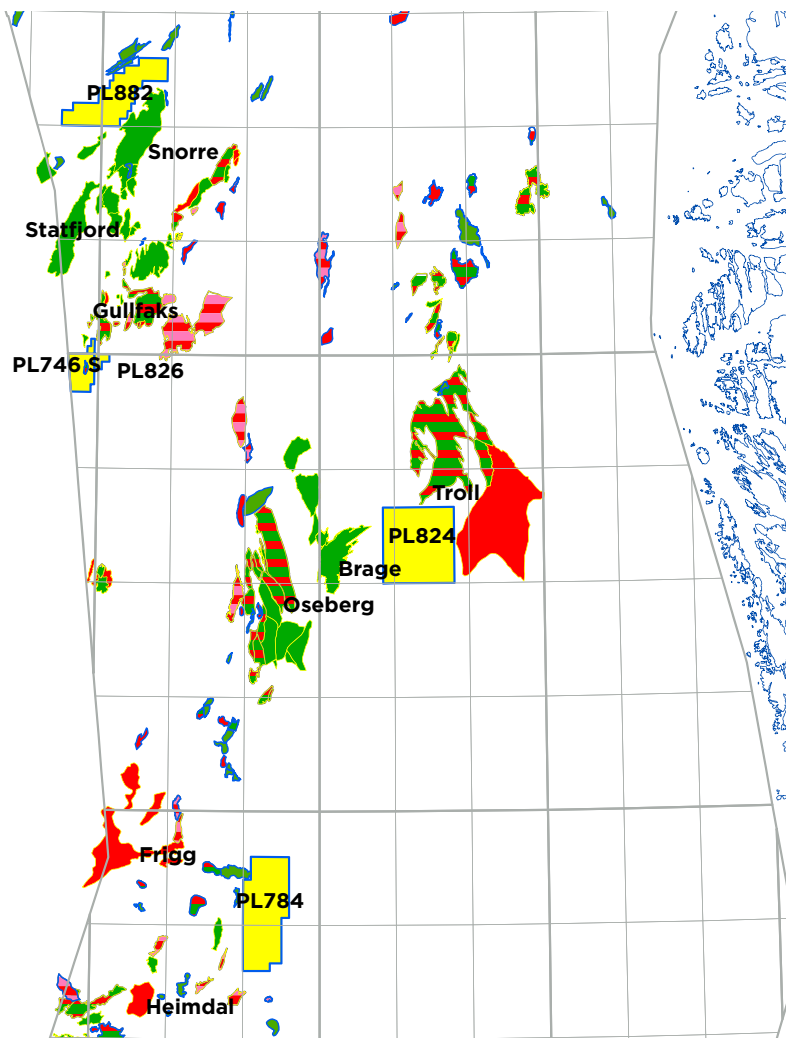
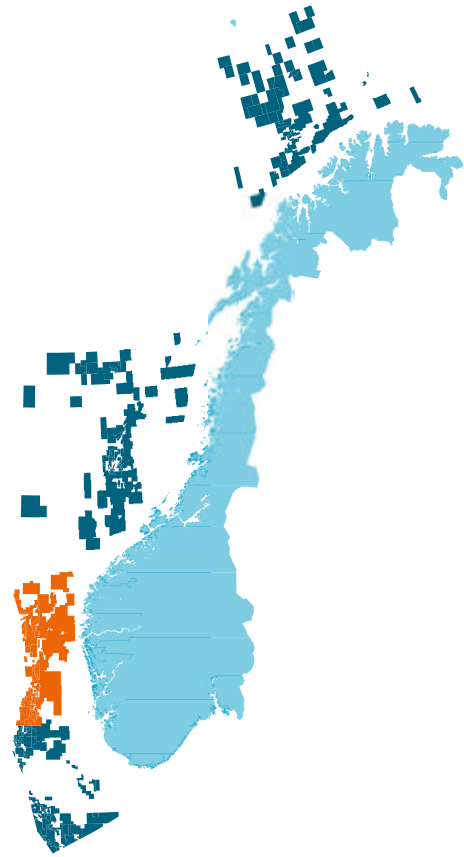
PL 889 Concedo interest: 40%
Operator: VNG Norge AS
Granted: APA 2016



Licence portfolio

Northern North Sea

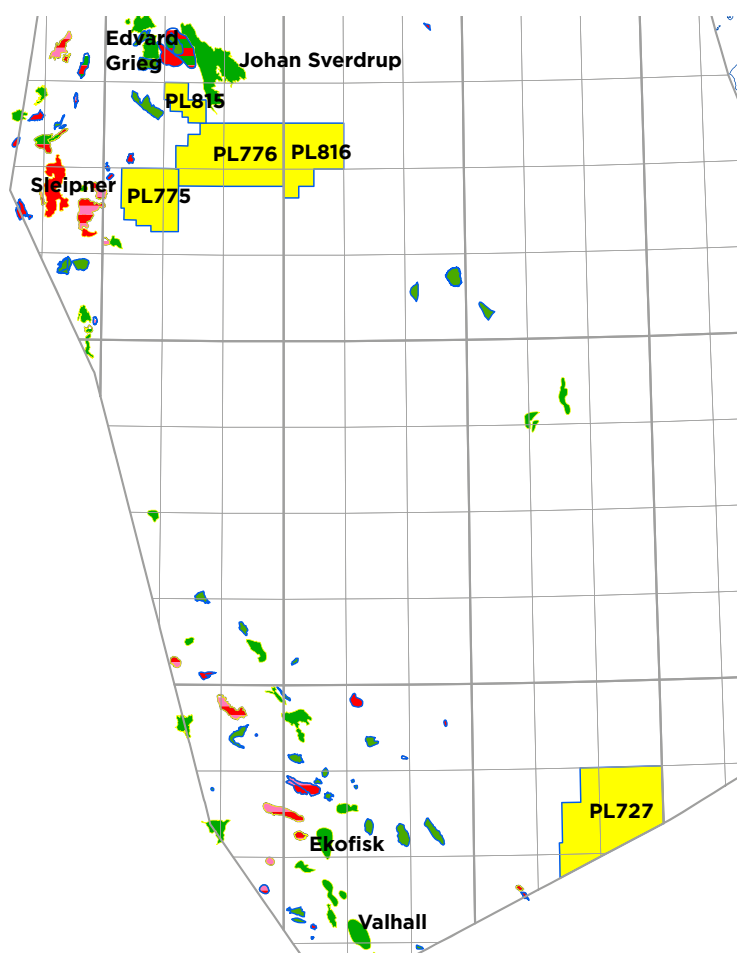
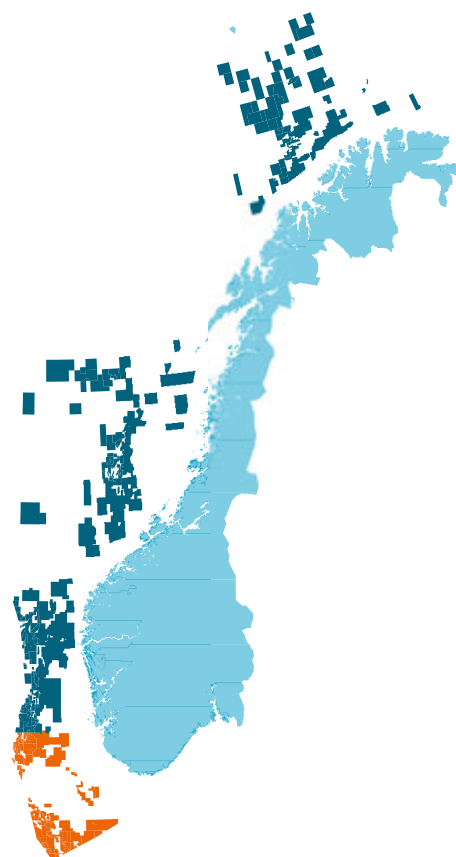
- PL 746 S** Concedo interest: 30%
Operator: Point Resources AS
Granted: APA 2013
- PL 784** Concedo interest: 20%
Operator: Aker BP ASA
Granted: APA 2014
- PL 824** Concedo interest: 30%
Operator: Point Resources AS
Granted: APA 2015
- PL 826** Concedo interest: 30%
Operator: Point Resources AS
Granted: APA 2015
- PL 882** Concedo interest: 30%
Operator: VNG Norge AS
Granted: APA 2016



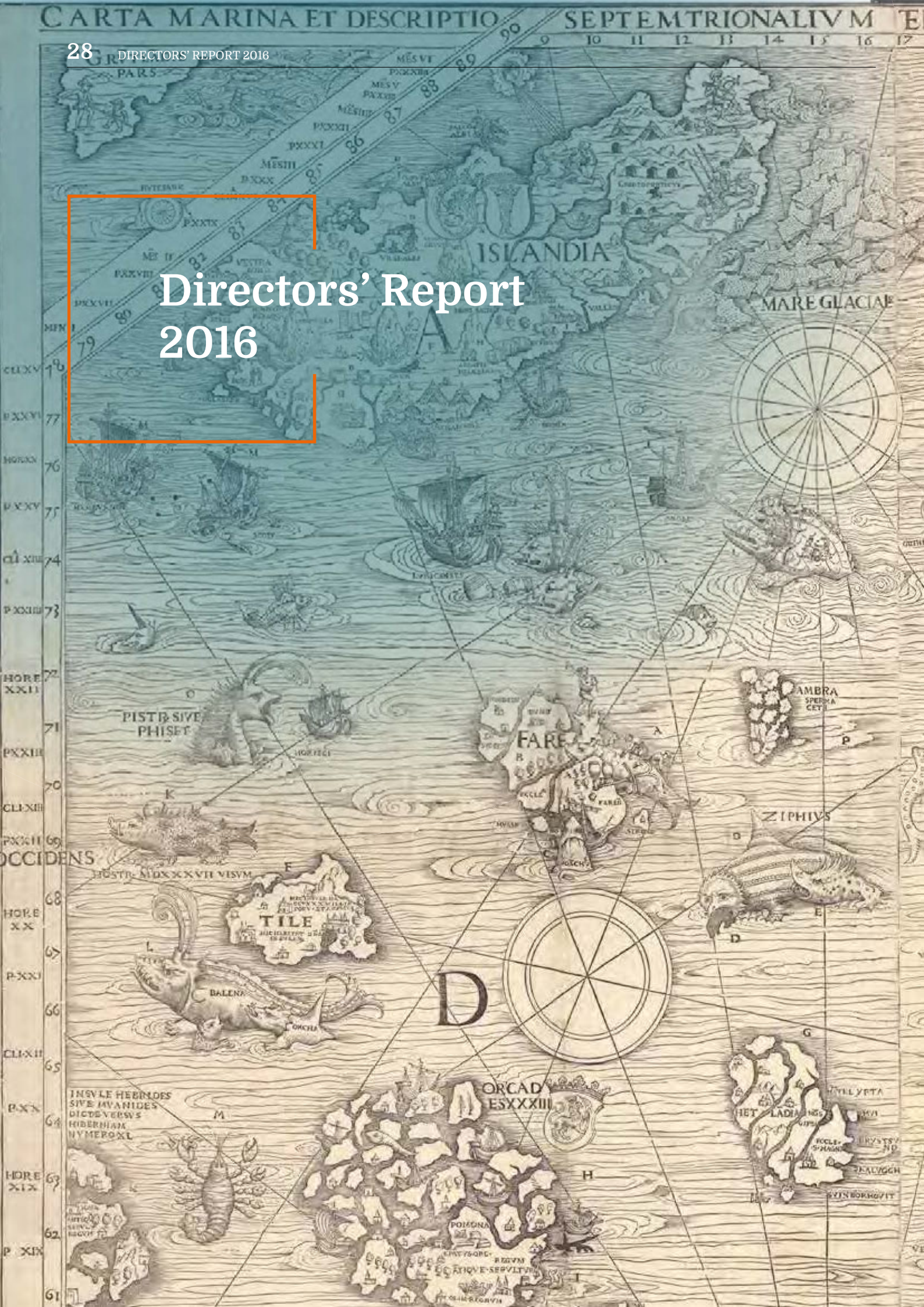
Licence portfolio

Southern North Sea

PL 727	Concedo interest: 30% Operator: Edison International Norway Branch Granted: APA 2013
PL 775	Concedo interest: 20% Operator: ConocoPhillips Skandinavia AS Granted: APA 2014
PL 776	Concedo interest: 20% Operator: Wintershall Norge AS Granted: APA 2014
PL 815	Concedo interest: 20% Operator: Lundin Norge AS Granted: APA 2015
PL 816	Concedo interest: 30% Operator: ENI Norge AS Granted: APA 2015



Directors' Report 2016



Concedo has continued its exploration activity as before, amid turbulent times in the industry. In January 2016, the price of oil plunged to its lowest level in several years, leading to even more uncertainty in the market. Oil companies reduced investments further and the number of transactions increased. Many exploration wells were postponed or dropped.

Reserve replacement rates have been very low globally over the last five years. In 2016, this was also the case on the Norwegian Continental Shelf (NCS). The demand for oil and gas is still increasing, and the combination of increasing demand and low reserve replacement should lead to an increased focus on exploration and affect the oil price in the end.

Exploration activity on the NCS declined in 2016 compared to the previous year. Twenty-eight pure exploration wells were spudded in 2016, 20 fewer than in 2015. There were 18 discoveries, most of them small, and the reserve replacement was low. However, many of the discoveries were close to infrastructure for possible commercial development.

There were more mergers and acquisitions on the NCS in 2016, reducing the number of active companies. This creates both opportunities and constraints for Concedo. The number of competitors has been reduced, but we have fewer companies to partner with.

Expenses related to drilling and seismic data represent the largest costs in Concedo's business. Drilling rig rates have fallen and seismic data is offered on very favourable conditions. As such, the downturn in the industry also offers good opportunities.

A theme that was introduced in the annual report last year was «Standing on the shoulders of giants». The word «giants» is in our case referring to the three oil fields; Johan Sverdrup, Gullfaks and Goliat.

Concedo's ambition has been to build on the accumulated knowledge in these areas and contribute to the further success of these valuable assets. In areas near fields, the most important clues as to new discoveries are often found by looking closely at the data from the many old wells.

Concedo holds several licences south of Johan Sverdrup. In licence PL 776, the Rome prospect was drilled during the summer of 2016, but the well was dry. The work continues in order to evaluate other prospects in the licence. Another licence in the area, PL 815, is particularly promising. In that licence, it is necessary to undertake de-risking work before making a drilling decision.

Concedo's relationship with the Gullfaks area started with the PL 746S licence. The main focus in this licence was the upside in the existing Hernar discovery. There is also the possibility that the Skinnfaks South discovery extends into this licence. The subsurface evaluation of the prospectivity is ongoing and the drill or drop decision deadline is early 2017. The partnership has applied for an extension of this deadline.

In the Barents Sea, Concedo entered into PL 697, close to the Goliat field, in 2015. The Goliat Eye prospect is planned to be drilled in the second half of 2017. The work in other licences in the area is in the de-risking phase.

PL 784 in the central North Sea has become very interesting after the Langfjellet discovery was made in 2016 just west of this licence area.

The company's strategy remains robust and Concedo will continue to focus on the NCS and submit applications in the annual licensing rounds «Awards in Predefined Areas (APA)». Further, Concedo will participate in one to three exploration wells per year.

The award of six licences to Concedo in January 2016 in APA 2015 reinforced the company's focus on its priority areas. The exploration team believes there is a good possibility of finding oil in these areas and continues building knowledge of the geology and migration routes for oil. Proximity to existing fields makes discoveries more likely to be commercial.

In January 2017, Concedo was awarded five licences in APA 2016, in attractive areas near existing fields such as Snorre, Heidrun and Goliat.

Objectives and strategy

Concedo's ambition is to be one of the best exploration teams on the NCS, capitalizing on the team's excellent knowledge of leads and unmapped resources on the NCS and working in areas aligned with the team's strengths. We create value by selling discoveries prior to development, thus avoiding capital-intensive investments in field development. Concedo's strategy is to preserve its financial strength so it can sell discoveries at the best possible time and be regarded as an attractive partner by other oil companies.

Highlights in 2016

One well was drilled, unfortunately dry, but below the expected cost and without causing any damage or injuries.

Six licences were awarded in 2016 and a further five licences have been awarded so far in 2017. Six licences were relinquished, bringing the total to 20 licences by the end of the first quarter 2017.

Concedo is maintaining its support agreement with Geocore AS, giving us additional capacity in the licensing rounds.

Drilling

The Rome well, 16/5-6, in licence PL 776 was drilled in July and classified as dry. The expected Jurassic reservoir was not there and the well proved a tight sand-

stone of unknown age. This licence is located in the North Sea, south of the Johan Sverdrup field. The well was drilled by the Borgland Dolphin rig. The operator of the licence is Tullow (40%) with Wintershall (20%), Concedo ASA (20%) and Petoro (20%) as partners.

Financing

The company has renewed the NOK 350 million exploration finance facility established with DNB. Options have been included to give Concedo additional flexibility. This will provide the level of working capital needed for the exploration programme going forward to 2019.

Business office

Concedo has renewed the lease of its existing offices in Asker outside Oslo.

History

Concedo was established as an exploration company in 2006 and pre-qualified as a licensee on the NCS in 2007. From the beginning, the company had a strong team of eight experienced employees. The team grew, in pace with assignments and the number of licences in the company's portfolio, to 13 employees in 2015. The first discovery (gas) was made in 2008 - the Galtvort prospect - and in 2009 oil was found in what is now known as the Hyme Field, both in licence PL 348. Concedo's interest in this licence was sold to Statoil in 2010. In 2010, the Maria discovery, just south of the Smørbukk South field, was proven to be oil-bearing. This was sold to the operator Wintershall in 2011. The Novus discovery was made in early 2014, but was declared non-commercial. In 2014, Concedo divested PL 607 to Total E&P. In 2015, Concedo acquired a 10% working interest share in PL 697 in the Barents Sea.

Research and development

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

The company has, over the years, tested out many new exploration technologies and chosen the ones most suitable for the different exploration areas.

Concedo has also been an active

participant in the Norwegian Oil and Gas Committee for Licensing Policy and in the Norwegian Oil and Gas Scout Group.

Health, safety and the environment

The company ensures that all its activities are carried out without causing harm to humans or the environment. Safeguarding people, the environment and financial assets is an integral part of our management system and daily operations. Our activities caused no spills, injuries or accidents in 2016.

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

The working environment is considered good and we make continuous efforts to improve it further. In 2016, our employees participated in health and environment activities to prevent injuries. The sick leave in 2016 was 50 days or 1.16 % of the total working hours.

Gender equality

At the end of 2016, Concedo had thirteen employees, three women and ten men. The Board of Directors has five members, two women and three men. Concedo emphasizes gender equality, equal conditions and the equal treatment of all employees.

Sustainability and responsibility

Concedo integrates Corporate Social Responsibility (CSR) into its daily work routines and management system. In 2016, CSR procedures were established in the company, in addition to anti-bribery and corruption procedures.

It is an integral part of our business to ensure respect for human rights, take responsibility as an employer, minimize our impact on the environment, fight corruption and ensure a transparent corporate culture when dealing with all our stakeholders. We consider this a necessary and natural part of the way we carry out our business operations.

Corporate governance

The company's corporate governance system is in accordance with Norwegian recommendations. Concedo complies, where relevant, with the Norwegian Code

of Practice for Corporate Governance (NUES).

The Board of Directors held seven meetings in 2016. Key strategic and operational issues that were discussed include:

- A review of the impact of the low oil price and political situation internationally; the US election and Brexit.
- Close monitoring of the company's operational and financial performance, including Quality, Health, Safety and the Environment. Lessons-learned discussions after the completion of important activities, such as the drilling of the Rome well and awards in licensing rounds.
- Strategic balancing of the portfolio of exploration licences and assessment of licence applications in APA 2016.
- Assessment of investment and divestment opportunities.
- Supervision of risk management processes and internal control reporting.

Salaries for management and employees

In accordance with section 6-16a of the Public Limited Companies Act, the Board of Concedo ASA has prepared guidelines for determining the salaries and other remuneration of the company's management and employees.

Financial performance 2016

Financial statements are prepared in accordance with the Public Limited Companies Act, the Accounting Act and generally accepted accounting principles in Norway. To the best of the Directors' knowledge, there are no circumstances of significance for assessing the company's position as at 31 December 2016 or the result for 2016 that are not set forth in the annual report and financial statements.

The Directors believe that the annual accounts give a true presentation of Concedo's financial position as at 31 December 2016 and of the result and cash flows for the fiscal year.

Revenues and profits

The company made an operating loss of NOK 139 million. The year's loss after tax was NOK 39 million. The company invested a total of NOK 140 million in exploration activities in 2016. It claims NOK 109 million as a refund of the tax value of exploration costs. Exploration activities consist of the company's operating expenses, licence costs, seismic surveys and exploration wells. Costs related to

preparations for drilling exploration wells are recognized in the balance sheet. The capitalized cost related to drilling depends on whether or not commercial reserves are discovered. The exploration costs connected to the preparation of the Rome well and the well drilling costs in the PL 776 licence have been expensed.

Balance sheet and liquidity

At year-end 2016, the company's book equity amounted to NOK 166 million, equal to an equity ratio of 61%.

The company's interest-bearing debt originates from the NOK 350 million loan facility, of which NOK 98 million had been utilized as at 31 December 2016. The debt is secured by the tax-related refund of exploration costs. This is expected to be NOK 109 million for 2016.

Cash flow

The net cash flow from operating activities in 2016 was NOK (15) million. This included a tax refund of NOK 123 million. The net cash flow from financing activities was NOK (22) million.

Distribution of profit

No dividend was paid in 2016.

Operational, financial and market risks

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

The company is exposed to market risks from oil prices and the US dollar exchange rate. The company has interest-bearing debts and is exposed to changes in interest levels. These fell in 2016. At

present, Concedo does not have any contracts to hedge market risks.

The Norwegian government levels the playing field between production and exploration companies by contributing to the exploration costs of non-producers. This practice is expected to continue.

Credit risks

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

Liquidity risks

The company has cash reserves and a loan facility that provides financial flexibility. The Directors consider the company's liquidity to be good.

Currency risks

Some of the exploration costs are in USD. The Board has evaluated the situation related to USD versus NOK and decided not to hedge the currencies. A large part of the company's costs are in NOK.

Risk of low oil price

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

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

Going concern

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

concern have been satisfied.

Future prospects

Concedo's strategy is to preserve its financial strength in order to have the flexibility to sell discoveries at the optimum time and to be regarded as an attractive partner by other oil companies and the authorities. Concedo will continue to apply for licences, preferably close to infrastructure and with a drilling depth of less than 4,000m.

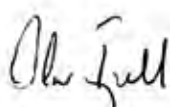
The company has the financial strength to pursue its strategy, even if it takes time before the oil price stabilizes at a higher level and optimism returns to the industry.

The current portfolio establishes a sound foundation. Concedo has carried out a lot of work on its licences. In addition, in the case of a discovery, all the licences are favourable with regard to commercialization as they may be candidates for tie-ins to existing fields.

Concedo has successfully been awarded licences in recent APA rounds and has a satisfactory number of good prospects for potential future drilling. The five licences awarded in APA 2016 are in attractive areas near existing fields for commercialization. The company is particularly excited by the potential in the PL 697, PL 815, PL 784 and PL 768B licences. The Goliat Eye prospect will be drilled in 2017 and the other licences are being evaluated for a drilling decision in the next few years. The awards in APA 2016 give additional potential for drilling additional wells.

The Concedo team is very enthusiastic and motivated by the future opportunities.

Asker, 14 March 2017



Olav Fjell
Chairman



Erik Klausen
Director



Karen Sund
Director



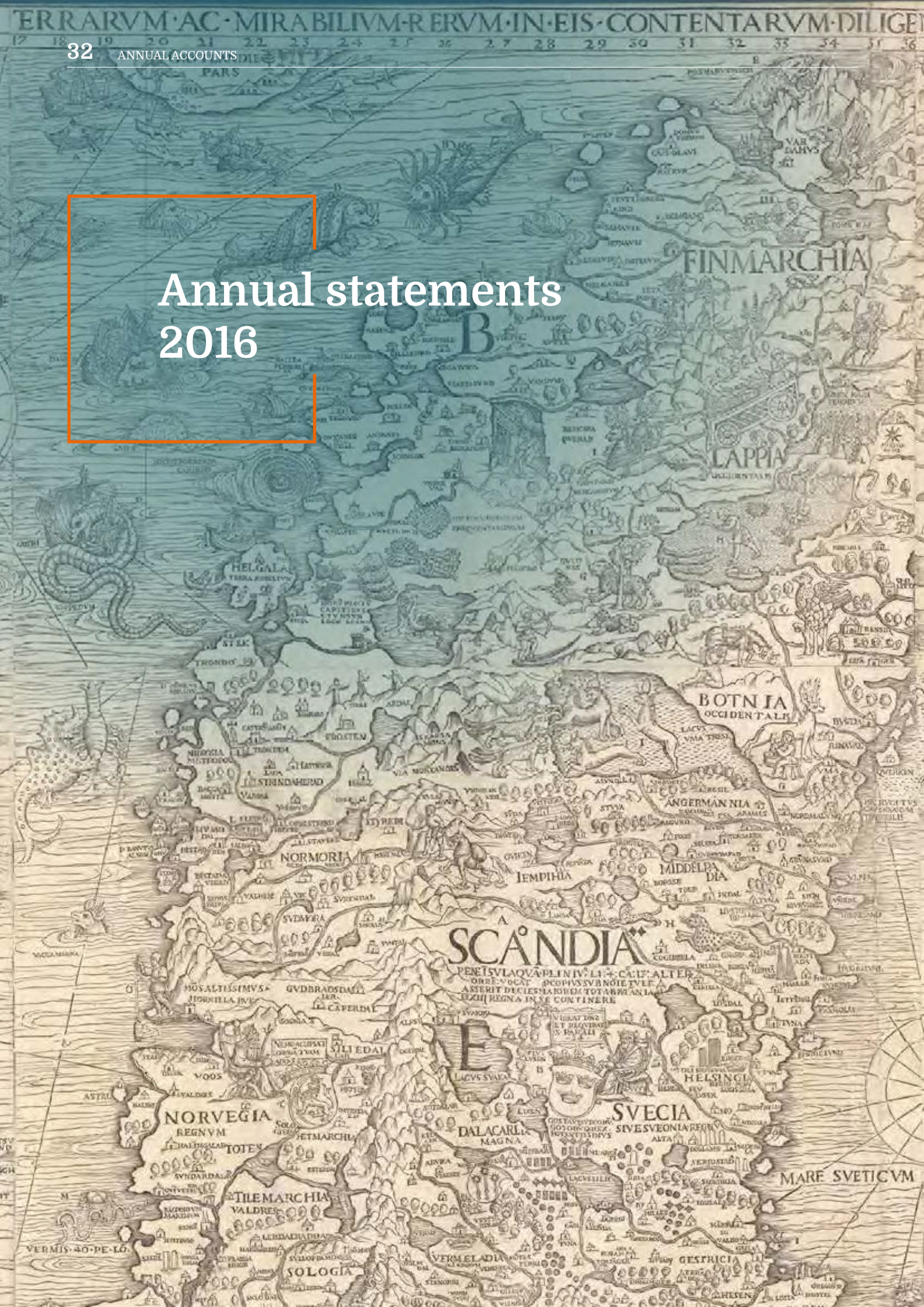
Hege Wullum
Director



Nirav Dagli
Director



Geir Lunde
CEO



Annual statements 2016

Concedo ASA

Profit and loss account 2016

Figures are given in the Norwegian currency NOK

	Note	2016	2015
Depreciation on fixed and intangible assets	3	-258 490	-456 423
Exploration expenses	2, 9, 13, 14	-139 174 807	-160 760 348
Total operating expenses		-139 433 296	-161 216 771
Operating profit/loss		-139 433 296	-161 216 771
Other interest received		1 896 482	3 476 228
Other financial income		1 520 970	8 132 750
Total financial income		3 417 451	11 608 978
Other interest paid		-7 668 918	-8 901 501
Other financial expenses		-6 355 032	-4 354 715
Total financial expenses		-14 023 950	-13 256 217
Net financial items		-10 606 499	-1 647 238
Pre-tax profit/loss on ordinary activities		-150 039 795	-162 864 009
Tax cost on profit on ordinary activities	6	110 939 692	126 150 401
Ordinary profit/loss		-39 100 103	-36 713 608
Income/loss for the year		-39 100 103	-36 713 608
Allocation			
Other reserves	5	-39 100 103	-36 713 608
Total		-39 100 103	-36 713 608

Concedo ASA

Balance Sheet as of 31 December 2016

Figures are given in the Norwegian currency NOK

ASSETS	Note	2016	2015
Fixed assets			
Intangible assets			
Deferred tax assets	6	19 627 482	17 404 140
Capitalised exploration expenses and licences	3	3 867 010	2 809 716
Total intangible assets		23 494 492	20 213 856
Tangible fixed assets			
Furniture, fixtures & machinery	3	261 223	160 990
Total tangible fixed assets		261 223	160 990
Total fixed assets		23 755 715	20 374 847
Current assets			
Receivables			
Other receivables	8	111 912 994	138 907 618
Total receivables		111 912 994	138 907 618
Bank deposits, cash-in-hand etc.	7	135 032 295	173 468 333
Total bank deposits, cash-in-hand etc.		135 032 295	173 468 333
Total current assets		246 945 289	312 375 950
Total assets		270 701 004	332 750 797

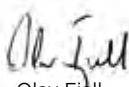
Concedo ASA

Balance Sheet as of 31 December 2016

Figures are given in the Norwegian currency NOK

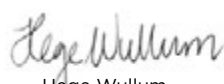
SHAREHOLDERS' EQUITY AND LIABILITIES	Note	2016	2015
EQUITY			
Paid-in capital			
Share capital	4,5	2 430 066	2 430 066
Treasury shares	5	-158 379	-158 379
Share premium	5	4 567 126	4 567 126
Other paid-in capital	5	1 150 667	531 240
Total paid-in capital		7 989 480	7 370 053
Retained earnings			
Other reserves	6	158 297 042	197 397 145
Total retained earnings		158 297 042	197 397 145
Total Equity		166 286 521	204 767 198
Current liabilities			
Owed to credit institutions	10,12	97 971 884	119 752 859
Trade creditors		2 180 459	4 213 905
Unpaid government charges etc.		1 798 410	1 757 246
Other current liabilities	11	2 463 729	2 259 589
Total current liabilities		104 414 483	127 983 599
Total liabilities		104 414 483	127 983 599
Total Equity and Liabilities		270 701 004	332 750 797

Asker, 14 March 2017

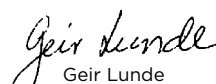

 Olav Fjell
 Chairman of the Board


 Erik Klausen
 Director


 Karen Sund
 Director


 Hege Wullum
 Director


 Nirav Dagli
 Director


 Geir Lunde
 CEO

Concedo ASA

Cash Flow Statement

OPERATING ACTIVITIES	Note	2016	2015
Pre-tax result		-150 039 795	-162 864 009
Adjustments for reconciling current year's result with cash flow from operating activities:			
Depreciation, amortisation and write-downs	3	258 490	456 423
Capitalised exploration costs expensed		27 063	4 082 322
Other items having no cash effect – subscription rights		619 427	531 240
Tax reimbursement received in period	6	123 121 522	215 548 948
Change in working capital (except for cash and cash equivalents):			
(Increase) reduction in trade debtors and other receivables		12 589 452	- 11 533 551
Increase (reduction) in trade creditors and other current debts		-1 788 142	-6 580 860
Cash flow from operating activities		-15 211 983	39 640 513
INVESTMENT ACTIVITIES			
Investments in fixed assets	3	-358 723	-
Capitalised exploration expenses	3	-1 084 357	-2 113 647
Cash flow spent on investment activities		-1 443 080	-2 113 647
FINANCING ACTIVITIES			
Share issue	5	-	-
Dividends and repayment of paid-in capital	4	-	-
Purchase of treasury shares	5	-	-
New interest-bearing short-term debt	10	88 299 993	59 060 000
Repayments short-term debt	10	-110 080 968	-139 322 263
Cash flow spent on financing activities		-21 780 975	-80 262 263
Net increase (reduction) in cash and cash equivalents		-38 436 037	-42 735 397
Cash and cash equivalents at beginning of year		173 468 333	216 203 730
Cash and cash equivalents at end of year		135 032 295	173 468 333

Note 1

Accounting Principles

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

Main principles for valuing and classifying assets and liabilities

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

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

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

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

Interests in oil and gas licences

Ownership in oil and gas licences is recognised by including Concedo's share of assets, liabilities, income and expenses in the licence on a line by line basis (gross method).

Accounting for exploration costs

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

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

Receivables

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

Bank deposits, cash in hand, etc.

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

Revenue

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

Expenses

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

Leasing agreements

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

Pensions

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

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

Share-based remuneration

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

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

Taxes

Tax expenses are matched with book income before tax.

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

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

Cash flow analysis

The cash flow analysis is prepared using the indirect method.

Note 2

Payroll costs, number of employees, benefits etc.

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

Payroll costs	2016	2015
Salaries	17 304 094	17 281 445
Employer's payroll tax	2 693 669	2 681 230
Pension costs	1 389 258	1 447 644
Share-based remuneration	619 427	531 240
Other benefits	234 350	159 649
Total	22 240 797	22 101 208
Number of man-years employed during the financial year	13	13

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

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

Remuneration paid to directors and management	Salary	Pension- costs	Other remuneration
Geir Lunde (CEO)	1 551 900	107 312	36 197
Olav Fjell (Chairman)			150 000
Erik Klausen (Director and HSE manager)	1 485 314	93 623	38 972
Hege Wullum (Director)			100 000
Karen Sund (Director)			100 000
Nirav Dagli (Director)			100 000

The CEO has a severance pay contract under which he, if he leaves at the company's request, is entitled to salary for 6 months after his period of notice expires. For subscription rights awarded to the CEO and directors in connection with

the incentive scheme, see Note 5. Consultancy services of NOK 249 996 excl. VAT were purchased from Fjellvit AS, a company owned by the Chairman of the Board.

Share-based remuneration

With the approval of the AGM, the Directors of Concedo have awarded the employees 298 086 subscription rights as of 1 January 2016. During 2016 no subscription rights were exchanged into shares. On 15 December 2016, the Directors decided to distribute 110 743 subscription rights in accordance with the guidelines for remuneration of senior management.

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

NOK 11 468 453. NOK 619 427 was expensed in 2016.

At 31 December 2016, the estimated amount of share-based remuneration costs yet to be expensed throughout the vesting period is NOK 1 556 016.

The calculation is based on a risk-free interest rate (Government bonds with 3-5 years to maturity), and the expected exercise of subscription rights after 48 months. The standard deviation from the expected yield is estimated at 50 %

Number of subscription rights	2016	2015
Outstanding as of 1 January	298 086	187 343
Awarded during year	110 743	110 743
Forfeited during year	0	0
Exercised during year	0	0
Expired during year	-59 167	0
Outstanding as of 31 December	349 662	298 086

The average gross exercise price is NOK 27.1 per share. According to the prevailing conditions related to the subscription rights the exercise price is adjusted for distribution of dividends.

Board of Directors' statement regarding remuneration of senior management in Concedo ASA.

In accordance with section 6-16a of the Norwegian Public Limited Companies Act, the Directors of Concedo ASA have drawn up guidelines for determining the salaries and remuneration for senior management and employees in the company. These guidelines cover the basic pay for officers and employees, remuneration in the form of subscription rights in the company and a bonus programme that may be used in exceptional cases.

These guidelines are binding for the Board in so far as concerns schemes involving allocation of shares, subscription rights and other forms of remuneration that are linked with shares or developments in the price of the company's shares. Otherwise, the guidelines are intended as guidance to the Board. If in any contract the Board departs from these guidelines, the reason for doing so shall be recorded in the Board Meeting minutes. The Norwegian Code of Practice for Corporate Governance provides that a company's guidelines for remunerating senior staff should each year be submitted to the General Meeting for its information. Pursuant to this Code of Practice, the framework for allocating options and shares to employees should be subject to prior approval by the General Meeting.

Therefore, the company presents these guidelines and the proposed incentive programme to the annual general meeting of Concedo ASA.

The guidelines provide that remuneration in Concedo ASA shall consist of a fixed basic pay plus a variables consisting of an incentive programme and a bonus scheme.

The guidelines and compliance in 2016:

The Board established guidelines for 2016 for Managing Director, other senior executives and the Board members. The guidelines were processed at the company's annual general meeting in 2016.

Managing Director and other Senior Executives

For the year 2016 subscription rights were allocated for the value equivalent to 25 % of the achievable target in accordance with the guidelines. Each subscription right carries the right to purchase one share in the company at a price corresponding to an estimated market price of NOK 16 per share evaluated by an independent expert. In accordance with the guidelines, company employees thus have an opportunity to subscribe for shares as follows:

Name	Price/share (NOK)	Subscription rights
Geir Lunde	16	9 574
Erik Klausen	16	9 163
Morten Hedemark	16	9 163
Ole H Fjelltun	16	9 163
Odd E Baglo	16	9 163
Elisabet Malmquist	16	8 247
Enric Leon	16	5 356
Dirk van der Wel	16	5 498
Anders Finstad	16	7 798
Juergen Sclaf	16	8 034
Ane M Skaug Rasmussen	16	6 695
Hilde Alnæs	16	6 695
Tommi Rafael Rautakorpi	16	9 163
Total	16	103 712

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

Directors of the Board

For the year 2016 subscription rights for the equivalent of 25 % of the achievable target were allocated in accordance with the

guidelines. Every subscription right gives the right to subscribe for one share in the company at a price corresponding to an estimated market price of NOK 16 per share. The members of the Board of the company thus have an opportunity to subscribe for the following shares according to the guidelines:

Name	Price/share (NOK)	Subscription rights
Olav Fjell	16	2 342
Erik Klausen	16	0
Karen Sund	16	1 563
Hege Wullim	16	1 563
Nirav Dagli	16	1 563
Total	16	7 031

In total, 110 743 subscription rights were allocated in 2016 that, pursuant to the Board resolution of 15 December 2016 can be exercised after 3 years and before 5 years, on the basis of the approved guidelines for 2016 and detailed conditions to be approved in the General Meeting 2017.

Guidelines for 2017:

At the annual general meeting (AGM) in 2017, the Directors will present the following statement regarding pay for the CEO, other senior staff and the Directors in 2017:

(i) Basic pay:

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

(ii) Incentive programme:

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

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

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

mined in an arm's length assessment by a public accountant or length person having expert knowledge of the matter. Subscription rights can at the earliest be exercised at the IPO or in event of sale of the company. Subscription rights can otherwise be exercised at any time between 3 and 5 years from the allocation. The exercise of subscription rights does not depend on whether the person is the member of the Board of the company or not.

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

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

(iii) Bonus scheme:

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

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

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

Auditor

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

	2016	2015
Statutory audit	178 000	262 000
Audit-related services	14 000	45 300
Certification services	20 400	15 000

Note 3

Tangible/ Intangible assets

	Furniture & Fixtures	Plant & Machinery	Purchases of licence interests, exploration wells	Total
Cost at 1 January	3 177 849	77 725	2 809 716	6 065 290
Additions	358 723	-	1 084 357	1 443 080
Expensed dry wells, previously capitalised			-27 063	-27 063
Disposals			-	-
Cost 31 December	3 536 572	77 725	3 867 010	7 481 307
Acc. depreciation at 1 January	3 016 859	77 725		3 094 584
Current year's depreciation	258 490	-		258 490
Acc. Depreciation 31 December	3 275 349	77 725		3 353 074
Book value as of 31 December	261 223	-	3 867 010	4 128 233

Note 4

Share capital and shareholders

As of 31.12.2016, the company's share capital consisted of one class of shares, all of which bear the same voting rights. Acquisition of shares by purchase or as a gift or by any other means requires board approval.

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

Subscription rights

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

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

Name	Number of rights	Subscription Price (NOK)	Total Price (NOK)	Allocation date
Employees and Directors	29 407	47.5	1 396 833	14th December 2012
Employees and Directors	19 778	42	830 676	17th December 2013
Employees and Directors	78 991	22	1 737 802	11th December 2014
Employees and Directors	110 743	16	1 771 888	13th December 2015
Employees and Directors	110 743	16	1 771 888	15th December 2016
Total	349 662		7 509 087	

The above figures include 30 504 subscription rights allocated to Geir Lunde, 29 196 to Erik Klausen, 7 624 to Olav Fjell, 5 086 to Karen Sund, 5 086 to Hege Wullum and 4 560 to Nirav Dagli in connection with the incentive scheme.

Ownership structure

The ten largest shareholders as of 31.12.2016

Name	Quantity of shares	Percentage interest	Home country/ registration
H. M. Structures LIM	3 220 682	29.4 %	CYP
EUROCLEAR BANK S.A.	2 580 000	23.6 %	BEL
MEGABAS AS	2 176 449	19.9 %	NOR
Heathlands Holdings	503 967	4.6 %	CYP
SMT TRUSTEES FOR PIL BROWN BROTHERS	307 500	2.8 %	IRL
KNUTSEN JOHN ERIC TANDBERG	250 000	2.3 %	NOR
UBS Switzerland AG	220 000	2.0 %	CHE
SIX SIS AG	220 000	2.0 %	CHE
FJELLVIT AS	154 529	1.4 %	NOR
GILBO INVEST AS	120 924	1.1 %	NOR
Other Shareholders	1 201 065	11.0 %	Miscellaneous
Total	10 955 116	100 %	

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

Shares owned by Directors and CEO

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

Note 5

Equity

	Share capital	Treasury shares	Share premium	Other paid in capital	Other	Total
Equity at 1 January	2 430 066	-158 379	4 567 126	531 240	197 397 145	204 767 198
Subscription rights				619 427		619 427
Transfer						
Treasury shares purchased						
Dividends and repayment if paid-in capital						
Current year's profit/(loss)					-39 100 103	-39 100 103
Equity at 31 December	2 430 066	-158 379	4 567 126	1 150 667	158 297 042	166 286 521

The value of subscription rights expensed in 2016 of NOK 619 427 has been calculated according to the Black-Scholes formula.

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

Note 6

Income tax

Income tax for the current year is calculated as follows:	2016	2015
Adjustment for tax refund earlier years	19 838	15 858
Change in deferred tax	-2 223 342	-3 024 899
Tax value of exploration costs (See Note 8)	-108 736 188	-123 141 360
Tax on ordinary income	-110 939 692	-126 150 401
Reconciling nominal and actual tax rates:	2016	2015
Pre-tax profit/loss	-150 039 795	-162 864 009
Anticipated income tax at nominal rate (25%)	-37 509 949	-43 973 282
Tax effect of following items:		
Adjustment for tax earlier years	19 838	15 858
Non-deductible expenses	197 088	173 632
Non-taxable income	0	0
Tax effect of interest on loss carried forward (53%)	-171 561	-258 966
Change in tax rate	-12 609	-235 953
Effect of surtax (53%)	-73 462 499	-81 871 690
Income tax	-110 939 692	-126 150 401
Effective tax rate	74%	77%

Specification of tax effect of temporary differences and loss carried forward:

	2016		2015	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Exploration expenses and licence costs		2 550 419		1 658 246
Provisions for liabilities				
Loss to be carried forward	22 177 901		19 062 386	
Total	22 177 901	2 550 419	19 062 386	1 658 246
Of which netted	-2 550 419	-2 550 419	-1 658 246	-1 658 246
Net deferred tax asset/liability	19 627 482	0	17 404 140	0

Profit from oil and gas operations on the Norwegian shelf is taxed in accordance with the Norwegian Petroleum Tax Act. A special 53% (2015: 51%) surtax is levied in addition to the ordinary 25% (2015: 27%) corporate tax. The taxpayer may claim payment from the government for the tax value of direct and indirect expenses (with the exception of financing expenses) for petroleum exploration, provided the sum does not exceed the year's loss on, respectively, ordinary income in the shelf tax district and the basis for surtax.

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

The deferred tax effect has been capitalised to the extent future realisation is deemed probable. With effect from 1 January 2017 the Corporate tax rate is 24% (2016: 25%) and the special tax rate is 54% (2016: 53%). The tax rate effective from 1 January 2017 has been used in calculation of deferred tax at 31 December 2016.

Note 7

Bank deposits

Bank deposits, cash in hand etc. include non-distributable withheld tax in the sum of NOK 1 065 323 (2015: NOK 1 032 232) and a rental deposit of NOK 952 329 (2015: NOK 947 120)

Note 8

Other receivables

For the 2016 tax assessment the company claims reimbursement of the tax value of petroleum exploration costs totalling NOK 108 736 188 (2015: NOK 123 141 360), see section 3c subsection 5 of the Petroleum Tax Act.

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

Note 9

Leasing agreements

The annual rental for non-capitalised assets amounts to NOK 1 396 214 (2015: 1 468 589), which relates to rent for the office premises in Asker.

The tenancy was renewed towards 30.10.2021; the remaining period of tenancy being 5 years.

Note 10

Debt to financial institutions

The company has a credit line for NOK 350 000 000 in DNB ASA. The interest rate is NIBOR plus a margin of 1,55%.

Withdrawals are limited to 95% of the tax value of petroleum exploration expenses. Repayments coincide with the reimbursement of exploration expenses from the tax authorities. Concedo signed the beginning of 2016 a new loan agreement for two years and with an one year option.

As of 31 December 2016, withdrawals totalled NOK 97 971 884. Following the loan agreement, 95% of the estimated tax reimbursement amounts to NOK 103 299 379. We have calculated the tax reimbursement as being NOK 123 141 360, see notes 7 and 9.

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

Note 11

Other current liabilities

	2016	2015
Working capital liabilities in joint ventures	281 295	0
Wages, holiday pay and bonus	1 876 342	1 873 949
Accrued expenses	209 252	288 800
Other current liabilities	96 840	96 840
Total	2 463 729	2 259 589

Note 12

Financial market risk

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

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

Note 13

Exploration costs

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

	2016	2015
Payroll costs, ref note 3	22 240 797	22 101 208
Seismic, drilling and general licence expenses	102 866 878	126 093 317
Other operating costs linked to exploration	14 067 131	12 565 822
Total	139 174 807	160 760 348

Exploration expenses eligible for tax refunds amount to NOK 139 405 369 in 2016 (2015: NOK 157 873 538).

Note 14

Sponsorships

In line with the company's anti-bribery and corruption procedures, the information on sponsorships shall be given in the notes of the annual report. In 2016 the company sponsored the following:

Asker Svømmeklubb	NOK	10 000
Asker Fotball	NOK	10 000
Støtteforreningen for kreftrammede, Asker	NOK	10 000
SPE (Society of Petroleum Engineers), Oslo	NOK	25 000
Bellona CCS program	NOK	22 000

Note 15

Licences

North Sea

PL 774 (30%): in block 16/7. Tullow is the operator.

To be relinquished in 2017.

PL 774B (30%): in block 16/10. Tullow is the operator.

To be relinquished in 2017.

PL 775 (20%): in blocks 16/7 and 16/8. Operator changed to ConocoPhillips. Two years extension of the initial period, New DoD deadline February 2018.

PL 776 (20%): in blocks 16/5, 6, 8 and 16/9. Wintershall takes over operatorship from Tullow. Drilling decision made in February 2016. Well drilled on the Rome prospect in 2016.

The well was dry.

PL 815 (20%): in block 16/5. Lundin is the operator. The 3D seismic processing included in the work program has already been fulfilled. The licence has applied for a two-year extension of the DoD decision (originally February 2017).

PL 816 (30%): in blocks 17/4 and 17/7. Eni is the operator. Acquisition and processing of 3D seismic is ongoing. DoD by February 2018.

PL 824 (30%): in blocks 31/4 and 31/5. Point is the operator. New 3D seismic acquired. G&G ongoing. Drill or drop decision 5th of February 2018.

PL 826 (30%): in blocks 29/3, 30/1 and 33/12. Point is the operator. Reprocessing of 3D seismic is finalised. Geological and geophysical evaluation is ongoing.

PL 727 (30%): in blocks 3/5, 3/6, 3/8 and 3/9. Edison is the operator. 18-months extension of DoD approved by the authorities. New DoD is 7th August 2017. G&G focus on Paleozoic Play. New re-processed PSDM data will be completed February 2017.

PL 746S (30%): in block 29/3. Point is the operator. Reprocessing of 3D seismic finalised. Geological and geophysical analysis is ongoing. Applied for two year extension of DoD decision to February 2019.

PL 784 (20%): in blocks 25/3, 6. Operator changed to Aker BP (previous Tullow). G&G work ongoing. Drill or drop decision 6th of February 2018.

PL 882 (30%): in blocks 33/6 and 34/4. VNG is the operator.

Awarded in APA 2016. The work programme includes acquiring 3D seismic, drill or drop after 2 years.

Norwegian Sea

PL 887 (20%): in blocks 6507/7,8,10 and 11. PGNIG is the operator. Awarded in APA 2016. The work programme includes acquiring and/or reprocess 3D seismic and drill or drop decision after two years.

PL 889 (40%): in blocks 6507/8 and 6507/9. VNG is the operator. Awarded in APA 2016. The work programme includes acquiring and/or reprocessing of 3D seismic. Drill or drop decision after two year.

Barents Sea

PL 768 (25%): in blocks 7123/5,6,7,8,9, 7124/4, 7, 8. Wintershall is the operator. Seismic interpretation based on 2D seismic is finalised. 3D seismic will be acquired 2017 together with PL768B. DoD 2019.

PL 768B (25%): in blocks 7122/8, 9. Wintershall is the operator. 2D seismic has been interpreted. Prospect mapping and evaluation is ongoing. A new 3D seismic volume will be acquired in 2017. DoD 2019.

PL 697 (10%): in block 7122/10. Site survey completed autumn 2016. The Goliat Eye Prospect will be drilled September 2017.

PL 804 (30%): in blocks 7121/10, 11 and 12. Wintershall is the operator. Reprocessing of 3D seismic is ongoing. The licence will be relinquished in 2017.

PL900 (10%): in the blocks 7122/8 and 9. Eni is the operator. Awarded in APA 2016. The work programme includes acquiring of 3D seismic, and drill or drop decision after two year.

PL 901 (20%): in blocks 7122/5 and 7122/6. Statoil is the operator. Awarded in APA 2016. The work programme includes reprocessing of 3D seismic and drill or drop decision after two years.

Note 16

Relinquished Licences 2016

North Sea

PL 737S: Relinquished February 2016.

PL 670: Relinquished February 2016.

PL 670B: Relinquished February 2016.

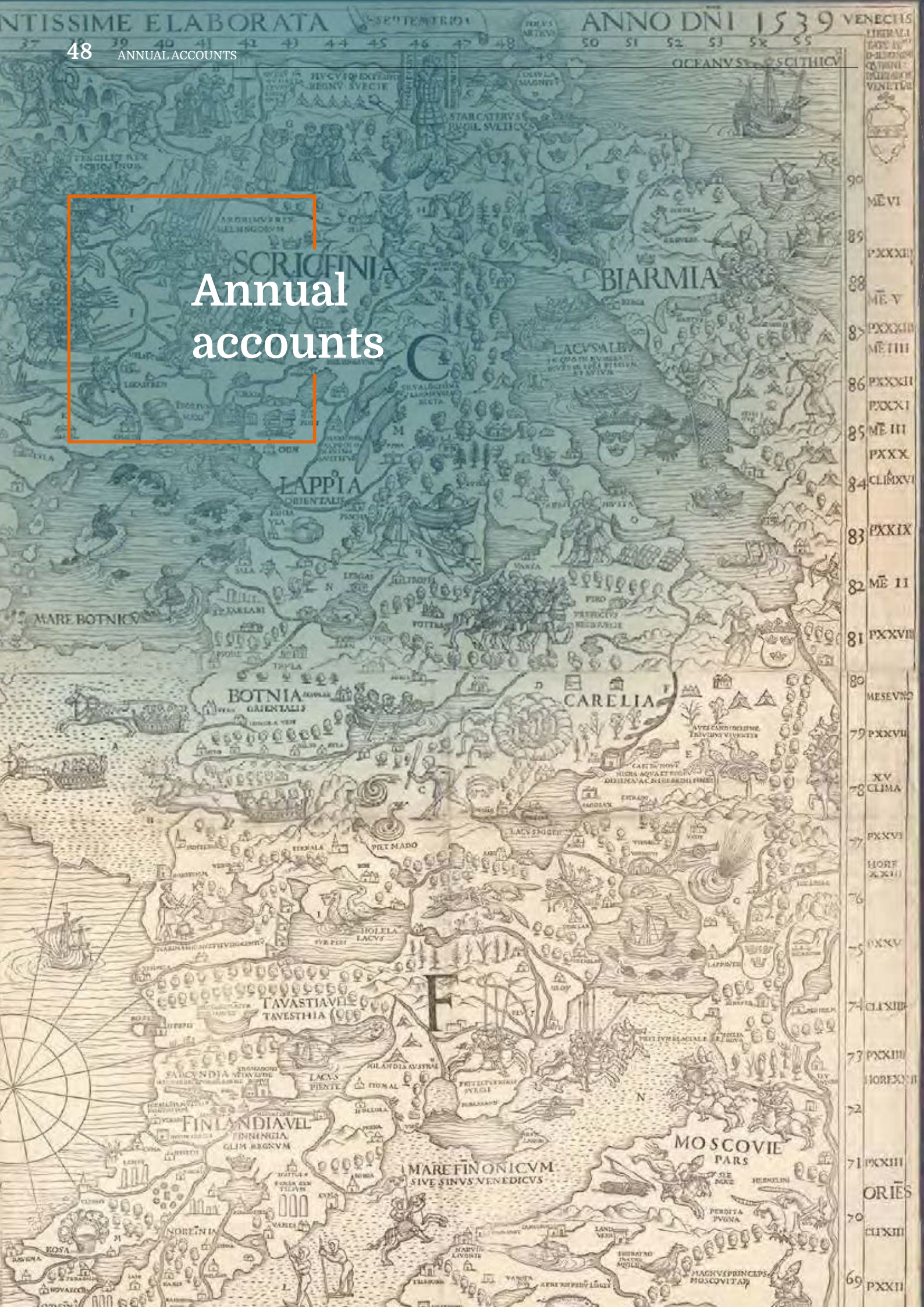
PL 616: Relinquished August 2016.

Norwegian Sea

PL 759: Relinquished February 2016

Barents Sea

PL 769: Relinquished February 2016.



Annual accounts



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

Tel: +47 23 27 90 00
Fax: +47 23 27 90 01
www.deloitte.no

To the General Meeting of Concedo ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Concedo ASA showing a loss of NOK 39 100 103. The financial statements comprise the balance sheet as at 31 December 2016, the income statement 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 2016, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

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

Other information

Management is responsible for the other information. The other information comprises the information included 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 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 fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.no for a more detailed description of DTTL and its member firms.

© Deloitte AS

Registrert i Foretaksregisteret
Medlemmer av Den norske Revisørforening
Organisasjonsnummer: 980 211 282



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

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 International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

*Opinion on Registration and Documentation*

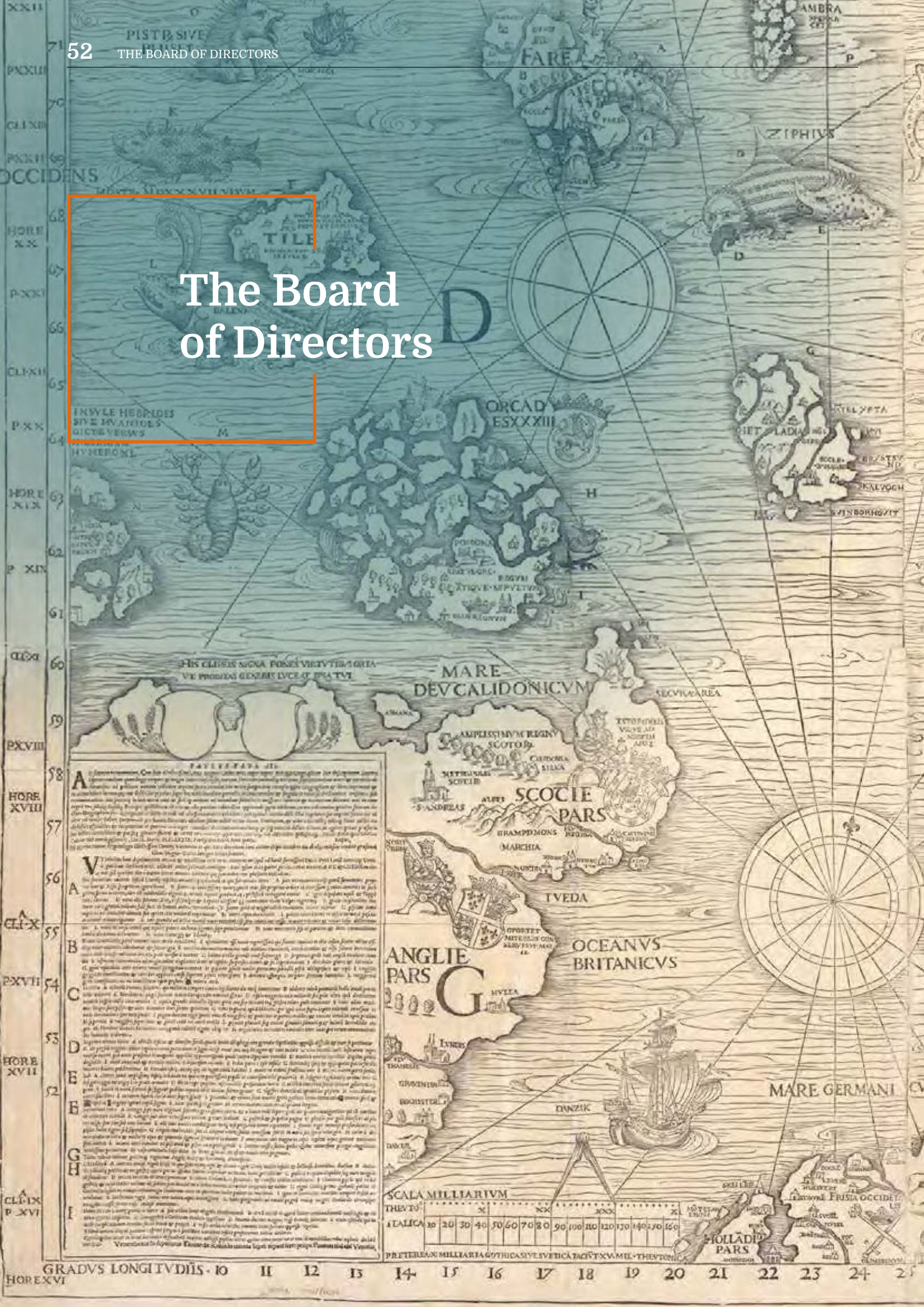
Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our 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, 14 March 2017
Deloitte AS

A handwritten signature in blue ink that reads "Mette Herdlevær".

Mette Herdlevær
State Authorised Public Accountant (Norway)

The Board of Directors



**OLAV FJELL**

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

**KAREN SUND**

Karen Sund, Director, is a partner in Sund Energy. She has long international experience in advisory activities in the oil and gas industry. She has a Master's degree in international management and petroleum economics from BI, the Norwegian School of Management.

**ERIK KLAUSEN**

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

**HEGE WULLUM**

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

**NIRAV DAGLI**

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

People 2016



GEIR LUNDE
Managing Director

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



ERIK KLAUSEN
Manager HSE

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



MORTEN HEDEMARK
Operations Manager

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



OLE HERMAN FJELLTUN
Chief Reservoir Geologist

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



JUERGEN SCHLAF
Senior Geologist

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



ODD EIRIK BAGLO
Chief Geophysicist

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



ENRIC LEON
Senior Geologist

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



DIRK VAN DER WEL
Principal Production Geologist

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



ANDERS G. FINSTAD
Senior Geophysicist

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



ELISABET MALMQUIST
Geological Advisor

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



HILDE ALNÆS
Senior Geophysicist

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



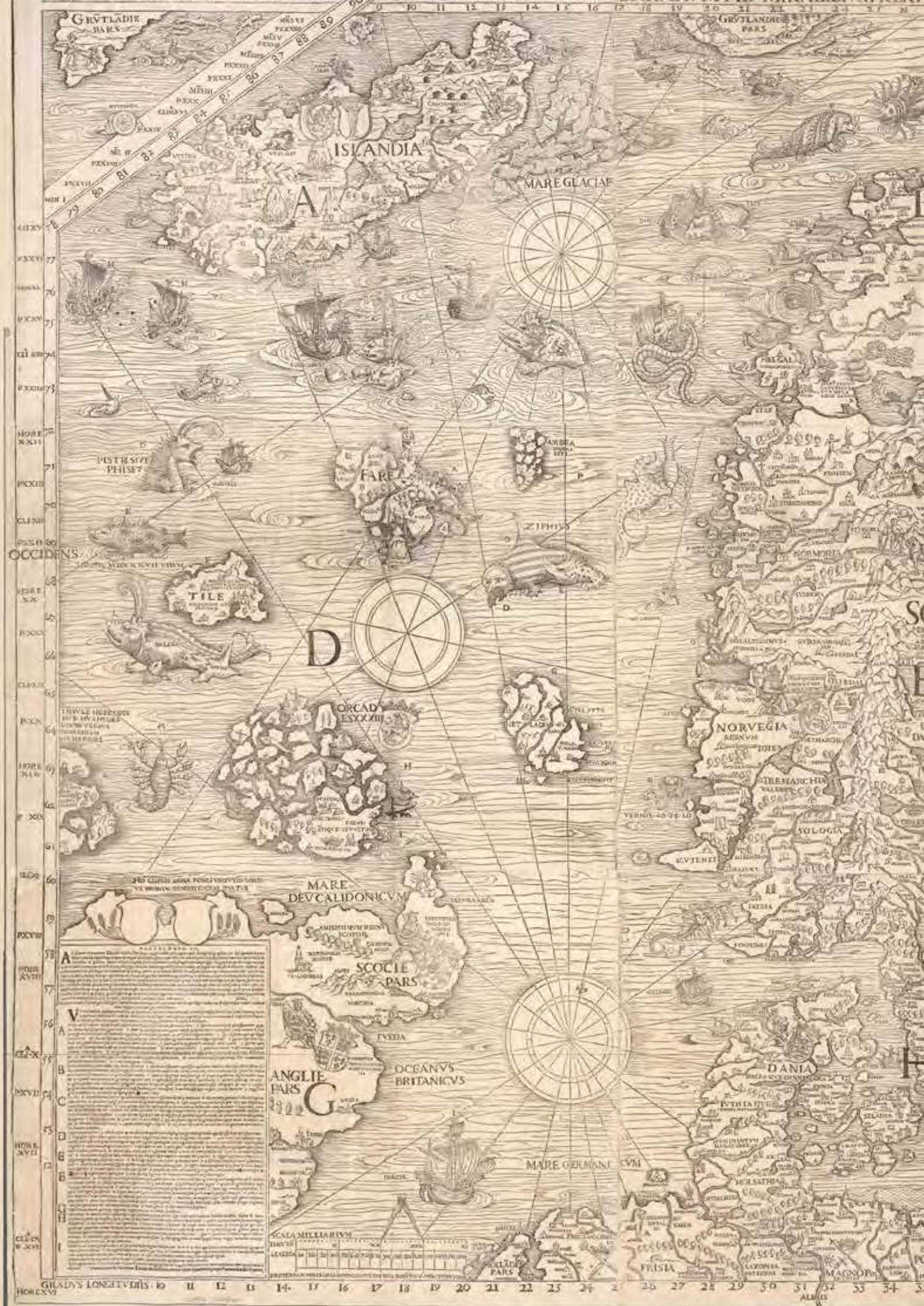
TOMMI RAUTAKORPI
Senior Geologist

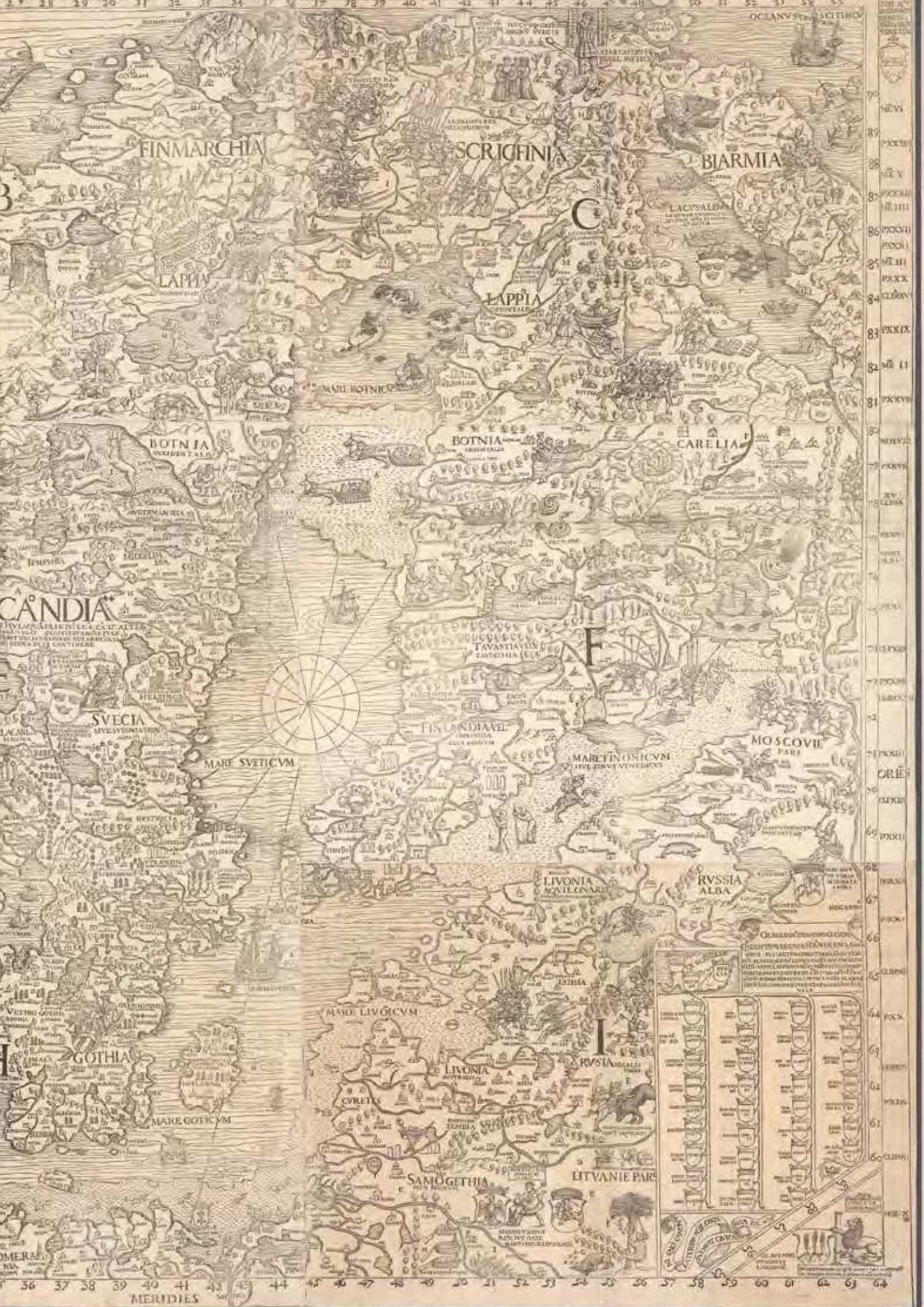
Tommi Rautakorpi has his academic background from Åbo Akademi University and the University of Oslo. He has 15 years of experience from the industry, covering both mineral and oil exploration.



ANE MARTA SKAUG RASMUSSEN
Senior Geologist

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











CONCEDO ASA

Torrvveien 1

N-1383 Asker

Tel: +47 40 00 62 55

E-mail: post@concedo.no

www.concedo.no



Design / concept: Oktan Oslo
Print: Rolf Ottesen