



Semi-Annual Report
2021

Interim Financial Statements
for the six months and full year
ended on 31 December 2021
(unaudited)

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General information

These condensed interim financial statements (“interim financial statements”) for Lime Petroleum AS (“the Company”) have been prepared to comply with the Bond Terms for the senior secured NOK 500,000,000 bond issue 2021/2024 ISIN NO0011037343 dated July 9, 2021. These interim financial statements have not been subject to review or audit by independent auditors.

In 2021 Lime Petroleum AS made the transition from pure exploration to a full cycle exploration and production company. On 15 June 2021, the Company signed a sales and purchase agreement with Repsol Norge AS to acquire their 33.8424 per cent participating share in the licenses PL053B, PL055, PL055B, PL055D, PL055E and PL185 that constitute the oil producing Brage Field. As a result of the Brage Field acquisition, the Company restructured its financing and raised a senior secured bond of NOK 500 million on 9 July 2021. Approval for the transaction was received from the Ministry of Petroleum and Energy and the Ministry of Finance on 14 December 2021. Completion took place 31 December 2021. The transaction has the nature and financial effect of business combination in accordance with the requirements of IFRS 3.

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

The interim financial statements have been authorized for issue by the Company’s Board of Directors.

Financial review

Gain from bargain purchase was NOK 160.7 million (no income in H2 2020), related to the acquisition of Repsol Norge AS 33.8434 per cent share in Brage Field, the conditional sales and purchase agreement was signed 15 June 2021, and the transaction was completed 31 December 2021. The gain from bargain purchase arises as a consequence of the oil market moved favourable compared to the market outlook at the time of the bid. Through its purchase of the Brage share of 33.8434 per cent, the Company acquired its first recurrent cash-generating asset.

Operating expenses totalled NOK 63.8 million (NOK 23.0 million in H2 2020). The increase in cost is mainly due to transaction cost, performance paid to executives and employees of the Company and the net impairment following the relinquishment of the license PL1062. No impairment on the asset portfolio was done in 2020.

Net financial costs in 2021 were NOK 29.8 million (NOK 1.3 million in H2 2020). The increased financial cost in 2021 compared to 2020 was primarily related to the senior secured bond issue of NOK 500 million and the shareholder loan facility.

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

Profit before taxes was NOK 67.1 million (loss of NOK 24.3 million in H2 2020). Tax income amounted to NOK 61.1 million (NOK 18.0 million in H2 2020). The Company's tax refund related to the 2021 exploration activity is calculated to NOK 150.2 million at

year end (NOK 161.8 million in H2 2020). The tax refund related to 2020 received in 2021 amounted to NOK 170.8 million (NOK 165.5 million). The Company benefits from the temporary covid-19 tax regime sanctioned by the Norwegian parliament in June 2020, bringing the estimated total tax refund related to 2021, to be received in 2022, up to NOK 355.5 million.

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

During the year, the cash flow from investing activities amounted to NOK 504.6 million (NOK 149.1 million) of which the bigger part (NOK 378.1 million) was linked to the acquisition of the Brage share of 33.8434 per cent. The Brage transaction has been determined to constitute a business combination and has been accounted for using the acquisition method of accounting as required by IFRS 3. The capitalized cost related to exploration activity of NOK 126.4 million was mainly driven by the PL937/ PL937B Fat Canyon well operation.

As a result of the Brage acquisition the Company restructured its financing. The current borrowing base is the senior secured bond of NOK 500 million established 9 July 2021. The conditions precedent in accordance with the Bond Terms was met on 31 August 2021 and the covenants for a full release of the bond was met on 29 December 2021. The maturity date for the bond is 9 January 2024. The conversion rights in relation to the put option and call option set out in the Bond Terms are considered not to provide values to be disclosed in the balance sheet. Furthermore, the company strengthened its capital structure by a capital injection from the existing shareholders of NOK 200 million in December 2021.

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

Operational review

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

Lime Petroleum AS took a large step in 2021 to transform the Company into a full cycle exploration and production company. On 31 December 2021, the Company closed on the transaction with Repsol Norge AS for 33.8434 per cent share in the Brage Field, adding production to the portfolio. On 31 August, the Company closed on a transaction with ONE-Dyas Norge AS. In this transaction Lime Petroleum AS swapped 20 per cent interest in PL263D/E/F with the Sierra discovery for 15.65 per cent share in PL433 and the Tyrving gas development, adding an additional development project to the portfolio. The swap of equity stakes was considered to be gainful for the Company, providing the opportunity to get into a production faster in Tyrving than in Sierra South, with less drilling and less uncertainty. Based on the reserves estimates available at the time of the transaction taking place, the PL263D/E/F book values were maintained under the assumption of equal exchange. On the same date as closing the Brage transaction, the Company closed on a transaction with AkerBP and obtained a 20 per cent share in PL867 and PL 867B with the Gjegnalunden exploration prospect, thereby strengthening the exploration portfolio.

The Brage acquisition is transformational for Lime Petroleum AS, and has proven to be a sound investment, with a gain from bargain purchase of \$18.2 million. In 2021, the operator (Wintershall DEA) completed the drilling of two additional production wells, as well as the Talisker exploration well. All wells came in better than expected, resulting in reserve replacement for Brage in 2021. Production on Brage has been on stable decline, though the addition of new infill wells will increase production in 2022.

Fogelberg has changed name to Tyrving. Tyrving and Shrek, operated by Spirit Energy and AkerBP respectively, are moving towards PDO (Plan for Development and Production) in late 2022, in time to qualify for the temporary covid-19 tax incentives (for further information refer to Tax described in Note 6). Both projects have sound economics, and Lime Petroleum AS is playing an active role as a partner company.

The Company participated in one exploration well in 2021, 6306/3-1 S (Fat Canyon) in PL937. PGNiG was the operator, and Equinor farmed just ahead of drilling. The Company has 15 per cent in PL937 and PL937B. The well was a high risk/high reward well in the Frøya High just south of the Njord field, eyeing a prospect similar to the giant Draugen field. Unfortunately, the well was dry, the license has a budget for 2022 for evaluating the prospect further and impairment has been assumed not required. The Company will evaluate the well results against other prospects in the area, most notably in PL1111 just south of PL937. In August 2021, Lime Petroleum AS farmed into PL867 and PL867B adjacent to the PL818/B licenses. AkerBP is the operator, and Lime has 20 per cent share. PL867/B contains the Gjegnalunden prospect, just west of the Ivar Aasen field. Gjegnalunden will be drilled in Q3 2022. Success in Gjegnalunden will serve to de-risk additional prospects in PL867/B and also PL818/B.

As part of the green transition, Lime Petroleum AS is participating in a Joint Industry Project aiming at securing a CCS (Carbon Capture and Sequestration) license on the Norwegian Continental Shelf. The Company sees a growing market for carbon storage, which aligns with the Company's technical skills and business interests. Lime Petroleum AS is also actively participating in projects to reduce CO2 emissions from operations in which the Company is involved.

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

Covid-19 measures

Lime Petroleum AS continues to monitor the Covid-19 situation with the objective of making sure necessary measures are taken to protect staff and operations.

The Company has taken the current Corona Virus pandemic very seriously and is at any time following the recommendations from the Norwegian Institute of Public Health (FHI) to mitigate the virus and to safeguard the employees, consultants, and their families. The Company instituted home officing for the employees, eliminated business travel and replaced by videoconferencing and the measures have been in place as long as they have been recommended by FHI.

Lime Petroleum AS is a non-operator and not directly involved in the execution of offshore operations on a day-to day basis. However, as becoming a partner in the Brage Field, formally as of 1 January 2022, the Company will take part in the dialogues with the operator to ensure that all necessary steps are taken to protect offshore personnel against the pandemic.

The Covid-19 pandemic has created challenges for the oil industry and could present significant impacts on economic activity. Under these circumstances, Lime Petroleum continues to take necessary steps to ensure that the Company remains financially sound.

Hedge

In order to reduce the risk related to oil price fluctuations, the Company has established an oil price hedging programme. Lime Petroleum AS has effective from 1 February 2022 hedged approximately half of the Company's hydrocarbon production from the Brage Field through January 2023. The hedge is based on put option structure. The crude oil production was hedged at strike price of 35 USD/bbl and USD 0.50 average cost per barrel. Additional positions may be added to the hedging programme going forward, hedging for currency risk will be considered.

Other activities

Lime Petroleum AS stay focused on its business strategy to increase the license portfolio, to achieve an even stronger position on the Norwegian Continental Shelf and continues to look for new possibilities to expand its activity for further value creation. The Company constantly pursues M&A opportunities offered in the market.

Lime Petroleum AS is actively taking part in the green transmission by participating in the Nautilus " Joint Industry Project" for CO2 carbon storage. The Company joined the first phase of the project in 2021 and will play a part also in the second phase in 2022.

The Company is committed to the NOROG targets for emission reductions on the Norwegian Continental Shelf and is in that respect engaged in early phase electrification studies for the Brage Field.

Income Statement (condensed)

<i>(Amounts in TNOK)</i>	Note	H2 2021	H2 2020	2021	2020
Gain from bargain purchase	2	160 684		160 684	
Exploration expenses	3	-25 319	-10 891	-38 673	-26 180
Payroll and related cost	4	-28 178	-8 045	-35 843	-22 136
Depreciation and amortisation		-782	-786	-1 570	-1 523
Other operating expenses		-9 486	-3 303	-13 078	-8 966
Operating profit (loss)		96 919	-23 024	71 521	-58 804
Finance income		185	2 752	427	5 475
Finance costs		-30 011	-4 045	-34 068	-7 851
Net financial items	5	-29 826	-1 293	-33 641	-2 376
Profit (loss) before income tax		67 093	-24 317	37 880	-61 181
Income tax credit	6	61 135	17 990	81 785	46 136
Profit (loss) for the period		128 227	-6 327	119 664	-15 045
STATEMENT OF COMPREHENSIVE INCOME					
<i>(Amounts in TNOK)</i>	Note	H2 2021	H2 2020	2021	2 020
Profit (loss) for the period		128 227	-6 327	119 664	-15 045
Other comprehensive income, net of tax:					
Total comprehensive income for the year		128 227	-6 327	119 664	-15 045

Balance Sheet as at 31 December (condensed)

<i>(Amounts in TNOK)</i>	Note	31.12.2021	31.12.2020
ASSETS			
Non-current assets			
Exploration and evaluation assets	7	355 010	246 513
Oil and gas properties	7	727 670	
Property, plant and equipment		583	814
Intangible asset		78	144
Right-of-use assets		2 256	3 545
Non-current receivables	2	1 473 184	
Total non-current assets		2 558 780	251 016
Current assets			
Prepayments and other receivables		51 623	15 960
Inventory and spare parts		104 539	
Tax refund receivable	6	355 488	162 738
Other financial asset – restricted cash	8	84 500	
Cash and cash equivalents	8	146 262	17 337
Total current assets		742 412	196 035
Total assets		3 301 193	447 051

Balance Sheet as at 31 December (condensed)

<i>(Amounts in TNOK)</i>	Note	31.12.2021	31.12.2020
EQUITY AND LIABILITIES			
Equity			
Share capital		130 320	130 320
Other paid-in capital		12 052	11 386
Capital increase pending registration		200 000	
Retained earnings / Uncovered loss		105 650	
Total equity	9	448 022	127 692
Liabilities			
Non-current liabilities			
Asset retirement obligations	2	1 674 828	
Deferred tax liabilities	6	359 777	112 564
Leasing liabilities		969	2 262
Interest-bearing loans and borrowings	10	508 489	
Total non-current liabilities		2 544 063	114 826
Current liabilities			
Interest-bearing loans and borrowings	10	75 000	184 720
Trade creditors		24 652	7 536
Other current liabilities		209 456	12 277
Total current liabilities		309 108	204 533
Total liabilities		2 853 171	319 359
Total equity and liabilities		3 301 193	447 051

Statement of changes in equity (condensed)

(Amounts in TNOK)

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

Cash Flow Statement (condensed)

<i>(Amounts in TNOK)</i>	Note	2021	2020
Cash flow from operating activities			
Profit (loss) before income tax		37 880	-61 181
Adjustments:			
Gain from bargain purchase		-160 684	
Tax refunded		170 848	165 493
Depreciation		1 637	1 578
Impairment/disposals exploration assets		8 745	
Changes in trade creditors		17 116	-11 134
Changes in other current receivables		54 812	19 068
Net cash flow from operating activities		130 353	113 825
Cash flow from investing activities			
Investment in exploration and evaluation assets		-126 446	-148 088
Investment in oil & gas properties	2	-378 084	
Purchase of property, plant and equipment		-51	-1 032
Net cash flow from investing activities		-504 581	-149 120
Cash flow from financing activities			
Funds drawn current borrowings; net of transaction costs incurred		25 000	128 775
Net proceeds from borrowings, bond loan		486 875	
Repayments of current borrowings		-180 000	-115 000
Repayments of lease liabilities		-1 370	-1 370
Loans from shareholder		57 148	20 000
Repayments of loans from shareholder			
Proceeds from share issues		200 000	
Net cash flow from financing activities		587 652	32 405
Net change in cash and cash equivalents		213 425	-2 891
Cash and cash equivalents on 1st January 2021/ 2020		17 337	20 228
Cash and cash equivalents at 31st of December		230 762	17 337
Interest paid		14 769	5 625

Note 1 Accounting principles

(All figures in TNOK unless otherwise stated)

These condensed interim financial statements (“interim financial statements”) for the six months period ending 31 December 2021, have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU (“IFRS”) IAS 34 Interim Financial Reporting. The interim financial statements do not include all the information and disclosure required by IFRS and should be read in conjunction with the Company’s Annual Financial Statements for 2020. These interim financial statements have not been subject to review or audit by independent auditors.

On 15 June 2021, the Company signed a sales and purchase agreement with Repsol Norge AS to acquire their 33.8424 per cent participating share in the licenses PL053B, PL055, PL055B, PL055D, PL055E and PL185 that constitute the oil producing Brage Unit. As a result of the Brage Field acquisition. Approval for the transaction was received from the Ministry of Petroleum and Energy and the Ministry of Finance on 14 December 2021. Completion took place 31 December 2021. The transaction has the nature and financial effect of business combination in accordance with the requirements of IFRS 3.

The interim financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the financial position, results of operations and cash flows for the dates and interim periods presented. Interim period results are not necessarily indicative of results of operations or cash flows for an annual period. In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these interim financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

The Company uses a “modified full cost method” to account for exploration costs. All exploration costs directly related to areas where Lime holds an interest is capitalized. As a rule, each license constitutes one cost area, but in areas where two or more licences have boundaries against each other, it may be natural to view multiple licences together as a separate cost area. A cost area will be tested for impairment if facts and circumstances suggest that the carrying amount of the asset(s) on the area may exceed its recoverable amount. Typical facts and circumstances that would indicate that a cost area should be tested for impairment are: • the right to explore in the specific area has expired or will expire in the near future and is not expected to be renewed; • further exploration in the specific area is neither budgeted or planned; • commercially viable reserves have not been discovered and the company plans to discontinue activities in the specific area, and • existing data shows that the carrying amount of the asset(s) will not be recovered in full through development activity.

For the purpose of identification and valuation of assets related to the Brage acquisition made in 2021, IFRS 3 has been applied.

For further detailed information on accounting principles, please refer to the Financial Statements for 2020.

Note 2 Business Combination IFRS 3

On 31 December 2021, Lime Petroleum AS completed the acquisition of a 33.8434 per cent working interest in licenses PL053B, PL055, PL055B, PL055D, PL055E and PL185 constituting the oil producing Brage Unit from Repsol Norge AS.

The acquisition was financed through the issuance of a NOK 500 million secured bond loan in July 2021. The transaction has been determined to constitute a business combination and has been accounted for using the acquisition method of accounting as required by IFRS 3. The economic date of the transaction, which will be used for tax purposes, is 1 January 2021. The acquisition date for accounting purposes (transfer of control) has been determined to be 31 December 2021.

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

The acquired licences did not contribute to any income or profit before tax in 2021, other than the recognition of gain from bargain purchase because the acquisition took place on 31 December 2021. A preliminary estimation of the impact from the transaction indicates that if the acquisition had taken place at the beginning of the year, total revenues for the year would have been approximately NOK 657.8 million higher, and the profit before tax would have been approximately NOK 280.6 million higher.

At this stage, the purchase price allocation is preliminary due to the complexity of the transaction and the fact that the Company is in the process of performing a detailed review of the final completion statement prepared by the seller. As a result, the final PPA and the impact on the financial statements from the

transaction may differ. The final PPA will be completed within 12 months of the acquisition at the latest. The fair values of the identifiable assets and liabilities in the transaction as at the date of the acquisition have been estimated as follows:

<i>Amounts in:</i>	<i>USD '000</i>	<i>NOK '000</i>
Brage oil field	82 374	727 670
Abandonment retirement obligation	(189 594)	(1 674 828)
Receivable on seller ⁽¹⁾	166 767	1 473 184
Deferred tax liability	(18 435)	(162 852)
Trade and other receivables	17 443	154 088
Inventory	11 144	98 442
Trade and other payables	(10 203)	(90 131)
Total allocated to assets and liabilities	59 496	525 573
Gain from bargain purchase	(18 190)	(160 684)

⁽¹⁾ The parties have agreed that the seller shall cover 95% the costs of decommissioning, plugging and abandonment of the acquired oilfields limited to an agreed cap of NOK 2.260 million. Lime Petroleum AS will pay an effective 1.69% of the total estimated decommissioning costs for the current Brage Field, in respect of its 33.8434 per cent share in Brage Field.

Measurement of fair values

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

Note 3 Exploration expenses

(Amounts in TNOK)

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

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

Note 4 Payroll and related cost

(Amounts in TNOK)

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

Note 5 Finance income and costs

Finance income:

<i>(Amounts in TNOK)</i>	2021	2020
Interest income	20	2 248
Net Foreign exchange effects	407	3226
Total finance income	427	5 475

Finance costs:

<i>(Amounts in TNOK)</i>	2021	2020
Interest expense on loan from parent companies	5 445	731
Interest expenses other loans and borrowings	28 418	6 818
Other finance costs	205	110
Total finance costs	34 068	7 851
Net financial items	-33 641	-2 376

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

Note 6 Tax

Certain temporary changes in the Norwegian Petroleum Tax Law were enacted on 19 June 2020. These changes included a temporary ruling for depreciation and uplift, whereas all investments incurred for income years 2020 and 2021 including 24 per cent uplift can be deducted from the basis for special tax in the year of investment. These changes also apply for all investments according to Plans for Development and Operation delivered within 31 December 2022 and approved within 31 December 2023. In addition, the tax value of any losses incurred in 2020 and 2021 will be refunded from the state. The tax effect of the temporary changes is included as of 31.12.2020 and contributes to increase in deferred tax liabilities and increase in tax receivable short term.

Specification of income tax:

(Amounts in TNOK)

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

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

(Amounts in TNOK)

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

As a temporary rule for 2020 and 2021, due to the Covid-19 pandemic, companies on the Norwegian Continental Shelf (NCS), can claim a refund of tax losses and earned uplift for 2020 and 2021. This refund is limited by the tax loss and earned uplift for the year, inclusive the refundable exploration expenses for the year. The additional refund can be repaid in 6 installment, 3 installment in the current year and 3 in the next year. As at 31 December 2021, the Company has received 3 installment, in total TNOK 8 096.

Note 6 Tax

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

(Amounts in TNOK)

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

Change in deferred taxes:

Correction refund previous years, assessed but not settled (amounts in TNOK)

	2021	2020
Deferred taxes recorded in income statement	-84 360	-108 257
Deferred taxes recorded in balance sheet on sale of licences	0	0
Deferred taxes recorded in balance sheet on acquisition of licences	-162 852	0
Total change in deferred taxes	-247 213	-108 257

Note 6 Tax

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

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

Reconciliation of effective tax rate:

(Amounts in TNOK)

	2021	2020
Profit (loss) before tax	37 880	-61 181
Expected income tax credit 78%	-29 546	47 721
Adjusted for tax effects (22%-78%) of the following items:		
Permanent differences; Non taxable income	125 334	0
Permanent differences; capitalized deferred tax as part of acquisition cost	-2 025	0
Other permanent differences	-588	-198
Finance items	-11 405	-1 926
Adjustment previous years and other	16	539
Total income tax credit	81 785	46 136

Note 7 Investments in oil and gas licenses

	Exploration and evaluation assets	Oil and gas properties
2021		
Cost:		
At 1 January 2021	817 441	
Additions	117 242	
Business combination*		727 670
Disposals		
Cost at 31 December 2021	934 683	727 670
Depreciation and impairment:		
At 1 January 2021	570 928	
Depreciation this year		
Impairment this year	8 745	
Disposals		
Accumulated amortisation and impairment 31 Dec 2021	579 674	-
Carrying amount on 31 December 2021	355 010	727 670

* Reference is made to Note 2 Business Combination IFRS 3

	Exploration and evaluation assets	Oil and gas properties
2020		
Cost:		
At 1 January 2020	675 145	
Additions	142 296	
Disposals		
Cost at 31 December 2020	817 441	-
Depreciation and impairment:		
At 1 January 2020	570 928	
Depreciation this year		
Impairment this year		
Disposals		
Accumulated amortisation and impairment 31 Dec 2020	570 928	-
Carrying amount on 31 December 2020	246 513	-

(Amounts in TNOK)

Note 8 Cash and cash equivalents

(Amounts in TNOK)

	2021	2020
Bank deposits	230 762	17 337
Total cash	230 762	17 337
Of this:		
Restricted cash for decommissioning obligations recognised as other financial asset in balance sheet	84 500	0
Restricted cash for withheld taxes from employees' salaries	3 467	953
Restricted cash for deposit office lease	868	868
Restricted cash for interest reserve on bank loan	0	3 019

Note 9 Equity and shareholder information

(Amounts in TNOK)

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

Shareholders as of 31 December 2021

	Shares	Ownership
Schroder & Co Banque SA	18 107 068	8.35 %
Rex International Investments Pte. Ltd	198 793 019	91.65 %
Total number of shares	216 900 087	100.00 %

Note 10 Borrowings

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

<i>(Amounts in TNOK)</i>	Presentation in balance	12/31/2021	12/31/2020
Credit facility, nominal amount drawn	Current		155 000
Credit facility, Capitalised arrangement fee (subject to amortisation)	Current		-1 100
Shareholder loan incl. capitalised interest, nominal amount drawn in NOK	Current		30 820
Bond loan, short-term	Current	75 000	
Carrying amount		75 000	184 720

Note 11 Subsequent Events

On 21 January 2022, the capital increase of NOK 200 million made in December 2021 was formally registered in the Register of Business Enterprises (Foretaksregistret). The Company's share capital was increased from 130 320 000 share to 216 900 087 shares.

On 31 January 2022, Lime Petroleum AS established an oil price hedging programme in order to reduce the risk related to oil price fluctuations. The Company has, effective from 1 February 2022, hedged approximately half of the Company's hydrocarbon production from the Brage Field through January 2023. The hedge is based on put option structure. The crude oil production was hedged at strike price of 35 USD/bbl. and USD 0.50 average cost per barrel.

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



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