OKEA ASA

(A public limited liability company incorporated under the laws of Norway)

Initial public offering of shares with an indicative price range of NOK 25 to NOK 33 per Share

Admission to listing and trading of the Company's Shares on Oslo Børs

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This prospectus (the "**Prospectus**") has been prepared in connection with the initial public offering (the "**Offering**") of shares of OKEA ASA (the "**Company**" or "**OKEA**"), a public limited liability company incorporated under the laws of Norway and the related listing (the "**Listing**") of the Company's shares, each with a nominal value of NOK 0.10 (the "**Shares**") on Oslo Børs, a stock exchange operated by Oslo Børs ASA (the "**Oslo Børs**"). The Offering comprises up to 26,000,000 new Shares to be issued by the Company (the "**New Shares**") and up to 4,180,000 existing Shares (the "**Sale Shares**") offered by the Company's existing shareholders listed in Section 18.2 "Selling Shareholders" (collectively, the "**Selling Shareholders**").

The Offering consists of: (i) a private placement to (a) investors in Norway, (b) institutional investors outside Norway and the United States of America (the "**U.S.**" or the "**United States**"), subject to applicable exemptions from applicable prospectus requirements, and (c) "qualified institutional buyers" ("**QIBs**") in the United States as defined in, and in reliance on, Rule 144A ("**Rule 144A**") or another available exemption under the U.S. Securities Act of 1933 (the "**U.S. Securities Act**") (the "**Institutional Offering**") and (ii) a retail offering to the public in Norway (the "**Retail Offering**"). All offers and sales outside the United States will be made in offshore transactions in compliance with Regulation S under the U.S. Securities Act ("**Regulation S**").

In addition, Pareto Securities as stabilisation manager (the "**Stabilisation Manager**"), in consultation with the other Managers (as defined below), may elect to over-allot a number of additional shares equalling up to approximately 15% of the final number of New Shares sold in the Offering (the "**Additional Shares**", and, unless the context indicates otherwise, together with the Sale Shares and New Shares, the "**Offer Shares**"). In this respect, certain Selling Shareholders is expected to grant Pareto Securities as Stabilisation Manager an option to borrow a number of Shares equal to the number of Additional Shares (the "**Over-Allotment Option**"). The Stabilisation Manager will further be granted an option to purchase from such Selling Shareholders up to a combined total number of Shares equal to the Additional Shares, exercisable, in whole or in part, within a 30-day period commencing at the time trading of the Shares commences on Oslo Børs to cover any over-allotments made in connection with the Offering on the terms and subject to the conditions described in this Prospectus (the "**Over-Allotment Option** "). If the Managers over-allot Shares in connection with the Offering, a stock exchange notice will be made on the first day of trading in the Shares, which will also state that stabilisation activities may occur.

The price (the "**Offer Price**") at which the Offer Shares will be issued is expected to be between NOK 25 and NOK 33 per Offer Share (the "**Indicative Price Range**"). The Offer Price may be set within, below or above the Indicative Price Range. The Offer Price will be determined following a bookbuilding process and will be set by the Company, in consultation with the Managers (as defined below). See Section 18 "The terms of the Offering" for further information on how the Offer Price is set. The Offer Price, and the number of Offer Shares issued in the Offering, is expected to be announced through a stock exchange notice notice no later than 7 June 2019 at 09:00 hours (CET).

The offer period in the Institutional Offering (the "**Bookbuilding Period**") will commence at 09:00 hours (Central European Time, "**CET**") on 28 May 2019 and close at 15:00 hours (CET) on 6 June 2019.

The application period in the Retail Offering (the "**Application Period**") will commence at 09:00 hours (CET) on 28 May 2019 and close at 12:00 hours (CET) on 6 June 2019.

The Bookbuilding Period and the Application Period may, in the Company's sole discretion, in consultation with the Managers and for any reason, be shortened or extended beyond the set times, but will in no event be shortened to expire prior to 16:30 hours (CET) on 5 June 2019 or extended beyond 15:00 hours (CET) on 14 June 2019.

The Shares are, and the New Shares will be, registered in the Norwegian Central Securities Depository (the "**VPS**") in book-entry form. All Shares rank in parity with one another and carry one vote. Except where the context otherwise requires, references in this Prospectus to the Shares will be deemed to include the Offer Shares.

Investing in the Offer Shares involves a high degree of risk. Prospective investors should read the entire Prospectus and, in particular, consider Section 2 "Risk Factors" beginning on page 6 when considering an investment in the Company.

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and are being offered and sold: (i) in the United States only to persons who are QIBs in reliance on Rule 144A or another available exemption from registration requirements of the Securities Act; and (ii) outside the United States in offshore transactions in compliance with Regulation S. Prospective investors are hereby notified that any seller of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. The distribution of this Prospectus and the offer and sale of the Offer Shares may be restricted by law in certain jurisdictions. Accordingly, neither this Prospectus nor any advertisement or any other Offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required by the Company and the Managers to inform themselves about and to observe any such restrictions. Any failure to comply with these regulations may constitute a violation of the securities laws of any such jurisdictions. See Section 19 "Selling and Transfer Restrictions".

Prior to the Offering, the Shares have not been publicly traded. On or about 31 May 2019, the Company expects to apply for the Shares to be admitted for trading and listing on Oslo Børs, and completion of the Offering is subject to the approval of the listing application by the board of directors of Oslo Børs, the satisfaction of the conditions for admission to listing set by Oslo Børs and certain other conditions as set out in Section 18.16 "Conditions for completion of the Offering – Listing and trading of the Offer Shares". The Shares will be eligible for clearing through the facilities of Oslo Børs.

The due date for the payment of the Offer Shares is expected to be on or about 11 June 2019 in the Retail Offering, and on or about 12 June 2019 in the Institutional Offering. Delivery of the Offer Shares is expected to take place on or about 12 June 2019 in the Retail Offering and in the Institutional Offering through the facilities of the VPS. Trading in the Shares on Oslo Børs is expected to commence on or about 11 June 2019, under the ticker code "OKEA". If closing of the Offering does not take place on such dates or at all, the Offering may be withdrawn, resulting in all applications for Offer Shares being disregarded, any allocations made being deemed not to have been made and any payments made will be returned without any interest or other compensation. **All dealings in the Shares prior to settlement and delivery are at the sole risk of the parties concerned.**

Joint Global Coordinators

Pareto Securities	SEB	SpareBank 1 Markets

The date of this Prospectus is 27 May 2019

IMPORTANT INFORMATION

This Prospectus has been prepared in connection with the Offering of the Offer Shares and the Listing of the Shares on Oslo Børs.

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "**Norwegian Securities Trading Act**") and related secondary legislation, including the Commission Regulation (EC) no. 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses, as amended, and as implemented in Norway (the "**EU Prospectus Directive**"). This Prospectus has been prepared solely in the English language. The Financial Supervisory Authority of Norway (*Nw.: Finanstilsynet*) (the "**Norwegian FSA**") has reviewed and, on 27 May 2019, approved this Prospectus in accordance with Sections 7-7 and 7-8 of the Norwegian Securities Trading Act. The Norwegian FSA has not controlled or approved the accuracy or completeness of the information included in this Prospectus. The approval by the Norwegian FSA only relates to the information included in accordance with pre-defined disclosure requirements. The Norwegian FSA has not made any form of control or approval relating to corporate matters described in or referred to in this Prospectus.

For definitions of certain other terms used throughout this Prospectus, see Section 21 "Definitions and Glossary".

The Company has engaged Skandinaviska Enskilda Banken AB (publ.), Oslo Branch ("**SEB**"), SpareBank 1 Markets AS ("**SpareBank 1 Markets**") and Pareto Securities AS ("**Pareto Securities**") as "**Joint Global Coordinators**". The Joint Global Coordinators are together also referred to herein as the "**Managers**".

The information contained herein is current as at the date hereof and subject to change, completion and amendment without notice. In accordance with Section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment by investors of the Offer Shares between the time of approval of this Prospectus by the Norwegian FSA and the Listing, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus, nor the sale of any Offer Share, shall under any circumstances imply that there has been no change in the Company's affairs or that the information herein is correct as at any date subsequent to the date of this Prospectus.

No person is authorised to give information or to make any representation concerning the Company or in connection with the Offering or the sale of the Offer Shares other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by the Company, the Selling Shareholders or the Managers or by any of the affiliates, representatives, advisors or selling agents of any of the foregoing.

The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. Neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. In addition, the Offer Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. See Section 19 "Selling and Transfer Restrictions".

This Prospectus and the terms and conditions of the Offering as set out herein and any sale and purchase of Offer Shares hereunder shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Offering or this Prospectus.

In making an investment decision, prospective investors must rely on their own examination, and analysis of, and enquiry into the Company and the terms of the Offering, including the merits and risks involved. None of the Company, the Selling Shareholders or the Managers, or any of their respective representatives or advisers, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

All Sections of the Prospectus should be read in context with the information included in Section 4 "General Information".

NOTICE TO INVESTORS IN THE UNITED STATES

The Offer Shares have not been recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon the merits of the Offering or confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense under the laws of the United States.

The Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws.

Accordingly, the Offer Shares are being offered and sold: (i) in the United States only to QIBs in reliance upon Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in offshore transactions in compliance with Regulation S. For certain restrictions on the sale and transfer of the Offer Shares, see Section 19 "Selling and Transfer Restrictions".

Prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Offer Shares, and are hereby notified that sellers of Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act. See Section 19 "Selling and Transfer Restrictions".

In the United States, this Prospectus is being furnished on a confidential basis solely for the purposes of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in this Prospectus has been provided by the Company and other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Managers or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of the Company, is prohibited. Any reproduction or distribution of this Prospectus in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to purchase Offer Shares or subscribe for or otherwise acquire any Shares.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom (the "**UK**") or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**Relevant Persons**"). The Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

NOTICE TO INVESTORS IN THE EEA

In any member state of the European Economic Area (the "**EEA**"), other than Norway (each, a "**Member State**"), this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the EU Prospectus Directive. The Prospectus has been prepared on the basis that all offers of Offer Shares outside Norway will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to produce a prospectus for offer of shares. Accordingly, any person making or intending to make any offer within the EEA of Offer Shares which is the subject of the Offering contemplated in this Prospectus within any EEA member state (other than Norway) should only do so in circumstances in which no obligation arises for the Company or any of the Managers to publish a prospectus or a supplement to a prospectus under the EU Prospectus Directive for such offer. Neither the Company nor the Managers have authorised, nor do they authorise, the making of any offer of Shares through any financial intermediary, other than offers made by Managers which constitute the final placement of Offer Shares contemplated in this Prospectus.

Each person in a Member State other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway, who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with the Managers and the Company that:

a) it is a qualified investor as defined in the EU Prospectus Directive; and

b) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the EU Prospectus Directive, (i) such Offer Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State other than qualified investors, as that term is defined in the EU Prospectus Directive, or in circumstances in which the prior consent of the Managers has been given to the offer or resale; or (ii) where such Offer Shares have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the EU Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer to the public" in relation to any of the Offer Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any of the Offer Shares, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State, and the expression "**EU Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Member State), and includes any relevant implementing measure in each Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

See Section 19 "Selling and Transfer Restrictions" for certain other notices to investors.

NOTICE TO INVESTORS IN CANADA

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II ("**the Positive Target Market**"); and (ii) eligible for distribution through all distribution channels (the "**Appropriate Channels for Distribution**"). Distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the "**Negative Target Market**" and, together with the Positive Target Market, the "**Target Market Assessment**").

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

STABILISATION

In connection with the Offering and in accordance with all applicable laws and rules, Pareto Securities (the "**Stabilisation Manager**") acting for the account of the Managers, may (but will be under no obligation to) over-allot Shares or effect stabilisation transactions with a view to supporting the market price of the Shares during the Stabilisation Period at a level higher than that which might otherwise prevail (provided that the aggregate principal amount of Shares allotted does not exceed 15 percent of the aggregate principal amount of the Offer Shares). However, stabilisation action may not necessarily occur and may cease at any time. Any stabilisation action may begin on or after the date of commencement of trading of the Shares on Oslo Børs and, if begun, may be ended at any time, but it must end no later than 30 days after that date. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager in accordance with all applicable laws and rules and can be undertaken at the offices of the Stabilisation Manager and on Oslo Børs. Stabilisation may result in an exchange or market price of the Shares that is higher than might otherwise prevail, and the exchange or market price may reach a level that cannot be maintained on a permanent basis.

The Stabilisation Manager will act as the central point under Art (6)5 of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.

Any stabilisation measures will be conducted in accordance with Regulation (EU) No. 596/2014 of the European Parliament and of the Council on market abuse (the "**Market Abuse Regulation**" or "**MAR**") and the Commission Delegated Regulation (EU) 2016/1052 supplementing the Market Abuse Regulation with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.

ENFORCEMENT OF CIVIL LIABILITIES

OKEA is a public limited liability company incorporated under the laws of Norway. As a result, the rights of holders of the Shares will be governed by Norwegian law and OKEA's articles of association (the "**Articles of Association**"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions. The members of OKEA's board of directors (the "**Board Members**" and the "**Board of Directors**", respectively) and the members of the senior management of OKEA ASA (the "**Management**") are not residents of the United States. Virtually all of the Company's assets and the assets of the Board Members and members of Management are located outside the United States. As a result, it may be impossible or difficult for investors in the United States to effect service of process upon the Company, the Board Members and members of Management in the United States or to enforce against the Company or those persons judgments obtained in U.S. courts, whether predicated upon civil liability provisions of the federal securities laws or other laws of the United States.

The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters. Uncertainty exists as to whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against OKEA or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway against the Company or the Board Members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway.

AVAILABLE INFORMATION

The Company has agreed that, for so long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, it will during any period in which it is neither subject to Sections 13 or 15(d) of the U.S. Securities Exchange Act of 1934 (the "**U.S. Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, provide to any holder or beneficial owners of Shares, or to any prospective purchaser designated by any such registered holder, upon the request of such holder, beneficial owner or prospective owner, the information required to be delivered pursuant to Rule 144A(d)(4) of the U.S. Securities Act.

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APPENDICES

1 SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E (A.1 – E.7) below. This summary contains all the Elements required to be included in a summary for this type of securities and the Company. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Section A – Introduction and Warnings

A.1 Warning	This summary should be read as introduction to the Prospectus; any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor; where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2 Warning	Not applicable. No consent is granted by the Company for the use of the Prospectus for subsequent resale or final placement of the Shares.

Section B – Issuer

B.1	**Legal and commercial name**	OKEA ASA.
B.2	**Domicile and legal form, legislation and country of incorporation**	OKEA is a public limited liability company organised and existing under the laws of Norway pursuant to the Norwegian Public Limited Companies Act.
B.3	**Current operations, principal activities and markets**	OKEA is a fast-growing Norwegian independent oil producer. All of OKEA's oil and gas assets are located on the Norwegian Continental Shelf. The strategy is to grow production by bringing undeveloped discoveries with less than 100 million boe of gross recoverable reserves into production and to participate in oil and gas related M&A activity. In 2018, OKEA acquired participating interests in the Draugen and Gjøa fields from A/S Norske Shell. It is OKEA's plan to continue to grow its business through a combination of new field developments and M&A activity. As at the date of the Prospectus, OKEA is producing oil and gas at a rate of about 20 000 boepd from three fields; the Draugen, Gjøa and Ivar Aasen fields. The Company is also a partner in the "Yme New Development". OKEA holds participating interests in 20 production licences ("**Production Licences**") in total, of which it operates 11 of these Production Licences.
B.4a	**Significant recent trends**	The Company acquired its participating interests in the Draugen and Gjøa fields in November 2018. The acquisitions are in line with the Company's strategy of field development of sub-100 mmboe fields, and recent market trends. In recent years there have been a number of larger corporate deals, with majors selling out of the Norwegian Continental Shelf, and smaller fields becoming more important. The Company is well positioned for further growth and to act on opportunities based on these market trends. Further, oil prices have recovered substantially over the past 12 months, strengthening the Company's operations. The Company was also awarded with four new Production Licences in the 2018 Award in Predefined Areas (awards in predefined areas (APA) introduced in 2003 for mature areas of the NCS). Based on the above factors the company exited 2018 with a significantly larger, stronger and more diversified production portfolio than at the beginning of the year. In 2018 the Company carried out three share issues, with net proceeds of NOK 1,137 million. Most of this was related to the financing of the acquisition of the participating interests in the Draugen and Gjøa fields. In addition, the Company issued its second bond, OKEA 02, which resulted in securing an additional USD 180 million in financing in June 2018.
B.5	**Description of the Company**	OKEA does not have any subsidiaries as at the date of this Prospectus.

<table>
<tr><td>B.6</td><td>Interests in the Company and voting rights</td><td>Shareholders owning 5% or more of the Shares need to disclose this to the market through Oslo Stock Exchange pursuant to the Norwegian Securities Trading Act.

As of the date of this Prospectus, the Company has 137 shareholders. An overview of shareholders holding 5% or more of the Shares as of the date of this Prospectus is set out below:

<table><tr><th>#</th><th>Shareholder name</th><th>No. of Shares</th><th>% Shareholding</th></tr><tr><td>1</td><td>BCPR Pte. Ltd.</td><td>40,547,750</td><td>49.33</td></tr><tr><td>2</td><td>OKEA Holdings Ltd.</td><td>28,753,000</td><td>34.98</td></tr></table>
There are no differences in voting rights between the Shares.

The Company is not aware of any arrangements that may result in change of control of the Company.</td></tr>
<tr><td>B.7</td><td>Selected historical key financial information</td><td>The selected financial information presented below has been extracted from the Company's annual audited financial statements with account periods 1 January - 31 December 2018, 1 January - 31 December 2017 and 1 January - 31 December 2016 respectively (the "Financial Statements"). The financial information for the periods ended 31 March 2019 and 31 March 2018 has been extracted from the Company's unaudited quarterly report for the period ended 31 March 2019.

The Financial Statements are included in appendix B to this Prospectus. The financial statements for the calendar years 2017 and 2018 have been prepared in accordance with IFRS as adopted by the EU as well as the Norwegian disclosure requirements pursuant to the Norwegian Accounting Act. The financial statements for the periods ended 31 March 2019 and 31 March 2018 have been prepared in accordance with IAS 34 based on the same accounting policies applied in the 2018 financial statements except for restatement to over and underlift and the implementation of IFRS 16 effective from 1 January 2019.

The Company converted its financial statements to IFRS in 2017 with a 1 January 2016 IFRS opening statement of financial position. The 2017 Financial Statements includes 2016 IFRS financial figures as comparative financial information.

The financial statements for the calendar year 2016, prepared in accordance with the Norwegian Accounting Act and NGAAP, have also been audited by PwC.

For information regarding accounting policies and the use of estimates and judgements, please refer to note 2, Accounting policies and note 3, Critical accounting judgements and estimates of the 2018 and 2017 audited financial statements, included in this Prospectus as Appendix B.</td></tr>
</table>

Selected data from the statement of comprehensive income

Amounts in NOK `000	Q1 2019 (unaudited)	Q1 2018 restated (unaudited)	2018 restated (unaudited)	2018	2017	2016
Revenues from crude oil and gas sales	748 115	2 314	149 761	149 761	38 429	-
YME compensation contract breach	22 098	-	115 000	115 000	-	-
Other operating income / loss	-5 985	-	44 326	88 747	5 007	494
Total operating income	**764 228**	**2 314**	**309 087**	**353 508**	**43 435**	**494**
Production expenses	-144 106	-2 390	-96 714	-18 347	-7 654	-148
Changes in over/underlift positions and production inventory	-164 585	14 022	133 318	-	-	-
Exploration expenses	-12 402	-11 211	-74 782	-74 782	-28 710	-547
Depreciation, depletion and amortization	-201 359	-5 883	-100 066	-57 297	-18 025	-178
Impairment	-36 354	-	-	-	-	-
Employee benefit expenses	-9 227	-11 033	-34 183	-34 183	-11 707	-13 772
Other operating expenses	-20 924	-4 317	-87 899	-87 899	-33 128	-14 281
Total operating expenses	**-588 958**	**-20 811**	**- 260 326**	**-272 509**	**-99 223**	**-28 926**
Profit / loss (-) from operating activities	**175 270**	**-18 498**	**48 761**	**80 999**	**-55 788**	**-28 432**
Finance income	52 894	29 101	17 300	17 300	2 392	2 460
Finance costs	-89 838	-23 905	-366 263	-366 263	-27 098	-5 334
Net financial items	**-36 944**	**5 197**	**-348 963**	**-348 963**	**-24 706**	**-2 874**
Profit / loss (-) before income tax	**138 326**	**-13 301**	**-300 202**	**-267 964**	**-80 494**	**-31 307**
Income taxes	-134 960	12 815	144 488	119 342	68 780	25 648
Net profit / loss (-)	**3 366**	**-486**	**-155 715**	**-148 622**	**-11 714**	**-5 659**
Other comprehensive income:						
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income / loss (-)	**3 366**	**-486**	**-155 715**	**-148 622**	**-11 714**	**-5 659**

Selected data from the statement of financial position

Amounts in NOK `000	31.03.2019 (unaudited)	31.03.2018 restated (unaudited)	31.12.2018 restated (unaudited)	31.12.2018	31.12.2017	31.12.2016
ASSETS						
Non-current assets						
Deferred tax assets	-	89 456	-	-	85 091	37 031
Goodwill	1 436 073	8 057	1 472 428	1 472 428	8 057	8 057
Exploration and evaluation assets	9 320	5 752	6 324	6 324	5 752	4 752
Oil and gas properties	3 991 123	716 864	4 022 321	4 022 321	676 378	512 923
Buildings	91 344	-	92 501	92 501	-	-
Furniture, fixtures and office equipment	7 511	216	3 407	3 407	217	224
Right-of-use assets	189 541	-	-	-	-	-
Other non-current assets	2 778 951	8 875	2 754 237	2 754 237	-	-
Total non-current assets	**8 503 863**	**829 219**	**8 351 218**	**8 351 218**	**775 495**	**562 987**
Current assets						
Trade and other receivables	840 921	132 084	912 159	944 397	120 207	105 561
Spareparts, equipment and inventory	228 154	-	315 500	315 500	-	-
Restricted cash	142 123	859 633	48 327	48 327	907 799	-
Cash and cash equivalents	585 949	121 230	394 670	394 670	29 609	37 889
Total current assets	**1 797 146**	**1 112 946**	**1 670 656**	**1 702 895**	**1 057 615**	**143 450**
TOTAL ASSETS	**10 301 010**	**1 942 165**	**10 021 874**	**10 054 113**	**1 833 110**	**706 437**
EQUITY AND LIABILITIES						
Equity						
Share capital	8 220	3 715	8 220	8 220	24 738	11 337
Share premium	1 624 104	595 991	1 624 104	1 624 104	470 755	216 125
Other paid in capital	1 754	157	1 361	1 361	-	
Unregistered share capital	-	-	-	-	-	146 968
Accumulated loss	-174 015	-22 153	- 177 381	-170 289	-21 667	-9 953
Total equity	**1 460 064**	**577 711**	**1 456 304**	**1 463 396**	**473 827**	**364 477**
Non-current liabilities						
Provisions	3 888 000	321 168	3 859 308	3 859 308	319 668	202 466
Lease liability	144 034	-	-	-	-	-
Deferred tax liabilities	886 005	-	861 636	886 782	-	-
Interest-bearing loans and borrowings	2 505 875	918 091	2 528 589	2 528 589	963 312	-
Total non-current liabilities	**7 423 915**	**1 239 259**	**7 249 534**	**7 274 680**	**1 282 979**	**202 466**
Current liabilities						
Trade and other payables	1 086 437	116 145	1 145 923	1 145 923	66 013	25 899
Income tax payable	265 720	-	155 722	155 722	-	-
Lease liability-current	45 544	-	-	-	-	-
Shareholder loan	1 141	1 141	1 141	1 141	1 141	20 237
Public dues payable	15 311	2 374	9 840	9 840	3 596	17 285
Provisions, current	2 878	5 535	3 410	3 410	5 554	76 074
Total current liabilities	**1 417 031**	**125 195**	**1 316 036**	**1 316 036**	**76 304**	**139 494**
Total liabilities	**8 840 946**	**1 364 454**	**8 565 570**	**8 590 716**	**1 359 283**	**341 960**
TOTAL EQUITY AND LIABILITIES	**10 301 010**	**1 942 165**	**10 021 874**	**10 054 113**	**1 833 110**	**706 437**

Selected data from the statement of cash flows

Amounts in NOK `000	Q1 2019 (unaudited)	Q1 2018 restated (unaudited)	2018 restated (unaudited)	2018	2017	2016
Cash flow from operating activities						
Profit / loss (-) before income tax	138 326	-13 301	-300 202	-267 964	-80 494	-31 307
Income tax paid/received	-	-	20 885	20 885	3 740	-
Depreciation, depletion and amortization	201 359	5 883	100 066	57 297	18 025	178
Impairment goodwill	36 354	-	-	-	-	-
Accretion ARO	3 977	1 500	10 078	10 078	6 001	-
Interest expense	54 417	-	145 082	145 082	9 238	-
Change in trade and other receivables, and inventory	158 584	-11 876	-602 224	-591 694	-6 420	-22 491
Change in trade and other payables	-72 157	49 049	693 180	693 180	8 248	39 505
Change in other non-current items	-26 838	-45 221	168 563	168 563	4 385	-
Net cash flow from / used in (-) operating activities	**494 024**	**-13 966**	**235 428**	**235 428**	**-37 278**	**-14 115**
Cash flow from investing activities						
Investment in exploration and evaluation assets	-3 588	-	-573	-573	-999	-4 752
Business combination, cash paid	-	-	-2 725 220	-2 725 220	-	-
Investment in oil and gas properties	-164 843	-46 366	-386 526	-386 526	-123 099	-324 454
Investment in buildings	-	-	-1 001	-1 001	-	-
Investment in furniture, fixtures and office machines	-4 105	-	-3 196	-3 196	0	-200
Net investment in (-)/release of restricted cash	-93 796	48 166	859 472	859 472	-907 799	-
Net cash flow from / used in (-) investing activities	**-266 332**	**1 800**	**-2 257 043**	**-2 257 043**	**-1 031 897**	**-329 406**
Cash flow from financing activities						
Proceeds from intercompany borrowings	-	-	-	-	92 280	258 937
Repayment of intercompany borrowings	-	-	-	-	-58 300	-
Net proceeds from borrowings, bond loan	-	-	1 399 065	1 399 065	961 415	-
Net proceeds from borrowings, exploration loan	-	-	37 650	37 650	-	-
Repayment of borrowings, exploration loan	-	-	-40 000	-40 000	-	-
Interest paid	-36 413	-	-143 403	-143 403	-	-
Net proceeds from share issues	0	103 787	1 133 365	1 133 365	65 500	113 730
Net cash flow from / used in (-) financing activities	**-36 413**	**103 787**	**2 386 677**	**2 386 677**	**1 060 895**	**372 666**
Net increase/ decrease (-) in cash and cash equivalents	**191 278**	**91 621**	**365 062**	**365 062**	**-8 280**	**29 145**
Cash and cash equivalents at the beginning of the period	394 670	29 609	29 609	29 609	37 889	8 744
Cash and cash equivalents at the end of the period	**585 949**	**121 230**	**394 670**	**394 670**	**29 609**	**37 889**
Restricted cash at the end of the period	142 123	859 633	48 327	48 327	907 799	-
Restricted and unrestricted cash at the end of the period	**728 071**	**980 862**	**442 997**	**442 997**	**937 408**	**37 889**

Selected data from the statement of changes in equity

Amounts in NOK `000	Share capital	Share premium	Other paid in capital	Unregistered share capital	Accumulated loss	Total equity
Equity at 1 January 2019	8 220	1 624 104	1 361		-177 381	1 456 304
Net profit / loss (-) for the period					3 366	3 366
Share based payment			394			394
Equity at 31 March 2019 (unaudited)	**8 220**	**1 624 104**	**1 754**	**-**	**-174 015**	**1 460 064**
Equity at 1 January 2018	24 738	470 755	-		-21 667	473 827
Net profit / loss (-) for the year					-155 715	-155 715
Capital reduction (equity restructuring)	-23 300	-452 590				-475 890
Share issues, cash	5 095	1 131 736				1 136 831
Share issues, conversion of debt	1 687	474 203				475 890
Share based payment			1 361			1 361
Equity at 31 December 2018 restated (unaudited)	**8 220**	**1 624 104**	**1 361**		**-177 381**	**1 456 304**
Equity at 1 January 2017	11 337	216 125	-	146 968	-9 953	364 477
Net profit / loss (-) for the year					-11 714	-11 714
Registration of share issues in Company Registry	7 348	139 620		-146 968		
Share issues, cash	3 275	62 225				65 500
Share issues, conversion of debt	2 778	52 786				55 564
Equity at 31 December 2017	**24 738**	**470 755**	**-**	**-**	**-21 667**	**473 827**
Equity at 1 January 2016	1 100	20 900	-	-	-4 294	17 706
Net profit / loss (-) for the year					-5 659	-5 659
Share issues, cash	5 686	108 043				113 730
Share issues, conversion of debt	4 550	87 182		146 968		238 700
Equity at 31 December 2016	**11 337**	**216 125**	**-**	**146 968**	**-9 953**	**364 477**

B.8	**Selected key pro forma financial information**	On 20 June 2018, OKEA AS entered into an agreement to acquire a 44.56% participating interest in the Draugen field, a 12.0% participating interest in the Gjøa field and the office building "Råket" in Kristiansund from A/S Norske Shell (the "**Acquisition**"). The Acquisition was completed on 30 November 2018 with an effective date on 1 January 2018. The Acquisition was financed through the issuance of a USD 180.0 million secured bond loan in June 2018, USD 110.0 million made available under the secured bond loan dated in November 2017, in addition to the proceeds of approx. NOK 1,033.0 million from the issuance of new share capital through two private placements completed in October and November 2018. The acquisition, the issuance of the secured bond loan and the issuance of new share capital are together referred to as the "**Transactions**". The unaudited pro forma financial information has been prepared for illustrative purposes to show how the Transactions might have affected the Company's

		consolidated statement of comprehensive income for 2018 if the Transactions occurred on 1 January 2018. The Transactions are fully reflected in the 31 December 2018 statement of financial position, and a pro forma statement of financial position has therefore not been prepared. Because of its nature, the unaudited pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Company's actual results if the Transactions had in fact occurred on that date and is not representative of the results of operations for any future periods. Investors are cautioned not to place undue reliance on this unaudited pro forma financial information. Pro forma financial information is included in Section 12 and certain pro forma figures are highlighted immediately below.

	Historical financial information			Pro forma adjustments		PRO FORMA
	OKEA AS	Draugen	Gjøa			
	Jan. 1 - Dec. 31, 2018 Restated	Jan. 1 - Nov. 30, 2018	Jan. 1 - Nov. 30, 2018	Jan. 1 - Nov. 30, 2018	Notes	Jan. 1 - Dec. 31, 2018
	IFRS					
Amounts in NOK '000		(unaudited)	(unaudited)	(unaudited)		(unaudited)
Revenues from crude oil and gas sales	149 761	1 778 110	1 437 010	-		3 364 881
YME compensation contract breach	115 000					115 000
Other operating income	44 326					44 326
Total operating income	**309 087**	**1 778 110**	**1 437 010**	**-**		**3 524 207**
Production expenses	-96 714	-539 780	-158 714			-795 208
Changes in over/underlift positions and production inventory	133 318	-86 257	29 157	-148 875	**A**	-72 657
Exploration expenses	-74 782	-	-1 989	-		-76 771
Depreciation, depletion and amortization	-100 066	-		-633 030	**B**	-733 095
Employee benefits expenses	-34 183	-	-	-		-34 183
Other operating expenses	-87 899	-116 343	-40 069	-		-244 311
Total operating expenses	**-260 326**	**-742 380**	**-171 615**	**-781 904**		**-1 956 225**
Profit / loss (-) from operating activities	**48 761**	**1 035 730**	**1 265 395**	**-781 904**		**1 567 981**
Finance income	17 300	-	-	85 415	**C**	102 715
Finance cost	-366 263	-	-	-177 156	**D**	-543 419
Net financial items	**-348 963**	**-**	**-**	**-91 741**		**-440 704**
Profit / loss (-) before income tax	**-300 202**	**1 035 730**	**1 265 395**	**-873 646**		**1 127 277**
Income tax	144 488			-1 131 470	**E**	-986 982
Net profit / loss (-)	**-155 714**	**1 035 730**	**1 265 395**	**-2 005 115**		**140 296**
Other comprehensive income						
Total other comprehensive income	-	-	-	-		
Total comprehensive income / loss (-)	**-155 714**	**1 035 730**	**1 265 395**	**-2 005 115**		**140 296**

B.9	**Profit forecast or estimate**	Not applicable. No profit forecasts or estimates are made.
B.10	**Audit report qualifications**	The auditor reports for the financial years ended 31 December 2016, 2017 and 2018 have been issued without any qualifications.
B.11	**Insufficient working capital**	Not applicable. The Company is of the opinion that the working capital available to the Company is sufficient for the Company's present requirements, for the period covering at least 12 months from the date of this Prospectus.

Section C – Securities

C.1	**Type and class of securities admitted to trading and identification number**	The Company has one class of Shares in issue and all Shares provide equal rights in the Company. Each of the Shares carries one vote. The Shares have been created under the Norwegian Public Limited Companies Act and are registered in book-entry form with the VPS under ISIN NO0010816895.
C.2	**Currency of issue**	The Shares are issued in NOK (as defined below).
C.3	**Number of shares in issue and nominal value**	As of the date of this Prospectus, the Company's share capital is NOK 8,220,450 divided into 82,204,500 Shares, each with a nominal value of NOK

		0.10. However, reference is made to the issue of the Trigger 1 Warrants (TG1) in connection with the Offering as further described in Section 15.3.
C.4	**Rights attaching to the securities**	The Company has one class of Shares in issue, and in accordance with the Norwegian Public Limited Companies Act, all Shares in that class provide equal rights in the Company. Each of the Shares carries one vote.
C.5	**Restrictions on transfer**	The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Company's shareholders. Share transfers are not subject to approval by the Board of Directors.
C.6	**Admission to trading**	The Company will on or about 31 May 2019 apply for admission to trading of its Shares on Oslo Børs. It is expected that the Board of Directors of Oslo Børs will approve the listing application of the Company on or about 5 June 2019, subject to certain conditions being met. The Company currently expects commencement of trading in the Shares on Oslo Børs on or around 11 June 2019. The Company has not applied for admission to trading of the Shares on any other stock exchange or regulated market.
C.7	**Dividend policy**	In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, as set out in the Norwegian Public Limited Companies Act of 13 June 1997 no. 45 (the "Norwegian Public Limited Companies Act"), the Company's capital requirements, including capital expenditure requirements, the Company's financial condition, general business conditions and any restrictions that its contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Public Limited Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors. The proposal to pay a dividend in any year is, in addition to legal restrictions, further subject to any restrictions under the Company's borrowing arrangements or other contractual arrangements in place at the time. The Bonds contain restrictions on the ability of OKEA to pay dividends to its shareholder, whereby OKEA must not declare or make any dividend payment, repurchase shares or make any loans or other equity distributions or payments to its direct or indirect shareholders, whether in cash or in kind other than upon the dates of occurrence of certain events as described in the Bond Agreements. Further, OKEA is growing its business and surplus cash will be used to fund ongoing and future projects. Consequently, the Company does not expect to pay dividends in the foreseeable future. No dividends have been distributed to the shareholders of the Company from its incorporation in 2015 until the date of this Prospectus.

Section D – Risks

D.1	**Key risks specific to the Company or its industry**	*Risks related to the business of OKEA and the industry in which OKEA operates* • The Company's business, results of operations, value of assets, reserves, cash flows, financial condition and access to capital depend significantly upon and may be adversely affected by the level of oil and gas prices, which are highly volatile

	• Reserves and contingent and prospective resources are by their nature uncertain in respect of the inferred volume range • Extending life time of producing fields require consents and are subject to technical, commercial and financial risks • Developing producing fields, such as for example the Yme field, requires significant investments • The Company is dependent on locating, acquiring, developing and producing oil and gas reserves that are economically recoverable • The Company's current production and expected future production is concentrated in a limited number of offshore fields • The Company's current or future exploration and development projects are associated with risks relating to delays, cost inflations, potential penalties and regulatory requirements and therefore, the estimated development costs and time to achieve first oil for fields like for example Yme may be substantially exceeded and delayed • The Company may not be able to control Production Licence decisions • The Company is subject to risks relating to capacity constraints and cost inflation in the service sector and lack of availability of required services and equipment • The Company's operations are dependent on compliance with obligations under Production Licences, joint operating agreements and field development plans • The Company is subject to third-party risk in terms of operators and partners • The Company may not have access to necessary infrastructure or capacity booking for the transportation of oil and gas • The Company is vulnerable to adverse market perception • The Company faces risks related to decommissioning activities and related costs • The Company's ability to sell or transfer Production Licence interests may be restricted by provisions in its joint operating agreements including pre-emption rights, if any, or applicable legislation • The Company may be subject to liability under environmental and health and safety regulations • The Company could face the risk of litigation or other proceedings in relation to its business if it is incorrectly managed

	• The Company is exposed to political and regulatory risks, including risks and uncertainties relating to the planned regional (area) electrification of the Utsira High in relation to the Ivar Aasen field • The Company's insurance or indemnities may not adequately cover all risks, liabilities or expenses that could result from its operations • The Company may experience conflicts of interest with shareholders, suppliers, creditors, employees and other stakeholders • The Company may lose key employees • The Company is exposed to risks relating to unionized labour and general labour interruptions • The market in which the Company operates is highly competitive • The oil and gas industry is characterized by rapid and significant technological advancements and the Company may not be able to keep pace • Failure in the Company's information technology systems may have an adverse impact on its operations • The Company is exposed to the risk of cyber crime • The political attention on Climate change and protests against fossil fuel extraction may have a material adverse effect on the oil and gas industry *Financial risks and risks related to debt obligations* • The Company is exposed to credit risk • The occurrence of specific change of control events, other put option events or other mandatory prepayment events will permit the holders of the Bonds to require the Company to redeem the Bonds (and possibly at a premium to outstanding amounts) at a time when the Company may not be able to do so • The Company has significant carrying amounts of oil and gas properties and intangible assets that are subject to impairment testing • The Company will require a significant amount of cash to service current and future debt and sustain its operations and its ability to generate sufficient cash depends on many factors beyond its control • The Company is and may become subject to debt covenants that may limit the Company's ability to finance its future operations and capital needs and to pursue business opportunities and activities • Currency Risk

		• The Company's working capital needs are difficult to forecast and may be subject to significant and rapid increases which could result in additional financing requirements that the Company may not be able to obtain on satisfactory terms or at all Should any of the risks materialize, individually or together with other circumstances, they could have a material and adverse effect on the Company and/or its business, financial condition, results of operations, cash flows and/or prospects, which could cause a decline in the value and trading price of the Company's shares, resulting in the loss of all or part of an investment in the Company's shares.
D.3	**Key risks specific to the securities**	*Risks related to the Listing and the Shares* • The price of the Shares could fluctuate significantly • There is no existing market for the Shares and an active trading market may not develop • Future sales or the possibility for future sales of substantial numbers of Shares could affect the Shares' market price • Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares • Pre-emptive rights to subscribe for Shares in additional issuances could be unavailable to U.S. or other shareholders • Investors could be unable to exercise their voting rights for Shares registered in a nominee account • The Company's ability to pay dividends in accordance with its dividend policy or otherwise is dependent on the availability of distributable reserves and the Company may be unable or unwilling to pay any dividends in the future • Investors could be unable to recover losses in civil proceedings in jurisdictions other than Norway • Norwegian law could limit shareholders' ability to bring an action against the Company • The Company will incur increased costs as a result of being a publicly traded company • Exchange rate fluctuations could adversely affect the value of the Shares and any dividends paid on the Shares for an investor whose principal currency is not NOK • The limited free float of the Shares may have a negative impact on the liquidity of and market price for the Shares • The transfer of shares is subject to restrictions under the securities laws of the United States and other jurisdictions Should any of the risks materialize, individually or together with other circumstances, they could have a material and adverse effect on the Company and/or its business, financial condition, results of operations, cash

	flows and/or prospects, which could cause a decline in the value and trading price of the Company's shares, resulting in the loss of all or part of an investment in the Company's shares.

Section E - Offer

E.1 **Net proceeds and estimated expenses**	The gross proceeds to the Company from the issue of the New Shares in the Offering is expected to be in the amount of NOK 650 million (assuming an Offer Price of NOK 25 or per Offer Share, which is the low end of the Indicative Price Range) to NOK 858 million (assuming an Offer Price of NOK 33 per Offer Share, which is the high end of the Indicative Price Range). The net proceeds are expected to be in the amount of approx. NOK 619 million to NOK 807 million, assuming issuance of all New Shares and an Offer Price of NOK 25 and NOK 33 per Offer Share, respectively (the low and high end of the Indicative Price Range). The Company’s total costs and expenses of, and incidental to, the Listing and the Offering are estimated to amount to approximately NOK 42-51 million (depending inter alia upon the size of the Offering). For a further description costs and expenses, see section 18.18 below.
E.2a **Reasons for the Offering and use of proceeds**	The Company’s projects in which a final investment decision (FID) is made (such as the New Yme Development and Gjøa P1) and the execution of mandatory work obligations in Production Licences are as of the date of this prospectus and based on the assumptions and estimated at the investment decision contemplated to be funded by other sources of funds than proceeds from the Offering. The Company’s reasons for the Offering is to raise financings to strengthen OKEAs balance sheet and improve its ability to fund new projects currently not sanctioned by a final investment decision (FID), including but not limited to increased oil production projects at the Draugen field, the Grevling and Storskrymten development project and other future projects as alia described in Section 8.5.2 "Description of Assets", and future business development opportunities. It is not possible at this stage to provide a more detailed allocation of use of proceeds from the Offering (than described above) due inter alia to the fact that such allocation of proceeds will depend on the projects sanctioned in the future, the costs related to the execution of projects and the priorities made by the Company in relation to execution of projects. In addition, it will be dependent on the execution of the business development strategy of the Company going forward. The reasons for the Listing is to: • increase the liquidity for trading of the shares in OKEA and therefore make it more attractive to invest in shares in OKEA. • facilitate the use of Shares as consideration in M&A transactions and provide access to capital markets; • diversify the shareholder base and enable other investors to take part in OKEA’s future growth and value creation; • enhance OKEA’s profile with investors, business partners and customers; and • further enhance the ability of OKEA to attract and retain key management and employees.
E.3 **Terms and conditions of the Offering**	The Offering consists of an offer of (i) up to 26,000,000 New Shares to be issued by the Company and (ii) up to 4,180,000 Sale Shares offered by the

		Selling Shareholders, each with a nominal value of NOK 0.10. The Stabilisation Manager may elect to over-allot up to 3,900,000 Additional Shares, equal to up to approximately 15% of the number of New Shares sold in the Offering. The Lending Shareholders are expected to grant Pareto Securities, on behalf of the Managers, an Over-Allotment Option to purchase a corresponding number of Additional Shares to cover any such over-allotments. Assuming the Over-Allotment Option is exercised in full and that all the New Shares are issued and all the Sale Shares are sold in the Offering, the Offering will amount to up to 34,080,000 Offer Shares. The Offering consists of: • An Institutional Offering, in which Offer Shares are being offered to (a) institutional and professional investors in Norway, (b) to investors outside Norway (including but not limited to the United States), subject to applicable exemptions from prospectus and registration requirements, and (c) in the United States to investors who are QIBs in transactions exempt from registration requirements under the U.S. Securities Act. The Institutional Offering is subject to a lower limit per application of NOK 2,000,000. • A Retail Offering, in which Offer Shares are being offered to the public in Norway subject to a lower limit per application of an amount of NOK 10,500 and an upper limit per application of NOK 1,999,999 for each investor. Investors who intend to place an order in excess of NOK 1,999,999 must do so in the Institutional Offering. Multiple applications by one applicant in the Retail Offering will be treated as one application with respect to the maximum application limit. All offers and sales in the United States will be made only to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act. All offers and sales outside the United States will be made in reliance on Regulation S. The Bookbuilding Period for the Institutional Offering will take place from 28 May 2019 at 09:00 hours (CET) to 6 June 2019 at 15:00 hours (CET). The Application Period for the Retail Offering will take place from 28 May 2019 at 09:00 hours (CET) to 6 June 2019 at 12:00 hours (CET). The Company, in consultation with the Managers, reserves the right to shorten or extend the Bookbuilding Period and Application Period at any time. The Managers expect to issue notifications of allocation of Offer Shares in the Institutional Offering on or about 7 June 2019, by issuing contract notes to the applicants by mail or otherwise. Payment by applicants in the Institutional Offering will take place against delivery of Offer Shares. Delivery and payment for Offer Shares is expected to take place on or about 12 June 2019. Pareto Securities, acting as settlement agent for the Retail Offering, expects to issue notifications of allocation of Offer Shares in the Retail Offering on or about 7 June 2019, by issuing allocation notes to the applicants by mail or otherwise. The due date for payment in the Retail Offering is on or about 11 June 2019. Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Retail Offering is expected to take place on or about 12 June 2019.
E.4	**Material and conflicting interests**	The Managers or their affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and

		commissions. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Managers will receive a management fee in connection with the Offering and, as such, have an interest in the Offering. Beyond the above-mentioned, the Company is not aware of any interest, including conflicting ones, of any natural or legal persons involved in the Offering.
E.5	**Selling shareholder and lock-up agreements**	The selling shareholders are OKEA Holdings Ltd., Kebs AS and Skjefstad Vestre AS and will in aggregate sell up to 4,180,000 Shares in the Offering. Pursuant to lock-up undertakings, the Company, the Large Shareholders, members of the Board of Directors and members of Management have provided lock-up undertakings that will restrict their ability to issue, sell or dispose of Shares, as applicable for a period of 180 days after the closing of the Offering for the Company and the Large Shareholders and for a period of 365 days after the closing of the Offering for the members of the Board of Directors and members of Management. For more information, see Section 18.19.
E.6	**Dilution resulting from the Offering**	Following completion of the Offering, the immediate dilution for the existing shareholders who do not participate in the Offering is expected to be approximately 32% assuming issuance of all the New Shares, and approximately 37% including the Trigger 1 Warrants (TG1), who are issued and dilutive as a consequence of completing the Offering.
E.7	**Estimated expenses charged to investor**	Not applicable. No expenses or taxes will be charged by the Company or the Managers to the applicants in the Offering.

2 RISK FACTORS

An investment in the Offer Shares involves a high degree of risk. Before making an investment decision with respect to the Offer Shares, investors should carefully consider the risk factors and all information contained in this Prospectus, including the financial statements and related notes. The risks and uncertainties described in this Section 2 are the material known risks and uncertainties faced by the Company as at the date of the Prospectus that the Company believes are the material risks relevant to an investment in the Offer Shares. An investment in the Offer Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described in the Prospectus should not be considered prior to making an investment decision in respect of the Offer Shares. If any of the following risks were to materialise, individually or together with other circumstances, they could have a material and adverse effect on the Company and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Offer Shares, resulting in the loss of all or part of an investment in the Offer Shares.

The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Company's business, results of operations, cash flows, financial condition and/or prospects. The risks mentioned in the Prospectus could materialise individually or cumulatively. The information in this Section 2 is as at the date of the Prospectus.

2.1 Risks related to the business of OKEA and the industry in which OKEA operates

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

The Company's revenues, cash flow, reserve estimates, profitability and rate of growth depend substantially on prevailing international and local prices of oil and gas. Prices for oil and gas may fluctuate substantially based on factors beyond the Company's control. Consequently, it is impossible to accurately predict future oil and gas price movements. Oil and gas prices are volatile and have witnessed significant declines in recent years. Oil and gas prices are unstable and are subject to significant fluctuations for many reasons including, but not limited to;

- changes in global and regional supply and demand, and expectations regarding future supply and demand for oil and gas, even relatively minor changes;
- geopolitical uncertainty;
- availability of pipelines, tankers and other transportation and processing facilities;
- proximity to, and the capacity and cost of, transportation;
- petroleum refining capacity;
- price, availability and government subsidies of alternative fuels;
- price and availability of new technologies;
- the ability and willingness of the members of the Organization of the Petroleum Exporting Countries ("OPEC") and other oil-producing nations to set and maintain specified levels of production and prices;
- political, economic and military developments in producing regions, particularly the Middle East, Russia, Africa and Central and South America, and domestic and foreign governmental regulations and actions, including import and export restrictions, taxes, repatriations and nationalisations;
- global and regional economic conditions;
- trading activities by market participations and others either seeking to secure access to oil and gas or to hedge against commercial risks, or as part of investment portfolio activity;

- weather conditions and natural disasters; and
- terrorism or the threat of terrorism, war or threat of war, which may affect supply, transportation or demand for hydrocarbons and refined petroleum products.

Sustained lower oil and gas prices or price declines may inter alia lead to a material decrease in the Company's net production revenues.

The Company may from time to time enter into hedging arrangements in the form of put options to offset the risk of revenue losses if commodity prices decline. However, such arrangements may be expensive and there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms. In addition, hedging itself carries certain risks, including expenses associated with terminating any hedging agreements.

Further, sustained lower oil and gas prices may also cause the Company to make substantial downward adjustments to its oil and gas reserves. If this occurs, or the Company's estimates of production or economic factors change, the Company may be required to write-down the carrying value of its proved oil and gas properties for impairments. In addition, the depreciation of oil and gas assets charged to its income statement is dependent on the estimate of its oil and gas reserves. Further, certain development projects which are or become of substantial importance to the Company could become unprofitable as a result of a decline in price and could result in the Company having to postpone or cancel a planned project, or if it is not possible to cancel the project, carry out the project with negative economic impact. Additionally, if oil and gas prices remain depressed over time, it could reduce the Company's ability to raise new debt or equity financing or to refinance any outstanding loans on terms satisfactory, or at all.

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

The Prospectus includes information relating to the reserves and resources of certain of the Company's assets. Reference is in particular made to chapter 8.5 in regard to reserves and resources.

The Company's reserves are defined as the volume of hydrocarbons that are expected to be produced from known accumulations in production, under development or with development committed in accordance with the Society of Petroleum Engineer's (SPE) Petroleum Resources Management System (PRMS), a classification system consistent with Oslo Stock Exchange's requirements for the disclosure of hydrocarbon reserves and contingent resources. Reserves are also classified according to the associated risks and probability that the reserves will actually be produced.

1P, Proven reserves, represent volumes that will be recovered with 90% probability.

2P, Proven and Probable reserves, represent volumes that will be recovered with 50% probability.

3P, Proven-, Probable- and Possible reserves, represent volumes that will be recovered with 10% probability.

Contingent resources are the volumes of hydrocarbons expected to be produced from known accumulations in a planning phase, where development is likely or where development is unlikely with present basic assumptions (e.g. due to the lack of a firm plan of development with the necessary partner or governmental approval, the lack of a market, or the lack of proper delineation necessary to establish the size of the accumulation for commercial purposes), or under evaluation. Contingent resources are reported as 1C, 2C, and 3C, reflecting similar probabilities as reserves.

Prospective resources are estimates of potentially recoverable, undiscovered quantities of hydrocarbons where no drilling has been undertaken to prove their existence. Volumes are management estimates based on analysis of available geophysical and well data relevant to the undrilled prospects, combined with regional geological understanding. Prospective resources are presented with a Probability of Discovery and are not verified by a third-party.

Many of the factors in respect of which assumptions are made when estimating reserves and resources are beyond the Company's control and therefore these assumptions may prove to be incorrect over time.

The hydrocarbon products that OKEA produce and sell are situated far below the seabed, often in several hundred meters of water. It is not possible to visit or see these reservoirs. The Company cannot measure the volumes in the reservoir directly. It will always have to rely on data from wellbore(s) and/or seismic surveys and the quality of this data may also be difficult to assess. Data from one part of the reservoir may not prove to be representative for other parts of the reservoir. The data is used in complex models to estimate volumes of hydrocarbon in place and how much of these hydrocarbons it is possible to produce. These models are themselves complex, carry considerable uncertainty and the company cannot guarantee that these models are correct. Consequently, the accuracy of any reserves or resources evaluation depends on a number of factors, including, but not limited to: the quality and quantity of available information, assumptions made in the models and geological/geophysical interpretations. New data or information from exploration drilling, ongoing interpretation, testing and production may result in substantial upward or downward revisions of the Issuer's reserves or resources.

Moreover, different geoscientists and reservoir engineers may make different estimates of reserves and cash flows based on the same available data. Actual production, revenues and expenditures with respect to reserves and resources will vary from estimates, and the variances may be material. Also, effects of regulations adopted by governmental agencies, future operating costs, royalties, tax on the extraction of commercial minerals, development costs and work-over and remedial costs represent further variables and assumptions which will further influence the estimation of reserves and resources..

Additional uncertainties exist with respect to the estimation of resources, in addition to those that apply to reserves as described above, including:

- the production and operating costs that will be incurred in a future development;
- the amount and timing of additional future exploration and development expenditures;
- global supply and demand for oil and gas and consequently future oil and gas sales prices.

If the assumptions upon which the estimates of the Company's oil and gas reserves or resources are based prove to be incorrect, the Company may be unable to recover and/or produce the estimated levels or quality of oil or gas. This could have a material adverse effect on the Company's business, prospects, financial condition or results of operations.

2.1.3 Extending life time of producing fields

The Company is continuously pursuing the possibility to produce more from its fields. This is likely to extend the producing period beyond the fields' initial contemplated life time and may require an extension of term of the relevant Production Licence. The expiry dates of the Production Licences in which the Company is interested are set out in Section 8.14 "Dependency on contracts, patents, Production Licences etc.". The Production Licences are not automatically renewed. There is a risk that the Norwegian government may not approve such extension or impose new conditions or new or amended terms pursuant to the relevant Production Licences. A successful extension of the production may also be subject to the successful implementation of new technical solutions on the fields and their facilities and will be subject to the reservoir having the required features.

Extending the life time of producing fields, like Draugen, will be subject to new investments. These investments will be sanctioned by the relevant Production Licences comprising the Draugen field and based upon economic assumptions at the time of the decision. OKEA cannot guarantee that the Production Licences comprising the Draugen field will sanction projects that the company is basing its long-term plans on, and thus that such plans will actually be executed.

2.1.4 Developing discovered fields, such as for example the Yme field, requires significant investments

Developing a discovered hydrocarbon field requires significant investment, which may be made over several years and decades, to build the requisite operating facilities, drilling of production wells along with implementation of advanced technologies for the extraction and exploitation of hydrocarbons with complex properties. Making these investments and implementing these technologies, often under difficult conditions, can result in uncertainties in the amount of investment necessary, operating costs and additional expenses incurred compared to the initial budget, thereby negatively affecting the financial condition and results of operations of the Company. Further, with respect to contingent resources, the amount of investment needed may make the conversion of resources into reserves not commercially viable. If the Company's revenues decrease, it may have limited ability to obtain the capital necessary to sustain operations at current levels and the Company may be unable to obtain needed capital or financing on satisfactory terms. If the Company's available cash is insufficient, a curtailment of its operations relating to development of its prospects could occur, which could in turn lead to a decline in its oil and natural gas reserves or, if it is not possible to cancel or stop a project, may legally oblige the Company to carry out the project contrary to its desire or with negative economic impact. Further, the

Company may fail to make required cash calls and thus breach Production Licence obligations, which again may lead to adverse consequences. All of the above may have a material adverse effect on the Company and its financial position.

2.1.5 *The Company is dependent on locating, acquiring, developing and producing oil and gas reserves that are economically recoverable*

The future success of the Company depends, in part, on its ability to find and develop or acquire additional reserves that are economically recoverable. This activity is dependent on oil and gas prices. Oil and gas exploration and production activities are capital intensive and have inherently uncertain outcomes. Significant expenditure is required to establish oil and gas reserves through seismic and other surveys and also exploration and appraisal drilling, and there can be no certainty that further commercial quantities of oil and gas will be discovered or acquired by the Company. The Company's existing and future oil and gas appraisal and exploration projects may therefore become unprofitable, either from dry wells or from wells that are productive but do not produce sufficient net revenues to return a profit after development, operating and other costs. Not every prospect that is explored will ultimately be developed into producing oil and gas fields. Even if the Company discovers or acquires oil and gas resources in the future, there can be no assurance that these will be commercially developed.

Completion of a well does not guarantee a profit on the investment or recovery of the costs associated with that well. Additionally, the cost of operations and production from successful wells may be materially adversely affected by unusual or unexpected geological conditions or formation pressures, oceanographic conditions, hazardous weather conditions, delays in obtaining governmental approvals or consents, difficulties arising from environmental requirements and other factors. An inability of the Company to recover its costs and generate profits from its exploration and production activities may have a material adverse effect on its business, cash flow and financial condition.

Producing oil and natural gas reservoirs, particularly in the case of mature fields, are generally characterized by declining production rates that vary depending on reservoir characteristics and other factors. Thus, the Company's future oil and natural gas reserves and production, and therefore its cash flow and results of operations, are highly dependent upon the Company's ability to predict this decline, to efficiently develop and exploit its current oil and gas assets and find or acquire additional economically attractive recoverable reserves. If the Company is unable to replace its current and future production the value of its reserves will decrease, and its business, financial condition and results of operations will be adversely affected.

2.1.6 *The Company's current production is concentrated in a limited number of offshore fields*

Currently, the Company's production comes from the Ivar Aasen, Gjøa and Draugen Fields. In addition, the Company expects that significant production will come from the Yme field from 2020. If mechanical or technical problems, extreme weather events, shutdowns or other events or problems affect the current or future production on any of these fields, it may have a direct and significant impact on a substantial portion of the Company's production or if the actual reserves associated with any one of the Company's fields are less than anticipated, this may result in material adverse effects for the Company, including on the Company's ability to fulfil its obligations, make new investments and raise further financing. In particular, the facilities on the Draugen and Gjøa fields have been producing for a long time increasing the risks related production and subsequent sensitive cash flow, loosing key wells, infrastructure robustness with regards to corrosion, resources and competence to mature projects, technical integrity of critical equipment and aging equipment and systems. Upgrades and maintenances to maintain and enhance production may also involve development risks and costs.

2.1.7 *The Company's current or future exploration and development projects are associated with risks relating to delays, cost inflations, potential penalties and regulatory requirements and therefore, the estimated development costs and time to achieve first oil for fields like for example Yme may be substantially exceeded and delayed*

Exploration and development projects involve complex engineering, procurement, construction work, drilling operations and obtaining of governmental approvals prior to commencement of production. The exploration or development period of a Production Licence is commonly associated with high risk, requiring high levels of capital expenditure without a commensurate degree of certainty of a return on the investment. The complexity of offshore development projects also makes them very sensitive to delays and cost increases. For the Company, this currently applies to the Yme, Draugen, Hasselmus, Gjøa, Ivar Aasen, Grevling and Storskrymten fields. Current or future projected target dates for production may be delayed and significant cost overruns may occur. For example, it may not be possible for the Company, as the operator of certain Production Licences, to maintain planned drilling schedules, which could result in wells taking considerably longer than forecasted with cost over-runs as a result. The Company's estimated exploration and development costs are in general subject to a number of assumptions that may not materialize. Such factors may again impact on the extent to which the fields to be developed are fully funded or remain commercially viable and consequently may result in breach by the Company of its obligations and require the Company to raise additional debt and equity.

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

These factors may have a material adverse effect on the Company's cash flow as well as on its business, prospects, financial condition or results of operations.

2.1.8 The Company may not be able to control Production Licence decisions

Operational decisions are made by all the participants in the Production Licences. The project partners' final determination of whether to drill any scheduled or budgeted wells will depend on a range of factors including:

- results of the exploration efforts and the acquisition, review and analysis of seismic data, if any;
- availability of sufficient capital resources and any other participants for the drilling of the prospects;
- approval of the prospects by other participants after additional data has been compiled;
- economic and industry conditions at the time of drilling, including prevailing and anticipated process for oil and natural gas and the availability and prices of drilling rigs and crews; and
- availability of leases, Production Licence options, farm-outs, other rights to explore and permits on reasonable terms for the prospects.

The Company will, as the operator of certain Production Licences, at the relevant time, identify or budget for drilling prospects, it will require the approval of all or a requisite majority of the participants of those Production Licences. Other decisions may also be required to be adopted in order to progress exploration and development, such as e.g. approval of a PDO, secure continued production or initiate and complete abandonment. In addition, in Production Licences where the Company is not the operator, the operator will be required to make the appropriate recommendations to the participants of those Production Licences and the Company cannot guarantee that these proposals will receive sufficient support to allow the activity to proceed.

2.1.9 The Company is subject to risks relating to capacity constraints and cost inflation in the service sector and lack of availability of required services and equipment.

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

In addition, contractors and other service providers may cause third party liability or other losses for the Company by their performance. The Company may be subject to liability claims due to the inherently hazardous nature of its business or for act and omissions of sub-contractors and other service providers, and may also be liable for the operations of its contractors towards governmental authorities, Production Licence partners or other third parties. Any indemnities the Company may receive from such parties may be inadequate and/or difficult to enforce, which could have a material adverse effect on the Company's financial condition, business, prospects and results.

2.1.10 The Company's operations are dependent on compliance with obligations under Production Licences, joint operating agreements and field development plans

All Production Licences for the Norwegian Continental Shelf include obligations amongst the parties in the joint venture and obligations between the Production Licence and the authorities. Failure to comply with the obligations under the Production Licences may lead to fines, penalties, restrictions, revocation of Production Licences and termination of related agreements. A failure to comply with payment obligations (cash calls) under joint operating agreements (and unitization agreements) for the Company's Production Licences, may lead to penal interest on the defaulted amount, loss of voting rights and information within the Production Licence and a right for the other participating interest holders to acquire the Company's participating interest on terms that are unfavourable to the Company and disconnected from the value of the Production Licence interest. Further, if other joint venture partners default on their payment obligations (cash calls), the Company may have to increase its interest level in the relevant field, which in turn will result in a corresponding increase in the Company's exposure and investment obligations in the relevant field. Also, the Company has been approved as an operator on the Norwegian Continental Shelf. Although future operatorship is performed based on a "no gain, no loss" principle, the Company's Production Licence partners are provided with audit rights and other rights that may ultimately result in losses for the Company as an operator if the Company is found not to have managed the operatorship in compliance with relevant requirements.

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

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

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

2.1.12 The Company may not have access to necessary infrastructure or capacity booking for the transportation of oil and gas

The Company is dependent on capacity (whether through pipelines, tankers or otherwise) to transport and sell its oil and gas production. The Company, or the Production Licence group in which the Company holds an interest may need to rely on access to third-party infrastructure to be able to transport produced oil and gas. There can be no assurance that the Company will be able to secure access to necessary infrastructure at an economically justifiable cost or access necessary infrastructure at all. If access to third-party infrastructure and necessary capacity bookings are unavailable or unavailable at an economically justifiable cost, the Company's income relating to the sale of oil and gas may be reduced which may have a material adverse effect on the Company. Further, the consequences of Brexit for OKEA and its export of products to England is not clear and impose a risk related to use of infrastructure and potential future sale of hydrocarbons.

2.1.13 The Company is vulnerable to adverse market perception

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

2.1.14 The Company faces risks related to decommissioning activities and related costs

There are significant uncertainties relating to the estimated liabilities, costs and time for decommissioning of the current and future facilities and infrastructure on the fields covering the Production Licences in which OKEA is, has been or will be a participating interest holder. Such liabilities are derived from legislative and regulatory requirements and require the Company to make provisions for such liabilities. The oil and gas industry has limited experience on decommissioning petroleum infrastructure on the Norwegian Continental Shelf.

The Company is jointly and severally liable with its Production Licence partners to the Norwegian government for all decommissioning costs and liabilities of each Production Licence in which the Company holds an interest. In Norway, there is no obligation or tradition for Production Licence partners to provide security for their respective share of decommissioning liabilities ahead of actual decommissioning. Furthermore, a participating interest holder assigning its interest in a Production Licence remains secondarily liable for decommissioning costs related to facilities existing at the time of assignment. For such secondary liability there is an established practice for providing a decommissioning guarantee or other security. In the future, the Company may hold interests in fields that straddle the boundary between UK and Norway and the Company may therefore have responsibilities pursuant to, or become liable for decommissioning obligations pursuant to, UK legislation.

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

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

The Company's exit in relation to any particular oil and gas interest may be subject to the prior approval of its commercial partners pursuant to joint operating agreements, unitization agreements and approval from the relevant authorities, thus restricting the Company's ability to dispose of, sell or transfer, a Production Licence interest and make funds available when needed.

2.1.16 The Company may be subject to liability under environmental and health and safety regulations

All phases of oil and gas activities present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and national regulations as well as applicable health and safety regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills and releases or emissions of various substances. The legislation also requires that wells and facility sites are operated, maintained and abandoned to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and breach may result in the imposition of fines and penalties in addition to loss of reputation. Any pollution may give rise to material liabilities and may require the Company to incur material costs to remedy such discharge.

The Company's offshore operations are subject to all the risks common in such industry, including encountering unexpected rock formations or pressures during drilling operations, seismic shifts, blowouts, pollution, explosions, fires, acts of terrorism and equipment damage or failure. The facilities on offshore fields will also be subject to the hazards inherent in marine operations such as capsizing, sinking, grounding and damage from severe weather conditions. Also, even though the Company's employees are well supervised, trained and experienced, errors may take place that could lead to one or more of these events. If any of these were to occur, they could, among other adverse effects, result in environmental damage, injury to persons, loss of life, failure to maintain production in commercial quantities, delays, shut-down of operations or other damage. These events may also put at risk some or all of the Company's Production Licences and may result in the Company incurring significant civil liability claims, significant fines as well as criminal sanctions. In the Company's capacity as participating interest holder, it is subject to liability provisions under the applicable statutory and regulatory regimes of the jurisdictions in which the Company operates.

Any changes to, and increases in, current regulation or legal requirements and their enforcement may have a material adverse effect upon the Company in terms of additional compliance costs. Unfavourable amendments to current laws, regulations and permits governing operations and activities of development and/or production companies, or more stringent implementation of these, may have a materially adverse impact on the Company and no assurance can be provided that current or future environmental laws and regulations will not result in a curtailment or shut down of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Company.

Any of these circumstances could adversely affect the operation of the Company's Production Licences and result in loss of revenues or increased costs and adversely affect the Company's profitability.

2.1.17 The Company could face the risk of litigation or other proceedings in relation to its business if it is incorrectly managed

The operating hazards inherent in the Company's business potentially expose the Company to litigation if it is not correctly managed, including personal injury litigation, environmental litigation, contractual litigation with clients, intellectual property litigation, tax or other litigation. Litigation may have an adverse effect on the Company's business, financial position, results of operations and the Company's ability to pay dividends, because of potential negative outcomes, the costs associated with prosecuting or defending such lawsuits, reputational and other non-financial consequences, and the diversion of management's attention to these matters.

2.1.18 The Company is exposed to political and regulatory risks, including risks and uncertainties relating to the planned regional (area) electrification of the Utsira High in relation to the Ivar Aasen field

The oil and gas industry is subject to extensive government policies, standards, regulations and requirements. No assurance can be given that future political conditions, existing legislation, new interpretation of existing legislation or changes in administrative practice or policies, will not result in a reduction of income, curtailment of production, delays or a material increase in operating costs and capital expenditure or otherwise adversely affect the Company. As an example, the Company is exposed to potential risks relating to the planned regional electrification of the Utsira High, which may include the Ivar Aasen field. This includes uncertainties related to the actual cost of electrification if required, the allocation of such costs between the partners in the fields on the Utsira High and the proposed timeline for electrification of the Utsira High.

A failure to comply with applicable legislation, regulations and conditions or orders issued by the regulatory authorities may lead to fines, penalties, restrictions, withdrawal of Production Licences and termination of related agreements. Additionally, the Company is dependent on receipt of discretionary government approvals, decisions and permits to develop and produce its assets. Further, the Company may be unable to obtain, renew or extend required drilling rights, Production Licences, permits and other authorizations and these may also be suspended, terminated or revoked prior to their expiration. The relevant authorities may also stipulate conditions for any such extension or for not revoking any Production Licences or permits. Lack of governmental approvals or permits or delays in receiving such approval may delay the Company's operations, increase its costs and liabilities or affect the status of its contractual arrangements or its ability to meet its contractual obligations.

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

The Company's offshore oil and gas operations are subject to all the significant risks and hazards typically associated with such operations. The Company may not be fully insured against all risks it may face and not all risks are insurable or only insurable at a disproportionately high cost. The nature of the hazards and risks typical for the Company's industry is such that liabilities could materially exceed policy limits or not be insured at all, which may result in substantial financial liability or losses. Payment by the Company's insurers of any insurance claims may result in increases in the premiums payable by the Company for its insurance cover and adversely affect the Company's financial performance. In the future, some or all of the Company's insurance coverage may become unavailable or prohibitively expensive. Further, any uninsured loss or liabilities, or any loss and liability exceeding the insured limits, may have a material adverse effect on the Company.

2.1.20 The Company may experience conflicts of interest with shareholders, suppliers, creditors, employees and other stakeholders

Some of the directors, officers and principal shareholders of the Company are or may become engaged in other oil and gas interests (including interests relating to oil and gas services) on their own behalf and on behalf of other companies resulting in a conflict of interest or direct competition with the Company. Such conflicts, if any, will be subject to the procedures and remedies under Norwegian company law (or any similar, foreign laws), but this may not prevent adverse effects for the Company with regard to such conflicts. The Company's directors, officers and principal shareholders may not devote their time on a full-time basis to the affairs of the Company as a result of such conflicts. Certain members of the Company's Board of Directors and senior management own collectively, directly and indirectly, a significant part of the outstanding share capital of the Company and will therefore have the possibility to influence the decision-making in the Company and thereby the Company.

2.1.21 The Company may lose key employees

Loss of key employees could adversely affect the Company's ability to operate. The Company believes that its success depends on the continued service of its key employees as well as its ability to hire additional key employees when needed. The unexpected loss of the services of any of the key employees, or the Company's failure to find suitable replacements within a reasonable period of time thereafter, could have a material adverse effect on the Company's ability to execute its business plan and therefore, on its financial condition and results of operations.

2.1.22 The Company is exposed to risks relating to unionized labour and general labour interruptions

Strikes, labour disruptions and other types of conflicts with employees including those of the Company's independent contractors or their unions may occur in relation to the Company's operations. Any such disruptions or delays in the Company's business activities may result in increased operational costs or decreased revenues from delayed or decreased (or zero) production and significant budget overruns.

2.1.23 The market in which the Company operates is highly competitive

The Company competes with a substantial number of other companies in acquiring (prospective) oil and gas Production Licences and attempting to secure drilling rigs and other equipment or services necessary for operation or projects. As a result of this competitive environment, the Company may be unable to acquire suitable Production Licences on terms that it considers acceptable, or equipment or services it requires may be in short supply.

2.1.24 The oil and gas industry is characterized by rapid and significant technological advancements and the Company may not be able to keep pace

The Company may be required to implement new technologies to maintain a competitive position. These new technologies may require significant investment over time. Failure by the Company to respond to these competitive pressures or to implement new technologies on a timely basis may put the Company at a competitive disadvantage.

2.1.25 Failure in the Company's information technology systems may have an adverse impact on its operations

The Company, as many other businesses, relies on IT systems and is exposed to the risk of failure or inadequacy in these systems, related processes and/or interfaces. Thus, the Company is exposed to operational risks such as failure or inadequacies in these processes, systems and interfaces. The Company's ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports the business of the Company. Any failure, inadequacy, interruption or security failure of those systems, or the failure to seamlessly maintain, upgrade or introduce new systems, could harm the Company's ability to effectively operate its business and increase its expenses and harm its reputation. These risks may in turn have a material adverse effect on the Company's financial condition, results of operations and/or prospects.

2.1.26 The Company is exposed to the risk of cyber crime

Due to its reliance on digital solutions and interfaces, the Company is exposed to risk of cyber crime in the form of, for example, Trojan attacks, phishing and denial of service attacks. The nature of cyber crime is continually evolving. The Company relies in part on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential information. Despite the security measures in place, the Company's facilities and systems, and those of its third party service providers, may be vulnerable to cyber-attacks, security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors which exposes the Company for cyber crime and/or other similar events.

If one or more of such events occur, any one of them could potentially jeopardise confidential and other information related to the Company, its customers and its counterparties. Any security breach involving the misappropriation, loss or other unauthorized disclosure of confidential information, whether by the Company or its vendors, could damage the Company's reputation, expose it to risk of litigation, increased capital requirements or sanctions from the FSA, disrupt its operations or affect the Company negatively in other ways, hereunder that the Company may also be required to spend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures. This could in turn have a material adverse effect on the Company's business, results of operations, financial position and/or prospects.

2.1.27 The political attention on Climate change and protests against fossil fuel extraction may have a material adverse effect on the oil and gas industry

Continued political attention to concerns on climate change, the role of human activity in it and potential mitigation through regulation could have a material impact on the Company’s business. International agreements, national and regional legislation and regulatory measures to limit greenhouse gas emissions are currently in various stages of discussion or implementation. Given that the Company’s operations are associated with emissions of "greenhouse gases", these and other greenhouse gas emission related laws, policies and regulations may result in substantial capital, compliance, operational and maintenance costs. The level of expenditure required to comply with these laws and regulations is uncertain and is expected to vary depending on the laws enacted by particular countries. As such, emission legislation and regulatory initiatives restricting emissions may adversely affect the Company's operations, the Company's cost structure. Such legislation or regulatory initiatives could have a material adverse effect by diminishing the supply of oil and gas, by increasing the Company’s cost structure or causing disruption to its operations (through enforcement by regulators). In addition, the Company may be subject to activism from groups campaigning against fossil fuel extraction, which could affect its reputation, expose the Company for contractual liability, disrupt its campaigns or programs or otherwise negatively impact the Company’s business.

2.2 Financial risks and risks related to debt obligations

2.2.1 The Company is exposed to credit risk

The Company may be exposed to financial loss if counterparties to contracts fail to meet their obligations. If significant amounts are not paid, there may be a material adverse impact on the Company.

2.2.2 The occurrence of specific change of control events, other put option events or other mandatory prepayment events will permit the holders of the Bonds to require the Company to redeem the Bonds (and possibly at a premium to outstanding amounts) at a time when the Company may not be able to do so

The Bond Agreements contain provisions which under certain circumstances, such as a change of control of the Company, will require the Company to repay outstanding bond debt, and possibly also with a premium. If such repayment obligation is triggered, the Company may be unable to make such payment, which may lead to insolvency for the Company.

2.2.3 The Company has significant carrying amounts of oil and gas properties and intangible assets that are subject to impairment testing

The Company may incur significant impairment charges for their oil and gas properties and intangible assets that are subject to impairment testing.

As at 31 March 2019, the Company had oil and gas properties of NOK 3,991.1 million and intangible assets of NOK 1,445.4 million consisting of goodwill, NOK 1,436.1 million, and exploration and evaluation assets, NOK 9.3 million. In total, oil and gas properties and intangible assets constitute 52.8 % of the total balance sheet amount as at 31 March 2019.

The Company reviews the carrying amounts of its oil and gas properties and intangible assets to determine whether there is any indication that those assets have been impaired, in addition to yearly impairment tests for goodwill. An asset is written down to its recoverable amount when the recoverable amount is lower than the carrying value of the asset. The recoverable amount is the higher of fair value less expected cost to sell and value in use (present value based on the future use of the asset).

2.2.4 The Company will require a significant amount of cash to service current and future debt and sustain its operations and its ability to generate sufficient cash depends on many factors beyond its control

The Company's ability to make payments on, or repay or refinance, any debt (including the Bonds) and to fund working capital and capital investments will depend on its future operating performance and ability to generate sufficient cash. This depends on the success of its business strategy and on general economic, financial, competitive, market, legislative, regulatory, technical and other factors as discussed in this Section 2 "Risk Factors", many of which are beyond the Company's control. The Company cannot assure that its business will generate sufficient cash flow from operations or that future debt and equity financings will be available to it in an amount sufficient to enable it to pay its debt or to fund its other liquidity needs. The Company cannot provide assurance that it will be able to refinance any debt on commercially reasonable terms or at all. Any failure by the Company to make debt repayments on a timely basis would likely result in a reduction of its credit rating which could also harm its ability to incur additional indebtedness. There can be no assurance that any assets that the Company may elect to sell can be sold or that, if sold, the timing of such sale will be acceptable and the amount of proceeds realized will be sufficient to satisfy its debt service and other liquidity needs.

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

2.2.5 The Company is and may become subject to debt covenants that may limit the Company's ability to finance its future operations and capital needs and to pursue business opportunities and activities

The Bond Agreements currently restrict, among other things, the Company's ability to:

- incur additional debt and issue guarantees;
- make certain payments, including dividends and other distributions, with respect to outstanding share capital;
- repay or redeem subordinated debt or share capital;
- create or incur certain liens and security arrangements;
- make certain investments or loans;
- sell, lease or transfer assets;
- acquire assets or companies;
- expand into unrelated businesses;
- merge or consolidate with other entities; and
- entering into derivate hedging transactions.

All of these limitations are subject to significant exceptions and qualifications. The Company's compliance with these covenants could reduce its flexibility in conducting its operations, particularly by:

- affecting the Company's ability to react to changes in market conditions, whether by increasing its vulnerability in relation to unfavourable economic conditions or by preventing the Company from profiting from an improvement in those conditions;
- affecting the Company's ability to pursue business opportunities and activities that may be in its interest;
- limiting the Company's ability to obtain certain additional financing in order to meet its working capital requirements, make investments or acquisitions and carry out refinancing; and

- forcing the Company to dedicate a significant portion of its cash flow to payment of the sums due for such loans, reducing its ability to utilize its cash flows for other purposes.

Any future debt could also contain similar or even more stringent restrictions on the Company and its operations.

2.2.6 Currency Risk

The Company's functional currency is NOK. The Company's operations are exposed to foreign exchange risks as the Company primarily generates its revenues and cash receipts related to oil sales denominated in USD, while sales of dry gas, NGL and condensate are to a large extent denominated in GBP. The main portion of all payroll-related expenses are NOK denominated and all taxes are paid and reported in NOK. The majority of the Company's long-term debt has USD exposure and it holds its Bonds in NOK, while the company's equity is NOK denominated.

Movements in foreign exchange rates could negatively influence the Company's cash flow and results. Foreign exchange risk is managed at corporate level in accordance with established policies and mandates.

An investor that owns shares in the Company is exposed to NOK which is the functional currency. Any movement in currency rates versus NOK could lead to fluctuations in the Company's results and this could impact the Share price.

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

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

2.3 Risks related to the Listing and the Shares

2.3.1 The price of the Shares could fluctuate significantly

The trading volume and price of the Shares could fluctuate significantly, and the market price of the Shares may decline such that the Shares trade at prices significantly below the Offer Price. Some of the factors that could negatively affect the Share price or result in fluctuations in the price or trading volume of the Shares include, for example, changes in the Company's actual or projected results of operations or those of its competitors, changes in earnings projections or failure to meet investors' and analysts' earnings expectations, investors' evaluations of the success and effects of the strategy described in this Prospectus, as well as the evaluation of the related risks, changes in general economic conditions or the equities markets generally, changes in the industries in which the Company operates, changes in shareholders and other factors. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate based upon factors that have little or nothing to do with the Company, and these fluctuations may materially affect the price of the Shares.

2.3.2 There is no existing market for the Shares and an active trading market may not develop

Prior to the Listing, there was no public market for the Shares, and there is no assurance that an active trading market for the Shares will develop or, if it is, would be sustained. The market value of the Shares could be substantially affected by the extent to which a secondary market develops for the Shares following the completion of this Offering. Investors may not be in a position to sell their Shares quickly or at market price if there is no active trading in the Shares.

2.3.3 Future sales or the possibility for future sales of substantial numbers of Shares could affect the Shares' market price

The Company cannot predict what effect, if any, future sales of the Shares, or the availability of Shares for future sales, will have on the market price of the Shares. Sales of substantial amounts of the Shares in the public market following the Offering or the perception that such sales could occur, could adversely affect the market price of the Shares, making it more difficult for holders to sell their Shares or the Company to sell equity securities in the future at a time and price that they deem appropriate. Although the Company, its largest shareholders, directors and management have agreed to be subject to restrictions, subject to certain exceptions, on their ability to sell or transfer their Shares for a period of 180 days (as relates to the Company and the largest shareholders) and 365 days (as relates to directors and management) after the Institutional Closing Date, the Managers may, in their sole discretion and at any time, waive such restrictions on sales or transfer during this period. Additionally, following this period, all Shares owned by the largest shareholders, directors and managers will be eligible for sale or other transfer in the public market, subject to applicable securities laws restrictions.

2.3.4 Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares

The Company may in the future decide to offer additional Shares or other securities in order to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. An issuance of additional equity securities or securities with rights to convert into equity could reduce the market price of the Shares and would dilute the economic and voting rights of the existing shareholders if made without granting subscription rights to existing shareholders. Accordingly, the shareholders bear the risk of any future offerings reducing the market price of the Shares and/or diluting their shareholdings in the Company.

2.3.5 Pre-emptive rights to subscribe for Shares in additional issuances could be unavailable to U.S. or other shareholders

Under Norwegian law, unless otherwise resolved at the Company's general meeting of shareholders (the "General Meeting"), existing shareholders have pre-emptive rights to participate on the basis of their existing ownership of Shares in the issuance of any new Shares for cash consideration. Shareholders in the United States, however, could be unable to exercise any such rights to subscribe for new Shares unless a registration statement under the U.S. Securities Act is in effect in respect of such rights and Shares or an exemption from the registration requirements under the U.S. Securities Act is available. Shareholders in other jurisdictions outside Norway could be similarly affected if the rights and the new Shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. The Company is under no obligation to file a registration statement under the U.S. Securities Act or seek similar approvals under the laws of any other jurisdiction outside Norway in respect of any such rights and Shares. Doing so in the future could be impractical and costly. To the extent that the Company's shareholders are not able to exercise their rights to subscribe for new Shares, their proportional interests in the Company will be diluted.

2.3.6 Investors could be unable to exercise their voting rights for Shares registered in a nominee account

Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) could be unable to vote such Shares unless their ownership is re-registered in their names with the VPS prior to any General Meeting. There is no assurance that beneficial owners of the Shares will receive the notice of any General Meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners.

2.3.7 The Company's ability to pay dividends in accordance with its dividend policy or otherwise is dependent on the availability of distributable reserves and the Company may be unable or unwilling to pay any dividends in the future

Norwegian law provides that any declaration of dividends must be adopted by the shareholders at the General Meeting, or by the Board of Directors in accordance with an authorisation from the General Meeting. Dividends may only be declared to the extent that the Company has distributable equity and that the Company's equity and liquidity are sound in relation to the risk and scope of the Company's business. As the Company's ability to pay dividends is dependent on the availability of distributable reserves, it is, among other things, dependent upon receipt of dividends and other distributions of value from future subsidiaries and companies in which the Company may invest. As a general rule, the General Meeting may not declare higher dividends than the Board of Directors has proposed or approved. If, for any reason, the General Meeting does not declare dividends in accordance with the above, a shareholder will, as a general rule, have no claim in respect of such non-payment, and the Company will, as a general rule, have no obligation to pay any dividend in respect of the relevant period.

Furthermore, the Bonds contain restrictions on the ability of OKEA to pay dividends to its shareholder, whereby OKEA must not declare or make any dividend payment, repurchase shares or make any loans or other equity distributions or payments to its direct or indirect shareholders, whether in cash or in kind other than upon the dates of occurrence of certain events as described in the Bond Agreements.

2.3.8 Investors could be unable to recover losses in civil proceedings in jurisdictions other than Norway

The Company is a public limited company organised under the laws of Norway. The majority of the members of the Board of Directors and Management reside in Norway. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such persons or the Company, to enforce against such persons or the Company judgments obtained in non-Norwegian courts, or to enforce judgments on such persons or the Company in other jurisdictions.

2.3.9 Norwegian law could limit shareholders' ability to bring an action against the Company

The rights of holders of the Shares are governed by Norwegian law and by the Articles of Association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For example, under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company will be prioritised over actions brought by shareholders claiming compensation in respect of such acts. In addition, it could be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

2.3.10 The Company will incur increased costs as a result of being a publicly traded company

As a publicly traded company with its Shares listed on Oslo Børs, the Company will be required to comply with Oslo Børs' reporting and disclosure requirements and with its corporate governance requirements. The Company will incur additional legal, accounting and other expenses to comply with these and other applicable rules and regulations, including potentially hiring additional personnel. The Company anticipates that its incremental general and administrative expenses as a publicly traded company will include, among other things, costs associated with annual and quarterly reports to shareholders, shareholders' meetings, investor relations, incremental director and officer liability insurance costs and officer and director compensation. Any such increased costs, individually or in the aggregate, could have a material adverse effect on OKEA's business, results of operations, financial condition and prospects.

2.3.11 Exchange rate fluctuations could adversely affect the value of the Shares and any dividends paid on the Shares for an investor whose principal currency is not NOK

The Shares will be priced and traded in NOK on Oslo Børs and any future payments of dividends on the Shares will be denominated in the currency of the bank account of the relevant shareholder, and will be paid to the shareholders through DNB Bank ASA, being the Company's VPS registrar (the "VPS Registrar"). Shareholders registered in the VPS who have not supplied their VPS account operator with details of their bank account, will not receive payment of dividends unless they register their bank account details of their VPS account, and thereafter inform the VPS Registrar about said account. The exchange rate(s) that is applied when denominating any future payments of dividends to the relevant shareholder's currency will be the VPS Registrar's exchange rate on the payment date. Exchange rate movements of NOK will therefore affect the value of these dividends and distributions for investors whose principal currency is not NOK. Further, the market value of the Shares as expressed in foreign currencies will fluctuate in part as a result of foreign exchange fluctuations. This could affect the value of the Shares and of any dividends paid on the Shares for an investor whose principal currency is not NOK.

2.3.12 A limited free float of the Shares may have a negative impact on the liquidity of and market price for the Shares

After completion of the Offering, assuming allocation of all New Shares and Sale Shares in the Offering, approximately 36% of the Company's share capital (approximately 39% of the share capital if the Over-Allotment Option is exercised in full) will be publicly held. The limited free float may have a negative impact on the liquidity of the Shares and result in a low trading volume of the Shares, which could have an adverse effect on the prevailing market price for the Shares and could result in increased volatility of the market price for the Shares.

2.3.13 The transfer of shares is subject to restrictions under the securities laws of the United States and other jurisdictions

The Shares have not been registered under the U.S. Securities Act or any U.S. state securities laws or any other jurisdiction outside of Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act and other applicable securities laws. In addition, there is no assurance that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings.

3 RESPONSIBILITY FOR THE PROSPECTUS

This Prospectus has been prepared in connection with the Offering and the Listing of the Shares on Oslo Børs described herein.

The Board of Directors of OKEA ASA accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that, after having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

27 May 2019

The Board of Directors of OKEA ASA

Chaiwat Kovavisarach *Chairperson*	Henrik Schröder *Director*	Prisana Praharnkhasuk *Director*
Liv Monica Stubholt *Director*	Michael William Fischer *Director*	Finn Haugan *Director*
Ida Ianssen Lundh *Director*	Rune Olav Pedersen *Director*	Nicola Gordon *Director*
Anne Lene Rømuld *Diretor*	Jan Atle Johansen *Director*	

4 GENERAL INFORMATION

4.1 Other important investor information

The Company has furnished the information in this Prospectus. The Managers make no representation or warranty, whether express or implied, as to the accuracy, completeness or verification of the information in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Managers, whether as to the past or the future. The Managers assume no responsibility for the accuracy or completeness of the verification of this Prospectus and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability, whether arising in tort, contract or otherwise which they might otherwise have in respect of this Prospectus or any such statement.

The Managers are acting exclusively for the Company and no-one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

None of the Company, the Managers, or any of their respective affiliates, representatives, advisers or selling agents, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

Investing in the Offer Shares involves a high degree of risk. See Section 2 "Risk Factors".

In connection with the Offering, each of the Managers and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in the Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Managers or any of their respective affiliates acting in such capacity. None of the Managers intends to disclose the extent of any such investment or transactions other than in accordance with legal or regulatory obligation to do so. In addition, certain of the Managers or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Managers (or their affiliates) may from time to time acquire, hold or dispose of Shares.

4.2 Presentation of financial and other information

4.2.1 Financial information

OKEA has prepared audited financial statements in accordance with the International Financial Reporting Standards, as adopted by the European Union ("**IFRS**") as of and for the years ended 31 December 2018 and 2017, included in Appendix B to this Prospectus. The Company converted its financial statements to IFRS in 2017 with a 1 January 2016 IFRS opening statement of financial position. The 2017 financial statements include 2016 IFRS figures as comparative financial information. The audited 2018 and 2017 financial statements together with the 2016 comparative financial figures constitute the "**Financial Statements**".

The audited financial statements as of and for the year ended 31 December 2016 have been prepared in accordance with the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Principles for small companies ("**NGAAP**"), and are included in Appendix B to this Prospectus.

The financial statements prepared in accordance with IFRS as of and for the years ended 31 December 2018 and 2017 and the financial statements prepared in accordance with NGAAP as of and for the year ended 31 December 2016 have been audited by PricewaterhouseCoopers AS ("**PwC**"), as set forth in their auditor's reports included herein.

OKEA has prepared unaudited quarterly financial statements in accordance with IFRS for the quarter ended 31 March 2019. The Company has prior to Q1 2019 used a variant of the sales method where changes in overlift and underlift balances have been valued at its net realizable value and the change in over/underlift has been included as "other income". Due to recent development in IFRIC discussions, the Company has decided to change to the traditional sales method from 1 January 2019. This means that changes in over/underlift balances are valued at production cost including depreciation and presented as an adjustment to cost. The new accounting principle for overlift and underlift balances leads to increased volatility in revenue recognition in situations where there are changes to the lifting schedule or where there are uneven number of liftings between quarters. Comparative figures for the quarter ended 31 March 2018 and the year ended 30 December 2018 has been restated in line with IAS 8. As a consequence of this restatement 2018 figures in the Prospectus are presented as restated.

The Company presents its financial information in NOK (presentation currency).

4.2.2 Alternative Performance Measures

In order to enhance investors' understanding of OKEA's performance, the Company presents in this Prospectus certain alternative performance measures ("**APMs**") as defined by the European Securities and Markets Authority ("**ESMA**"), including Earnings before interest and other financial items, taxes, depreciation and amortisation and impairments (EBITDA) and production expenses per barrel of oil equivalent (production expenses per boe) and Profit/loss from operating activities. An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework (IFRS).

These APMs are defined by OKEA as follows:

- EBITDA

Earnings before interest and other financial items, taxes, depreciation, depletion and amortisation and impairments (EBITDA) is a key financial performance measure for OKEA and is derived from the statement of comprehensive income consisting of Net profit / loss (-) less income taxes, net financial items and depreciation, depletion, amortization and impairment. The measure is useful for users of OKEAs financial information in evaluating operating profitability as it excludes depreciation, depletion, amortisation and impairment expense related primarily to capital expenditures and business combinations that occurred in the past. EBITDA is also used when evaluating operating performance in relation to peers and used for internal performance analysis. It is also a useful measure of OKEAs ability to fund its operations and service debt.

- Production expense per boe

Production expense expenses per barrel of oil equivalent (Production expense per boe) is a key financial performance measure for OKEA. Production expense is derived from the statement of comprehensive income. OKEAs effort to improve efficiencies makes production expense and production expense per boe key financial performance measures. They are also used for internal performance analysis and when evaluating operating performance in relation to peers.

- Profit/loss from operating activities

Profit/loss from operating activities is a key financial performance measure for OKEA and is a line item in the statement of comprehensive income consisting of total operating income less total operating expenses. OKEAs effort to improve efficiencies makes Profit/loss from operating activities a key financial performance measure. It is also used for internal performance analysis and when evaluating operating performance in relation to peers.

Below is a reconciliation of EBITDA and production expense per boe for the quarter ended 31 March 2019 and 31 March 2018, and the years ended 31 December 2018, 2017 and 2016 in NOK 000':

EBITDA

	Q1 2019/ (unaudited)	Q1 2018 restated (unaudited)	2018 restated (unaudited)	2017	2016
Net profit / loss (-)	3 366	-486	-155 715	-11 714	-5 659
Income taxes	134 960	-12 815	-144 488	-68 780	-25 648
Net financial items	36 944	-5 197	348 963	24 706	2 874
Depreciation, depletion and amortization	201 359	5 883	100 066	18 025	178
Impairment	36 354				
EBITDA (unaudited)	412 984	-12 615	148 827	-37 763	-28 255

- Production expense and production expense per boe

	Q1 2019 (unaudited)	Q1 2018 restated (unaudited)	2018 restated (unaudited)	2017	2016
Production expenses	144 106	2 390	96 714	7 654	148
boe (pa)	1 754 820	33 210	814 681	106 598	1 016
Production expenses / boe (unaudited) in NOK	82	72	119	72	146

The APMs presented herein are not measurements of performance under IFRS or other generally accepted accounting principles and investors should not consider any such measures to be an alternative to: (a) operating income or net income (as determined in accordance with IFRS), as a measure of OKEA's operating performance; or (b) any other measures of performance under generally accepted accounting principles. The APMs presented herein may not be indicative of OKEA's historical operating results, nor are such measures meant to be predictive of the Company's future results. The Company believes that the APMs presented herein are commonly reported by companies in the countries in which it competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation, depletion and amortisation, which can vary significantly depending upon accounting methods (particularly when acquisitions have occurred) or based on non-operating factors. Accordingly, OKEA discloses the APMs presented herein to permit a more complete and comprehensive analysis of its operating performance relative to other companies and across periods. Because companies calculate the APMs presented herein differently, OKEA's presentation of these APMs may not be comparable to similarly titled measures used by other companies.

4.2.3 Industry and market data

In this Prospectus, the Company has used industry and market data from independent industry publications and market research. These include BP Statistical Review of World Energy, Bloomberg and the Norwegian Petroleum Directorate.

The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by these third party providers, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently unpredictable and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

The Company cautions prospective investors not to place undue reliance on the above mentioned data. Unless otherwise indicated in the Prospectus, any statements regarding the Company's competitive position are based on the Company's own assessment and knowledge of the market in which it operates.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 "Risk Factors" and elsewhere in this Prospectus.

4.2.4 Other information

In this Prospectus, all references to "**NOK**" and "**Norwegian kroner**" are to the lawful currency of Norway, all references to "**USD**", "**$**" and "**U.S. dollars**" are to the lawful currency of the United States of America, all references to GBP are to the lawful currency of British Pounds and all references to "**EUR**", "**€**" and "**euros**" are to the lawful common currency of the EU member states who have adopted the Euro as their sole national currency. The Financial Statements have NOK as presentation currency.

4.2.5 *Rounding*

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

4.3 Cautionary note regarding forward-looking statements

This Prospectus includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. They appear, among other areas, in the following sections of the Prospectus, Section 7 "Industry and Market Overview", Section 8 "Business" and Section 11 "Operating and Financial Review", and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, financial strength and position of the Company, operating results, liquidity, prospects, growth, the implementation of strategic initiatives, as well as other statements relating to the Company's future business development and financial performance, and the industry in which the Company operates, such as, but not limited to, statements relating to:

- estimates of the Company's oil and gas reserves or resources;
- the Company's strategy, outlook and growth prospects;
- the Company's operational and financial objectives, including statements relating to expectations for the financial year 2019 and statements as to the Company's medium or long-term growth, margin, and dividend policy;
- the competitive nature of the business in which the Company operates and the competitive pressure and competitive environment in general;
- earnings, cash flow, dividends and other expected financial results and conditions;
- the expected growth and other developments of the industries in which the Company operates;
- the Company's planned investments;
- forecasts; and
- the Company's liquidity, capital resources, capital expenditures, and access to funding.

Prospective investors in the Offer Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. Important factors that could cause those differences include, but are not limited to:

- the Company's business, results of operations, value of assets, reserves, cash flows, financial condition and access to capital depend significantly upon and may be adversely affected by the level of oil and gas prices, which are highly volatile;
- reserves and contingent resources are by their nature uncertain in respect of the inferred volume range;
- developing producing fields, such as for example the Yme field, requires significant investments; and
- the Company is dependent on locating, acquiring, developing and producing oil and gas reserves that are economically recoverable.

The risks that could affect the Company's future results and could cause results to differ materially from those expressed in the forward-looking statements are discussed in Section 2 "Risk Factors".

The information contained in this Prospectus, including the information set out under Section 2 "Risk Factors", identifies additional factors that could affect the Company's financial position, operating results, liquidity and performance. Prospective investors in the Shares are urged to read all Sections of this Prospectus and, in particular, Section 2 "Risk Factors" for a more complete discussion of the factors that could affect the Company's future performance and the industry in which the Company operates when considering an investment in the Company.

These forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

4.4 Exchange rates

The Company conducts business primarily in Norwegian kroner (NOK), but also in US Dollars (USD) and British Pounds (GBP) as the Company's revenues are primarily USD (oil prices are USD denominated) and GBP denominated (gas prices are GBP denominated). The functional currency of the Company is NOK and the Company presents its financial statements in NOK.

5 REASONS FOR THE OFFERING AND THE LISTING

The Company's projects in which a final investment decision (FID) is made (such as the New Yme Development and Gjøa P1) and the execution of mandatory work obligations in Production Licences are as of the date of this Prospectus and based on the assumptions and estimated at the investment decision contemplated to be funded by other sources of funds than proceeds from the Offering.

The Company's reasons for the Offering is to raise financings to strengthen OKEAs balance sheet and improve its ability to fund new projects currently not sanctioned by a final investment decision (FID), including but not limited to increased oil production projects at the Draugen field, the Grevling and Storskrymten development project and other future projects as alia described in Section 8.5.2 "Description of Assets", and future business development opportunities. It is not possible at this stage to provide a more detailed allocation of use of proceeds from the Offering (than described above) due inter alia to the fact that such allocation of proceeds will depend on the projects sanctioned in the future, the costs related to the execution of projects and the priorities made by the Company in relation to execution of projects. In addition, it will be dependent on the execution of the business development strategy of the Company going forward.

The net proceeds from the issue of the New Shares in the Offering to be received by the Company in the amount of NOK 619 million, assuming an Offer Price of NOK 25 per Offer Share, which is the low end of the Indicative Price Range, with gross proceeds from the sale of the New Shares in the Offering of NOK 650 million and transaction costs related to the Offering of NOK 31 million payable by the Company. In addition to the expenses directly related to the offering, other estimated expenses related to the listing amounts to NOK 11 million. The Company will not receive any proceeds from the sale of the Sale Shares or the sale of any Additional Shares by the Selling Shareholders.

The reasons for the Listing are to:

- increase the liquidity for trading of the shares in OKEA and therefore make it more attractive to invest in shares in OKEA;
- facilitate the use of Shares as consideration in M&A transactions and provide access to capital markets;
- diversify the shareholder base and enable other investors to take part in OKEA's future growth and value creation;
- enhance OKEA's profile with investors, business partners and customers; and
- further enhance the ability of OKEA to attract and retain key management and employees.

6 DIVIDENDS AND DIVIDEND POLICY

6.1 Dividend policy

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, as set out in the Norwegian Public Limited Companies Act of 13 June 1997 no. 45 (the "**Norwegian Public Limited Companies Act**") (see Section 6.2 "Legal constraints on the distribution of dividends"), the Company's capital requirements, including capital expenditure requirements, the Company's financial condition, general business conditions and any restrictions that its contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Public Limited Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors.

The proposal to pay a dividend in any year is, in addition to the legal restrictions set out in Section 6.2 "Legal constraints on the distribution of dividends", further subject to any restrictions under the Company's borrowing arrangements or other contractual arrangements in place at the time. Further, OKEA is growing its business and surplus cash will be used to fund ongoing and future projects. Consequently, the Company does not expect to pay dividends in the foreseeable future.

No dividends have been distributed to the shareholders of the Company from its incorporation in 2015 until the date of this Prospectus.

6.2 Legal constraints on the distribution of dividends

Dividends may be paid in cash or in some instances in kind. The Norwegian Public Limited Companies Act provides the following constraints on the distribution of dividends applicable to the Company:

- Section 8-1 of the Norwegian Public Limited Companies Act provides that the Company may distribute dividends to the extent that the Company's net assets following the distribution cover (i) the share capital, (ii) the reserve for valuation variances and (iii) the reserve for unrealised gains. The amount of any receivable held by the Company which is secured by a pledge over Shares in the Company, as well as the aggregate amount of credit and security which, pursuant to Sections 8-7 to 8-10 of the Norwegian Public Limited Companies Act fall within the limits of distributable equity, shall be deducted from the distributable amount.

  The calculation of the distributable equity shall be made on the basis of the balance sheet included in the approved annual accounts for the last financial year, provided, however, that the registered share capital as of the date of the resolution to distribute dividends shall be applied. Following the approval of the annual accounts for the last financial year, the General Meeting may also authorise the Board of Directors to declare dividends on the basis of the Company's annual accounts. Dividends may also be resolved by the General Meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date not further into the past than six months before the date of the General Meeting's resolution.

- Dividends can only be distributed to the extent that the Company's equity and liquidity following the distribution is considered sound.

The Norwegian Public Limited Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 17 "Taxation".

Furthermore, the Bonds contain restrictions on the ability of OKEA to pay dividends to its shareholder, whereby OKEA must not declare or make any dividend payment, repurchase shares or make any loans or other equity distributions or payments to its direct or indirect shareholders, whether in cash or in kind other than upon the dates of occurrence of certain events as described in the Bond Agreements.

6.3 Manner of dividend payments

Any future payments of dividends on the Shares will be denominated in the currency of the bank account of the relevant shareholder, and will be paid to the shareholders through the VPS Registrar. Shareholders registered in the VPS who have not supplied their VPS account operator with details of their bank account, will not receive payment of dividends unless they register their bank account details on their VPS account, and thereafter inform the VPS Registrar about said account. The exchange rate(s) that is applied when denominating any future payments of dividends to the relevant shareholder's currency will be the VPS Registrar's exchange rate on the payment date. Dividends will be credited automatically to the VPS registered shareholders' accounts, or in lieu of such registered account, at the time when the shareholder has provided the VPS Registrar with their bank account details, without the need for shareholders to present documentation proving their ownership of the Shares. Shareholders' right to payment of dividend will lapse three years following the resolved payment date for those shareholders who have not registered their bank account details with the VPS Registrar within such date. Following the expiry of such date, the remaining, undistributed dividend will be returned from the VPS Registrar to the Company. No interest will accrue on postponed dividend payments due to a lack of provision of bank account details.

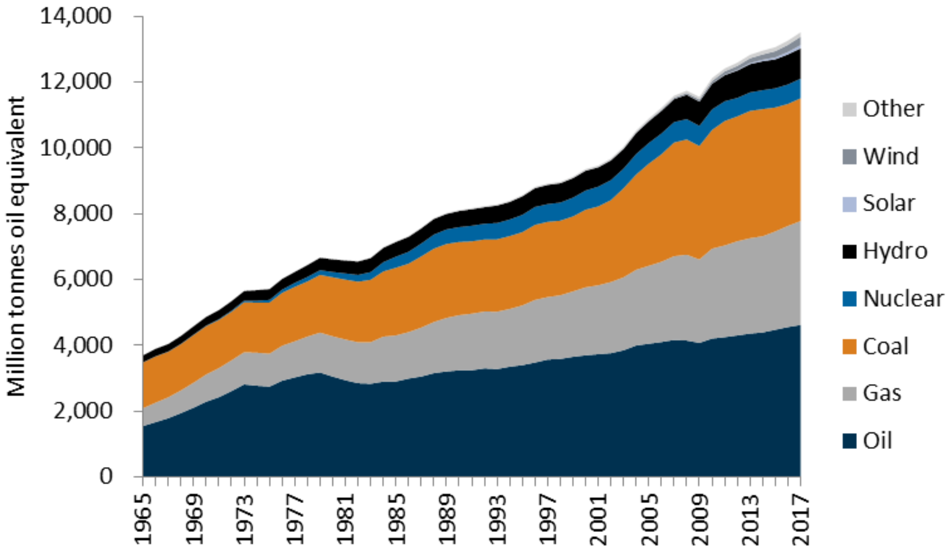
7 INDUSTRY AND MARKET OVERVIEW

7.1 The global energy market

World energy consumption has steadily increased since the industrial revolution, a trend which is expected to continue in the medium term. Fossil fuels continue to supply more than 85 percent of the world's energy. Oil is the largest energy source, meeting 34 percent of the world's energy consumption, while natural gas accounts for 23 percent and coal for 28 percent.

The world consumption of primary energy, including oil, natural gas, coal, nuclear, hydro power and other renewable energy, increased by 1.9 percent in 2017. Global oil consumption increased by 1.9 million barrels per day or 1.8 percent in 2017. In 2018, global oil consumption increased by another 1.3 million barrels per day or 1.3 percent according to IEA data from February 2019.

Figure 7.1 – Total world energy consumption 1965-2017 – distribution by fuel



Source: BP Statistical Review of World Energy June 2018.

7.2 Overview of the oil market

7.2.1 Oil consumption

Oil is a common description of hydrocarbons in liquid form. Crude oil produced from different oil fields varies greatly in composition, and the composition and distribution of hydrocarbon components determines the weight of the oil, with light crude oil having a higher percentage of light hydrocarbons than heavier oil. Light oil requires less refinement to be usable and is therefore typically more valuable than heavy oil.

Oil is well-suited for storage and transportation and is transported over long distances in large crude oil tankers or pipelines. Because of this, oil is a commodity with a well-developed global market. The prices are determined on the world's leading commodities exchanges, with New York Mercantile Exchange (NYMEX) in New York and the Intercontinental Exchange ("**ICE**") in London as the most important markets for the determination of global oil prices. Relative oil price differentials are primarily determined by the weight of the oil and its sulphur content, with WTI, the main benchmark for NYMEX, as the lightest and sweetest (lowest in sulphur) of the main benchmarks in oil pricing. Brent crude, the main benchmark for ICE, is slightly heavier.

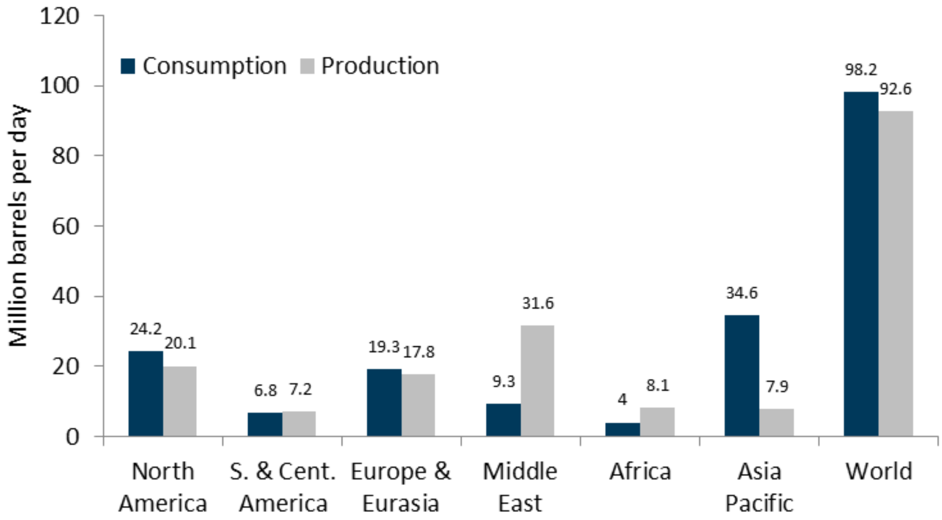
Crude oil is used for a variety of purposes, the most important being the production of energy rich fuels, with approximately 70 percent of hydrocarbons being used for gasoline, diesel, jet fuel and other fuel oils. The remaining hydrocarbons are used as raw material for many chemical products, including pharmaceuticals, solvents, fertilizers, pesticides and plastics.

7.2.2 Oil production, consumption and reserves

World oil consumption in 2017 was approximately 98.2 million barrels per day, of which Asia Pacific, North America and Europe including Eurasia (most importantly, Russia) accounted for approximately 35 percent, 25 percent and 20 percent, respectively. Consumption in the Middle East was about 9.5 percent of the world total consumption.

The Middle East is the world's largest oil producing region, accounting for 34 percent of the world total. North America is second behind the Middle East, accounting for 22 percent, followed by Europe and Eurasia with 19 percent. Despite being the largest consuming region, oil production in Asia Pacific accounts for only 9 percent of total world production.

Figure 7.2.2 – World oil consumption and production by region, 2017

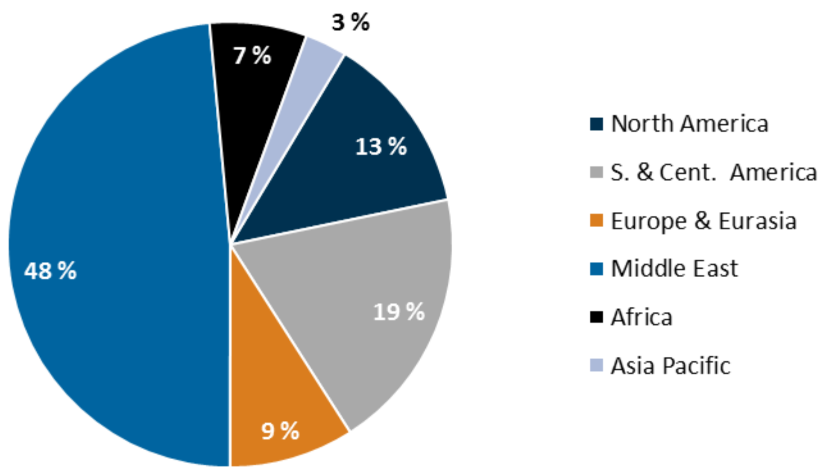


Source: BP Statistical Review of World Energy June 2018.

Worldwide proven oil reserves stood at an estimated 1,697 billion barrels at the end of 2017, sufficient to meet some 50 years of global production at 2017 production levels.

The members of OPEC together held 71.8 percent of total global reserves in 2017. OPEC includes the largest Middle East oil producers, namely Iran, Iraq, Kuwait, Saudi Arabia and the UAE, in addition to Algeria, Angola, Congo, Equatorial Guinea, Libya, Nigeria, Gabon, Ecuador, and Venezuela. OPEC has historically played the role of swing producer in the global oil market and its decisions have had considerable influence on oil supply availability and thus international oil prices.

Figure 7.2.2(a) – Distribution of proven world oil reserves 2017



Source: BP Statistical Review of World Energy June 2018.

7.2.3 The oil price

Oil prices were close to all-time highs for most of 2011, 2012, 2013 and the first half of 2014, with Brent oil trading within a USD 100-125/bbl range most of the time. However, during the second half of 2014, oil prices declined steeply and in 2015 Brent averaged USD 54/bbl. Towards the end of 2015 and into 2016, oil prices decreased further, and Brent reached a low of USD 28/bbl in January 2016. Since then, prices have recovered substantially with Brent averaging USD 55/bbl in 2017, USD 72/bbl in 2018. After a decline towards the end of 2018, oil prices have recovered and Brent is on 25 May 2019 trading at USD 68.63/bbl. Over the past twelve months, Brent has averaged USD 70.45/bbl (average calculated from 24 May 2018 to 24 May 2019).

As evidenced by the price changes in recent years, the oil price is highly dependent on the current and expected future supply and demand of oil. As such, it is influenced by global macroeconomic conditions and may experience material fluctuations on the basis of economic indicators and material economic events as well as geopolitical events. Historically, oil prices have also been heavily influenced by organizational and national policies, most significantly the formation of OPEC and subsequent production policies announced by the organization. The figure below shows Brent oil price development from 1 January 2000 to 6 September 2018.

Figure 7.2.3 – Brent oil price, daily from 1 Jan 2000 to 6 Sep 2018

Source: Bloomberg oil price data.

7.3 Overview of the global gas market

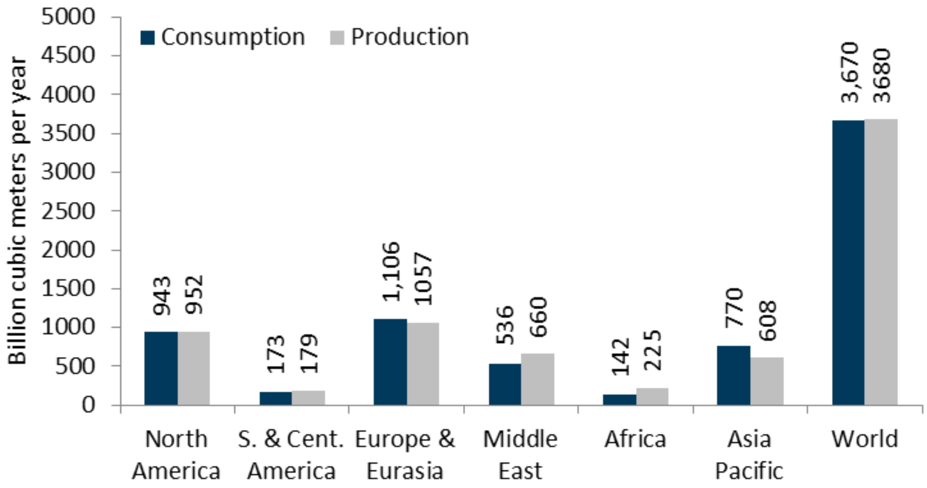
7.3.1 Introduction

Natural gas is typically colourless, odourless and non-toxic at ambient temperatures. It can be found in onshore and offshore reservoirs, either as associated gas in crude oil or condensate or alone as non-associated gas. Natural gas is composed primarily of methane, but may also contain ethane, propane and heavier hydrocarbons. Small quantities of nitrogen, oxygen, carbon dioxide, sulphur compounds and water can also be found in natural gas. It is often termed a premium commodity for its value as both an energy source and as a feedstock for petrochemical products, and because it is relatively clean-burning. As a result, natural gas is used in a variety of ways: for home and business heating, electric power generation, the manufacture of petrochemical products ranging from plastics to fertilizers and intermediate materials, and as a vehicle fuel.

7.3.2 Gas production, consumption and reserves

In 2017, total world consumption of gas was approximately 3,670 billion cubic meters ("**bcm**") of which Europe and Eurasia, North America and Asia Pacific accounted for approximately 30 percent, 26 percent and 21 percent, respectively. Consumption of gas in the Middle East was approximately 536 bcm in 2017, representing approximately 15 percent of the world total. Production in the Middle East exceeded consumption by 123 bcm.

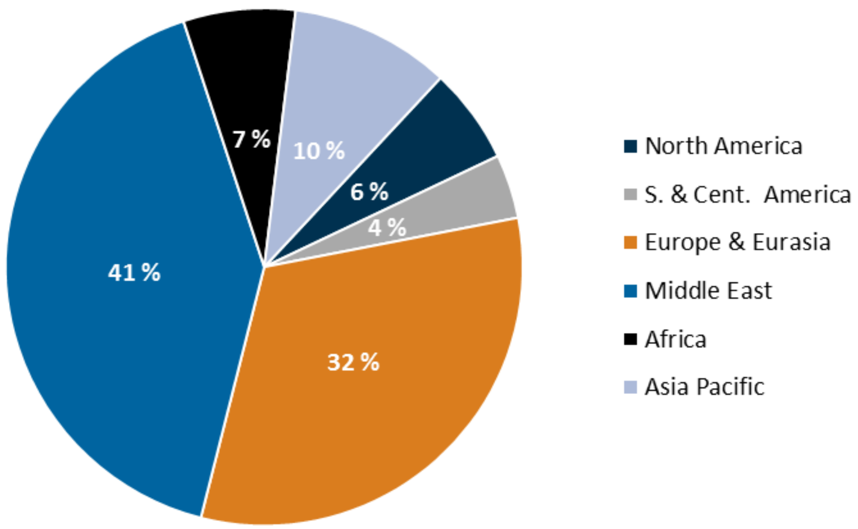
Figure 7.3.2 – World gas consumption and production by region, 2017



Source: BP Statistical Review of World Energy June 2018.

Total world proven gas reserves stood at approximately 193 trillion cubic meters at the end of 2017. These reserves are sufficient to meet approximately 53 years of global gas production at 2017 levels. Approximately 41 percent of total world proven gas reserves are located in the Middle East, while Europe and Eurasia contain 32 percent (of which the majority is in Russia and Turkmenistan).

Figure 7.3.2(a) – Distribution of proven world gas reserves, 2017



Source: BP Statistical Review of World Energy 2018.

7.3.3 The gas prices

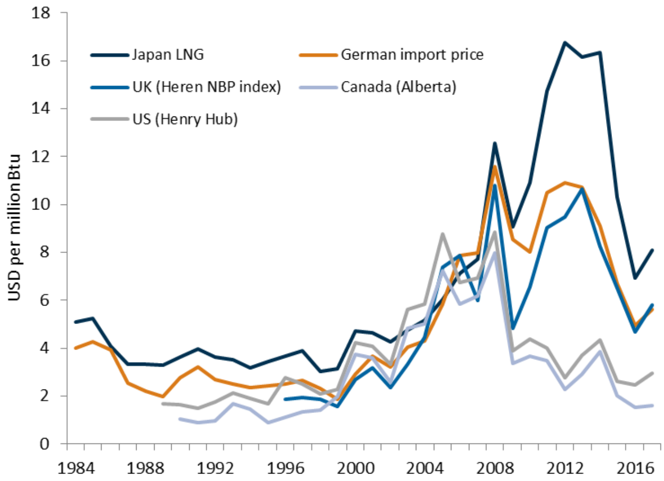
Because gas is not easily transported, gas prices are not determined by a world-wide market. Gas prices are usually determined regionally, with regions defined by pipeline and LNG transportation networks. Hence, regional gas prices generally correlate less than the prices for various types of oil. Gas prices are also affected by the price of other energy sources, such as the oil price.

Gas price volatility is significantly higher than oil price volatility. This is primarily due to the fact that gas is more difficult to store than oil, meaning that gas prices are affected by immediate supply and demand within pipeline networks.

Three broad pricing mechanisms exist for gas. The first, mostly seen in international trade and in long-term contracts, involves linking gas to either crude or petroleum product prices. The second pricing mechanism is regulated pricing in domestic markets where governments set fixed prices usually reflecting production and transportation costs. The final mechanism is competitive pricing whereby trading points, often called hubs, are established in major markets and price is determined by supply and demand at these hubs. The gas market in the U.S. is largely deregulated. There are multiple trading points across the U.S. and Canada, but the most active point is the Henry Hub in Louisiana. In Europe, gas has historically been traded under long-term contracts with pricing linked to diesel and heavy fuel. In recent years, however, an increasing share of European gas volumes have shifted from oil based to hub-based pricing, where gas supply demand dynamics determine the price. Several trading hubs for gas have been established, the most active of which is the National Balancing Point (NBP), in the United Kingdom.

Oil-linked pricing has been prevalent in Asia, where large volumes of gas have been imported in liquefied form under long-term contracts.

Figure 7.3.3 – Historical gas prices 1984 - 2017



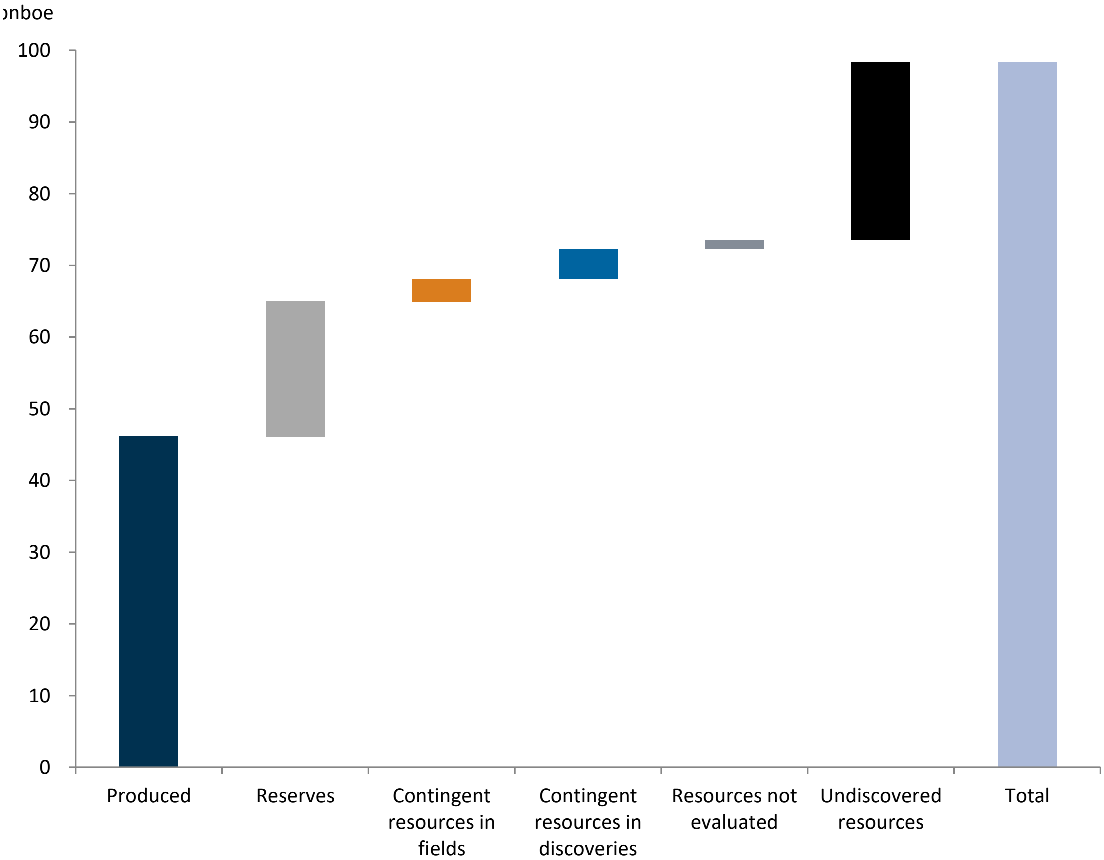
Source: BP Statistical Review of World Energy June 2018.

7.4 The Norwegian Continental Shelf

7.4.1 Reserves and production

Oil and gas have been produced on the Norwegian Continental Shelf ("**NCS**") since 1971, and in total more than 100 fields have been put in production. By year-end 2018, a total of 46 billion boe of oil and gas had been produced on the NCS, and the NPD estimates that a further 52 billion boe or 57% of the total is yet to be produced. Future potential production is inter alia supported by 85 discoveries in addition to a significant amount of estimated undiscovered resources.

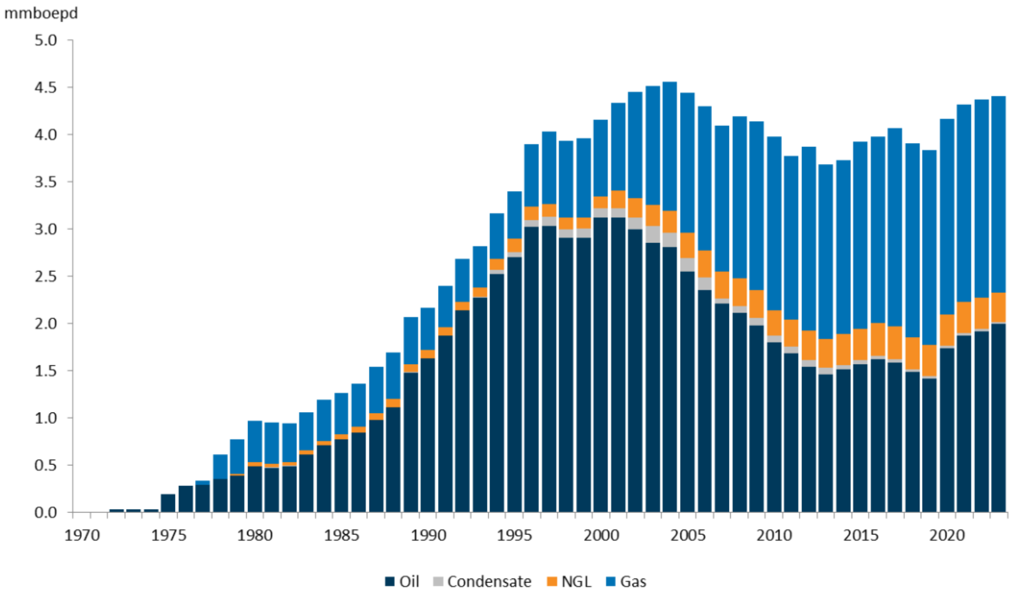
Figure 7.4.1 – Estimated reserves and resources year end 2018



Source: NPD.

Going forward, oil and gas production at the NCS will increase from 3.9 million boepd in 2018 to 4.4 million boepd in 2023 according to NPD forecasts, and be close to the record levels seen in the beginning of the 2000s with production start at the Johan Sverdrup field being a key driver of the growth. In terms of oil and gas split, production is fairly balanced with gas accounting for 52.6% of the total in 2018.

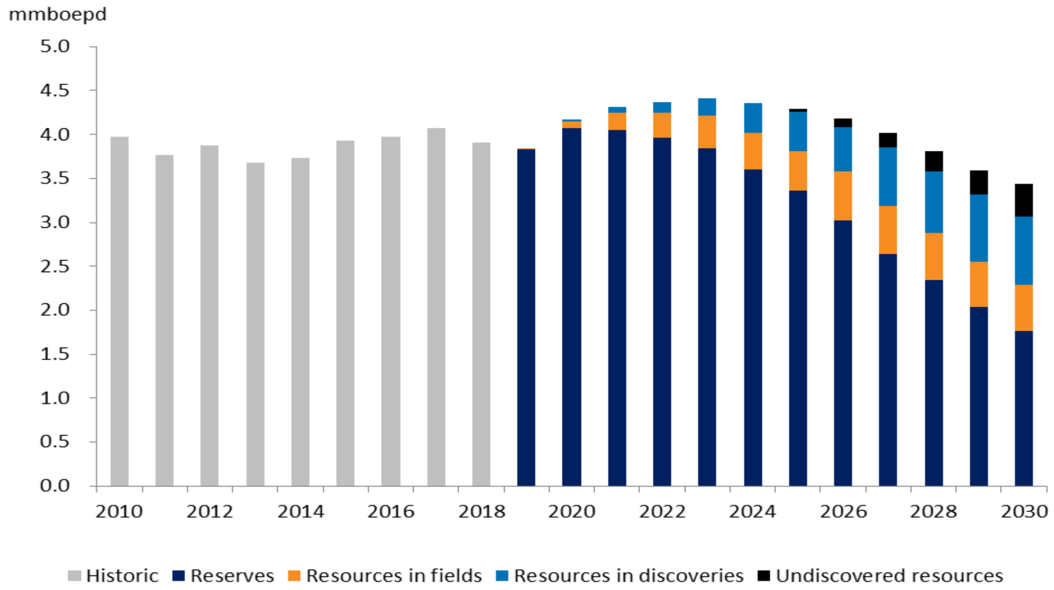
Figure 7.4.1(a) – Breakdown of petroleum sales by commodity type



Source: NPD.

Looking at the longer term outlook, as shown in Figure 10, NPD forecasts production to remain around 4.3-4.4 mmboepd during 2023-25, before starting a moderate decline of approximately 5% per annum through 2030. Most of the production naturally comes from reserves and resources in fields, while existing discoveries and undiscovered resources contribute with an increasing share in the latter part of the 2020s.

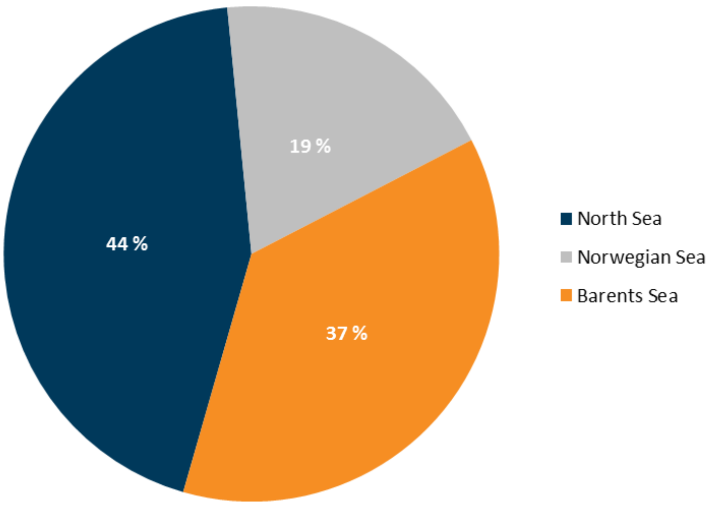
Figure 7.4.1(b) – Breakdown of petroleum production by reserve and resource type



Source: NPD.

The NCS is divided into three major regions, the North Sea, the Norwegian Sea and the Barents Sea, where it is expected that more than two thirds of the remaining resources are located in the latter. The North Sea is considered the current "engine" of the Norwegian petroleum activities with 63 producing fields at year-end 2018.

Figure 7.4.1(c) – Geographical breakdown of reserves



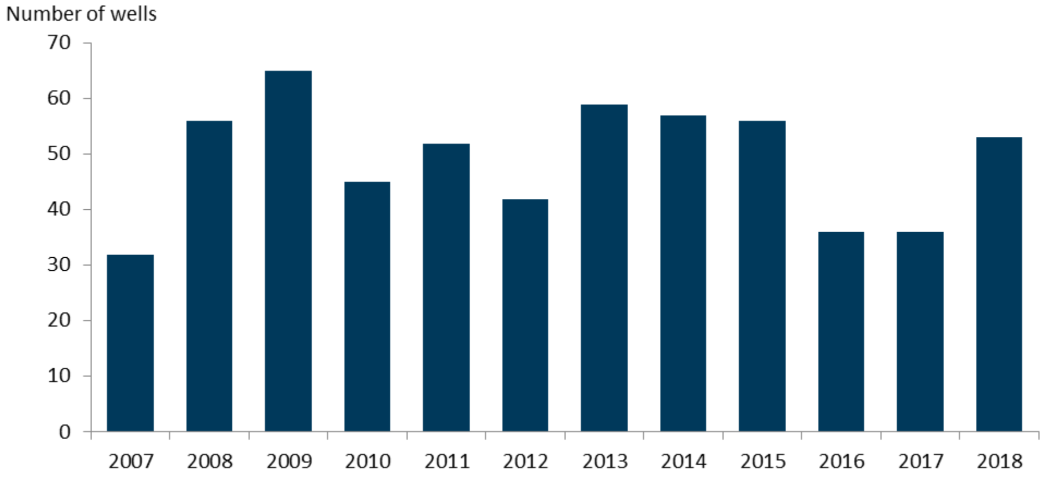
Source: NPD.

7.4.2 *Exploration activity*

Exploration activity was considerably higher in 2018 relative to 2016-17, with the number of exploration wells almost as high as in 2013-2014 when the oil price was above USD 100/bbl. The high level of exploration activity proves that the NCS is attractive, as stated by NPD. Furthermore, 87 new Production Licences were awarded in 2018 which is a new record, further underlining the interest and attractiveness of the NCS.

There are several reasons for the increased exploration activity according to NPD. In recent years, large parts of the NCS have been covered with new and improved seismic data. This has enabled the industry to define new exploration prospects, and resulted in extensive awards in the licensing rounds. At the same time, reduced costs and recovering oil and gas prices have improved exploration economics.

Figure 7.4.2 – Number of exploration wells per year



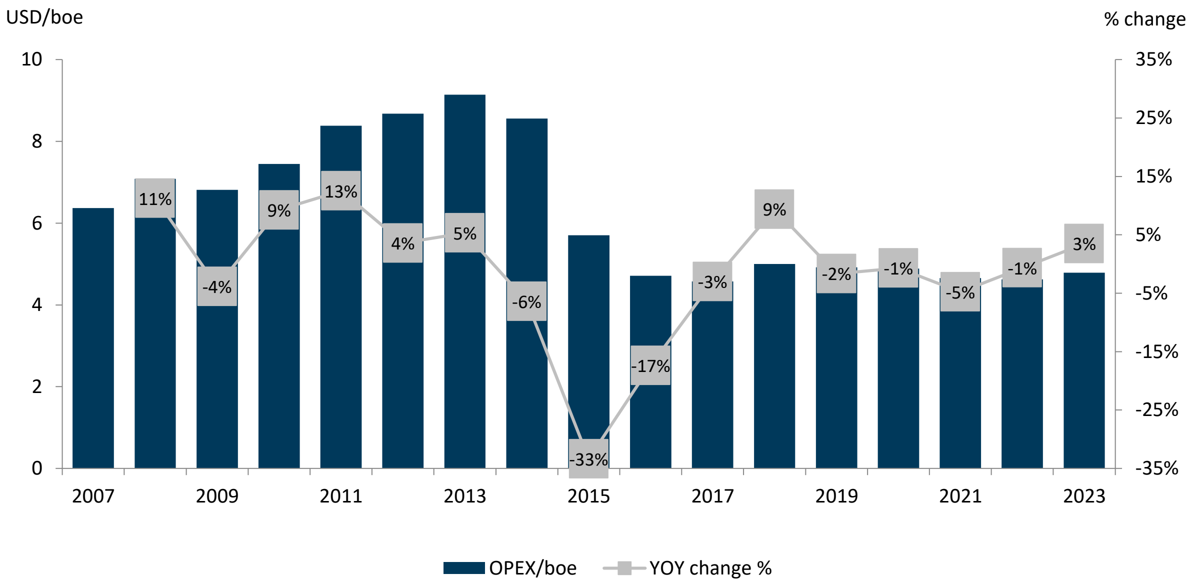
Source: NPD.

7.4.3 Costs and investments

Since 2014, E&P and oil service companies have gone through a major process to improve their profitability through cost reductions and increased efficiencies. This has led to a considerable reduction in both exploration, development and operating costs.

As an example, from 2014 to 2018 average operating costs per boe produced on the NCS have been reduced with 42 percent in USD terms (25 percent in NOK terms) and stood at USD 5/boe according to NPD data. Over the next five years, costs are expected to stay more or less on the same level.

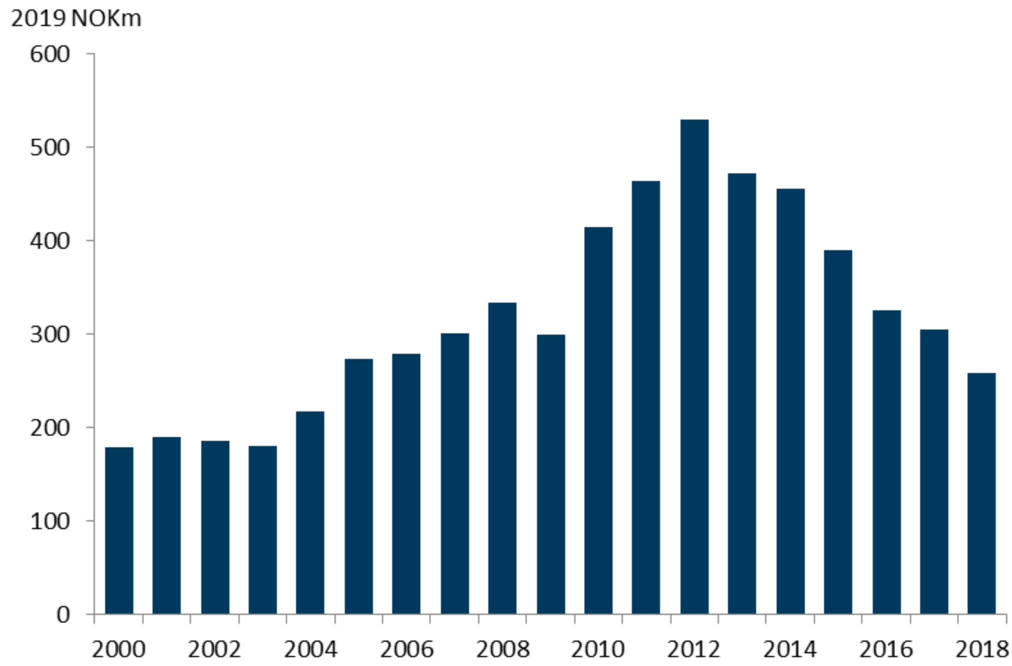
Figure 7.4.3 – Evolution of operational costs and year on year change



Source: NPD.

Development costs have also come down, illustrated in Figure 7.4.3(a), showing a reduction of more than 40 percent from 2014 to 2018. NPD further states that the lower general cost level is also reflected in the profitability of new development projects that are approved. These are projects with good profitability for both the companies and the Norwegian society. The general scenario is that new development projects have good profitability and will be robust with significantly lower oil prices than the current level.

Figure 7.4.3(a) – Development in average well cost per development well

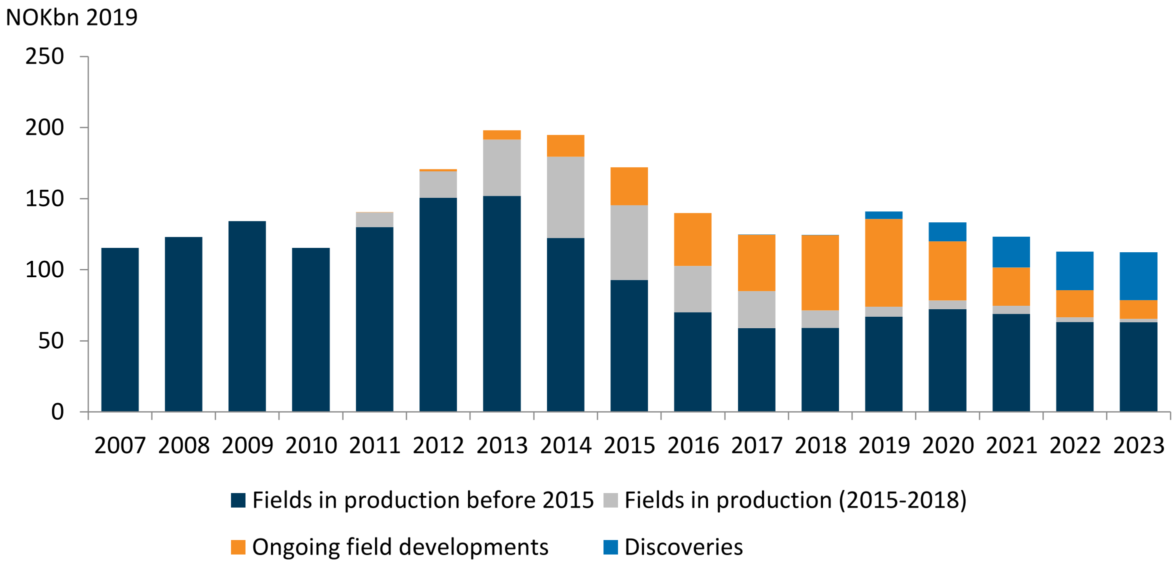


Source: NPD.

In 2018 total investments on the NCS were unchanged from the 2017 level at around NOK 125 billion. This followed four consecutive years of decreased investments, driven by the oil price decline in 2014-15. In 2019, investments are expected to be in excess of NOK 140 billion, up 13 percent year-on-year according to NPD estimates, with both increased activity level at producing fields and several development projects and upgrades contributing to the growth.

In 2018, the authorities approved nine development plans. Of these, two were stand-alone developments and seven were developments tied-in to existing infrastructure. The many tie-ins to existing infrastructure show that available capacity in accessible infrastructure enables profitable development of small and medium-sized discoveries. Cooperation across Production Licences and good exploitation of existing infrastructure mean lower costs for new developments, to the benefit of both companies and the Norwegian society. This is becoming increasingly important as the NCS matures. Furthermore, such development concepts also contribute to increase recovery and extend the lifetime of the host field. Development of satellite fields is therefore extremely important for future value creation according to the NPD.

Figure 7.4.3(b) – Total NCS investments

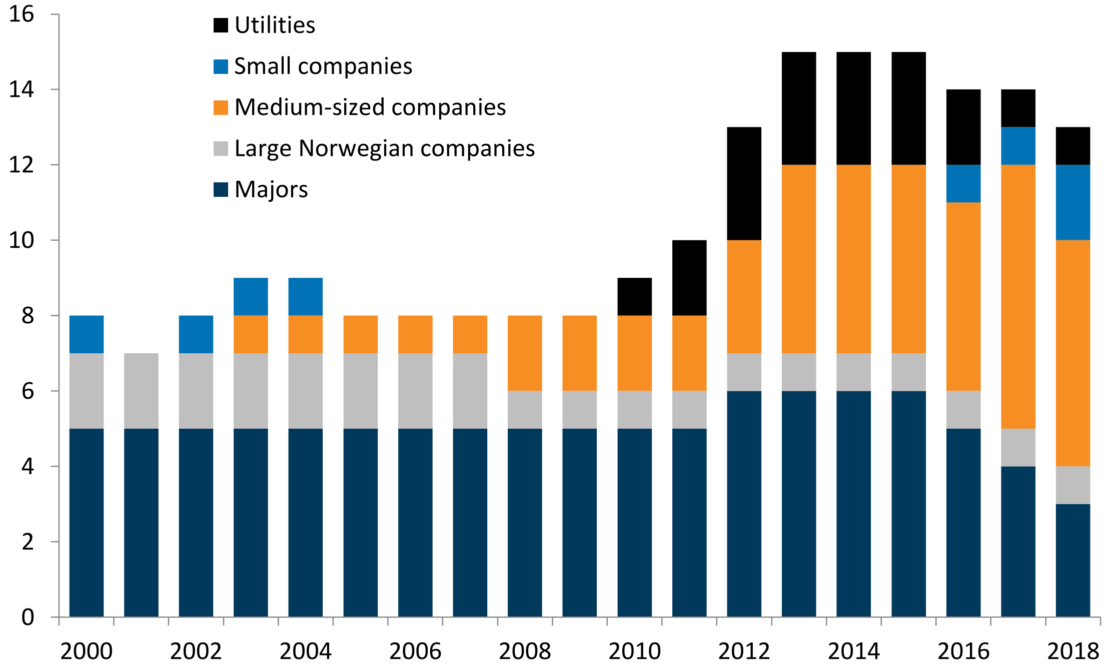


Source: NPD.

7.4.4 Corporate landscape

The number of operators on the NCS has overall increased significantly over the last decade, almost doubling from 8 to 15, as shown in Figure 7.4.4 below. Since 2014-15 however, the number has decreased from 15 to 13. The underlying breakdown between the types of companies reveals a larger change, where the key trends have been divestments from utilities and majors, to a large extent offset by new smaller and medium sized companies. Overall, this is seen as natural development given a maturing NCS and reduced scale of new opportunities, and increased focus on renewables among the utilities.

Figure 7.4.4 – Number of operators



Source: NPD.

8 BUSINESS OF THE COMPANY

8.1 Introduction

8.1.1 General

OKEA is a fast-growing Norwegian independent oil producer. All of OKEA's oil and gas assets are located on the NCS. OKEA has a nimble and low-cost strategy focused on growing its production through 1) exploiting upsides in and around producing fields, 2) developing sub-100 mmboe discoveries into production and 3) Mergers & Acquisitions (M&A) activity. Within one year after creation, OKEA proposed a redevelopment of the Yme field and development of the Grevling discovery. In 2018, OKEA transformed its business with the acquisition of participating interests in the Draugen and Gjøa fields from A/S Norske Shell ("**Shell**"), including operatorship of the Draugen field, as described in Section 11.1. It is OKEA's plan to continue to grow its business through a combination of extracting upsides in its existing fields, new field developments and M&A activity.

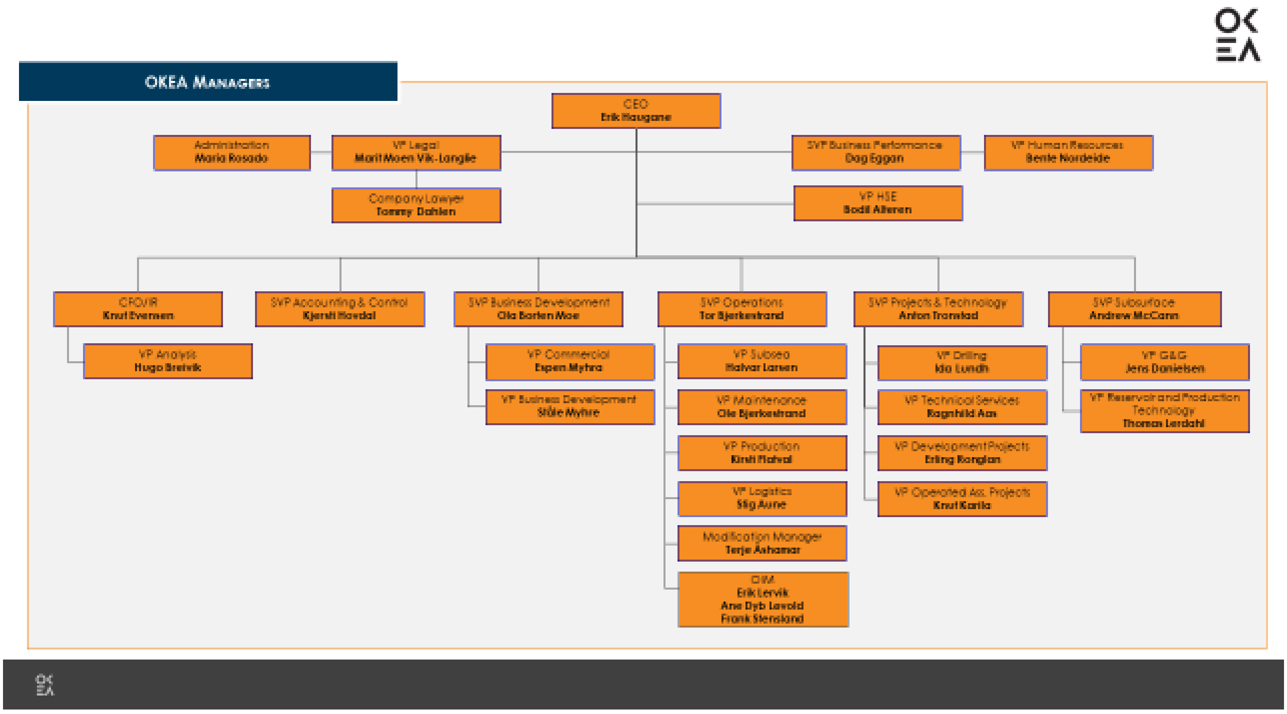
As at the date of the Prospectus, OKEA is producing oil and gas at a rate of about 20 000 boepd from three fields; Draugen, Gjøa and Ivar Aasen. The Company is also a partner in the Yme field development as described in Section 8.5.5. In total, OKEA holds participating interests in 20 Production Licences and is the operator of 11 of these Production Licences.

A core part of OKEA's strategy is low-cost field development of sub-100 million boe fields. The corporate landscape on the NCS is rapidly changing with record-high transaction volumes in recent years driven by larger corporate deals and majors selling out of the NCS. This is the same picture as the industry has seen in other areas, such as the UK North Sea. While the NCS is still lagging comparable basins and larger fields will account for a large part of production for many years, smaller fields will become more important to replace produced reserves. This gives running room for the growth-oriented independents like OKEA.

8.1.2 OKEA Organisation

OKEA's head office is in Trondheim where most of the management functions are located (Figure 8.1.2). Kristiansund is established as the offshore and onshore operational centre, not only for the Draugen field, but for all future OKEA-operated fields. The Company also has smaller offices in Oslo and Stavanger.

Figure 8.1.2 – OKEA Management Structure



The capacity in the organisation is based on the functional requirements and competence needed to be an efficient Production Licence operator on the NCS. The company can keep a lean organisation because the business model requires early involvement of associated oil service companies.

With the acquisition of the Draugen field, including the operatorship, OKEA acquired almost all of Shell's offshore and onshore operating organisation in Norway. This is of great value to OKEA and the Company now has a very strong offshore and onshore operation team with decades of experience. This competence will be used both in existing and future projects.

8.2 Key strengths

Highly experienced management team. OKEA has a solid management team with significant experience in building oil companies on the NCS. The team has a proven track record in building organisations that can develop and operate oil and gas fields. The Company's management team also has extensive business development experience and has executed several large asset and company transactions that have yielded very good shareholder value. The transfer of operatorship from Shell on Draugen was well executed in only five months.

Organization: OKEA has a highly skilled organisation of about 200 employees. This organization is capable of planning and executing field developments as well as carrying out high quality offshore operations. As such, the Company is well positioned for further inorganic growth.

Strong synergy potential. At current oil and gas price levels, OKEA will pay income taxes. This also means that the Company can delay tax payments by investing in new projects that will increase tax depreciation and uplift or directly set-off directly against income. It may also postpone tax payments through mergers or acquisition of companies with tax losses. For many business development opportunities, this places the Company in a favourable position compared to companies that are not in a tax paying position.

Unique and strong value proposition. OKEA is a niche player with a clear focus on smaller (sub-100 million boe) field developments, targeting low cost field development through off the shelf concepts, standardisation and use of existing infrastructure. It has a tier 1 operator organization.

Producing assets. OKEA's producing assets have a solid operational history. The Company has a balanced portfolio of cash generating assets and assets under development or in the planning phase. Material near-field upside potential is identified for OKEA's key assets.

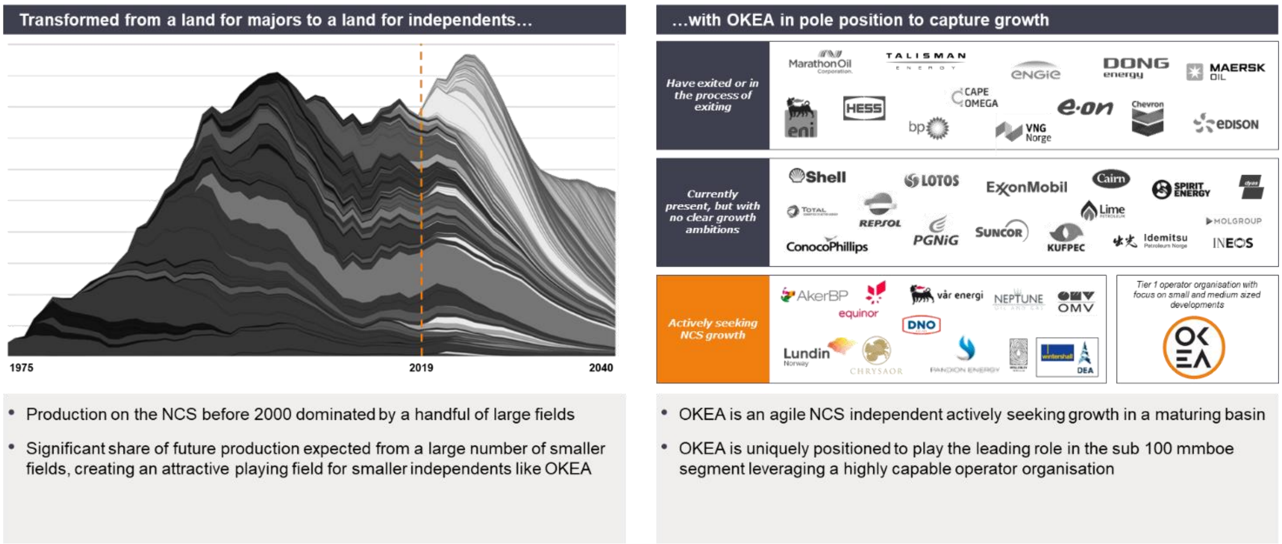
Financial backing. OKEA has financially strong majority shareholders with a long-term plan to grow the Company.

8.3 Strategy

The Norwegian offshore landscape is rapidly changing with record-high transaction volumes in recent years driven by larger corporate deals and majors divesting from the NCS to focus on other areas globally. This is the same picture as the industry has seen in other areas, such as the UK North Sea. For a number of reasons, this process has been slower on the NCS than it has in other areas. The Company believes that the NCS will mirror the trend in other basins with smaller fields forming a progressively larger part of new production replacing production. OKEA's strategy is to identify and target sub-100 million boe fields which are large enough to provide excellent commercial returns but too small for the majors and supermajors still operating in the region. OKEA believes that, based on extensive modelling, there is significant "running room" for this strategy. Also, many oil companies on the NCS are specialized exploration companies in need of a development partner when discoveries are made. OKEA is one of a few candidates for such a partnership.

OKEA is the "first mover" in the region for this strategy with the right combination of technical and operational capability and access to necessary funding. The Company sees a window of opportunity to identify and capture key acreage and assets before the industry can respond. Having secured a strong regional position, OKEA will be able to work with new entrants as potential partners, rather than competitors.

Figure 8.3 Changes in NCS industry dynamics create opportunity for smaller operators (ref. Rystad Energy)



8.4 History and important events

The table below provides an overview of key events in the history of OKEA:

Milestones	
2015	Founded by Ola Borten Moe, Knut Arild Evensen, Erik Haugane and Anton Ernst Tronstad through their respective holding companies and Seacrest Capital Group Ltd. Proposed redevelopment of the Yme field which was recommended into abandonment.
2016	Approved as licensee on the NCS Agrees with Repsol to acquire 60% of Yme (later to be cancelled)Acquires OMV's 0.554% in Ivar Aasen Acquires Det Norske's 55% in Grevling Acquires Wintershall's 10% in Yme Yme "development" becomes a licence project 1st oil at Ivar Aasen
2017	Pre-qualified as Operator on the NCS Submitted plan for development as partner for Yme Repsol decides to stay in the Yme project and OKEA acquires 5% of Yme from Repsol Issued USD 120 million senior secured bond (OKEA 01), with maturity in November 2020 Yme PDO submittal
2018	Completion of external equity funding round 1 raising approx. NOK 105 million Transformational transaction with A/S Norske Shell for Draugen and Gjøa Awards in pre-defined Areas 2017 (APA 2017) – 1 licence Sold share of Grevling discovery to Chrysaor Yme PDO approval Grevling development assessment licence decision Issued USD 180 million senior secured bond (OKEA 02) Completion external equity funding round 2 raising approx. NOK 110 million Transaction with Shell completed Bangchak Corporation Public Company Limited becomes new major investor through investment in directed share issue
2019	Awards in pre-defined Areas 2018 (APA 2018) - 4 licences Grevling concept recommendation Rig contracted for first operated drilling activities

8.5 Overview of the Company's operations

8.5.1 Overview of the Company's reserves & resources

OKEA's reserve and contingent resource volumes are classified in accordance with the Society of Petroleum Engineer's (SPE's) Petroleum Resources Management System (PRMS). This classification system is consistent with Oslo Stock Exchange's requirements for the disclosure of hydrocarbon reserves and contingent resources. The reserves and resources estimates are for most cases in line with the RNB (Revised National Budget) 2019 reporting to the Norwegian Authorities, with updates related to project maturation, production and new licence awards since.

8.5.1.1 Reserves

OKEA AS has reserves distributed in 4 fields, listed in Table 8.5.1.1. The Project Status Category describes the maturity for each of the fields and projects. Reserves are volumes of hydrocarbons that are expected to be produced from known accumulations in production, under development or with development committed. "Approved for development" indicates field developments for which the Plan for Development and Operations (PDO) is approved by the Ministry of Petroleum and Energy.

Table 8.5.1.1

Field/Project	Interest (%)	Operator	Project Status Category	Expected Field Lifetime	Comment
Draugen field	44.56%	OKEA	Producing	2035	Main proportion of OKEA reserves
Gjøa field	12 %	Neptune	Producing	2027	
Ivar Aasen field	0.554%	Aker BP	Producing	2035	
Yme field	15 %	Repsol	Approved for development	2029	First oil Q2 2020

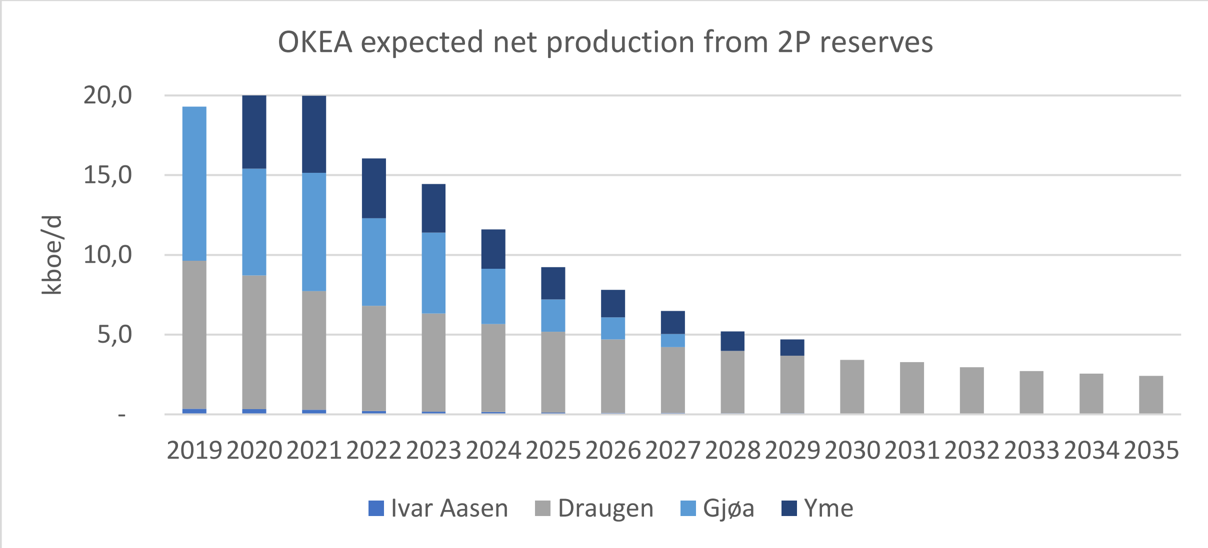
OKEA's net proven reserves (1P/P90) as of 1 March 2019 are estimated at 45.5 million barrels of oil equivalents (mmboe). Total net proven plus probable reserves (2P/P50) are estimated at 54.6 mmboe. The split between liquid and gas and between the different subcategories are given in Table 8.5.1.1(a); for ease of comparison with the Company's Annual Statement of Reserves and Resources 2018, reserves figures at 01.03.2019 and 01.01.2019 are both shown, the latter adjusted by adding back production from January and February 2019. The corresponding 3P/P10 estimate of net OKEA reserves is 66.6 mmboe. The reserves numbers are verified by a third-party reserves certification performed by AGR Petroleum Services AS, Oslo.

Table 8.5.1.1(a)

Asset	Interest (%)	1P/P90 (Low estimate)					2P/P50 (Base estimate)				
		Gross Oil	Gross NGL	Gross Gas	Gross oe	Net oe	Gross Oil	Gross NGL	Gross Gas	Gross oe	Net oe
		(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)
Reserves – On Production											
Draugen	44.56%	58.3	0.9	0.0	59.3	26.4	66.0	1.1	0.0	67.1	29.9
Gjøa	12.00%	4.2	20.9	48.4	73.5	8.8	7.3	28.3	65.6	101.1	12.1
Ivar Aasen	0.554 %	73.8	3.8	12.5	90.1	0.5	103.9	4.9	16.4	125.2	0.7
Total Net oe (as of 31.12.2018)						35.7					42.7
Production						-1.0					-1.0
Total Net oe (as of 01.03.2019)						34.7					41.7
Reserves – Approved for Development											
Yme	15.00%	51.9	0.0	0.0	51.9	7.8	63.8	0.0	0.0	63.8	9.6
Gjøa - P1	12.00%	8.2	5.1	12.0	25.4	3.0	8.8	5.4	12.6	26.9	3.2
Total Net oe (as of 01.03.2019)						10.8					12.8
Reserves – Justified for Development											
IAA - infill	0.554%	6.0	0.3	1.0	7.3	0.0	11.9	0.5	2.1	14.5	0.1
Total Net oe (as of 01.03.2019)						0.0					0.1
Reserves –Total											
OKEA Net oe (as of 31.12.2018)						46.5					55.6
OKEA Net oe (as of 01.03.2019)						45.5					54.6

Table 8.5.1.1. (b) shows OKEA's expected production profile from the Company's proven and probable (2P) reserves.

Table 8.5.1.1(b)



Forecasted production on the Draugen field assumes Production Licence extension, ref. Section 8.5.2.2.

8.5.1.2 Contingent resources

Contingent resources are potentially recoverable volumes from proven accumulations, which are under evaluation but where a development decision has not yet been made and includes potentially recoverable volumes in the planning phase, where development is likely, where development is unlikely with present basis assumptions, and under evaluation. OKEA holds contingent resources in several Production Licences which are also verified by a third-party certification performed by AGR Petroleum Services AS, Oslo. Contingent resources are reported as low, base and high, reflecting similar probabilities as reserves. Table 8.5.1.2 below shows the total overview of the contingent resources.

Table 8.5.1.2

As of 01.03.2019	Interest	Gross Oil equivalents (mmboe)			Net Oil equivalents (mmboe)		
		Low	Base	High	Low	Base	High
Hasselmus	44.56%	12.6	14.7	16.7	5.6	6.5	7.5
Hasselmus - Lifetime to 2038	44.56%	6.5	8.0	9.3	2.9	3.6	4.2
Draugen - Infill Ø	44.56%	1.7	4.1	6.2	0.7	1.8	2.7
Draugen - Infill Æ	44.56%	2.2	5.6	8.3	1.0	2.5	3.7
Gjøa - B1 and Agate	12.00%	0.1	2.4	3.6	0.0	0.3	0.4
Grevling	55.00%	21.5	32.6	47.5	11.8	17.9	26.1
Storskrymten	78.57%	2.5	9.4	16.3	2.0	7.4	12.8
Yme - 5 year life extension	15.00%	7.1	8.8	11.1	1.1	1.3	1.7
Total Contingent Volumes (current WI)					**25.1**	**41.3**	**59.1**
Grevling - reduced WI *	35.00%	21.5	32.6	47.5	7.5	11.42	16.6
Storskrymten - reduced WI *	50.00%	2.5	9.4	16.3	1.2	4.70	8.1
Total Contingent Volumes (reduced WI)					**20.1**	**32.1**	**44.9**

*Chrysaor has the contractual right to acquire an additional 20% of OKEA's participating interest in Grevling and 28.57% of OKEA's participating interest in Storskrymten. Option to be exercised within the earliest of i) 1 June 2019, or ii) 14 days after notice of BOV Decision has been submitted to the MPE. Chrysaor has submitted to OKEA (i) a notification on exercise of the option on the 20% participating interest in PL038 D and (ii) a notification on exercise of the option on the participating interest in PL974, however, limited to 18.57% participating interests. The date for the completion of the transactions is not set as of the date of this Prospectus.

8.5.1.3 Prospective resources

OKEA's prospective resources, based on prospect mapping but not proven by wells, are mostly found in Production Licences with active production and nearby Production Licences. OKEA holds approximately 350 mmboe of unrisked prospective resources as shown in Table 8.5.1.3. The risked prospective resources as of 1 March 2019 equal 100 mmboe. The table below provides an overview of prospective resources. Prospective resources are management estimates where OKEA is operator and have been presented to and discussed among the licensees. Where OKEA is a partner, the operator's estimates are presented. Estimates are based on the operators' analysis of available geophysical and well data relevant to the prospects, combined with regional geological understanding. Prospective resources are not verified by a third-party.

Table 8.5.1.3

PL	Prospect	OKEA WI%	Prob. of Discovery	Net unrisked resources (mmboe)			Net base risked resources (mmboe)	Possible first well	Main HC phase
				Low	Base	High			
PL093*	Skumnisse	44.56%	30%	1	11	27	3	2019	Oil
	Springmus E	44.56%	37%	0	3	8	1	2020	Oil
	Springmus W	44.56%	33%	0	1	4	0	2020	Oil
	East Flank	44.56%	35%	0	1	3	0	2020	Oil
PL1001	Draugen NE	20.00%	22%	5	24	66	5	2021	Oil
PL958*	Rialto	50.00%	12%	47	158	303	19	2022	Oil
PL1003*	Mistral N	60.00%	70%	15	49	79	34	2020	Gas-C
	Mistral S	60.00%	40%	15	49	117	20	2021	Gas-C
PL910	Kathryn	16.67%	27%	1	4	8	1	2019	Oil
PL153	Hamlet	12.00%	56%	1	2	4	1	2020	Oil
PL973*	Jerv	30.00%	57%	10	18	26	10	2020	Oil
	Ilder	30.00%	34%	6	12	17	4	2021	Oil
	Mår	30.00%	18%	9	21	35	4	2020	Oil
	Total prospective volumes				**352**		**103**		

* Indicates licences where OKEA is operator

8.5.2 Description of Assets and role as operator under Production Licences

The following chapter describes all Production Licences where OKEA holds a participating interest, including fields in production, fields and Production Licences approved/justified for development and exploration. The strategy for further exploration, appraisal and development in the areas is also described.

OKEA is appointed as the operator for several Production Licences, including on the Production Licences covering the producing asset Draugen and other Production Licences as further detailed in table 8.5.2.1. The joint operating agreements applicable for all the Production Licences governs the role and mandate of OKEA as operator. The joint operating agreements lay down the basic principle that the operatorship shall be performed at a "no gain, no loss" basis, meaning that the operator will be entitled to cost coverage based on cash calls distributed amongst the participating interest holders proportional with their interests in the relevant Production Licence.

The operator is responsible for representing the partnership towards third parties, meaning that the operator enters into contracts on behalf of the partnership (in the name of the operator). This entails that the contractual relationship is entered into only between the operator and the contractor, whereas the joint operating agreements govern the relationship between the operator and the other participating interest holders regarding e.g. costs and the authorisation to enter into such agreements.

Under the joint operating agreements, the operator shall provide the other participating interest holders with relevant information concerning the activities, and the joint operating agreements contain extensive provisions concerning the information to be provided, including essentially all matters of interests for the other participating interest holders.

The supreme body of a Production Licences is the management committee (MC) and the operator is (with certain limitations) required to comply with the resolutions adopted by the management committee. Each participating interest holder shall appoint one member and one deputy member. The MC is chaired by the member from the operator and will normally also have sub-committees for e.g. legal and technical matters.

8.5.2.1 Overview of the Company's Production Licences

OKEA's current assets include 20 Production Licences of which 11 Production Licences as operator:

Table 8.5.2.1 (a)

Licence	Field/description	Status	Operator	OKEA WI	Other partners	Commitments & decisions
038 D	Grevling	Planning phase	OKEA	55%*	Petoro (30%) Chrysaor (15%*)	BOV expected Q1 20
973	Grevling ILX	Exploration phase	OKEA**	30%	Petoro (20%) Chrysaor (50%)	DoD deadline Q1 21
974	Storskrymten	Planning phase	OKEA	78.57%*	Chrysaor (21.43%*)	PDOoD deadline Q1 21
093	Draugen	Producing field	OKEA	44.56%	Petoro (47.88%) Neptune (7.56%)	
093 B	Draugen	Producing field	OKEA	44.56%	Petoro (47.88%) Neptune (7.56%)	
093 C	Draugen	Producing field	OKEA	44.56%	Petoro (47.88%) Neptune (7.56%)	
093 D	Draugen	Producing field	OKEA	44.56%	Petoro (47.88%) Neptune (7.56%)	
158	Draugen	Producing field	OKEA	44.56%	Petoro (47.88%) Neptune (7.56%)	
176	Draugen	Producing field	OKEA	44.56%	Petoro (47.88%) Neptune (7.56%)	
153	Gjøa	Producing field	Neptune	12%	Neptune (30%) Petoro (30% Wintershall (20%) DEA (8%)	
153 B	Gjøa	Producing field	Neptune	12%	Neptune (30%) Petoro (30% Wintershall (20%) DEA (8%)	
153 C	Gjøa	Producing field	Neptune	12%	Neptune (30%) Petoro (30% Wintershall (20%) DEA (8%)	
338 BS	Ivar Aasen	Producing field	AkerBP	20%	Lundin (50%) Equinor (15%) Wintershall (15%)	
914 S	Ivar Aasen	Producing field	AkerBP	0.554%	Equinor (41.743% Aker BP (34.7862%) Spirit (12.3173%) Neptune (3.023%) Lundin (0.554%)	
1003	Mistral	Exploration phase	OKEA	60%	Wellesley (40%)	DoD deadline Q1 20
958	East of Draugen	Exploration phase	OKEA	50%	Neptune (30%) Petoro (20%)	3DoD deadline Q2 19
1001	NE of Draugen	Exploration phase	ConocoPhillips	20%	ConnocoPhillips (60%) Vår Energi (20%)	DoD deadline Q1 21
910	Kathryn	Exploration phase	Repsol	16.667%	Repsol (61.111%) Lotos (22.222%)	Drill decision made Q1 19. Drilling expected Q3 19
316	Yme	Under development	Repsol	15%	Repsol (55%) Lotos (20%) Kufpec (10%)	Production expected to start H1 20
316 B	Yme	Under development	Repsol	15%	Repsol (55%) Lotos (20%) Kufpec (10%)	"

*Chrysaor has the contractual right to acquire an additional 20% of OKEA's participating interest in PL038 D and 28.57% of OKEA's participating interest in PL974. Option to be exercised within the earliest of i) 1 June 2019, or ii) 14 days after notice of BOV Decision has been submitted to the MPE. Chrysaor has submitted to OKEA (i) a notification on exercise of the option on the 20% participating interest in PL038 D and (ii) a notification on exercise of the option on the participating interest in PL974, however, limited to 18.57% participating interests. The date for the completion of the transactions is not set as of the date of this Prospectus.

**OKEA is obliged to propose that Chrysaor assumes operatorship once they are qualified as an operator on the NCS.

Certain words and expressions used in the above table is defined in Chapter 21, however, for the benefit of the reader the words and expressions used in the above table is set out immediately below.

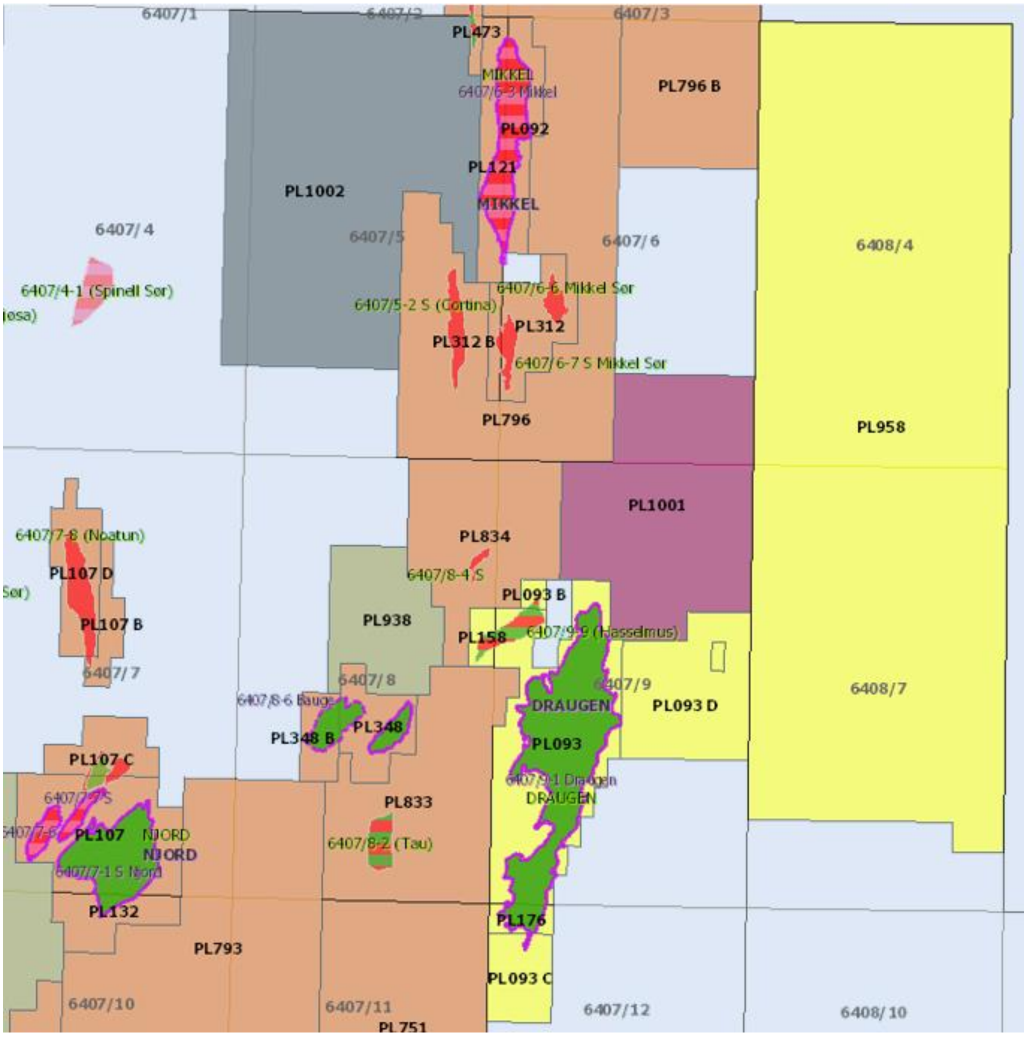
3DoD……………………………………………………….	3D seismic study decision or relinquish.
BoV	Decision of Continuation (Norw: Beslutning om videreføring).
DoD……………………………………………………….	A drill or drop decision or relinquish.
PDOoD…………………………………………………….	A decision to submit a Plan for development and operation for approval from the Norwegian Ministry of oil and Energy or relinquish.

The above table 8.5.1.1 right column sets out the next steps in the work program for each of the Production Licences in which OKEA is a participating interest holder. These work obligations are stipulated in the Production Licences (with individual deadlines) and reference is made to Chapter 8.15 in regards to the regulatory framework and general practice from MPE on opposing work obligations in the Production Licence awards. The full work obligations attributable to each Production Licence in which OKEA holds participating interests are also set out in chapter 8.15.

8.5.2.2 Draugen (PL093, PL093B, PL093C, PL093D, PL158, PL176)

The Draugen field is located in the Norwegian Sea at 250 meters water depth, approximately 140 km Northwest of Kristiansund, and 30 km east of the Njord field.

Figure 8.5.2.2 – Draugen field location and adjacent area. OKEA operates production Licences highlighted in yellow and is partner in PL1001 (Norwegian Sea)



Discovery
The field was discovered with discovery well 6407/9-1 in 1984, proving oil in the Rogn Formation. This was the first discovery in Rogn on the Haltenbanken terrace, and initial testing confirmed an oil rate of more than 8,000 bbl/d.

Reservoir
The oil is found in the Garn and Rogn formations, of which the latter holds approximately 90% of the reserves. The reservoir quality is extremely good, with average permeability of more than 2 Darcy. The best well, A-4 A, has the offshore world record oil production rate of 77,000 bbl/d.

Development
The field is developed with a concrete gravity-based structure (GBS), with full oil stabilization and storage capabilities. Oil is exported by shuttle tankers, and gas is exported through an export pipeline connected to the Åsgard Transport System (ÅTS).

The drainage strategy is centrally located production wells, supported by downflank water injectors. The field was initially developed with 6 platform wells and 2 subsea well and was later supplemented by a number of subsea wells. Currently 5 platform and 11 subsea wells are in operation, in addition to 4 subsea water injectors. The platform wells are gas lifted, while the subsea wells are produced with a subsea booster pump to lower the tubing head pressure.

Status
The current production on Draugen is in the order of 23,000 bbl of oil and nearly 180,000 bbl of water per day. 110,000 bbls of water is reinjected to the reservoir, while the rest is discharged to sea with an oil-in-water of approximately 22 ppm.

All platform wells are producing except A-5, which is shut in. All subsea wells are producing, but mostly on cyclic production in order to reduce water cut of the system. Currently, a campaign to change out the Christmas trees on A-2 (scheduled to be completed in the end of May 2019) and A-3 (planned to commence June 2019), and A-6 and A-4 (are planned for 2020). Production is continuously analysed and optimized by an integrated production management team both offshore on the Draugen facility and in the Kristiansund office.

The reserves estimates are initially based on the RNB 2019 submission by the former operator, Shell. Production from mid-2021 onwards, however, was classified as contingent to sanction of a long-term power project in RNB 2019 (2C resources) which would justify a field lifetime extension to 2027. As the participating interest holders of the Production Licences covering the Draugen field have now taken a FID for this project, these volumes are now included in the 2P reserves in addition to reserves added by economic field lifetime extension to 2035, due to cost-cutting initiatives on Draugen and a feasibility study by Shell in 2018. This is subject to extension of the terms of the Production Licences and governmental approvals.

The OKEA participating interest on Draugen is 44.56%, and the net OKEA P2/P50 reserves are 29.6 mmboe. The other participating interest holders are Petoro AS (47.88%) and Neptune Energy Norge AS (7.56%). OKEA has the ambition to extend the field lifetime to 2040, which would add further reserves and allow tie-in of more resources.

Future strategy including area exploration
The Draugen infrastructure can provide a hub for future development in the area for decades to come. There are potential infill drilling targets on the field itself as well as a nearby gas discovery (Hasselmus) which is yet to be developed. There are also undrilled exploration prospects within the Production Licence area. The strategy is to drill exploration and appraisal wells to confirm and quantify potential volumes before sanctioning production wells which can be tied in through existing infrastructure.

In addition to the identified near-field targets, OKEA is a participating interest holder in the neighbouring PL958 license to the east (as operator) and PL1001 to the north-east. Both areas are prospective, but under-explored and are expected to provide potential for material future resources.

<u>Hasselmus</u>
The main contingent resources on Draugen are located in the Hasselmus discovery, discovered by Shell. This includes both gas and oil, of which the gas is being evaluated for development. The gas will replace the planned gas import for fuel, and potentially also enable export of gas. The reduced OPEX from this gas source can extend the economic lifetime of the Draugen platform for at least three years.

<u>Draugen appraisal</u>
The Draugen Appraisal project is an appraisal campaign designed to assess in and near-field infill target and prospects. OKEA has since summer 2018 undertaken several sophisticated geophysical studies on targets including some prospects

previously identified by Shell. A new set of priorities has been established and the first two appraisal wells are scheduled for drilling later this year from Odfjell Drilling's "Deepsea Nordkapp" rig, on a sublet contract from Aker BP. These targets include a pilot well on an infill target ("Infill Ø") and an exploration well on the Skumnisse prospect.

PL958 Rialto prospect

The PL958 Production Licence to the east of Draugen on the Trøndelag platform contains several prospects. The most promising at this early stage is the Rialto prospect, identified by a typical sand signature with significant lateral extent identified on the seismic. The play is the same as on Draugen, with reservoir interpreted as Late Jurassic Rogn Formation. The source is mainly the Spekk Formation, which is interpreted to charge Rialto via spill from Draugen; charge is the main risk. The Production Licence, awarded as part of the APA 2018 round, has an "Acquire 3D seismic or drop" decision in June 2019.

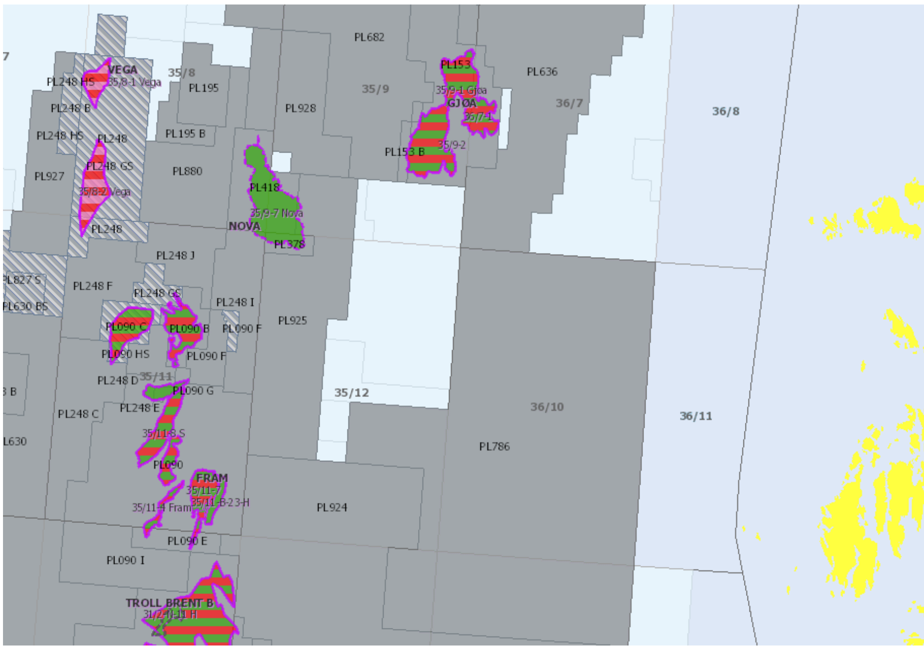
PL1001 Draugen NE prospect

PL1001 contains the Draugen NE prospect, in the same Rogn Formation play as the Draugen field. Source is mainly the Spekk Formation, which is interpreted to charge Draugen NE via spill from Draugen. The Production Licence, awarded as part of the APA 2018 round and operated by ConocoPhillips, has a "Drill or drop" decision by March 2021.

8.5.2.3 Gjøa (PL153, PL153B)

The Gjøa field lies in the northern part of the North Sea, 50 kilometers northeast of the Troll field (Figure 8.5.2.3). The water depth in the area is 360 meters.

Figure 8.5.2.3 – Gjøa field location (North Sea)



Discovery

The field was discovered by exploration well 35/9-1 / 35/9-1 R in 1989, confirming gas in the Viking and Brent groups, and oil in the Dunlin Group. Testing confirmed an oil rate of 5680 bbl/d (Dunlin Fm) and gas rates of 21.1 and 32.2 MScf/d (Brent and Viking).

Reservoir

The Gjøa reservoir comprised of the Upper Jurassic Viking Group, and the middle Jurassic Brent and Dunlin groups. The oil column of 35-45m and the gas column of approximately 200m both have local variations. The reservoir is compartmentalised in 7 segments, with heterogenous properties caused by alternating layers of good and poor reservoir sands, silts and shales. As a result, the porosity ranges from 10 to 27% and the permeability from hundreds of millidarciesy to multi-Darcy.

Development
The drainage strategy is managed pressure depletion with concurrent oil rim production. The field is developed with 11 subsea wells, connected to 5 templates and directed back to a semi-submersible unit with full oil stabilization capacities. Advanced well technology with branches and zonal control is implemented, and all wells have multiphase meters and permanent downhole gauges. The oil is exported through a pipeline to the Mongstad terminal, and the gas is exported though the FLAGS pipeline to the St. Fergus terminal. In 2017, the production plant was upgraded to handle low pressure production to boost the reserves on Gjøa. The field is also the first floating platform with power from shore, reducing the CO2 emissions by 200,000 tons per year.

Status
The current production has a relatively stable gas rate of more than 0.4 bcf/d and a declining oil rate, currently at 19,000 bbl/d. All wells are on stream except the C-2 oil well, which has unresolved lift problems. The main deferment in 2018 was related to St. Fergus terminal maintenance in September. However, the uptime is high, with an average of 92% in 2018.

The reserves estimate for Gjøa is based on the RNB 2019 submitted by the operator, Neptune Energy, plus reserves related to the P1 redevelopment project which was sanctioned by the participating interest holders of the Production Licences covering the Gjøa field in February 2019. The OKEA participating interest in Gjøa is 12% and the net OKEA 2P/P50 reserves are 14.7 mmboe. The other participating interest holders on Gjøa are Neptune Energy Norge AS (operator, 30%), Petoro AS (30%), Wintershall Norge AS (20%) and DEA Norge AS (8%).

Gjøa is already host for the Vega field, and tie-in activities for the Nova field are planned during 2019-2020.The Duva (former Cara) development passed FID in February 2019.

Future strategy including exploration
The production from Gjøa field, including for the re-developed P1 segment is expected to be reliable and high for quite some years. OKEA will further increase the value of the field by actively pursuing and supporting the operator in exploring existing tie-in opportunities and near field exploration and thus contribute to building a portfolio of tie-in fields.

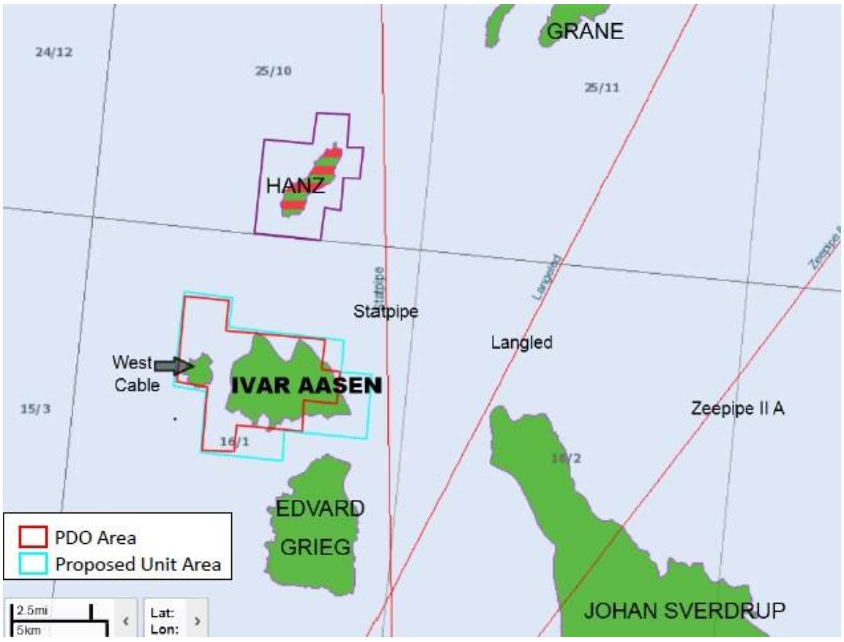
Gjøa B-1 well / Agat discovery
A change-out of the gas lift valve by a Light Well Intervention (LWI) vessel is planned for the B-1 well in 2019. If successful, the measure is expected to, increase the net OKEA volumes by 0.13 mmboe. Neptune reported in May 2018 estimated in-place volumes related to the Agat discovery (well 35/9-33T2). Assuming a recovery factor of 10%, the net additional volume to OKEA is 0.15 mmboe.

PL153 Hamlet
The Hamlet prospect, within the Gjøa field, is a Cretaceous prospect, similar to the nearby Cara discovery. The reservoir consists of turbidite flows originating from the southeast. The well has been sanctioned by management committees of the relevant Production Licences, and the site survey will be acquired in 2019 with drilling subject to rig availability; most likely, Hamlet will be drilled in 2020. Hamlet is believed to be connected with the Agat (35/9-3 T2) discovery to the north by a saddle. Hence, a high probability of discovery is assumed.

8.5.2.4 Ivar Aasen Unit (PL338, PL338BS, 914S)

The Ivar Aasen Field is located in the North Sea, 8 km north of the Edvard Grieg Field and around 30 km south of Grane and Balder (Figure 19), at a water depth of 110 meters. The Ivar Aasen Field includes two accumulations; Ivar Aasen and West Cable. The accumulations cover several Production licences and have been unitized into the Ivar Aasen Unit.

Figure 8.5.2.4 – Ivar Aasen and West Cable location map (North Sea)



Discovery
Ivar Aasen was discovered with well 16/1-9 in 2008, proving oil and gas in Jurassic and Triassic sandstones.

Reservoir
The two accumulations are located on the Gudrun Terrace between the Southern Viking Graben and the Utsira High. The reservoir consists of shallow marine sandstones in the Hugin Formation and fluvial sandstones in the Sleipner and Skagerrak formations, and is of Jurassic and Triassic age. The reservoir depth is approximately 2400 meters. The Ivar Aasen reservoir has a small overlying gas cap. The West Cable reservoir is in Sleipner fluvial sandstone of Middle Jurassic age, and is located at a depth of 2950 meters.

Development
The Ivar Aasen unit development plan (Ivar Aasen and West Cable discoveries) also includes production of the reserves from the Hanz (PL028B) discovery. The approved PDO sets out that Ivar Aasen and West Cable (Ivar Aasen Unit) will be developed in the first phase and Hanz in the second phase. OKEA has no ownership interest in the Hanz field.

The Ivar Aasen and West Cable discoveries are developed with a steel jacket platform, with living quarters and processing facilities. Drilling and completion operations are performed from a separate jack-up rig adjacent to the Ivar Aasen platform. Water is removed from the well stream on the platform and oil and gas rates are measured before transportation through multiphase pipelines to the Edvard Grieg installation for stabilization and export. Edward Grieg will also cover Ivar Aasen power demand until a joint solution for power from shore is established.

The drainage strategy for Ivar Aasen assumes water injection for pressure maintenance. West Cable will be produced through natural pressure support where the major driving force will be natural water influx and formation of a secondary gas cap.

Status
Production from Ivar Aasen started in late 2016, and the current oil production rate is approximately 55,000 bbl/d, together with some associated gas. 2018 production was slightly lower than expected, mainly due to reduced gas turbine capacity at Edvard Grieg in March-April. Challenges related to water injection in the eastern part of the field have been mitigated by introducing two additional injectors, D-6 and D-7, which came on stream in the summer of 2018. In general, the field reserves are slightly increased since the PDO, although the West Cable resources have been significantly reduced.

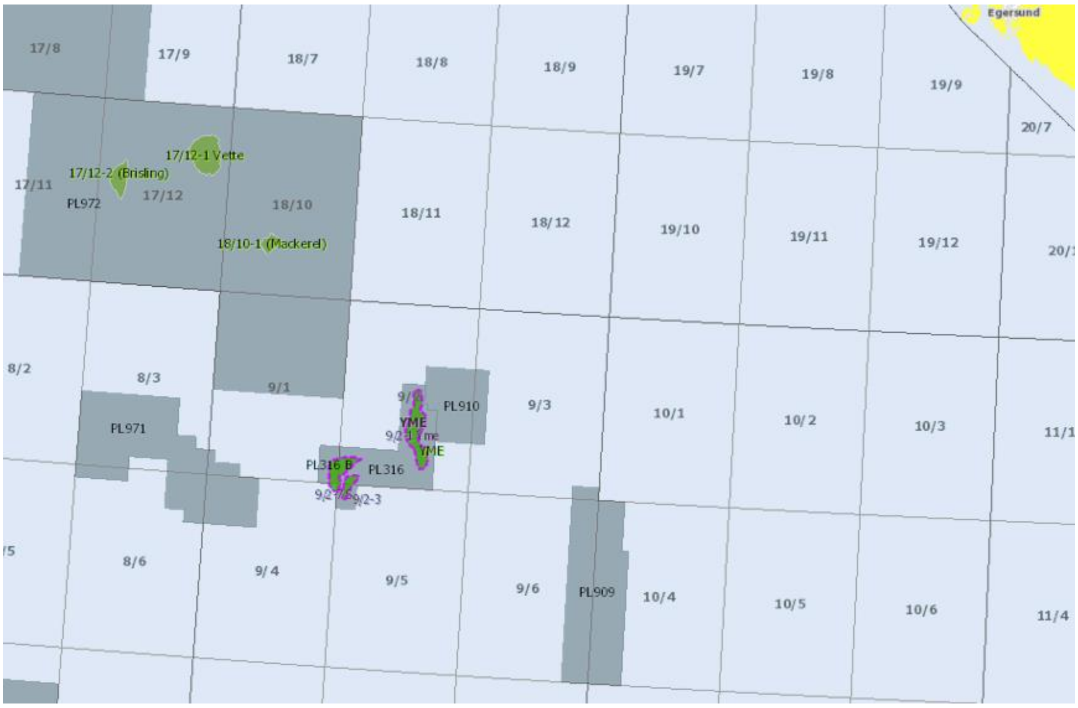
The reserves estimate for Ivar Aasen are based on RNB 2019. OKEA holds a 0.554% participating interest in the Ivar Aasen unit. The other participating interest holders are Aker BP ASA (34.7862%), Equinor Energy AS (41.4730%), Spirit Energy Norway AS (12.3173%), Wintershall Norge AS (6.4615%), Neptune Energy Norge AS (3.0230%) and Lundin Norway AS (1.3850%).

Future strategy
Although a small contribution, the production from Ivar Aasen field is expected to be reliable and high for several years, this will secure stable long-term income for OKEA and thus contribute to building a portfolio of non-operated assets. Working with Ivar Aasen will increase competency in OKEA related to licence follow up, project execution and operations. OKEA will use risk-based evaluations with respect to plans for follow up of licence with focus on the most important opportunities and threats.

8.5.2.5 Yme (PL316, PL316B)

The Yme field in the Egersund Basin was discovered by Equinor ASA (formerly Statoil ASA) in 1987 and was put in production in 1996. The field is located (Figure 8.5.2.5), in a water depth of 93 meters. Yme ceased production in 2001 after having produced 51 mmboe, as the operation was no longer profitable. However, the recovery rate was only 18% and there were significant volumes left in the field, and in 2007 a redevelopment plan submitted by the new operator, Talisman, was approved. In 2013, after drilling 9 new development wells and 2 appraisal wells, the redevelopment project was abandoned due to structural deficiencies in the mobile offshore production unit. In 2015, OKEA initiated the "Yme New Development" project and in 2018 a new PDO was approved by the authorities.

Figure 8.5.2.5 – Yme Gamma and Beta location map (North Sea)



Discovery
The Yme field was discovered in 1987 by the 9/2-1 well in the Gamma structure, with test oil rate of 4145 bbl/d oil and gas rate of 0,65 MScf/d. In 1990, another oil discovery was made by the 9/2-3 well in the Beta structure, 12 km west of the Gamma structure.

Reservoir
The reservoir in Yme is the Middle Jurassic to Upper Jurassic Sandnes Fm at a depth of approximately 3200 meters. Vertically, the reservoir is heterogeneous, and the permeability varies from <1 mD to 2D. The sands are however laterally extensive and continuous. The two main structures, Gamma and Beta are each subdivided in three segments separated by faults. All these segments except Beta West will be redeveloped.

Development
The Yme field will be developed with a jack-up MOPU equipped with processing facilities. This will be connected to the existing seabed storage tank, installed by the previous operator, and oil will be exported by tanker.

The field will produce from 12 horizontal production wells, supported by 2 WAG (Water Alternating Gas) injectors and 3 water injectors. Produced water reinjection, in combination with a regional aquifer, will maintain the reservoir pressure, and provide significant sweep towards the producers. Production wells will be artificially lifted by ESPs and gas lift.

Status
The PDO was delivered in December 2017 and approved by the authorities in March 2018. First oil is expected in Q2 2020, and the maximum plateau oil production rate is estimated to be approximately 38.000 bbl/d.

Current offshore work is focused on the caisson structure, as preparation for the support structure installation. Onshore work includes the well head module fabrication and piping fabrication. The wellhead module will be installed in October 2019, while the production unit Maersk Inspirer will start hook-up and commissioning in December 2019. The operator on behalf of the Yme Production Licences have entered into an EPCI contract for the building/modification of the processing facility on the Maersk Inspirer to fit the rig for the operations on the Yme field and a long-term lease and operating agreement. The operations and maintenance of the rig will be undertaken by Maersk on behalf of the Production Licences.

The subsurface and well engineering teams are performing final modelling and detailed well planning of the new wells on both the Gamma and Beta structures. Drilling of the Gamma wells is scheduled for 2020 while Beta wells are planned for 2021-22.

The reserves on Yme are based on RNB 2019, which again are based on the DG3 / FID profiles for the field. OKEA holds a 15 percent non-operated participating interest in Yme. The remaining interests are held by Repsol (55%), Lotos (20%) and KUFPEC (10%).

Future strategy including area exploration
OKEA's focus for Yme is to ensure that the redevelopment project is delivered on schedule, within budget according to plan. OKEA will contribute with personnel to continue to monitor the project to ensure quality, efficiency and cost focus in the execution phase of the redevelopment project and work with the partnership to secure alignment in the Production Licence on technical design and commercial arrangement. OKEA will as participating interest holder follow up all deliveries i.e. well planning and drilling, CPS Installation MOPU modification and Wellhead Module fabrication and installation.

<u>Yme Lifetime Extension</u>
Reserves for the Yme redevelopment are related to a 10-year production period but it is likely that the field will produce for a further 5 years as it has been clarified that the Maersk Inspirer rig can remain on the field without interruption. Production volumes related to this 5-year extension are classified as contingent resources and will be subject to obtaining a lifetime extension.

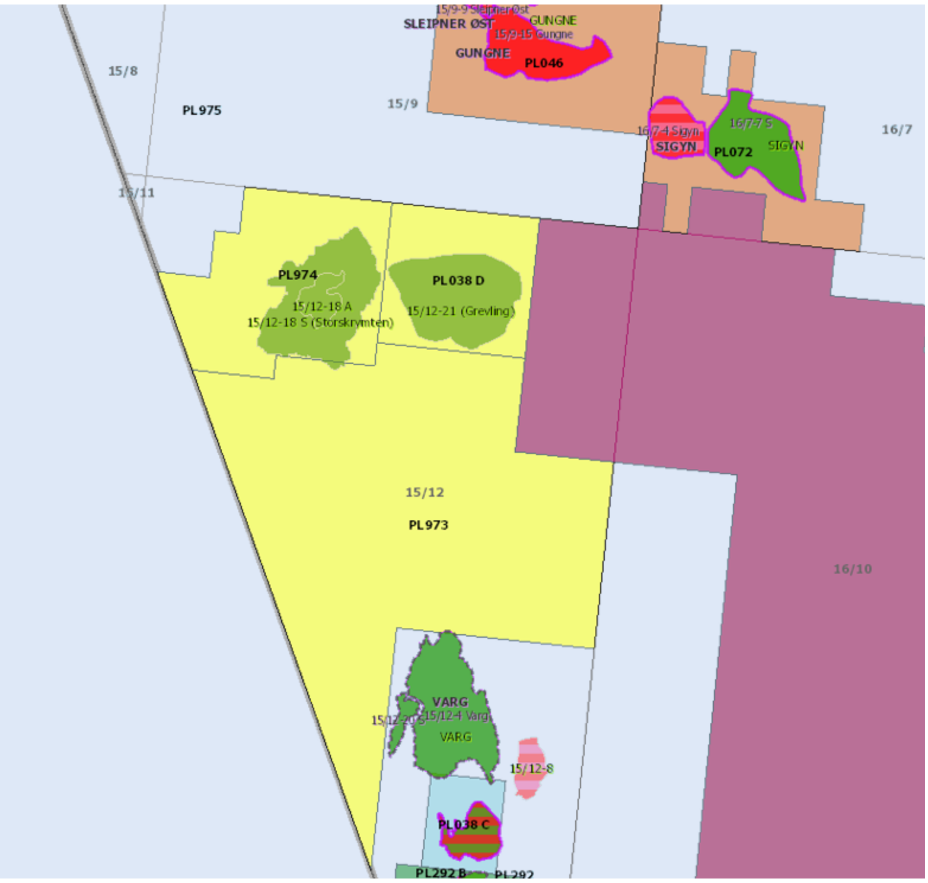
<u>PL910 Kathryn</u>
OKEA is a participating interest holder in the neighbouring PL910 where the Kathryn prospect is planned to be drilled Q2-3 2019. A discovery in this structure would be developed through the Yme infrastructure. The prospect lies a few kilometres East of the Yme Gamma structure. It is the same play as Yme, with reservoir in the Mid Jurassic Sandnes Formation, sourced by the Tau Formation. The main prospect risk is timing between trap formation and migration.

<u>Yme contingent payment obligation</u>
A contingent payment obligation on NOK 10 million is payable by OKEA six months after First Oil. Reference is made to Chapter 9.2 (footnote 2) in which this contingent payment obligation is accounted for.

8.5.2.6 Grevling (PL038D) & Storskrymten (PL974)

The Grevling field (PL038D) was discovered by Talisman in 2009. The Production Licence then was transferred to Repsol when they acquired the company. In 2017, operator Repsol relinquished their ownership in the Production Licence and supported the transfer of operatorship to OKEA AS. The field is located approximately 20 km south of the Sleipner field (Figure 8.5.2.6), at water depth of 86 meters. The Grevling discovery has now been matured to selection of a single concept decision, based on a production jack-up similar to the Yme development concept, but without the same drilling capabilities. The neighbouring Storskrymten discovery, which was licensed to OKEA as operator in the APA 2018 round, is planned to be jointly developed as part of the Grevling project. A BoV (decision to continue) decision is expected by end of Q1 2020.

Figure 8.5.2.6 – Grevling and Storskrymten location map including the PL973 exploration licence (North Sea)



Discovery

The Grevling field was discovered in 2009 by the 15/12-21 well. The total oil column was 67 meters, and the well tested at rates of up to 780 bbl/d. The discovery was later appraised by a side-track in 15/12-21 A, a new well 15/12-23 and a side-track 15/12-23 A. Storskrymten was discovered in 2007 by the 15/12-18 S well, with a 16m oil column.

Reservoir

The reservoir in Grevling is the Middle Jurassic Hugin and Sleipner fms, and the Triassic Skagerrak Fm. The Sleipner coal Fm separates the Hugin from the Bryne/Skagerrak fms and the accumulation is further subdivided in an eastern and a western segment by a large north-south trending fault. The Storskrymten reservoir is located in the Paleocene aged Ty Formation.

Development

The Grevling discovery has been matured and the licence partnership has concluded to work with a Mobile Offshore Production Unit as the preferred solution. The neighbouring Storskrymten discovery is being matured to be jointly developed as part of the Grevling project. The base-case drainage strategy for Grevling includes 4 horizontal producers and 2 horizontal water-alternating gas injectors. Artificial lift is required, but the final selection of technology depends on the development concept. The plateau oil rate is forecast to be approximately 20,000 bbl/d.

Status
Following selection of concept (BOV), OKEA will invite for a tender process in order to lock the cost of the production jack-up. When final development cost has been satisfactorily established, OKEA will forward a recommendation to submit the plan for development (PDO) in late 2020, with planned production start-up in 2023. The contingent volumes for Grevling are updated as of February 2019.

OKEA is the operator for Grevling and holds a 55% participating interest in the Production Licence (PL038 D), with Petoro (30%) and Chrysaor Norge (15%) as participating interest holders of the Production Licence. OKEA is also operator of Storskrymten (PL974) with a 78.57% interest, with Chrysaor Norge holding the remaining 21.43%. As part of the 2018 SPA with OKEA, Chrysaor has the contractual right to increase their participating interest to 35% in the Grevling Production Licence and 50% in the Storskrymten Production Licence. Option to be exercised within the earliest of i) 1 June 2019, or ii) 14 days after notice of BOV Decision has been submitted to the MPE. Chrysaor has submitted to OKEA (i) a notification on exercise of the option on the 20% participating interest in PL038 D and (ii) a notification on exercise of the option on the participating interest in PL974, however, limited to 18.57% participating interests. The date for the completion of the transactions is not set as of the date of this Prospectus. It is expected that an unitisation agreement will be reached between the Production Licences prior to a PDO decision.

Future strategy including area exploration
OKEA's overall strategy for Grevling is value creation from maturation and production of resources in PL 038D and PL 974 through construction of a MOPU with significant residual value and lifetime after cease of production from the Grevling area. Successful exploration of mapped prospects in PL973, where OKEA holds 30%, could provide additional resources to the Grevling infrastructure.

PL973 Jerv, Ilder and Mår
The prospects in PL973, awarded in the APA 2018 round, are being evaluated towards a Drill or Drop decision within two years. Jerv and Ilder, prospects in the Paleocene Ty Formation and Mid-Upper Jurasic Hugin Formation respectively, have been fully assessed and are considered the top ranked prospects in the Production Licence. The Jerv prospect is interpreted as an extension to the Fleming field across the UK border and is considered mature enough to drill. Other prospects and leads identified include, Mår, Røyskatt and Jerv Nord.

8.5.2.7 Mistral (PL1003)

PL1003 in the Norwegian Sea was awarded to OKEA (60%, operator) and Wellesley Petroleum (40%) in the APA 2018 round, based on the applicants' interpretation that the 6406/3-1 exploration well (drilled in 1984) indicates the presence of gas condensate in the Jurassic Garn Formation in the Mistral N horst block west of the Tyrihans Field. Analogue logs from the well, together with results from a drill-stem test (DST), which produced both water and gas, have been digitized and re-interpreted; they indicate that the well may have been drilled just down-flank from a gas accumulation and entered the water zone below (table 8.5.2.7). With the good reservoir properties of the Garn Formation, such a gas field would give a high expected recoverability. The Mistral S prospect is based on a similar hydrocarbon column also being present in the southern part of the horst block.

The production licensees have a one-year Drill or Drop decision deadline for a new well to prove the presence and size of the field.

Table 8.5.2.7 (a) Mistral location map (Norwegian Sea)

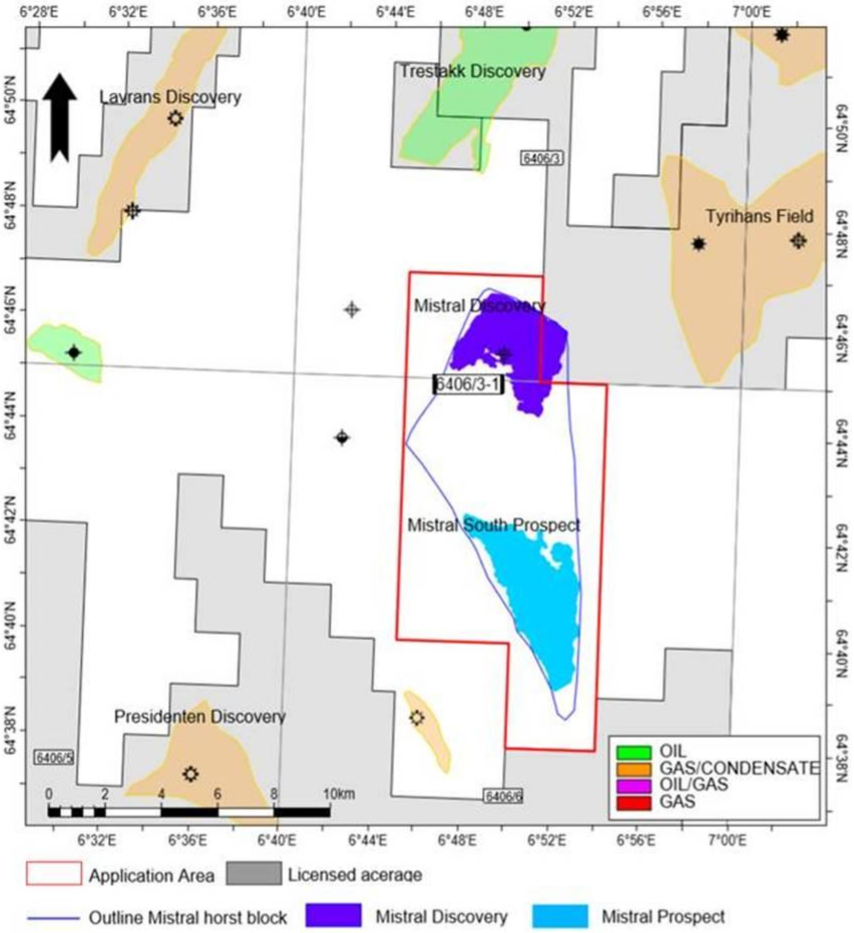
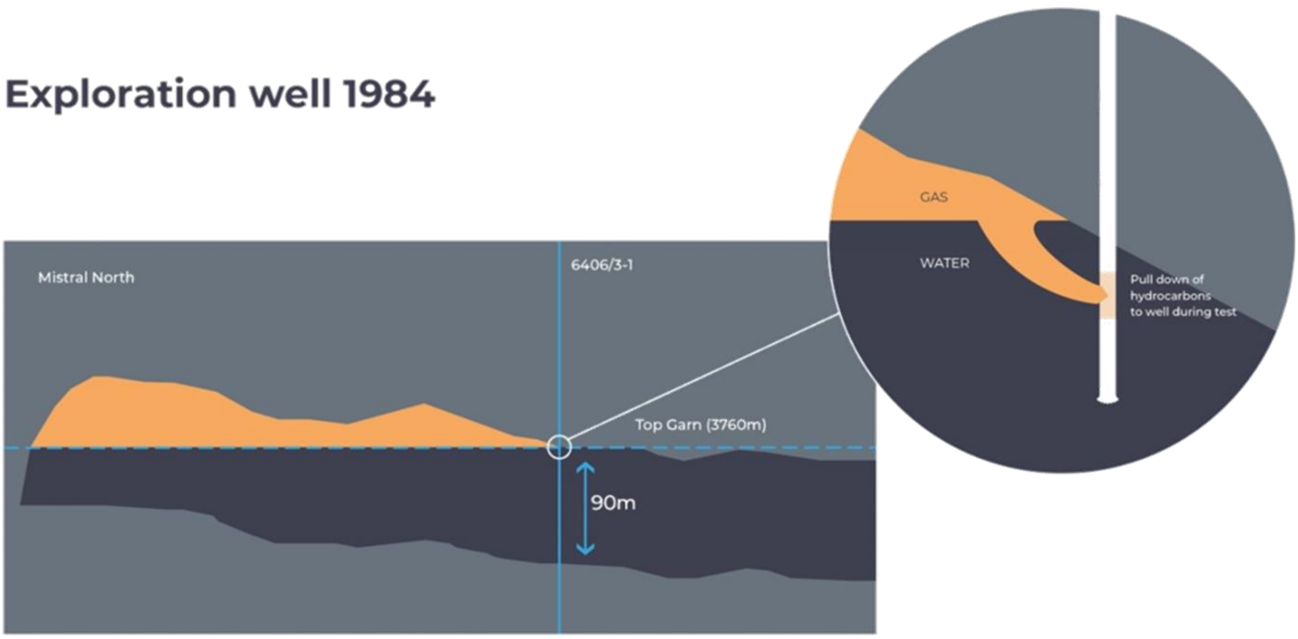


Table 8.5.2.7 (b) – Concept of missed gas accumulation on Mistral N



8.6 Research and development

The Company's R&D activities are, as at the date of the Prospectus, organised within OKEA as general R&D with potential value for the NCS. The general R&D are charged on to the Production Licences in line with the terms defined in the accounting agreement for NCS. OKEA will also be liable for their share of R&D activities charged to the production Licences operated by others.

8.7 Intellectual property

The Company has no material intellectual property, including patents and licences, nor are the business operations of the Company dependent on any patents, licences or other rights of use to any other third-party intellectual property. However, the successful operation of the business of OKEA is dependent on the relevant operator engaging third party contractors to carry out work on behalf of the Production Licences. This could from time to time require the need to secure lawful use of patents, intellectual property and know-how from third parties, including in connection with (i) collection/purchase of seismic data and drilling campaigns, (ii) engineering, design, construction, modifications, maintenance and production on the relevant Production Licences.

8.8 Value Chain

The business of OKEA is limited to exploration and production of hydrocarbons on the NCS. The core business of OKEA is to participate as participating interest holder in Production Licences by acquiring and being granted Production Licences and to funds its activities through cash calls. Therefore, the value chain of OKEA is to contribute with cash calls to the Production Licences and to lift and take ownership to hydrocarbons at the lifting point as stipulated in the lifting agreement for the relevant Production Licences. OKEA subsequently sells hydrocarbons to third party buyer directly at, or immediately post, the lifting point or, in case pipeline infrastructure make it more efficient, at the exit point post transportation to terminal(s). As of the date of this Prospectus, hydrocarbons are only lifted from the Draugen field and the Ivar Aasen field, and such hydrocarbons are sold to on a "take all basis".

Further, OKEA acts as an operator on behalf of certain Production Licences. For more information on the role of OKEA as operator, see Section 8.5.2.

Generally, the operators of Production Licences engage contractors on behalf of the Production Licences to carry out various types of work related to inter alia exploration, development and production of hydrocarbons. In its capacity as operator, OKEA engages contractors on behalf of the Production Licences and reference is made Section 8.5.2 regarding OKEA's role as operator. Work related to engineering, design, construction, modifications and maintained is outsourced on regular basis while the core day-to-day activities are conducted by employees of the operator of the Production Licences. Further, collecting seismic data and drilling activities are carried out by third parties as customary for E&P companies.

8.9 Material contracts

OKEA has not entered into any material contracts outside the ordinary course of business for the two years prior to the date of the Prospectus. Contracts material to the ordinary course of business of OKEA are described in the relevant chapters concerning the asset or subject matter or immediately below.

A Sale and Purchase Agreement for the Draugen field (Draugen SPA) and a Sale and Purchase Agreement for the Gjøa field (Gjøa SPA) were entered into between A/S Norske Shell as seller and OKEA AS as buyer on 20 June 2018, with the Effective Date set to 1 January 2018. The transactions comprised of three key consideration elements; (i) cash consideration of $556 million (NOK 4,520 million); (ii) a future payment by Shell to OKEA of $46 million (NOK 375 million) subject to CPI indexation upon OKEA completing the decommissioning of the assets; and (iii) Shell retaining 80% of the decommissioning liability of the two assets up to an after-tax cap of $78 million (NOK 638 million) subject to CPI indexation.

The decommissioning costs associated with the assets are currently estimated to be $120 million after-tax (NOK 1,000 million). The estimates on decommissioning costs in the Financial Statements factor in the provisions of the SPA in relation to allocation of decommissioning costs. Reference is made to Chapter 11.6.2 and note 25 of the Financial Statements for 2018.

The review of the final completion statement under the Draugen SPA prepared by seller is still ongoing. There is uncertainty associated with this estimate, but the Company does not expect the amount to increase compared to amounts accounted for in Chapter 11.6.2.

8.10 Property, plant and equipment

The Company owns an office building located at Råket 2, 6516 Kristiansund, Norway (gnr. 10, bnr. 941). The Company has entered into lease agreements for its other office premises in Oslo (Tordenskiolds gate 8, 0169 Oslo and Stortingsgata 10, 0161 Oslo), Trondheim (Ferjemannsveien 10, 7042 Trondheim) and Stavanger (Kanalsletta 9, 4033 Stavanger).

The Company holds participating interests in Production Licences as detailed in table 8.5.2.1. Company's participating interests in certain specific Production Licences are mortgaged in favour of Nordic Trustee AS acting on behalf of the bondholders under Company's two listed Bonds (Bond 01 and Bond 02).

The facilities producing hydrocarbons on the fields Draugen, Gjøa and Ivar Aasen are owned by the relevant Production Licences. However, from time to time, facilities producing hydrocarbons are leased by the Production Licence and this will e.g. be the case on the Yme field and could also be the case on new development fields. The Production Licences are also required to charter and lease rigs, vessels and equipment to carry out their activities e.g. in relation to drilling, subsea operations and transportation and other.

The Production Licences does normally not own all infrastructure related to the export of oil and gas and are dependent on the entry into of e.g. transportation agreements securing capacity for pipeline export of hydrocarbons on producing field where this is required. Reference is made to Section 8.5.2 on export routes for producing assets.

8.11 Environmental matters and health and safety matters

The Company continuously work to secure the objective of an accident free environment based on the conviction that all accidents which may arise as a result of the Company's activities are preventable, through proactive identification, implementation and maintenance of key barriers and to continuously manage risk and eliminate loss.

The Company has established and implemented a focused and effective management system encompassing all relevant elements to secure the Health, Safety, Environment and Quality aspects of the Company's activities resulting in a proactive stance as well as an ownership culture among employees in all aspects of the business. A primary goal for the Company is to establish a culture of openness with no barriers related to all aspects of HSEQ both within the Company and when working with stakeholders to ensure a safe working environment, high level of quality and minimal impact on the environment. The management system is selected and defined in accordance with internationally recognized standards and is implemented in full compliance with relevant requirements and expectations enforced by the applicable regulatory bodies on the NCS. The governance framework covers all phases of the Company's business value chain throughout the entire business lifecycle, and shall secure that the Company lead, plan, execute, monitor and work to continuously improve our activities with the overall purpose to implement cost effective field development and operational solutions on the Norwegian Continental Shelf, while securing that all our operations are conducted in such a way that no harm to people and minimum impact on the environment is imposed as a result of our activities. The management system further ensures a proactive stance as well as an ownership culture among employees in all aspects of the business. A primary goal for the Company is to establish a culture of openness with no barriers related to all aspects of QHSE both within the Company and when working with stakeholders to ensure a safe working environment and high level of quality.

The Company apply a risk-based management approach in all our planning, execution and monitoring activities. Critical QHSE risks are continuously identified and prioritized and necessary measures, including technical, organizational and management system barriers, are introduced to reduce and control risk to a level as low as is reasonably practicable.

Energy and resource management is an integrated part of the Company's overall QHSE strategy and policy framework, by promoting resource and energy conservation, waste minimization and pollution prevention.

For all activities the Company works in accordance with relevant Regulatory requirements and the Company's procedures for the activities. The Company performs all operations and activities in accordance with the authority approvals and consents received for the activity, including compliance with relevant environmental permits and licences.

The Company is not aware of any present environmental issues that may affect the Company's utilization of the tangible fixed assets as currently operated. However, the relevant Production Licences may from time to time be dependent on receipt of emission consents and compliance with relevant rules and regulations in order to utilize its fixed tangible assets going forward. Further, new or amended requirements may impose restrictions on the use of the tangible fixed assets.

A PSA audit on technical status of the constructions in relation to the yet to be sanctioned lifetime extension on Draugen was carried out in March 2019. Further, PSA began an audit on maintenance management in the end of March 2019. The PSA report has not been disclosed as of the date of this Prospectus, but is expected to contain several important improvement areas.

OKEA is highly committed to reducing emissions from its operations with (i) CO2 emissions are presently 12.4 kg/boe produced and (ii) Gjøa is already at an industry leading level of 3.0 CO2 kg/boe, as the first floater on NCS with power from shore.

8.12 Insurance

OKEA maintains a number of separate insurance policies to protect its core businesses against loss and/or liability to third parties. Risks insured against include general liability, workers' compensation and employee liability, professional indemnity including management, Board of Directors and material damage. The Company maintains an insurance coverage of the type and amounts that it believes to be customary in the industry, all subject to limitations, deductibles and caps.

In accordance with industry practice and as a result of the Company's assessment of its needed insurance program profile from time to time, the Company is not fully insured against all of these risks (the Company has for example currently taken out business interruption Insurance with certain deductibles). Furthermore, not all mentioned risks are insurable, or only insurable at a disproportionately high cost. Although the Company maintains liability insurance in an amount that it considers adequate and consistent with industry standard, the nature of these risks is such that all liabilities will not necessary be covered.

The Management and Board of Directors are also covered by directors and officer's liability insurance.

8.13 Legal proceedings

The Company has not, during the course of the 12 months preceding the issuance of this Prospectus, been involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's and/or the Company's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

From time to time, the Company may be involved in litigation, disputes and other legal proceedings arising in the normal course of its business.

8.14 Dependency on contracts, patents, licences etc.

Generally, the operators of Production Licences engage contractors on behalf of the Production Licences to carry out various types of work related to inter alia exploration, development and production of hydrocarbons. In its capacity as operator, OKEA also engages contractors on behalf of the Production Licences and reference is made to Section 8.5.2 regarding OKEA's role as operator.

The successful operation of the business of OKEA is dependent on the relevant operator being able to engage third party contractors to carry out work on behalf of the Production Licences. The exploration phase depends on collection/purchase of seismic data and drilling campaigns and operators seldom carry out these activities themselves, but instead data and drilling services are purchased from third parties. On the Draugen field, the operator has contracted Odfjell Drilling's Deepsea Nordkapp rig on a sublet contract from Aker BP in relation to the drilling of the first two appraisal wells later this year.

The development of facilities and infrastructure on fields necessitate the use of third parties. On the Yme Field, the operator has entered into agreements with Maersk inter alia for the lease and operation of the Maersk Inspirer to inter alia host the processing facility. Reference is made to Chapter 8.5.2.5. Work related to engineering, design, construction, modifications and maintained is outsourced on regular basis by the operator while the core day-to-day activities are conducted by employees of the operator of the Production Licences.

OKEA is dependent on acquiring and/or maintain the participating interests in Production Licences in order to carry out its activities and is also from time to time dependent on the relevant operator of the Production Licences securing access to use of licences, patents and know-how of contractors. The expiry dates of the Production Licences are set out immediately below.

Production Licences	**Expiry date**	**Participating interest**
038 D*	01.04.2021	55.000%
093	09.03.2024	44.560%
093 B	19.02.2020	44.560%
093 C	09.03.2024	44.560%
093 D	09.03.2024	44.560%
1001	01.03.2026	20.000%
1003	01.03.2025	60.000%
153	08.07.2028	12.000%
153 B	08.07.2028	12.000%
153 C	08.07.2028	12.000%
158	03.03.2028	44.560%
176	01.03.2028	44.560%
316	18.06.2030	15.000%
316 B	18.06.2030	15.000%
338 BS	17.12.2029	20.000%
910	02.03.2024	16.667%
914 S	02.03.2020	0.554%
958	22.06.2025	50.000%
973	01.03.2026	30.000000%
974*	01.03.2021	78.570000%

*Chrysaor has the contractual right to acquire an additional 20% of OKEA's participating interest in PL038 D and 28.57% of OKEA’s participating interest in PL974. Option to be exercised within the earliest of i) 1 June 2019, or ii) 14 days after notice of BOV Decision has been submitted to the MPE. Chrysaor has submitted to OKEA (i) a notification on exercise of the option on the 20% participating interest in PL038 D and (ii) a notification on exercise of the option on the participating interest in PL974, however, limited to 18.57% participating interests. The date for the completion of the transactions is not set as of the date of this Prospectus.

8.15 Legal, economic and environmental framework on the NCS

Regulatory framework

Norway has put in place an extensive legislation that requires companies to obtain licences and approval from the competent authorities for all phases of petroleum activities. The Petroleum Act (Act of 29 November 1996 No. 72 relating to petroleum activities) provides the general legal basis, including the licensing system that gives OKEA and other companies rights to engage in petroleum operations. The Act establishes that the Norwegian state has the proprietary right to subsea petroleum deposits on the Norwegian continental shelf. At the date of this Registration Document, OKEA has all necessary concessions and legal, economic and environmental conditions in place.

The life cycle - From area opening procedures to the end of production

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

Opening new areas for petroleum activities

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

In addition, the general public and the parties affected are given an opportunity to put forward their views. A resource assessment of the area is also made as part of the opening process. Decisions on whether or not to open new areas for petroleum activities are made by the Storting (Norwegian parliament). Impact assessments and opening of new areas are governed by Chapter 3 of the Petroleum Act and Chapter 2a of the Petroleum Regulations.

Award of Production Licences

OKEA primary strategy is not to participate in Production Licence rounds, but from time to time the OKEA will take part in applications, particularly if it sees potential in relinquished discoveries or in prospects near existing discoveries or fields. A Production Licence grants exclusive rights to exploration, exploration drilling and production of petroleum in the area covered by the Production Licence. It also regulates other rights and duties of the participating interest holders vis-à-vis the Norwegian state. Production Licences supplement the provisions of the legislation and set out detailed conditions for activities in a particular area. Participating interest holders become the owners of a share of the oil and gas produced proportional to their share of the ownership. An example of a standard Production Licence with appendices is available on the website of the Ministry of Petroleum and Energy. https://www.regjeringen.no/en/find-document/dep/OED/Laws-and-rules-2/Rules/konsesjonsverk/id748087/

Production Licences are normally awarded through licensing rounds, in which the Ministry announces that companies can apply for Production Licences in certain geographical areas (blocks). The announcement procedures, who can apply, the content of applications and application procedures are governed by Chapter 3 of the Petroleum Act and Chapter 3 of the Petroleum Regulations. The Norwegian Petroleum Directorate has drawn up detailed guidelines for applications in addition. These are available on the Directorate's website. On the basis of the applications received, Production Licences are awarded to groups of companies. Awards are made on the basis of fair, objective and non-discriminatory criteria that are announced in advance.

In each case, the Ministry designates an operator for the joint venture, and this company is responsible for the operational activities authorised by the licence. The Production Licence finances the activities jointly. Each participating interest holder is expected to make use of its own particular expertise, and all the participating interest holders have a responsibility for controlling the operator's activities.

Licensing rounds

Two types of licensing rounds have been established to ensure adequate exploration of both mature and frontier areas of the Norwegian continental shelf. All areas that are open and therefore available for petroleum activities may be announced in numbered licensing rounds or through the system of awards in predefined areas (APA). The parts of the shelf to be included in each of the two types of rounds are determined on the basis of expert assessments of the maturity of different areas, particularly in relation to the need for stepwise exploration and utilisation of time-critical resources. The main differences between numbered licensing rounds and APA rounds are in the stages before licensing rounds are announced; after this stage, the procedures and award process are very similar.

Numbered licensing rounds are used for frontier areas, where there is limited knowledge of the geology, greater technical challenges than in mature areas and a lack of infrastructure. The strategy for licensing rounds in recently opened and frontier areas has generally been based on the principle of step by step or sequential exploration. This means that the results gained from exploration wells drilled in selected blocks in an area should be available before any new blocks are announced in the same area. In this way, it is possible to map large areas with a relatively small number of wells. Before a numbered licensing round is announced, there is a nomination process. This starts when all the oil companies on the Norwegian shelf, both existing participating interest holders and prequalified companies, are asked to nominate blocks for inclusion in the licensing round.

There is a limit on the number of blocks companies can nominate, and they are asked to give grounds for their selections based on their own geological assessments. The Norwegian Petroleum Directorate reviews all the nominations it receives and makes its own geological assessment. Next, the Directorate sends its recommendations for the blocks to be included in the licensing round to the Ministry of Petroleum and Energy. The Government makes the final decision on which blocks are to be announced, including any special environmental and fisheries-related requirements for petroleum activities.

After the applications have been received, they are assessed in relation to criteria announced in advance and negotiations are held with the companies. The Government decides which Production Licences to award to which companies, and the final awards are formally made by the King in Council. Numbered licensing rounds have been held since 1965, and are normally announced every other year.

APA licensing rounds are used for mature areas, where petroleum activities have been in progress for many years. In such areas the geology is well known, there are fewer technical challenges, and there is well developed or planned infrastructure.

As new areas mature, the APA areas can be expanded within the framework for petroleum activities in each sea area. The areas of the Norwegian shelf where most is known about the geology are included on the basis of expert assessments. No acreage is withdrawn from the APA areas, although exceptions can be made if important new information becomes available.

There is no nomination step in APA rounds. Before a round is announced, the Petroleum Directorate sends its recommendations on the inclusion of any new blocks in the APA areas, based on expert assessments, to the Ministry of Petroleum and Energy. The final proposal for APA areas to be announced in the licensing round is submitted to public consultation. As in numbered licensing rounds, the Government makes the final decision on which blocks are to be announced, including any special environmental and fisheries-related requirements for petroleum activities. Companies can apply for licences for all acreage in APA areas not already covered by production licences.

After the applications have been received, they are assessed in relation to criteria announced in advance and negotiations are held with the companies. Which licences to be offered is thereafter decided by the Government and the final awards are made by the King in Council. The APA system was introduced in 2003 to ensure that profitable resources in mature areas are proven and recovered before existing infrastructure is shut down. If this is not done, profitable resources may remain unrecovered because the deposits are too small to justify the building of separate infrastructure.

APA licensing rounds are announced annually.

Exploration phase
Once awarded, a Production Licence applies for an initial period of up to ten years, which is reserved for exploration activity. To ensure that the area to which the Production Licence applies is explored properly, the licensee group is obliged under the terms of the licence to carry out a work programme.

The obligatory work commitment of the production licence may include geological and/or geophysical activities and exploration drilling. The Production Licence includes deadlines for carrying out the different activities.

Licence	Field/description	Status	Operator	OKEA WI	Obligatory work commitments and their deadlines
038 D	Grevling*	Planning phase	OKEA	55%	N/A
973	Grevling ILX	Exploration phase	OKEA	30%	Reprocessing of 3D seismic: In process. Acquire 3D seismic: In process. Decision to drill: 01.03.2021 Drill exploration well: In process. Decision to concretize (BOK): 01.03.2023. Conceptual studies: In process. Decision to continue (BOV): 01.03.2025. Prepare plan for development (PDO): In process. Submit plan for development: 01.03.2026. Decision to enter extension period: 01.03.2026
974	Storskrymten	Planning phase	OKEA	78.57%	Study of geology and geophysics: In process Submit plan for development (PDO): 01.03.2021. Decision to enter extension period: 01.03.2021
093	Draugen	Producing field	OKEA	44.56%	N/A
093 B	Draugen	Producing field	OKEA	44.56%	N/A Decision to enter extension period: 19.02.2020
093 C	Draugen	Producing field	OKEA	44.56%	N/A
093 D	Draugen	Producing field	OKEA	44.56%	N/A
158	Draugen	Producing field	OKEA	44.56%	N/A
176	Draugen	Producing field	OKEA	44.56%	N/A
153	Gjøa	Producing field	Neptune	12%	N/A
153 B	Gjøa	Producing field	Neptune	12%	N/A
153 C	Gjøa	Producing field	Neptune	12%	N/A
338 BS	Ivar Aasen	Producing field	AkerBP	20%	N/A
914 S	Ivar Aasen	Producing field	AkerBP	0.554%	Study of geology and geophysics: In process. Decision to enter extension period: 02.03.2020
1003	Mistral	Exploration phase	OKEA	60%	Reprocessing of 3D seismic: In process. Acquire 3D seismic: In process. Decision to drill: 01.03.2020 Drill exploration well: In process. Decision to concretize (BOK): 01.03.2022. Conceptual studies: In process. Decision to continue (BOV): 01.03.2024. Prepare plan for development (PDO): In process. Submit plan for development: 01.03.2025. Decision to enter extension period: 01.03.2026

958	East of Draugen	Exploration phase	OKEA	50%	Study of geology and geophysics: In process. Reprocessing of 2D seismic: In process Decision to acquire new 3D seismic: 22.06.2019 Acquire new 3D seismic: In process Decision to drill: 22.06.2022 Drill exploration well: In process Decision to enter extension period: 22.06.2025.
1001	NE of Draugen	Exploration phase	ConocoPhillips	20%	Reprocessing of 3D seismic: In process. Acquire 3D seismic: In process. Decision to drill: 01.03.2021 Drill exploration well: In process. Decision to concretize (BOK): 01.03.2023. Conceptual studies: In process. Decision to continue (BOV): 01.03.2025. Prepare plan for development (PDO): In process. Submit plan for development: 01.03.2026. Decision to enter extension period: 01.03.2026
910	Kathryn	Exploration phase	Repsol	16.667%	Study of geology and geophysics: Approved. Decision to drill: Will be drilled (02.03.2019). Drill exploration well: In process. Decision to concretize (BOK): 02.03.2021 Conceptual studies: In process. Decision to continue (BOV): 02.03.2023 Prepare plan for development (PDO): In process. Decision to submit plan for development (PDO): 02.03.2024 Submit plan for development (PDO): 02.03.2024 Decision to enter extension period: 02.03.2024
316	Yme	Under development	Repsol	15%	N/A
316 B	Yme	Under development	Repsol	15%	N/A

*Chrysaor has the contractual right to acquire an additional 20% of OKEA's participating interest in PL038 D and 28.57% of OKEA's participating interest in PL974. Option to be exercised within the earliest of i) 1 June 2019, or ii) 14 days after notice of BOV Decision has been submitted to the MPE. Chrysaor has submitted to OKEA (i) a notification on exercise of the option on the 20% participating interest in PL038 D and (ii) a notification on exercise of the option on the participating interest in PL974, however, limited to 18.57% participating interests. The date for the completion of the transactions is not set as of the date of this Prospectus.

**OKEA is obliged to propose that Chrysaor assumes operatorship once they are qualified as an operator on the NCS.

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

The development and operation phase

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

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

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

A PDO/PIO consists of a development plan and an impact assessment. The latter provides an overview of the likely impacts of the project on the environment, fisheries and society otherwise. The report on the impact assessment is sent to all those who may be affected by the project so that they have an opportunity to put forward their views. The process ensures that all relevant arguments for and against the project are known before a decision on development is taken, that the field developments approved are responsible, and that their impacts on other public interests are acceptable.

In special cases, the Ministry may exempt licensees from the requirement to submit a PDO/PIO. The Ministry of Petroleum and Energy has together with the Ministry of Labour and Social Affairs drawn up guidelines for PDOs and PIOs, which explain the legislation further and detail what the authorities expect from developers. The guidelines are also available on the Norwegian Petroleum Directorate’s website.

The development and operation phase is further regulated by Chapter 4 of the Petroleum Act and Chapter 4 of the Petroleum Regulations.

Cessation of petroleum activities

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

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

Cessation of petroleum activities and decommissioning are governed by Chapter 5 of the Petroleum Act and Chapter 6 of the Petroleum Regulations. In addition, Norway is bound by international law and guidelines. In this context, Decision 98/3 under the OSPAR Convention is particularly important to the Norwegian authorities. The decision generally prohibits leaving disused offshore installations in place, with limited exceptions.

Health, safety and environment and prevention of pollution

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

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

Liability for pollution damage is governed by Chapter 7 of the Petroleum Act, which states that licensees are strictly liable for pollution damage, i.e. they are liable regardless of fault. Chapters 9 and 10 of the Petroleum Act and regulations under the Act govern safety requirements for the industry. https://www.norskpetroleum.no/en/framework/the-petroleum-act-and-the-licensing-system/

Economic conditions for exploring and developing licenses
The petroleum taxation system is based on the rules for ordinary company taxation and are set out in the Petroleum Taxation Act (Act of 13 June 1975 No. 35 relating to the taxation of subsea petroleum deposits, etc). Because of the extraordinary returns on production of petroleum resources, the oil companies are subject to an additional special tax. The ordinary company tax rate is 22%, and the special tax rate 56%. This gives a marginal tax rate of 78%.

In general, only the Company's net profit is taxable. Exemptions, such as royalties, are no longer a part of the tax system. Deductions are allowed for all relevant costs, including costs associated with exploration, research and development, financing, operations and decommissioning.

Consolidation between fields is allowed. This means that losses from one field, or exploration costs, can be written off against the Company's income from operations elsewhere on the Norwegian shelf.

Companies that do not have any taxable income may carry forward losses and uplift to subsequent years, with interest. These rights follow the ownership interest and may be transferred. Companies may also apply for a refund of the tax value of exploration costs in connection with the tax assessment. These rules are intended to ensure that exploration costs are treated in the same way for tax purposes regardless of whether or not a company is liable to pay tax.

When the basis for ordinary tax and special tax is calculated, investments are written off using straight-line depreciation over six years from the year the expense was incurred. To shield normal returns from the special tax, an extra deduction is allowed in the special tax base, called uplift. In 2016 the total uplift was 22% (5.5 % per year for four years starting with the investment year). As the ordinary tax and special tax rate has been adjusted in recent years, the uplift has been adjusted accordingly to ensure unchanged overall tax burden. In 2017 the uplift was 21.6% of the investments (5.4 per year). The uplift was reduced to 21.2% from 2018.

In many instances, petroleum produced by companies operating on the Norwegian continental shelf is sold to affiliated companies. It is important for the Norwegian government revenues that oil and gas sold from Norway is taxed on the basis of market prices. To assess whether the prices agreed by affiliated companies are comparable to those that would have been agreed by two independent parties, the authorities can set norm prices that must be used when calculating taxable income for the tax assessment.

The Petroleum Price Council is responsible for setting norm prices, which it does after collecting information from the companies and holding meetings with them. The norm price system applies to various types and qualities of petroleum. For gas, the actual sales prices are used.

Area fees are also payable under the Production Licences pursuant to the Petroleum Act 4-9. For the calendar year 2019 areal fee attributable to the Grevling field (PL038 D) was NOK 9,570,000, PL158 was NOK 918,000 and the Draugen field was NOK 15,209,000 payable in 2018.

Norway is through the EEA Agreement part of the EU Emissions Trading Scheme, which entails that the EU regulatory framework on emissions trading is applicable to petroleum companies with producing assets, such as OKEA. The EU Emissions Trading Scheme is a 'cap and trade' system, which sets a 'cap', or limit, on total greenhouse gas emissions within the system. As a producer of petroleum on the NCS, OKEA must annually submit a verified report on its carbon emissions to the Norwegian Environment Agency. If the emissions exceed the free allowance allocated to OKEA (subject to a minor fee), OKEA must purchase allowances from other companies' part of the Emissions Trading Scheme to cover the excess. The allowances are purchased by the operator on behalf of Production Licence and accounted for in the accounts of the Production Licences.

For the petroleum industry on the NCS, a tax on NOx emissions applies to emissions from large gas turbines and machinery, as well as from flaring. Businesses that are affiliated with the environmental agreement between the Norwegian state and a number of business organisations on measures to reduce NOx emissions are exempted from the tax, and pay a contribution per kg NOx to the NOx Fund instead. In 2018, the contribution amounted to NOK 12 per kg NOx. The NOx Fund's income is used to support investments by companies that are parties to the agreement to reduce their NOx emissions. As per the NOx Fund's member list dated 11 January 2019, OKEA is registered as a member for Draugen. OKEA purchases such on behalf of the relevant Production Licences its capacity as operator.

Other permits required
Consents are required from time to time in relation to the different phases of the petroleum activities undertaken on the NCS. The Norwegian Petroleum Directorate is responsible for monitoring HSE matters and the Norwegian petroleum legislation requires that consent is obtained before initiation certain defined activities, such as e.g. the drilling of wells and use of facilities on NCS.

OKEA is contemplating to drill appraisal wells on the Draugen field and the drilling of these wells are subject to obtaining such consent from Norwegian Petroleum Directorate. Furthermore, the operator of the Kathryn Production Licence and the Gjøa Production Licences also need to obtain consent for the drilling the wells scheduled.

The development of the Yme field will also going forward require the obtaining of consents from the Petroleum Directorate, including drilling of wells and consents related to development and subsequent use of facilities and future production.

The MPE also approves the production volumes on an annual basis and production on producing fields are also subject to obtaining such MPE approval.

Finally, in order to be an operator, OKEA needs to maintain the consent to be an operator on the NCS.

9 CAPITALISATION AND INDEBTEDNESS

9.1 Introduction

The financial information presented below should be read in connection with the other parts of this Prospectus, in particular Section 10 "Selected Financial and Other Information", Section 11 "Operating and Financial Review" and the Financial Statements with their notes included in Appendix B of this Prospectus.

The financial information presented below provides information about the Company's capitalisation and net financial indebtedness on an actual basis as at 31 March 2019 and, in the "As adjusted" columns, the Company's capitalisation and net financial indebtedness on an adjusted basis to give effect to the Offering described in (i) below.

The "As adjusted" column reflects the following adjustments to the Company's capitalisation and net financial indebtedness:

- the net proceeds from the issue of the New Shares in the Offering to be received by the Company in the amount of NOK 619 million, assuming an Offer Price of NOK 25 per Offer Share, which is the low end of the Indicative Price Range, with gross proceeds from the sale of the New Shares in the Offering of NOK 650 million and transaction costs related to the Offering of NOK 31 million payable by the Company. In addition to the expenses directly related to the offering, other estimated expenses related to the listing amounts to NOK 11 million.

Other than as set out above, there has been no material change to the Company's combined capitalisation and net financial indebtedness since 31 March 2019.

9.2 Capitalisation

The following table sets forth information about the Company's total capitalisation as at 31 March 2019 and on an as adjusted basis.

	As at 31 March 2019		Adjusted amount	As adjusted
In NOK '000				
Total current debt:				
Guaranteed	-			-
Secured	-			-
Unguaranteed and unsecured	1 417 031			1 417 031
Total current debt	**1 417 031**			**1 417 031**
Total non-current debt:				
Guaranteed				-
Secured	2 505 875	1)		2 505 875
Unguaranteed and unsecured	4 918 040	2)		4 918 040
Total non-current debt	**7 423 915**			7 423 915
Total indebtedness	**8 840 946**			**8 840 946**
Shareholder´s equity				
Share capital	8 220		26 000	34 220
Share premium	1 624 104		593 000	2 217 104
Other paid in capital	1 754			1 754
Accumulated loss	-174 015			-174 015
Total shareholder´s equity	**1 460 064**		**619 000**	**2 079 064**
Total capitalisation	**10 301 010**		**619 000**	**10 920 010**

1) Secured non-current debt consist of the Company's two bond loans. The bond loans have security in all major assets of the Company.[1]

2) As of March 31, 2019 asset Retirement Obligation ("**ARO**") of NOK 3,878.0 million is included in total non-current debt representing the future expected costs for close-down and removal of oil equipment and production facilities. In addition accrued consideration from acquisitions of interests in Production Licences of NOK 10.0 million is included as a provision. The ARO and the sellers ARO liability for Draugen and Gjøa are recorded as a liability and receivable in the Financial Statements. Please refer to note 14 of the financial statements of 2018 for more information. The remaining balance of unguaranteed and unsecured non-current liabilities consists of deferred tax liabilities of NOK 886.0 million.

9.3 Indebtedness

The following table set forth information about the Company's total net financial indebtedness as at 31 March 2019 and on an as adjusted basis.

The "As adjusted" column reflects the net proceeds from the issue of the New Shares in the Offering to be received by the Company in the amount of NOK 619 million.

In NOK '000		**As at 31 March 2019**	**Adjustment amount**	**As adjusted**
(A)	Cash	585 949	619 000	1 204 949
(B)	Cash equivalents			-
(C)	Trading securities			-
(D)	**Liquidity (A)+(B)+(C)**	585 949	619 000	1 204 949
(E)	**Current financial receivables**			-
(F)	Current bank debt			-
(G)	Current portion of non-current debt			-
(H)	Other current financial debt	678 169		678 169
(I)	**Current financial debt (F)+(G)+(H)**	678 169	-	678 169
(J)	**Net current financial indebtedness (I)-(E)-(D)**	92 220	-619 000	-526 780
(K)	Non-current bank loans			-
(L)	Bonds issued	2 505 875		2 505 875
(M)	Other non-current loans			-
(N)	**Non-current financial indebtedness (K)+(L)+(M)**	2 505 875	-	2 505 875
(O)	**Net financial indebtedness (J)+(N)**	2 598 095	-619 000	1 979 095

1) Other current financial debt consist of accrued interest bond loans, fair value put options foreign exchange, working capital joint operations and accrued considerations from acquisitions of interests in Production Licences, and a debt position of NOK 1.3 million related to the Escrow receivable for Yme.

9.4 Working capital statement

The Company is of the opinion that the working capital available to the Company is sufficient for the Company's present requirements, for the period covering at least 12 months from the date of this Prospectus.

9.5 Contingent and indirect indebtedness

As at 31 March 2019 and as at the date of the Prospectus, the Company has a commitment for ARO included in total non-current liabilities. In addition, the Company has commitments for investments in the Production Licences. The

[1] Footnotes to be updated.

Company has planned future investments in the Production Licences; as at 31 March 2019, NOK 1,820 million for the period 2019-2022 was planned for all fields combined. Refer to table below in showing the future investments per field and per year in NOK million;

	Ivar Aasen	Yme	Gjøa	Draugen	Sum
2019	8	387	12	219	626
2020	9	209	258	187	663
2021	1	168	236	58	464
2022	1	13	1	51	67
	21	905	510	547	1820

All future development on Yme and Gjøa is committed for the period 2019-2022. In addition development in 2019 on Draugen and Ivar Aasen is committed. Remaining investments are planned, but non-committed. In addition to the future investments presented above two appraisal wells on Draugen, with total OKEA cost of NOK 149.3 million, has been approved in April, increasing future commitments.

10 SELECTED FINANCIAL AND OTHER INFORMATION

10.1 Introduction and basis for preparation

The selected financial information presented in Sections 10.2 – 10.5 below has been extracted from the Company's audited financial statement as at 31 December 2018 and, 2017 (the "**Financial Statements**"), and the unaudited quarterly financial statements for the quarter ended 31 March 2019.

The 2018 and 2017 Financial Statements, included in this Prospectus in appendix B, have been prepared in accordance with IFRS as adopted by the EU as well as the Norwegian disclosure requirements pursuant to the Norwegian Accounting Act and audited by PwC

The Company converted its financial statements to IFRS in 2017 with a 1 January 2016 IFRS opening statement of financial position. The transition resulted in a reduction to total non-current assets of NOK 4.5 million as at 31 December 2016. The acquisition of the working interest in Ivar Aasen was treated as an asset acquisition under NGAAP. Under IFRS the acquisition is treated as a business combination, with recognition of deferred tax and goodwill. Goodwill recorded amounts to NOK 8.1 million. The change had a 2016 income statement effect of NOK 4.5 million (reduced tax expense).

The 2017 Financial Statements includes 2016 IFRS financial figures as comparative financial information.

The 2016 financial statements, prepared in accordance with the Norwegian Accounting Act and NGAAP, included in this Prospectus in appendix B, have been audited by PwC.

OKEA has prepared unaudited interim financial statements in accordance with IAS 34 for the quarter ended 31 March 2019. The accounting policies applied in the preparation of the interim financial statements are consistent with those followed in the 2018 Financial Statements, except for the adoption of new standards effective as of 1 January 2019 and except for the change in principle for the recognition of overlift and underlift.

The Company has prior to Q1 2019 used a variant of the sales method where changes in overlift and underlift balances have been valued at its net realizable value and the change in over/underlift has been included as "other income". Due to recent development in IFRIC ("IFRS Interpretations Committee") discussions, the Company has decided to change to the traditional sales method from 1 January 2019. This means that changes in over/underlift balances are valued at production cost including depreciation and presented as an adjustment to cost. The new accounting principle for overlift and underlift balances leads to increased volatility in revenue recognition in situations where there are changes to the lifting schedule or where there are uneven number of liftings between quarters. Comparative figures for the quarter ended 31 March 2018 and the year ended 30 December 2018 have been restated in line with IAS 8. As a consequence of this restatement 2018 figures and Q1 2018 figures in the prospectus are presented as restated.

The following table shows the effects for the YTD 2018 figures.

Amounts in NOK `000	**Audited 2018**	**Restated 2018**	**Change**
Accounting line			
Other operating income	88 747	44 326	-44 421
Production expenses	-18 347	-96 714	-78 366
Changes in over/underlift positions and production inv.	0	133 318	133 318
Depreciation, depletion and amortization	-57 297	-100 066	-42 769
Trade and other receivables	944 397	912 159	-32 238
Income taxes	119 342	144 488	25 146
Deferred tax liabilities	886 782	861 636	-25 146
Accumulated loss	-170 289	-177 381	-7 092

The new accounting principle for overlift and underlift balances leads to increased volatility in revenue recognition in situations where there are changes to the lifting schedule or where there are uneven number of liftings between quarters. For information regarding 2018 accounting policies and the use of estimates and judgements, please refer to note 2, Accounting policies and note 3, Critical accounting judgements and estimates of the 2018 and 2017 Financial Statements, included in this Prospectus as Appendix B.

The Company implemented IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with customers* from 1 January 2018.

The Company adopted the standard IFRS 16 *Leases* on 1 January 2019 using the modified retrospective approach. The implementation resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The Company adopted the standard using the modified retrospective approach. The implementation had no impact on net equity and resulted in an increase of NOK 198.4 million in property, plant and equipment with a corresponding increase in liabilities, of which NOK 152.9 million is classified as non-current liabilities and NOK 45.5 million is classified as current liabilities. The Company has applied a gross presentation related to leasing contracts entered into as licence operator.

10.2 Selected data from the statement of comprehensive income

The table below sets out selected data from the Company's statement of comprehensive income for the years ended 31 December 2018, 2017 and 2016, and also for the three months period ended 31 March 2019 and 2018, as prepared in accordance with IFRS. The financial information for 2016 has been extracted from the 2017 IFRS financial statements, where the 2016 IFRS figures are reported as comparative financial information.

Amounts in NOK `000	**Q1 2019** (unaudited)	**Q1 2018 restated** (unaudited)	**2018 restated (unaudited)**	**2018**	**2017**	**2016**
Revenues from crude oil and gas sales	748 115	2 314	149 761	149 761	38 429	-
YME compensation contract breach	22 098	-	115 000	115 000	-	-
Other operating income / loss	-5 985	-	44 326	88 747	5 007	494
Total operating income	**764 228**	**2 314**	**309 087**	**353 508**	**43 435**	**494**
Production expenses	-144 106	-2 390	-96 714	-18 347	-7 654	-148
Changes in over/underlift positions and production inventory	-164 585	14 022	133 318	-	-	-
Exploration expenses	-12 402	-11 211	-74 782	-74 782	-28 710	-547
Depreciation, depletion and amortization	-201 359	-5 883	-100 066	-57 297	-18 025	-178
Impairment	-36 354	-	-	-	-	-
Employee benefit expenses	-9 227	-11 033	-34 183	-34 183	-11 707	-13 772
Other operating expenses	-20 924	-4 317	-87 899	-87 899	-33 128	-14 281
Total operating expenses	**-588 958**	**-20 811**	**- 260 326**	**-272 509**	**-99 223**	**-28 926**
Profit / loss (-) from operating activities	**175 270**	**-18 498**	**48 761**	**80 999**	**-55 788**	**-28 432**
Finance income	52 894	29 101	17 300	17 300	2 392	2 460
Finance costs	-89 838	-23 905	-366 263	-366 263	-27 098	-5 334
Net financial items	**-36 944**	**5 197**	**-348 963**	**-348 963**	**-24 706**	**-2 874**
Profit / loss (-) before income tax	**138 326**	**-13 301**	**-300 202**	**-267 964**	**-80 494**	**-31 307**
Income taxes	-134 960	12 815	144 488	119 342	68 780	25 648
Net profit / loss (-)	**3 366**	**-486**	**-155 715**	**-148 622**	**-11 714**	**-5 659**
Other comprehensive income:						
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income / loss (-)	**3 366**	**-486**	**-155 715**	**-148 622**	**-11 714**	**-5 659**

10.3 Selected data from the statement of financial position

The table below sets out selected data from the Company's statement of financial position for the years ended 31 December 2018, 2017 and 2016, and also for the three months ended 31 March 2019 and 2018, as prepared in accordance with IFRS. The financial information for 2016 has been extracted from the 2017 financial statements (2016 comparative financial information), where the 2016 IFRS figures are presented as comparative financial information.

Amounts in NOK `000	31.03.2019 (unaudited)	31.03.2018 restated (unaudited)	31.12.2018 restated(unaudited)	31.12.2018	31.12.2017	31.12.2016
ASSETS						
Non-current assets						
Deferred tax assets	-	89 456	-	-	85 091	37 031
Goodwill	1 436 073	8 057	1 472 428	1 472 428	8 057	8 057
Exploration and evaluation assets	9 320	5 752	6 324	6 324	5 752	4 752
Oil and gas properties	3 991 123	716 864	4 022 321	4 022 321	676 378	512 923
Buildings	91 344	-	92 501	92 501	-	-
Furniture, fixtures and office equipment	7 511	216	3 407	3 407	217	224
Right-of-use assets	189 541	-	-	-	-	-
Other non-current assets	2 778 951	8 875	2 754 237	2 754 237	-	-
Total non-current assets	**8 503 863**	**829 219**	**8 351 218**	**8 351 218**	**775 495**	**562 987**
Current assets						
Trade and other receivables	840 921	132 084	912 159	944 397	120 207	105 561
Spareparts, equipment and inventory	228 154	-	315 500	315 500	-	-
Restricted cash	142 123	859 633	48 327	48 327	907 799	-
Cash and cash equivalents	585 949	121 230	394 670	394 670	29 609	37 889
Total current assets	**1 797 146**	**1 112 946**	**1 670 656**	**1 702 895**	**1 057 615**	**143 450**
TOTAL ASSETS	**10 301 010**	**1 942 165**	**10 021 874**	**10 054 113**	**1 833 110**	**706 437**
EQUITY AND LIABILITIES						
Equity						
Share capital	8 220	3 715	8 220	8 220	24 738	11 337
Share premium	1 624 104	595 991	1 624 104	1 624 104	470 755	216 125
Other paid in capital	1 754	157	1 361	1 361	-	-
Unregistered share capital	-	-	-	-	-	146 968
Accumulated loss	-174 015	-22 153	- 177 381	-170 289	-21 667	-9 953
Total equity	**1 460 064**	**577 711**	**1 456 304**	**1 463 396**	**473 827**	**364 477**
Non-current liabilities						
Provisions	3 888 000	321 168	3 859 308	3 859 308	319 668	202 466
Lease liability	144 034	-	-	-	-	-
Deferred tax liabilities	886 005	-	861 636	886 782	-	-
Interest-bearing loans and borrowings	2 505 875	918 091	2 528 589	2 528 589	963 312	-
Total non-current liabilities	**7 423 915**	**1 239 259**	**7 249 534**	**7 274 680**	**1 282 979**	**202 466**
Current liabilities						
Trade and other payables	1 086 437	116 145	1 145 923	1 145 923	66 013	25 899
Income tax payable	265 720	-	155 722	155 722	-	-
Lease liability-current	45 544	-	-	-	-	-
Shareholder loan	1 141	1 141	1 141	1 141	1 141	20 237
Public dues payable	15 311	2 374	9 840	9 840	3 596	17 285
Provisions, current	2 878	5 535	3 410	3 410	5 554	76 074
Total current liabilities	**1 417 031**	**125 195**	**1 316 036**	**1 316 036**	**76 304**	**139 494**
Total liabilities	**8 840 946**	**1 364 454**	**8 565 570**	**8 590 716**	**1 359 283**	**341 960**
TOTAL EQUITY AND LIABILITIES	**10 301 010**	**1 942 165**	**10 021 874**	**10 054 113**	**1 833 110**	**706 437**

10.4 Selected data from the statement of cash flows

The table below sets out selected data from the Company's statement of cash flows for the years ended 31 December 2018, 2017 and 2016, and also for the three months ended 31 March 2019 and 2018, as prepared in accordance with IFRS. The financial information for 2016 has been extracted from the 2017 IFRS financial statements (where financial figures for 2016 are presented as comparative financial information).

Amounts in NOK `000	Q1 2019 (unaudited)	Q1 2018 restated (unaudited)	2018 restated (unaudited)	2018	2017	2016
Cash flow from operating activities						
Profit / loss (-) before income tax	138 326	-13 301	-300 202	-267 964	-80 494	-31 307
Income tax paid/received	-	-	20 885	20 885	3 740	-
Depreciation, depletion and amortization	201 359	5 883	100 066	57 297	18 025	178
Impairment goodwill	36 354	-	-	-	-	-
Accretion ARO	3 977	1 500	10 078	10 078	6 001	-
Interest expense	54 417	-	145 082	145 082	9 238	-
Change in trade and other receivables, and inventory	158 584	-11 876	-602 224	-591 694	-6 420	-22 491
Change in trade and other payables	-72 157	49 049	693 180	693 180	8 248	39 505
Change in other non-current items	-26 838	-45 221	168 563	168 563	4 385	-
Net cash flow from / used in (-) operating activities	**494 024**	**-13 966**	**235 428**	**235 428**	**-37 278**	**-14 115**
Cash flow from investing activities						
Investment in exploration and evaluation assets	-3 588	-	-573	-573	-999	-4 752
Business combination, cash paid	-	-	-2 725 220	-2 725 220	-	-
Investment in oil and gas properties	-164 843	-46 366	-386 526	-386 526	-123 099	-324 454
Investment in buildings	-	-	-1 001	-1 001	-	-
Investment in furniture, fixtures and office machines	-4 105	-	-3 196	-3 196	0	-200
Net investment in (-)/release of restricted cash	-93 796	48 166	859 472	859 472	-907 799	-
Net cash flow from / used in (-) investing activities	**-266 332**	**1 800**	**-2 257 043**	**-2 257 043**	**-1 031 897**	**-329 406**
Cash flow from financing activities						
Proceeds from intercompany borrowings	-	-	-	-	92 280	258 937
Repayment of intercompany borrowings	-	-	-	-	-58 300	-
Net proceeds from borrowings, bond loan	-	-	1 399 065	1 399 065	961 415	-
Net proceeds from borrowings, exploration loan	-	-	37 650	37 650	-	-
Repayment of borrowings, exploration loan	-	-	-40 000	-40 000	-	-
Interest paid	-36 413	-	-143 403	-143 403	-	-
Net proceeds from share issues	0	103 787	1 133 365	1 133 365	65 500	113 730
Net cash flow from / used in (-) financing activities	**-36 413**	**103 787**	**2 386 677**	**2 386 677**	**1 060 895**	**372 666**
Net increase/ decrease (-) in cash and cash equivalents	**191 278**	**91 621**	**365 062**	**365 062**	**-8 280**	**29 145**
Cash and cash equivalents at the beginning of the period	394 670	29 609	29 609	29 609	37 889	8 744
Cash and cash equivalents at the end of the period	**585 949**	**121 230**	**394 670**	**394 670**	**29 609**	**37 889**
Restricted cash at the end of the period	142 123	859 633	48 327	48 327	907 799	-
Restricted and unrestricted cash at the end of the period	**728 071**	**980 862**	**442 997**	**442 997**	**937 408**	**37 889**

10.5 Selected data from the statement of changes in equity

The table below sets out selected data from the Company's statement of changes in equity for the years ended 31 December 2018, 2017 and 2016, and also for three months ended 31 March 2019. The financial information for 2016 has been extracted from the 2017 Financial Statements (2016 comparative financial information).

Amounts in NOK `000	Share capital	Share premium	Other paid in capital	Unregistered share capital	Accumulated loss	Total equity
Equity at 1 January 2019	**8 220**	**1 624 104**	**1 361**		**-177 381**	**1 456 304**
Net profit / loss (-) for the period					3 366	3 366
Share based payment			394			394
Equity at 31 March 2019 (unaudited)	**8 220**	**1 624 104**	**1 754**		**-174 015**	**1 460 064**
Equity at 1 January 2018	**24 738**	**470 755**	**-**	**-**	**-21 667**	**473 827**
Net profit / loss (-) for the year					-155 715	-155 715
Capital reduction (equity restructuring)	-23 300	-452 590				-475 890
Share issues, conversion of debt (equity restructuring)	1 687	474 203				475 890
Share issues, cash	5 095	1 131 736				1 136 831
Share based payment			1 361			1 361
Equity at 31 December 2018 restated (unaudited)	**8 220**	**1 624 104**	**1 361**	**-**	**- 177 381**	**1 456 304**
Equity at 1 January 2017	**11 337**	**216 125**	**-**	**146 968**	**-9 953**	**364 477**
Net profit / loss (-) for the year					-11 714	-11 714
Registration of share issues in Company Registry	7 348	139 620		-146 968		
Share issues, cash	3 275	62 225				65 500
Share issues, conversion of debt	2 778	52 786				55 564
Equity at 31 December 2017	**24 738**	**470 755**	**-**	**-**	**-21 667**	**473 827**
Equity at 1 January 2016	**1 100**	**20 900**	**-**	**-**	**-4 294**	**17 706**
Net profit / loss (-) for the year					-5 659	-5 659
Share issues, cash	5 686	108 043				113 730
Share issues, conversion of debt	4 550	87 182		146 968		238 700
Equity at 31 December 2016	**11 337**	**216 125**	**-**	**146 968**	**-9 953**	**364 477**

10.6 Independent auditor

The Company’s independent auditor is PricewaterhouseCoopers AS (“PwC”), with business registration number 987 009 713, and registered address at Dronning Eufemias gate 8, 0191 Oslo, Norway. PwC is a member of Den Norske Revisorforeningen (The Norwegian Institute of Public Accountants). PwC has been the Company’s auditor since the financial year 2015.

The financial statements of OKEA AS which are prepared in accordance with IFRS, as at 31 December 2018 and 2017, and in accordance with NGAAP as at 31 December 2016 have been audited by PwC, as stated in their reports included with the audited financial statements. The audited financial statements are included in Appendix B of this Prospectus.

11 OPERATING AND FINANCIAL REVIEW

This operating and financial review should be read together with Section 4 "General Information", Section 8 "Business of the Company", Section 10 "Selected Financial and Other Information" and the Audited Financial Statements and related notes included in Appendix B of this Prospectus. This operating and financial review contains forward-looking statements. These forward-looking statements are not historical facts, but are rather based on the Company's current expectations, estimates, assumptions and projections about the Company's industry, business, strategy and future financial results. Actual results could differ materially from the results contemplated by these forward-looking statements because of a number of factors, including those discussed in Section 2 "Risk Factors" and Section 4.3 "Cautionary note regarding forward-looking statements" of this Prospectus, as well as other sections of this Prospectus. An overview of the APMs discussed in this operating and financial review is presented in Section 4.2.2 "Alternative Performance Measures".

11.1 Overview

OKEA is a public limited liability company incorporated and domiciled in Norway. The Company's aim is to contribute to the value creation on the NCS with cost effective development and operation systems. On 30 November 2018, the Company completed the acquisition of a 44,56% participating interest in Draugen (PL093), a 12% participating interest in Gjøa (PL153) and the office building "Råket" in Kristiansund from A/S Norske Shell (the "**Acquisition**"). OKEA also assumed the operatorship of the Draugen field effective from 30 November 2018. After this acquisition, the Company holds interests in the following 5 fields; 1) 44,56% participating interest in the Draugen field (PL093), 2) 12% participating interest in the Gjøa field (PL153), 3) 15% participating interest in the Yme field (PL316/316B), 4) 0.554% participating interest in the Ivar Aasen field (PL338BS) and 5) 55% participating interest in the Grevling discovery (PL038D). In addition to Draugen and Gjøa, OKEA is producing oil and gas from the Ivar Aasen field. OKEA started generating revenues from the Ivar Aasen field from 2017. The Yme field is approved for development and it's expected that production will start from Q2 2020.

OKEAs alternative performance measures (APMs) are EBITDA, OPEX, OPEX per boe and Profit/loss from operating activities. These measures are considered key measures in evaluating operating performance. EBITDA is also key for OKEAs ability to fund its operations and investments and service debt. OKEAs results of operations are discussed in 11.5, Liquidity and capital resources in 11.7 and investments in 11.8.

The Company conducts business primarily in the Norwegian kroner and also in US Dollars and British Pounds as the Company's revenues are primarily in USD (oil prices are USD denominated) and GBP denominated (gas prices are GBP denominated). The Company prepares its financial statements in NOK and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in accordance with the additional requirements following the Norwegian Accounting Act.

11.2 Factors affecting the Company's results of operations

The business, financial condition, results of operations and cash flows, as well as the period-to-period comparability of the financial results of the Company, are affected by a number of factors, see Section 2 "Risk Factors". Some of the factors that have influenced the Company's 's financial condition and results of operations during the periods under review and which are expected to continue to influence the Company's business, financial condition, results of operations and cash flows, as well as the period-to-period comparability of the Company's financial results, are:

- Oil and gas prices. Market prices for oil and gas are volatile. Oil prices were close to all-time highs for most of 2011, 2012, 2013 and the first half of 2014. However, during the second half of 2014, oil prices declined steeply and further into 2015 and 2016. Since then, prices have recovered substantially. As evidenced by the price changes in recent years, the oil price is highly dependent on the current and expected future supply and demand of oil. Lower prices on the Company's products may lead to a material decrease in net production revenues. Further, lower oil and gas prices could result in substantial downward adjustments of oil and gas reserves as they are no longer economically viable at such lower prices. If this occurs, the Company may be required to write-down the carrying value of its proved oil and gas properties. Less reserves will also lead to higher depreciation in the Company's income statement, all other things equal. Further, planned CAPEX spending may not be sustainable based on lower prices.

- Reserves and contingent resources. The Company cannot measure the volumes in the reservoir directly. It will always have to rely on data from wellbore(s) or seismic surveys. Models to evaluate volumes of reserves and resources are in itself highly complex and the company cannot guarantee that these models are correct. Moreover, different reservoir engineers may make different estimates of reserves and cash flows based on the same available data. Actual production, revenues and expenditures with respect to reserves and resources will vary from estimates, and the variances may be material. If the assumptions upon which the estimates of the Company's oil and gas reserves or resources are proved to be incorrect, the Company may be unable to recover and/or produce the estimated levels or quality of oil or gas. Less reserves would negatively affect revenue. In addition less reserves would lead to a higher deprecation, all other things equal.

- Investments. Developing field into production requires significant investments and implementation of technology over several years. Making these investments and implementing these technologies, usually under difficult conditions, can result in uncertainties about the amount of investment necessary, operating costs and additional expenses incurred as compared to the initial budget. In addition investments may be made on fields that are not commercially viable. The Company may incur higher costs than budgeted. In addition the Company may need to impair previously capitalized expenses for exploration wells on non-commercial fields.

- Operating costs including drilling and production costs. The oil industry historically has experienced periods of rapid cost increases impacting OPEX and ability to invest. Increases in the cost of exploration, production and development would affect the Company's ability to invest in prospects and to purchase or hire equipment, supplies and services. A reduction in the Company's ability to invest would negatively affect the Company's production and revenue. Current or future projected target dates for production may be delayed and cost overruns may occur. The Company's estimated exploration costs are subject to a number of assumptions that may not materialize. Such factors may again impact on the extent to which the fields to be developed are fully funded or remain commercially viable and consequently may result in breach by the Company of its obligations and require the Company to raise additional debt and equity.

- Licensing, planning permission and other consents. The Company operates on the NCS and is subject to the Petroleum Act (Act of 29 November 1996 No. 72 relating to petroleum activities). The Act establishes that the Norwegian state has the proprietary right to subsea petroleum deposits on the Norwegian Continental Shelf. The Norwegian State has established a licensing system giving Okea and other companies' rights to engage in petroleum operations. The Company may not be granted further participating interests in Production Licences on the NCS, existing licenses may be withdrawn or be subject to limitations. Further obtaining necessary consents and approvals may be costly, restricting the Company's ability to obtain such approvals. The failure to gain licenses or limitation of licenses may impact the Company's ability to recover and/or produce the estimated levels or quality of oil or gas. Less production would lead to reduced revenue.

- Norwegian petroleum tax refund scheme. Under current Norwegian tax rules, companies which are not in a tax position may annually claim a refund from the Norwegian tax office of the tax value of direct and indirect costs, except financial cost, incurred in connection with exploration for petroleum resources on the NCS. The tax refund scheme may be subject to changes going forward to less beneficial terms for oil companies.

- Environmental and health and safety regulations. The Company is subject to environmental regulation pursuant to a variety of international conventions and national regulations as well as applicable health and safety regulations. Compliance with the legislation can require significant expenditures and breach may result in the imposition of fines and penalties in addition to loss of reputation. The Company may be subject to large fines if relevant regulations are breached, increasing costs and reducing profit. Further changes in current regulation may negatively impact the Company as compliance costs may increase, reducing profit.

11.3 Description of income statement line items

Revenue from crude oil and gas services

Revenue from the sale of petroleum products is recognised when the Company's contractual performance obligation has been fulfilled; at delivery. The lifting schedule will vary with the production. The sales of petroleum products are for the most part to large international oil companies with investment grading. The pricing of the sales of petroleum products is based on current market terms for each product. Revenues from sales of services are recorded when the service has been performed.

YME compensation contract breach

Compensation for YME compensation contract breach is presented as a separate line item in the income statement for 2018.

Other operating income

The Company has prior to Q1 2019 used a variant of the sales method where changes in overlift and underlift balances have been valued at its net realizable value and the change in over/underlift has been included as "other income". Due to recent development in IFRIC discussions, the Company has decided to change to the traditional sales method from 1 January 2019. This means that changes in over/underlift balances are valued at production cost including depreciation and presented as an adjustment to cost. The new accounting principle for overlift and underlift balances leads to increased volatility in revenue recognition in situations where there are changes to the lifting schedule or where there are uneven number of liftings between quarters. Comparative figures for the quarter ended 31 March 2018 and the year ended 30 December 2018 has been restated in line with IAS 8 "Accounting policies, changes in accounting estimates and errors". As a consequence of this restatement 2018 figures in the prospectus are presented as restated.

Further, other operating income consists of gain on put options on oil.

Production expenses

Production expenses consist of the Company´s share of expenses incurred in the production phase of the relevant Production Licences.

Changes in over/underlift positions and production inventory

Changes in over/underlift positions and production inventory are changes in over/underlift balances that are valued at production cost including depreciation and presented as an adjustment to cost.

Exploration expenses

The Company uses the 'successful efforts' method to account for exploration costs for oil and gas properties. All exploration costs with the exception of drilling costs of exploration wells and acquisition costs of Production Licences are charged to expense as incurred. Drilling costs of exploration wells are temporarily capitalised pending the determination of oil and gas reserves. If reserves are not found, or if discoveries are assessed not to be technically and commercially recoverable, the drilling costs of exploration wells are expensed. Costs of acquiring licences are capitalised and assessed for impairment at each reporting date. Licence acquisition costs and capitalised exploration costs are classified as intangible assets (Exploration and Evaluation Assets) during the exploration phase.

Depreciation, depletion and amortization

Capitalised costs for oil & gas fields in production are depreciated individually (on a field level) using the unit-of-production method. The depreciation is calculated based on proved and probable reserves. The rate of depreciation is equal to the ratio of oil and gas production for the period over the estimated remaining proved and probable reserves expected to be recovered at the beginning of the period. The rate of depreciation is multiplied with the carrying value plus estimated future capital expenditure necessary to develop any undeveloped reserves included in the reserve basis. Any changes in the reserves estimate that affect unit-of-production calculations, are accounted for prospectively over the revised remaining reserves. Costs of developing commercial oil and/or gas fields (*development costs for oil and gas properties)* are capitalised. Capitalised development costs and acquisition cost of fields in development are classified as tangible assets (Oil and gas properties).

Impairment

Goodwill is tested for impairment annually. For the purpose of impairment testing, goodwill is allocated to cash-generating unit (CGU), or groups of cash-generating units, that are expected to benefit from the synergies of the business combination from which it arose. The appropriate allocation of goodwill requires management's judgment and may impact the subsequent impairment charge significantly. The term "technical goodwill" is used to describe a category of goodwill arising as an offsetting account to deferred tax recognised in business combinations. When deferred tax from the initial recognition decreases, more goodwill is as such exposed for impairments.

Employee benefits expenses

Employee benefit expenses are related to salary, employer´s payroll tax expenses, pensions, share based payment, other personnel expenses, charged operated Production Licences and amounts reclassified to oil and gas properties under development.

Pensions
According to Norwegian law employees are mandatory members of the Company's Pension Scheme. The scheme is based on a contribution plan. Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further obligations to fund the scheme.

Share-based payment
Warrants and other equity instruments granted to employees are measured by reference to the fair value of the warrants or other equity instruments at the date on which they are granted. The fair value of the warrants or other equity instruments is estimated on the grant date and charged to expense over the vesting period, together with a corresponding increase in equity. The vesting period is the period in which the performance conditions are fulfilled, ending on the date on which they become fully entitled to the award ('vesting date').

Other operating expenses
Other operating expenses consists of lease expenses, technical consultants, business consultants, travel expenses, insurance costs, other operating expenses, expenses charged to Production Licences and amounts reclassified to oil properties under development.

Finance income
Finance income mainly consists of interest income and unwinding of discount asset retirement receivable.

Finance costs
Finance costs consists of interest expense bond loan, exchange rate loss, put options (foreign exchange), unwinding of discount asset retirement obligations, other financial expense and other interest expense.

Income taxes
The income tax expense/credit consists of current income tax (taxes payable/receivable) and changes in deferred income taxes. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date. Oil-exploration companies operating on the Norwegian Continental Shelf under the offshore tax regime can claim a 78% refund of their exploration costs, limited to taxable losses for the year. The refund is paid out in November/December in the following year. This tax receivable is classified as a current asset. Further, companies 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 (including interest) from the tax authorities when operations cease. Deferred tax assets that are based on offshore tax losses carry forward are therefore normally recognised in full.

11.4 Recent developments and trends

The Company acquired Draugen and Gjøa in November 2018. The acquisitions are in line with the Company's strategy of field development of sub-100 mmboe fields, and recent market trends. Recent years there has been a number of larger corporate deals, with majors selling out of the Norwegian Continental Shelf, and smaller fields becoming more important. The Company is well positioned for further growth and to act on opportunities in the market.

Further, oil prices have recovered substantially the later years, strengthening the Company's operations. The Company was also awarded with four new Production Licences in the 2018 Award in Predefined Areas. Based on the above factors the company exited 2018 with a significantly larger, stronger and more diversified production portfolio than at the beginning of the year.

In 2018 the Company carried out three share issues, with net proceeds of NOK 1,137 million. Most of this was related to the acquisition of Draugen and Gjøa. In addition, the Company issued its second bond, OKEA 02, with USD 180 million in proceeds in June 2018.

The two key trends mentioned above; increasing consolidation and small field developments are expected to continue through the foreseeable future. Further after a decline towards the end of 2018, oil prices have recovered in 2019. Investment in field development is to be continued in 2019, focusing primarily on Draugen and Yme. For 2019 Okea will produce oil and gas from Draugen, Gjøa and Ivar Aasen. Is it expected that production will start on the Yme field from Q2 2020. Investments in the Gjøa field will increase from 2020. The Grevling discovery has been matured and the licence partnership has concluded to work with a Mobile Offshore Production Unit as the preferred solution. The neighbouring

Storskrymten discovery, which was licensed to OKEA as operator in the APA 2018 round, is planned to be jointly developed as part of the Grevling project.

In Q1 2019 OKEA has taken over Shell's 50% working interest and operatorship on Production Licence (PL) 958. PL958 is located on the Trøndelag Platform, 10 km east of the Draugen Field, where OKEA is operator, and east of PL1001 where OKEA is partner. The acreage is in the exploration phase and data coverage is limited. The other participating interest holders are Neptune and Petoro, the same as on the Draugen Field. Further, in Q1 2019 OKEA was awarded a 60% working interest in (PL) 1003 Mistral. The Company has not performed any business combinations in Q1 2019.

11.5 Results of operations

11.5.1 Introduction

The Company's net production was 19,498 boepd for the quarter ended 31 March 2019, compared to 369 boepd for the quarter ended 31 March 2018. The increase in boepd is due to the acquisition of Draugen and Gjøa in December 2018. In 2018 the Company's net production was 22,369 boepd, including the effect of the Draugen and Gjøa assets from December 2018.

The Company's total operating income amounted to NOK 764.3 million for the quarter ended 31 March 2019, compared to NOK 2.3 million for the corresponding period in 2018. The increase is driven by revenues from crude oil and gas sales from Draugen and Gjøa. In 2018 total operating income amounted to NOK 309.1 million compared to NOK 43.4 million for the year ended 2017, and was impacted by the acquisition of the Draugen and Gjøa assets, included from the acquisition date 30 November 2018. Currently, the Company's production comes from Ivar Aasen, Draugen and Gjøa.

11.5.2 Period ended 31 March 2019 compared to period ended 31 March 2018

The Table below sets out the Company's financial information (IFRS) for the period ended 31 March 2019 and 2018.

Amounts in NOK `000	**Q1 2019 (unaudited)**	**Q1 2018 restated (unaudited)**
Revenues from crude oil and gas sales	748 115	2 314
Yme compensation contract breach	22 098	-
Other operating income	-5 985	-
Total operating income	**764 228**	**2 314**
Production expenses	-144 106	-2 390
Changes in over/underlift positions and production inventory	-164 58	14 022
Exploration expenses	-12 402	-11 211
Depreciation, depletion and amortization	-201 359	-5 883
Impairment	-36 354	-
Employee benefits expenses	-9 227	-11 033
Other operating expenses	-20 924	-4 317
Total operating expenses	**-588 958**	**-20 811**
Profit / loss (-) from operating activities	**175 270**	**-18 498**
Finance income	52 894	29 101
Finance costs	-89 838	-23 905
Net financial items	**-36 944**	**5 197**
Profit / loss (-) before income tax	**138 326**	**-13 301**
Income taxes	-134 960	12 815
Net profit / loss (-)	**3 366**	**-486**
Other comprehensive income:		
Total other comprehensive income		
Total comprehensive income / loss (-)	**3 366**	**-486**

Q1 2019 is the first quarter that includes activities from Draugen and Gjøa for a full quarter, and all the financial statement line items on operating income and expenses are largely influenced by this fact.

Revenues from crude oil and gas sales
Revenues from crude oil and gas sales for the period ended 31 March 2019 were NOK 748.1 million, compared to NOK 2.3 million for the same period in 2018. Revenues during the first quarter of 2019 were largely affected by activities from Draugen and Gjøa. Draugen and Gjøa was acquired in the fourth quarter of 2018 and Ivar Aasen was put into production in December 2018.

Yme compensation contract breach
Yme compensation contract breach of NOK 22.1 million in the period ended 31 March 2019 consist of the final amount of the Yme compensation contract breach received in Q1 2019.

Other operating income
Other operating income for the period ended 31 March 2019 were negative with NOK 6 million compared to no other operating income in the period ended 31 March 2018. Other operating income in Q1 2019 consists of costs and value adjustments of oil options.

Total operating income
As a result of the foregoing, the total operating income for the period ended March 31 2019 was NOK 764.2 million compared to NOK 2.3 million for the period ended 31 March 2018.

Production expenses
Production expenses for the period ended 31 March 2019 were NOK 144.1 million compared to NOK 2.4 million for the same period in 2018. The increase in production expenses from Q1 2018 to Q1 2019 is due to activities related to Ivar Aasen, Draugen and Gjøa. Draugen and Gjøa was acquired in the fourth quarter of 2018 and Ivar Aasen was put into production in December 2018.

Changes in over/underlift positions and production inventory
Changes in over/underlift positions and production inventory was negative with NOK 164.6 million for the period ended 31 March 2019, compared to a positive amount of NOK 14 million for the period ended 31 March 2018. The negative impact in Q1 2019 was mainly due to the lifting of underlift and inventory on Draugen that had been acquired from Shell and was valued at fair value at acquisition 30.11.2018.

Exploration expenses
Exploration expenses for the period ended 31 March 2019 were NOK 12.4 million compared to NOK 11.2 million for the same period in 2018. The exploration expenses reflect the activities in the exploration phase, mainly related to field evaluations on Grevling.

Depreciation, depletion and amortization
Depreciation, depletion and amortization for the period ended 31 March 2019 was NOK 201.4 million compared to NOK 5.9 million for the same period in 2018. Depreciation, depletion and amortization in for the period ended 31 March 2018 relates to Ivar Aasen, while in the period ended 31 March 2019 depreciation, depletion and amortization relates to Ivar Aasen, Draugen and Gjøa,

Impairment
Impairment charges for the period ended 31 March 2019 amounted to NOK 36.4 million and has been recognized to reduce the carrying amount of "technical" goodwill related to the Gjøa acquisition in November 2018.

Employee benefits expenses
Employee benefits expenses for the period ended 31 March 2019 were NOK 9.2 million compared to NOK 11.0 for the same period in 2018. The reduction is mainly caused by a higher share charged to operated licenses.

Other operating expenses
Other operating expenses for the period ended 31 March 2019 were NOK 20.9 million compared to NOK 4.3 million for the same period in 2018. The increase was mainly due to activities related to Ivar Aasen, Draugen and Gjøa.

Total operating expenses
As a result of the foregoing, the total operating expenses for the period ended 31 March 2019 were NOK 589.0 million compared to NOK 20.8 million for the same period in 2018.

Production expenses per barrel of oil equivalent
Boe produced during the period ended 31 March 2019 was 1 754 820, and production expense per boe amounts to NOK 82, compared to 33 210 boe and production expense of 72 per boe for the period ended 31 March 2018. The increase in oil production is due to the acquisition of Draugen and Gjøa in December 2018. In Q1 2018 Ivar Aasen was in production only.

Profit/loss from operating activities
As a result of the foregoing, the Company's profit from operating activities for the period ended 31 March 2019 was NOK 175.3 million compared to a loss of NOK 18.5 million for the period ended 31 March 2018.

Finance income
Finance income for the period ended 31 March 2019 was NOK 53 million compared to NOK 29.1 million for the same period in 2018. The change is mainly driven by an unwinding of discount asset retirement receivable of NOK 24.7 million in Q1 2019.

Finance cost
Finance cost for the period ended 31 March 2019 was NOK 89.8 million compared to NOK 23.9 million for the same period in 2018. The change is mainly driven by increased interest expense related to the USD 180 million bond loan entered into in June 2018, and an unwinding of discount asset retirement obligations of NOK 28.7 million.

Net financial items
As a result of the described changes in finance income and finance cost, net financial items for the period ended 31 March 2019 were NOK 36.9 million compared to NOK 5.2 million for the same period in 2018.

Profit/loss before income tax
As a result of the foregoing, the Company had a profit before income tax of NOK 138.3 million for the period ended 31 March 2019 compared to a loss of NOK 13.3 million for the same period in 2018.

Income taxes
Income taxes for the period ended 31 March 2019 were NOK 135 million compared to tax income of NOK 12.8 million for the period ended 31 March 2018. The tax income is due to the tax rules for Oil-exploration companies operating on the Norwegian Continental Shelf under which these companies can claim a 78% refund of their exploration costs, limited to taxable losses for the year. The effective tax rate was 98% for the period ended 31 March 2019 compared to 96% for the period ended 31 March 2018. The high tax rate in Q1 2019 was caused by impairment of technical goodwill which does not carry deferred tax and effect of financial items which is taxed at a lower rate than 78%. The effect of uplift resulted in an offsetting effect in Q1 2019. In Q1 2018 the high tax rate was mainly due to the effect of uplift.

Net profit/loss
As a result of the foregoing, the Company had a net profit of NOK 3.4 million for the period ended 31 March 2019 compared to a net loss of NOK 0.5 million for the period ended 31 March 2018.

EBITDA
The Company had an EBITDA of NOK 413.0 million for the period ended 31 March 2019 compared to an EBITDA loss of NOK 12.6 million for the period ended 31 March 2018.The increased EBITDA was mainly driven by higher revenues from crude oil and gas sales in Q1 2019 compared to Q1 2018.

Total comprehensive income
As a result of the foregoing, the Company had a total comprehensive income of NOK 3.4 million for the period ended 31 March 2019 compared to a total comprehensive loss of NOK 0.5 million for the same period in 2018.

11.5.3 Year ended 31 December 2018 compared to year ended 31 December 2017

The table below sets out the Company's financial information (IFRS) for the year ended 31 December 2018 and 2017. Comments on changes are based on a comparison between 2018 restated (unaudited) numbers and 2017 numbers.

Amounts in NOK `000	2018 restated (unaudited)	2018	2017
Revenues from crude oil and gas sales	149 761	149 761	38 429
YME compensation contract breach	115 000	115 000	0
Other operating income	44 326	88 747	5 007
Total operating income	**309 087**	**353 508**	**43 435**
Production expenses	-96 714	-18 347	-7 654
Changes in over/underlift positions and production inventory	133 318	-	0
Exploration expenses	-74 782	-74 782	-28 710
Depreciation, depletion and amortization	-100 066	-57 297	-18 025
Employee benefit expenses	-34 183	-34 183	-11 707
Other operating expenses	-87 899	-87 899	-33 128
Total operating expenses	**-260 326**	**-272 509**	**-99 223**
Profit / loss (-) from operating activities	**48 761**	**80 999**	**-55 788**
Finance income	17 300	17 300	2 392
Finance costs	-366 263	-366 263	-27 098
Net financial items	**-348 963**	**-348 963**	**-24 706**
Profit / loss (-) before income tax	**-300 202**	**-267 964**	**-80 494**
Income taxes	144 488	119 342	68 780
Net profit / loss (-)	**-155 715**	**-148 622**	**-11 714**
Other comprehensive income:			
Total other comprehensive income	**-**	**-**	**-**
Total comprehensive income / loss (-)	**-155 715**	**-148 622**	**-11 714**

Revenues from crude oil and gas sales

Revenues from crude oil and gas sales for the year ended 31 December 2018 were NOK 149.8 million, up from NOK 38.4 million for the year ended 31 December 2017. The increase in revenues from crude oil and gas sales was mainly due to the acquisition of Draugen and Gjøa.

YME compensation contract breach

On 11 March 2013 Repsol Norge AS as operator for and on behalf of the Yme participating interest holders entered into a settlement agreement with Single Buoy Moorings Inc ("SBM") terminating the Yme MOPUstor project for a settlement contribution by SBM to the Yme participating interest holders, including termination of the existing agreements hereunder releasing SBM from its delivery obligation related to fabrication and lease of production facilities to be applied at the Yme field, terminating arbitration proceedings and decommissioning of the Yme MOPU. As part of this settlement the parties agreed in that if SBM were to receive any future claim recoveries under its CAR insurance relating to the Yme project, an amount equal to 50% of SBM's net recovery (after deductions for expenses and legal costs) shall be paid by SBM to the Yme partners.

On 10 September 2018 SBM announced full and final settlement of its insurance claim related to the Yme project, after partial settlements had previous been announced by SBM on 17 July 2017, 11 August 2017 and 9 August 2018. NOK 115 million represents OKEA's estimated share of this settlement.

Other operating income

Other operating income for the year ended 31 December 2018 was NOK 44.3 million compared to NOK 5.0 million for the year ended 31 December 2017. In 2017 the operating income consisted of underlift position of NOK 5.0 million related to the Ivar Aasen field. Prior to Q1 2019 changes in overlift and underlift balances were valued at its net realizable value and the change in over/underlift were included as "other income"). In 2018, following the restatement of the accounting principle other income consist of a NOK 37.2 million gain from oil put options and NOK 7.1 million from sale of 15% interest in PL038D Grevling to Chrysaor.

Total operating income

As a result of the foregoing, the total operating income for the year ended 2018 was NOK 309.1 million compared to NOK 43.4 million for the year ended 2017.

Production expenses

Production expenses for the year ended 31 December 2018 were NOK 96.7 million compared to NOK 7.7 million for the year ended 31 December 2017. The increase was mainly due to the acquisition of Draugen and Gjøa and increased production on the Ivar Aasen field.

Changes in over/underlift positions and production inventory

Changes in over/underlift positions and production inventory amounted to NOK 133.3 million for the year ended 31 December 2018 following restatement of the accounting principle for over/underlift.

Exploration expenses

Exploration expenses for the year ended 31 December 2018 were NOK 74.8 million compared to NOK 28.7 million for the year ended 31 December 2017. Share of exploration expenses from participation in Production Licences increased from 23.8 million for the year ended 31 December 2017 to NOK 44.5 million for the year ended 31 December 2018, while OKEA specific seismic and other exploration expenses increased from NOK 5 million for the year ended 31 December 2017 to NOK 30.3 million for the year ended 31 December 2018. In both 2017 and 2018 the exploration expenses mainly relate to Grevling, with a higher activity in 2018 than in 2017.

Depreciation, depletion and amortization

Depreciation, depletion and amortization for the year ended 31 December 2018 was NOK 100.1 million compared to NOK 18 million for the year ended 31 December 2017. The increase from year ended 31 December 2017 to year ended 31 December 2018 was primarily due to the acquisition of Draugen and Gjøa.

Employee benefits expenses

Employee benefits expenses for the year ended 31 December 2018 were NOK 34.2 million compared to NOK 11.7 million for the year ended 31 December 2017. The increase from year ended 2017 to year ended 2018 follows from increased number of employees during 2018.

Other operating expenses

Other operating expenses for the year ended 31 December 2018 were NOK 87.9 million compared to NOK 33.1 million for the year ended 31 December 2017. The increase in other operating expenses was mainly due to an increase in technical consultancy expenses, which for 2018 related to IT and consultant services in connection with set-up of operatorship on Draugen. A major part of the expenses have been charged to the licence.

Total operating expenses

As a result of the foregoing, the total operating expenses for the year ended 31 December 2018 were NOK 260.3 million compared to NOK 99.2 million for the year ended 31 December 2017.

Production expense per barrel of oil equivalent

Boe produced in 2018 was 814 681 and production expense per boe amounts to NOK 119. Boe produced in 2017 was 106 598 and production expense per boe amounts to NOK 72.

Profit/loss from operating activities

As a result of the foregoing, the Company's profit from operating activities for the year ended 31 December 2018 was NOK 48.8 million compared to a loss from operating activities of NOK 55.8 million for the year ended 31 December 2017.

Finance income
Finance income for the year ended 31 December 2018 was NOK 17.3 million compared to NOK 2.4 million for the year ended 31 December 2017. The increase in finance income is mainly due to increased interest income due to increase in cash and cash equivalents primarily from the issue of bonds and shares in 2018 and unwinding of discount asset retirement receivable of NOK 8.2 million.

Finance costs
Finance costs for the year ended 31 December 2018 were NOK 366.3 million compared to NOK 27.1 million for the year ended 31 December 2017. The increase in finance costs is primarily due to the increased interest expense of NOK 147.0 million following the bond loan issued to finance the acquisition of Draugen and Gjøa and unwinding of discount asset retirement obligation of NOK 12.3 million. In addition, exchange rate loss increased significantly for the year ended 31 December 2018 with NOK 148 million compared to the year ended 2017.

Net financial items
As a result of the described changes in finance income and finance cost, net financial items for the year ended 31 December 2018 were NOK 349.0 million compared to NOK 24.7 million for the year ended 31 December 2017.

Profit/loss before income tax
As a result of the foregoing, the Company had a loss before income tax of NOK 300 million for the year ended 31 December 2018 compared to a loss of NOK 80.5 million for the year ended 31 December 2017.

Income taxes
Income taxes for the year ended 31 December 2018 were NOK 144.5 million (income) compared to NOK 68.8 million (income) for the year ended 31 December 2017. The tax income is due to the tax rules for Oil-exploration companies operating on the Norwegian Continental Shelf under which these companies can claim a 78% refund of their exploration costs, limited to taxable losses for the year. The increase in income taxes follows from the increased activities, mainly as a consequence of the acquisition of Draugen and Gjøa.

Net profit/loss
As a result of the foregoing, the Company had a net loss of NOK 155.7 million for the year ended 31 December 2018 compared to a net loss of NOK 11.7 million for the year ended 31 December 2017.

EBITDA
The Company had an EBITDA of NOK 148.8 million for the year ended 31 December 2018 compared to an EBITDA loss of NOK 37.8 million for the year ended 31 December 2017. The acquisition of Draugen and Gjøa was completed on 30 November 2018. Further, other operating income was positively impacted by the NOK 115 million compensation received through the participation in Yme.

Total comprehensive loss
As a result of the foregoing, the Company had a total comprehensive loss of NOK 155.7 million for the year ended 31 December 2018 compared to a total comprehensive loss of NOK 11.7 million for the year ended 31 December 2017

11.5.4 Year ended 31 December 2017 compared to year ended 31 December 2016

The Table below sets out the Company's financial information (IFRS) for the year ended 31 December 2017 and 2016.

Amounts in NOK `000	**2017**	**2016**
Revenues from crude oil and gas sales	38 429	-
Other operating income	5 007	494
Total operating income	**43 435**	**494**
Production expenses	-7 654	-148
Exploration expenses	-28 710	-547
Depreciation, depletion and amortization	-18 025	-178
Employee benefits expenses	-11 707	-13 772
Other operating expenses	-33 128	-14 281
Total operating expenses	**-99 223**	**-28 926**

Profit / loss (-) from operating activities	**-55 788**	**-28 432**
Finance income	2 392	2 460
Finance costs	-27 098	-5 334
Net financial items	**-24 706**	**-2 874**
Profit / loss (-) before income tax	**-80 494**	**-31 307**
Income taxes	68 780	25 648
Net profit / loss (-)	**-11 714**	**-5 659**
Other comprehensive income:		
Total other comprehensive income	**-**	**-**
Total comprehensive income / loss (-)	**-11 714**	**-5 659**

Revenues from crude oil and gas sales
Revenues from crude oil and gas sales for the year ended 31 December 2017 were NOK 38.4 million. These revenues were generated through production at the Ivar Aasen field. The Company did not have revenues from crude oil and gas sales for the year ended 31 December 2016.

Other operating income
Other operating income for the year ended 31 December 2017 were NOK 5 million compared to NOK 0.5 million for the year ended 31 December 2016. In 2017 other operating income came from an underlift position of NOK 5.0 million related to the Ivar Aasen field. Prior to Q1 2019 changes in overlift and underlift balances has been valued at its net realizable value and the change in over/underlift has been included as "other operating income".

Total operating income
As a result of the foregoing, the total operating income for the year ended 31 December 2017 was NOK 43.4 million compared to NOK 0.5 million for the year ended 31 December 2016.

Production expenses
Production expenses for the year ended 31 December 2017 were NOK 7.7 million compared to NOK 0.1 million for the year ended 31 December 2016. Production expenses in 2017 relates to the Company´s share of expenses incurred at the Ivar Aasen field.

Exploration expenses
Exploration expenses for the year ended 31 December 2017 were NOK 28.7 million compared to NOK 0.5 million for the year ended 31 December 2016. Exploration expenses in 2017 relates to NOK 23.8 million in share of exploration expenses from participation in Production Licences and NOK 4.9 million in OKEA specific seismic and other exploration expenses. The 2017 exploration expenses are mainly related to the Grevling field.

Depreciation, depletion and amortization
Depreciation, depletion and amortization for the year ended 31 December 2017 was NOK 18 million compared to NOK 0.2 million for the year ended 2016. Depreciation, depletion and amortization in 2017 relates to the oil and gas properties on the Ivar Aasen field that was put into production during 2017.

Employee benefits expenses
Employee benefits expenses for the year ended 31 December 2017 were NOK 11.7 million compared to NOK 13.8 million for the year ended 2016. In 2017 26 man-years were employed compared to 17 man-years in 2016. The decrease in employee benefit expenses from 2017 to 2016 relate to NOK 14.9 million being charged to Production Licences in 2017 reducing employee benefit expense, as opposed to nil charge to Production Licences in 2016.

Other operating expenses
Other operating expenses for the year ended 31 December 2017 were NOK 33.1 million compared to NOK 14.3 million for the year ended 2016. The increase was mainly due to NOK 54.3 million other expenses reclassified to oil and gas properties under development in 2016 reducing expenses as opposed to a reclassification of NOK 2.1 million in 2017. The expenses reclassified in 2016 mainly relate to technical consultants which amount to NOK 51.4 million in 2016 compared to NOK 12.1 million in 2017. The technical consultants in 2016 mainly relate to the Yme field, as OKEA was

the planned operator on the field. However in 2017 it was decided that Repsol would be the operator on the field and the consultant expense decreased.

Total operating expenses
As a result of the foregoing, the total operating expenses for the year ended 31 December 2017 were NOK 99.2 million compared to NOK 28.9 million for the year ended 31 December 2016.

Production expenses per barrel of oil equivalent
Boe produced in 2017 was 106 598 and production expenses per boe amounts to NOK 762. All boe was produced from the Ivar Aasen field. The change in boe production explains the significant change in operating expenses.

Profit/loss from operating activities
As a result of the foregoing, the Company's loss from operating activities for the year ended 31 December 2017 was NOK 55.8 million compared to a loss of NOK 28.4 million for the year ended 31 December 2016.

Finance income
Finance income for the year ended 31 December 2017 was NOK 2.4 million compared to NOK 2.5 million for the year ended 31 December 2016.

Finance cost
Finance cost for the year ended 31 December 2017 was NOK 27.1 million compared to NOK 5.3 million for the year ended 31 December 2016. Finance cost for 2017 mainly consist of interest expense on bond loan of NOK 10.1 million related to the secured bond loan entered into in November 2017, exchange rate loss of NOK 8.2 million, and unwinding of discount asset retirement obligations of NOK 6 million related to the Ivar Aasen field.

Net financial items
As a result of the described changes in finance income and finance cost, net financial items for the year ended 31 December 2017 were NOK -24.7 million compared to NOK -2.9 million for the year ended 31 December 2016.

Profit/loss before income tax
As a result of the foregoing, the Company had a loss before income tax of NOK 80.5 million for the year ended 31 December 2017 compared to a loss of NOK 31.3 million for the year ended 31 December 2016.

Income taxes
Income taxes for the year ended 31 December 2017 were NOK 68.8 million (income) compared to NOK 25.6 million (income) for the year ended 31 December 2016. The tax income is due to the tax rules for Oil-exploration companies operating on the Norwegian Continental Shelf under which these companies can claim a 78% refund of their exploration costs, limited to taxable losses for the year. Higher activity in 2017 increased the income tax (income) in 2017 compared to 2016.

Net profit/loss
As a result of the foregoing, the Company had a net loss of NOK 11.7 million for the year ended 31 December 2017 compared to a net loss of NOK 5.7 million for the year ended 31 December 2016.

EBITDA
The Company had an EBITDA loss of NOK 37.8 million for the year ended 31 December 2017 compared to an EBITDA loss of NOK 28.3 million for the year ended 31 December 2016.

Total comprehensive loss
As a result of the foregoing, the Company had a total comprehensive loss of NOK 11.7 million for the year ended 31 December 2017 compared to a total comprehensive loss of NOK 5.7 million for the year ended 31 December 2016.

11.6 Statement of financial position

11.6.1 Introduction

The Company's total assets has increased significantly due to the acquisition of Draugen and Gjøa, as well as investments in the Yme Field Development. Total assets amounted to NOK 10,301.0 as of 31 March 2019 compared to NOK 10,021.9 million as of 31 December, 2018. Total assets amounted to NOK 1,833.1 million as of 31 December, 2017.

The operations of the Company are financed through equity and bond loans. The Draugen and Gjøa assets were financed with new equity and a new bond loan. The Company carried out three share issues in 2018, with net proceeds of NOK 1,137 million. Most of this was related to the acquisition of Draugen and Gjøa. In June 2018 the company issued its second bond, OKEA 02, with USD 180 million in proceeds.

As of 31 March 2019, total equity amounted to NOK 1,460.1 million. As of 31 December, 2018, total equity amounted to NOK 1,456.3 million compared to NOK 473.8 million as of 31 December, 2017. Total liabilities amounted to NOK 8 840.9 million at 31 March 2019, compared to NOK 8,565.6 million as of 31 December, 2018 and NOK 1,359.3 million as of 31 December 2017.

11.6.2 Period ended 31 March 2019 compared to period ended 31 March 2018

The table below sets out the Company's statement of financial position information (IFRS) for the period ended 31 March 2019 and 2018.

Amounts in NOK `000	**31.03.2019 (unaudited)**	**31.12.2018 restated (unaudited)**
ASSETS		
Non-current assets		
Deferred tax assets	-	-
Goodwill	1 436 072	1 472 428
Exploration and evaluation assets	9 320	6 324
Oil and gas properties	3 991 123	4 022 321
Buildings	91 344	92 051
Furniture, fixtures and office equipment	7 511	3 407
Right-of-use assets	189 541	-
Other financial non-current assets	2 778 951	2 754 237
Total non-current assets	**8 503 863**	**8 351 218**
Current assets		
Trade and other receivables	840 921	912 159
Spare parts, equipment and inventory	228 154	315 500
Restricted cash	142 123	48 327
Cash and cash equivalents	585 949	394 670
Total current assets	**1 797 146**	**1 670 656**
TOTAL ASSETS	**10 301 010**	**10 021 874**
EQUITY AND LIABILITIES		
Equity		
Share capital	8 220	8 220
Share premium	1 624 104	1 624 104
Other paid in capital	1 754	1 361
Unregistered share capital		
Accumulated loss	-174 015	-177 381
Total equity	**1 460 064**	**1 456 304**
Non-current liabilities		
Provisions	3 888 000	3 859 308
Lease liability	144 034	
Deferred tax liabilities	886 005	861 636
Interest-bearing loans and borrowings	2 505 875	2 528 589

Total non-current liabilities	**7 423 915**	**7 249 534**
Current liabilities		
Trade and other payables	1 086 437	1 145 923
Income tax payable	265 720	155 722
Lease liability – current	45 544	-
Shareholder loan	1 141	1 141
Public dues payable	15 311	9 840
Provisions, current	2 878	3 410
Total current liabilities	**1 417 031**	**1 316 036**
Total liabilities	**8 840 946**	**8 565 570**
TOTAL EQUITY AND LIABILITIES	**10 301 010**	**10 021 874**

Total assets
As of 31 March 2019 total assets were NOK 10,301.0 million, slightly up from NOK 10, 021.9 million for the year ended 31 December 2018.

Goodwill amounted to NOK 1,436.1 million per 31 March 2019 compared to NOK 1,472.4 million per 31 December 2018 and the reduction is caused by impairment of technical goodwill in Q1 2019.

Right-of-use assets were recognised for the first time in Q1 2019 quarter caused by implementation of IFRS 16, at a net value of NOK 190 million and the corresponding Lease liability under non-current liabilities and current liabilities amounted to NOK 190 million.

Cash and cash equivalents amounted to NOK 586.0 million per 31 March 2019 compared to NOK 394.7 million per 31 December 2018. Restricted cash for the same periods was NOK 142 million and NOK 48 million, and was related to the bond loans as described in the Annual Report 2018.

Spare parts, equipment and inventory amounted to NOK 228.0 million per 31 March 2019 compared to 316.0 million per 31 December 2018 and the reduction was mainly caused by realization of oil inventory at Draugen in the first quarter that was acquired and measured at fair market value as part of the Shell transaction in 2018.

Total equity
As of 31 March 2019, total equity was NOK 1,460.1 million compared to NOK 1,456.3 million as of 31 December 2018.

Total non-current liabilities
As of 31 March 2019, total non-current liabilities were NOK 7, 423.9 million compared to NOK 7,249.5 million as of 31 December 2018.

Provisions amounted to NOK 3,888.0 million per 31 March 2019 compared to NOK 3,859.3 million per 31 December 2018 and increased due to unwinding of discount of asset retirement obligations.

Interest-bearing loans and borrowings were NOK 2, 505.9 million per 31 March 2019 compared to NOK 2,528.6 million per 31 December 2018 and decreased due to movement in the USD/NOK exchange rate.

Lease liability effect from application of the new accounting standard on Leasing, IFRS 16, is split into non-current and current liability. NOK 144.0 million and NOK 46.0 million, respectively.

Total current liabilities
As of 31 March 2019, total current liabilities were NOK 1,417.0 million compared to NOK 1,316.0 million as of 31 December 2018.

Trade and other payables amounted to NOK 1,086.4 million per 31 March 2019 compared to NOK 1,145.9 million per 31 December 2018 and decreased mainly because of reduction in accrued consideration from acquisitions of interests in licenses and other accrued expenses. Accrued consideration from acquisitions of interest in licenses amounts to NOK 164.8 million per 31 March 2019, compared to NOK 204.8 million per 31 December 2018. The amount is related to the acquisition of a 44.56% interest in Draugen and a 12% interest in Gjøa with A/S Norske Shell in 2018. The review of the final completion statement prepared by seller is still ongoing. There is uncertainty associated with this estimate, but the company does not expect the amount to increase.

11.6.3 Year ended 31 December 2018 compared to year ended 31 December 2017

The table below sets out the Company's statement of financial position information (IFRS) for the year ended 31 December 2018 and 2017. Comments on changes are based on a comparison between 2018 restated (unaudited) numbers and 2017 numbers.

Amounts in NOK `000	**31.12.2018 restated (unaudited)**	**31.12.2018**	**31.12.2017**
ASSETS			
Non-current assets			
Deferred tax assets	-	-	85 091
Goodwill	1 472 428	1 472 428	8 057
Exploration and evaluation assets	6 324	6 324	5 752
Oil and gas properties	4 022 321	4 022 321	676 378
Buildings	92 501	92 501	-
Furniture, fixtures and office equipment	3 407	3 407	217
Other financial non-current assets	2 754 237	2 754 237	-
Total non-current assets	**8 351 218**	**8 351 218**	**775 495**
Current assets			
Trade and other receivables	912 159	944 397	120 207
Spareparts, equipment and inventory	315 500	315 500	-
Restricted cash	48 327	48 327	907 799
Cash and cash equivalents	394 670	394 670	29 609
Total current assets	**1 670 656**	**1 702 895**	**1 057 615**
TOTAL ASSETS	**10 021 874**	**10 054 113**	**1 833 110**
EQUITY AND LIABILITIES			
Equity			
Share capital	8 220	8 220	24 738
Share premium	1 624 104	1 624 104	470 755
Other paid in capital	1 361	1 361	-
Unregistered share capital	-	-	-
Accumulated loss	-177 381	-170 289	-21 667
Total equity	**1 456 304**	**1 463 396**	**473 827**
Non-current liabilities			
Provisions	3 859 308	3 859 308	319 668
Deferred tax liabilities	861 636	886 782	-
Interest-bearing loans and borrowings	2 528 589	2 528 589	963 312
Total non-current liabilities	**7 249 534**	**7 274 680**	**1 282 979**
Current liabilities			
Trade and other payables	1 145 923	1 145 923	66 013
Income tax payable	155 722	155 722	-
Shareholder loan	1 141	1 141	1 141
Public dues payable	9 840	9 840	3 596
Provisions, current	3 410	3 410	5 554

Total current liabilities	**1 316 036**	**1 316 036**	**76 304**
Total liabilities	**8 565 570**	**8 590 716**	**1 359 283**
TOTAL EQUITY AND LIABILITIES	**10 021 874**	**10 054 113**	**1 833 110**

Total assets
As of 31 December, 2018, total assets were NOK 10,021.9 million, up from NOK 1,833.1 million as of 31 December 2017. The significant increase in the Company's total assets is mainly due to the acquisition of the Draugen and Gjøa assets, as well as investment in Yme Field Development.

As a consequence of the acquisition of Draugen and Gjøa oil and gas properties increased by NOK 3,141.9 million. As part of the Acquisition the parties have agreed that the seller shall cover 80% of the costs of decommissioning, plugging and abandonment of the acquired oilfields at the time of cease of production limited to an agreed cap and in the purchase price allocation and a receivable on A/S Norske Shell of NOK 2,746.0 million has been recorded. The receivable is included in the statement of financial position line item other financial non -current assets. Goodwill acquired through the acquisition amounts to NOK 1,464.4 million, consisting of synergies expected from acquiring the Draugen organization, and goodwill arising as a consequence of the requirement to recognize deferred tax for the differences between the assigned fair values. The purchase price allocation is preliminary.

Further in 2018 investments in the Yme Field Development amounted to NOK 361.5 million. Inventory increased by NOK 188.7 million, while spare parts and equipment increased by 126.8 million following the acquisition of Draugen and Gjøa. The cash balance increased by NOK 365 million in 2018.*Total equity*

As of 31 December, 2018, total equity was NOK 1,456.3 million compared to NOK 473.8 million as of 31 December 2017. The Company carried out three share issues in 2018, with net proceeds of NOK 1,137 million. The net loss in 2018 was NOK 155.7 million.

Total non-current liabilities
As of 31 December, 2018, total non-current liabilities were NOK 7,249.5 million compared to NOK 1,283 million as of 31 December, 2017. NOK 3,539.3 million of the increase is related to an increase in asset retirement obligation incurred as part of the acquisition of the Draugen and Gjøa fields. Further NOK 1,563.9 million of the increase is related to a new USD 180 million secured bond loan issued in June 2019. The remaining increase of NOK 861.6 million relates to deferred tax liabilities, as opposed to a deferred tax asset in 2017.

Total current liabilities
As of 31 December, 2018, total current liabilities were NOK 1,316.0 million compared to NOK 76.3 million as of 31 December, 2017. As of 31 December, 2018 trade and other payables amounts to NOK 1,145.9 million and income tax payable amounts to NOK 155.7 million. Trade and other payables mainly consist of working capital joint operations of NOK 447.0 million, accrued consideration from acquisitions of interests in Production Licences of NOK 204.8 million, and other accrued expenses of 275.5 million.

11.6.4 Year ended 31 December 2017 compared to year ended 31 December 2016

The Table below sets out the Company's financial information (IFRS) for the year ended 31 December 2017 and 2016.

Amounts in NOK `000	**31.12.2017**	**31.12.2016**
ASSETS		
Non-current assets		
Deferred tax assets	85 091	37 031
Goodwill	8 057	8 057
Exploration and evaluation assets	5 752	4 752
Oil and gas properties	676 378	512 923
Buildings	-	-
Furniture, fixtures and office equipment	217	224
Other financial non-current assets	-	-
Total non-current assets	**775 495**	**562 987**

Current assets		
Trade and other receivables	120 207	105 561
Spare parts, equipment and inventory	-	-
Restricted cash	907 799	-
Cash and cash equivalents	29 609	37 889
Total current assets	**1 057 615**	**143 450**
TOTAL ASSETS	**1 833 110**	**706 437**
EQUITY AND LIABILITIES		
Equity		
Share capital	24 738	11 337
Share premium	470 755	216 125
Other paid in capital	-	-
Unregistered share capital	-	146 968
Accumulated loss	-21 667	-9 953
Total equity	**473 827**	**364 477**
Non-current liabilities		
Provisions	319 668	202 466
Deferred tax liabilities	-	-
Interest-bearing loans and borrowings	963 312	-
Total non-current liabilities	**1 282 979**	**202 466**
Current liabilities		
Trade and other payables	66 013	25 899
Income tax payable	-	-
Shareholder loan	1 141	20 237
Public dues payable	3 596	17 285
Provisions, current	5 554	76 074
Total current liabilities	**76 304**	**139 494**
Total liabilities	**1 359 283**	**341 960**
TOTAL EQUITY AND LIABILITIES	**1 833 110**	**706 437**

Total assets
As of 31 December, 2017, total assets were NOK 1,833.1 million, up from NOK 706.4 million for the period ended 31 December 2016. The increase in the Company's assets is mainly due to the restricted cash position of NOK 907.8 million following the issue of a secured bond loan in November 2017 and further investments in oil and gas properties under development of NOK 123.1 (the Yme field), and oil and gas properties in production of NOK 18.9 million(the Ivar Aasen field).

Total equity
As of 31 December, 2017, total equity was NOK 473.8 million compared to NOK 364.5 million as of 31 December, 2016. In 2017 the Company issued new shares increasing equity by NOK 121.1 million. Net loss for 2017 was to NOK 11.7 million.

Total non-current liabilities
As of 31 December, 2017, total non-current liabilities were NOK 1,283.0 million compared to NOK 202.5 million as of 31 December, 2016. The increase was mainly due to increase in interest-bearing loans and borrowings of NOK 963.3 million as the Company entered into a secured bond loan of USD 120 million in November 2017 to fund the Yme development. Further provisions increased in total by NOK 117.2 million in 2017 primarily due to an increased asset retirement obligation for of NOK 107.2 million for the field Ivar Aasen.

Total current liabilities

As of 31 December, 2017, total current liabilities were NOK 76.3 million compared to NOK 139.5 million as of 31 December, 2016. The decrease was mainly due to the settlement of shareholder loan and decrease in current provisions.

11.7 Liquidity and capital resources

11.7.1 General

The Company's primary sources of liquidity in 2018 has been net proceeds from the issue of bond loans and shares. In addition net cash flow from operating activities was NOK 235.4 million. As of 31 March 2019 the Company had an unrestricted cash balance of NOK 585.9 million compared to NOK 394.7 million as of 31 December 2018 and compared to NOK 29.6 million as at 31 December, 2017. As at March 31, 2019, as adjusted to give effect to the completion of the Offering on the basis of the assumptions as described under Section 9.1 "Capitalisation and Indebtedness – Introduction" (after deduction of commission and estimated issuance costs and expenses related to the Offering), the Company would have had an unrestricted cash balance of NOK 1,204.9 million.

The Company has two secured bond loans. In November 2017 the Company entered into a USD 120.0 million secured bond loan with maturity date for the entire loan in November 2020. Interest rate is fixed at 7.5% p.a. with half-yearly interest payments. In June 2018, the Company entered into a USD 180.0 million secured bond loan with maturity date for the entire loan in June 2023. The interest rate is 3-month LIBOR plus 6.5% p.a. with quarterly interest payments. The net proceeds from the bond issue was converted into NOK and placed on an escrow account until released when the equity financing of the acquisition was completed. The bond loans have security in all major assets of the Company. The bond agreements put certain restrictions on dividend payments and capital reductions, and have financial covenants with Minimum Liquidity and Capital Employed Ratio, in respect to requirements with respect to equity increases, ref. Section 11.7.3.

The issue of additional bonds is allowed under the bond agreement.

The Company has a NOK 300 million exploration facility agreement with SEB and SMN. This facility has been unavailable since end 2018, but has not formally been terminated. The Company will consider to terminate the agreement.

The Company has carried out three share issues in 2018, with net proceeds of NOK 1 137.0 million.

As of 31 December 2018 the Company has NOK 394.7 million in cash, of which NOK 5.8 million is restricted for employee taxes. In addition the Company has NOK 48.3 million in restricted cash in an escrow account. The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its financial liabilities as they fall due without incurring unacceptable losses or risking damage to the Company's reputation.

As of 31 March 2019 the Company has NOK 585.9 million in cash, of which NOK 8.4 million is restricted for employee taxes. In addition the Company has NOK 142.1 million in restricted cash in an escrow account.

The Company's exposure to interest rate risk is related to the bond loan OKEA02, with floating interest rate conditions of 3 month LIBOR plus 6.5% p.a. The Company has no other interest-bearing borrowings with floating interest rate conditions. The bond loan OKEA01 has fixed interest rate at 7.5% p.a.

The Company is exposed to foreign exchange rate risk related to the value of NOK relative to other currencies, mainly due to oil sales in USD, operational costs in USD and development costs in USD. The Company has from 2018 started using derivative financial instruments (put options) to manage certain exposures to fluctuations in foreign exchange rates. At 31 December 2018 the Company is exposed to exchange rate risk mainly due to bank deposits and bond loans in USD.

Based on cash balances and the current structure and terms of the Company's debt, the Company believes it has adequate liquidity to support its operation and investment program.

11.7.2 *Cash flows*

The following tables' present selected cash flow information for the Company for the years ended 31 December 2018, 2017 and 2016, and also for the period ended 31 March 2019 and 2018. The figures are extracted from the 2018 and 2017 Financial Statements and from the Q1 2019 quarterly report.

Selected cash flow information for the period ended 31 March 2019 compared to the year ended 31 March 2018

Amounts in NOK `000	Q1 2019 (unaudited)	Q1 2018 restated (unaudited)
Net cash flow from / used in (-) operating activities	**494 024**	**-13 966**
Net cash flow from / used in (-) investing activities	**-266 332**	**1 800**
Net cash flow from / used in (-) financing activities	**-36 413**	**103 787**
Net increase/ decrease (-) in cash and cash equivalents	**191 278**	**91 621**
Cash and cash equivalents at the beginning of the period	394 670	29 609
Cash and cash equivalents at the end of the period	**585 949**	**121 230**
Restricted cash at the end of the period	142 123	859 633
Restricted and unrestricted cash at the end of the period	**728 071**	**980 862**

Net cash used in operating activities

Net cash flow from operating activities was NOK 494.0 million for the period ended 31 March 2019, compared to net cash flow used in operating activities of NOK 14.0 million for the period ended 31 March 2018. The change was mainly caused by the acquired assets Draugen and Gjøa which OKEA had for the first full quarter.

Net cash used in investing activities

Net cash flow used in investing activities was NOK 266.3 million for the period ended 31 March 2018, compared to net cash flow from investing activities of NOK 1.8 million for the year ended 31 March 2018. The decrease in net cash flow from investing activities was mainly investments in oil and gas properties which were related to the YME New Development and modification project on Draugen.

Net cash from financing activities

Net cash flow used in financing activities was NOK 36.4 million for the period ended 31 March 2019, compared to net cash flow from financing activities of NOK 103.8 million for the period ended 31 March 2018. The decrease in net cash flow from financing activities is reflecting interest paid in Q1 2019 and net proceeds from share issues in Q1 2018.

Net cash position

The cash position decreased to NOK 728.1 million as at 31 March 2019 compared to NOK 980.9 million as 31 March 2018.

Selected cash flow information for the year ended 31 December 2018 compared to the year ended 31 December 2017

Amounts in NOK `000	2018 restated (unaudited)	2018	2017
Net cash flow from / used in (-) operating activities	**235 428**	**235 428**	**-37 278**
Net cash flow from / used in (-) investing activities	**-2 257 043**	**-2 257 043**	**-1 031 897**
Net cash flow from / used in (-) financing activities	**2 386 677**	**2 386 677**	**1 060 895**
Net increase/ decrease (-) in cash and cash equivalents	**365 062**	**365 062**	**-8 280**

Cash and cash equivalents at the beginning of the period	29 609	29 609	37 889
Cash and cash equivalents at the end of the period	**394 670**	**394 670**	**29 609**
Restricted cash at the end of the period	48 327	48 327	907 799
Restricted and unrestricted cash at the end of the period	**442 997**	**442 997**	**937 408**

Net cash from (used in) operating activities

Net cash flow from operating activities was NOK 235.4 million for the year ended 31 December 2018, compared to net negative cash flow used in operating activities of NOK 37.3 million for the year ended 31 December 2017. The main positive cash flow effect in 2018 is related to change in trade and other payables whereas the cash flow effect is NOK 619.5 million higher than in 2017. The positive cash flow effect in 2018 is related to higher amount of trade and other payables in 2018 compared to 2017 driven by increased working capital in joint operations/licenses, prepayments from customer and other accrued expenses not yet paid. The positive cash flow effect from trade and other payables is offset by a negative change in trade and other receivable and inventory where the cash flow effect is NOK 585.3 million lower than in 2017. The negative change is mainly driven by increased inventory, and increased trade and other receivables. Additionally a positive cash flow effect is attributed to other non-current items whereas the cash flow effect is 164.2 million higher than in 2017.

Net cash used in investing activities

Net cash flow used in investing activities was negative with NOK 2,257.0 million for the year ended 31 December 2018, compared to negative NOK 1,031.9 million for the year ended 31 December 2017. The increase negative cash flow from 2017 to 2018 is mainly due to the cash outflow for the acquisition of Draugen and Gjøa of NOK 2,725.2 million and increased investments in oil and gas properties of NOK 386.5 million in 2018, compared to NOK 123.1 million in 2017. The increase is somewhat out weighted by release of restricted cash during 2018 of NOK 859.5 million.

Net cash from financing activities

Net cash flow from financing activities was NOK 2,386.7 million for the year ended 31 December 2018, compared to NOK 1,060.9 million for the year ended 31 December 2017. The increase is mainly due to the increase in net proceeds from the issue of bonds with a positive cash flow effect of 1,399.1 million in 2018, compared to NOK 961.4 million in 2017. Further net proceeds from shares issues increased with NOK 1,067.8 million in 2018 compared to 2017.

Net cash position

The cash position decreased to NOK 443 million as at 31 December 2018 compared to NOK 937.4 million as at 31 December 2017.

Selected cash flow information for the year ended 31 December 2017 compared to the year ended 31 December 2016

Amounts in NOK `000	2017	2016
Net cash flow from / used in (-) operating activities	**-37 278**	**-14 115**
Net cash flow from / used in (-) investing activities	**-1 031 897**	**-329 406**
Net cash flow from / used in (-) financing activities	**1 060 895**	**372 666**
Net increase/ decrease (-) in cash and cash equivalents	**-8 280**	**29 145**
Cash and cash equivalents at the beginning of the period	37 889	8 744
Cash and cash equivalents at the end of the period	**29 609**	**37 889**
Restricted cash at the end of the period	907 799	-
Restricted and unrestricted cash at the end of the period	**937 408**	**37 889**

Net cash used in operating activities

Net cash flow used in operating activities was negative with NOK 37.3 million for the year ended 31 December 2017, compared to negative with NOK 14.1 million for the year ended 31 December 2016. The increased negative cash flow from 2016 to 2017 was mainly due to increased expenses in 2017 and a higher positive cash flow impact of change in payables during 2016 compared to 2017.

Net cash used in investing activities

Net cash flow used in investing activities was negative with NOK 1 031.9 million for the year ended 31 December 2017, compared to negative with NOK 329.4 million for the year ended 31 December 2017. The negative increase was mainly due to increase in restricted cash of NOK 907.8 million following the bond issue in 2017. This was partially offset with lower investment in oil and gas properties in 2017 of NOK 123.1 million compared to investments in 2016 of NOK 324.5 million.

Net cash from financing activities

Net cash flow from financing activities was NOK 1 060.9 million for the year ended 31 December 2017, compared to NOK 372.6 million for the year ended 31 December 2016. The increase was mainly due to net proceeds from the bond issued in November 2017 of NOK 961 million, offset partially by lower proceeds from intercompany borrowings on 2017 compared to 2016.

Net cash position

The cash position increased to NOK 937.4 million as at 31 December 2017 compared to NOK 37.9 million as at 31 December 2016.

11.7.3 Financing arrangements

The Company has two secured bond loans on issue, each providing the possibility to do a USD 30 million tap issue as further described below.

On 14 November 2017, the Company entered into an agreement for a USD 120.0 million secured bond loan with a maturity date for the entire loan in November 2020 ("**Bond 01**"), the terms of which have been updated through an amendment and restatement agreement dated 30 October 2018 (the "**Bond Agreement 01**"). Interest rate is fixed at 7.5% per annum with half-yearly interest payments.

The agreement for the second bond loan was entered into on 27 June 2018 (the "**Bond Agreement 02**") for a USD 180.0 million secured bond loan with a maturity date for the entire loan in June 2023 ("**Bond 02**"). Interest rate is 3-month LIBOR plus 6.5% per annum with quarterly interest payments.

The table below shows the maturity profile for the two bond loans and interests per 31 March 2019:

Amounts in NOK `000	**2019**	**2020**	**2021**	**2022**	**2023**
Interest-bearing loans and borrowings		1 042 620			1 563 930
Interest payments	214 518	218 713	140 517	140 517	70 258
Total payable on loans and borrowings	**214 518**	**1 261 333**	**140 517**	**140 517**	**1 634 188**

The Company will use positive cash flow generated through operations to pay interest on the Bonds. In 2020 and 2023 the Company considers various alternatives including refinancing of the Bonds and the issue of additional shares to raise sufficient funds to settle the bonds.

There is a USD 30 million tap issue on each of Bond 01 and Bond 02. OKEA may on one or more occasions issue tap issue bonds in the minimum amount of USD 10 million. No tap issues under any loans have been executed to date.

The net proceeds from Bond 01 tap issues are, pursuant to Bond Agreement 01, to be employed for the finance of hydrocarbon asset acquisitions, finance Yme additional costs and refinance hydrocarbon asset development costs, as such financing purposes are defined in Bond Agreement 01. Net proceeds from Bond 02 tap issues are, pursuant to Bond Agreement 02, to be used for finance of hydrocarbon asset acquisitions, refinancing of hydrocarbon asset development costs and for general corporate purposes. Net proceeds from the initial bond issues were converted to NOK, placed on an escrow account and released to be employed for the purposes prescribed in the Bond Agreements, being funding of the Yme development, Yme Production Licences and acquisition of the Draugen and Gjøa field interests.

Both bond loans provide security to the security agent over all major assets of the Company including Production Licence pledges, factoring charge, account pledges, assignment of Yme share purchase agreement, assignment of the tax refund, assignment of insurances, and escrow account pledge.

Both Bonds mature in full on their respective maturity dates at a price equal to 103% for Bond 01 and 100% for Bond 02 of the nominal amount. There is a call option in both Bonds for voluntary early redemption of the outstanding amounts under the Bonds and a mandatory repurchase provision (put option) requiring OKEA to purchase some or all of the Bonds held by the Company's bondholders upon the occurrence of certain events defined in the Bond Agreements. Such events include a change of control of OKEA, an asset disposal event and a share disposal event (in which case OKEA would be required to repurchase the Bonds at 101% of the nominal amount of the Bonds) or a constructive loss of any hydrocarbon assets of the Company. Pursuant to the Bond Agreements, a change of control of OKEA is triggered if any person, other than Okea Holdings Ltd. or Bangchak Corporation Public Company Limited (or any of their respective affiliates), or two or more persons being under the same decisive influence or acting in concert, obtains decisive influence over OKEA.

OKEA has provided certain customary undertakings for such bond agreements including maintenance of the Company's authorisations for the conduct of its business, compliance with laws, continuity of its business, corporate status, etc.

OKEA's specific covenants consist of, amongst other things:

a) dividend restrictions, whereby OKEA must not declare or make any dividend payment, repurchase shares or make any loans or other equity distributions or payments to its direct or indirect shareholders, whether in cash or in kind other than upon the dates of occurrence of certain events as described in the Bond Agreements;

b) restrictions on disposal of assets other than on terms set out in the Bond Agreements; and

c) financial indebtedness restrictions, negative pledge and financial support restrictions.

Further, pursuant to the Bond Agreements, OKEA has undertaken to comply with the following financial covenants:

a) OKEA shall at all times maintain a minimum Liquidity of USD 10,000,000;

b) OKEA shall on each calculation date maintain a capital employed ratio not lower than 40% pursuant to Bond Agreement 01 and 35% pursuant to Bond Agreement 02 (as ratios are defined in the Bond Agreements); and

c) OKEA shall on each Calculation Date maintain a leverage ratio not exceeding 2:1.

OKEA has in 2019 placed an additional USD 10.9 million in escrow, which for purposes of calculation of one of the financial covenants in the Company’s Bond loans will reduce total debt. The total amount in escrow after this payment in 2019 is USD 16.2 million. During 2018 and at 31 December 2018 the Company was in compliance with the covenants under the bond agreements.

In connection with the settlement for the Shell transaction, the funds from OKEA01 and OKEA02 were released to the Company, without the condition for such release linked to new equity being registered having been fulfilled, against a condition to have an amount standing to an escrow account of USD 5.3 million. The waiver given by the Nordic Trustee originally set a deadline of 23 February 2019, now extended to 30 June 2019, to fulfil the requirements for the registration of new equity being paid in to the Company.

Per 31 December 2018 the Company was in compliance with financial covenants;

a) Minimum liquidity was above USD 10,000,000
b) Capital employed ratio was 40,1 % for both bonds combined
c) Leverage ratio was 0.78

Okea will implement IFRS 16 *Leases* effective from 1 January 2019. The implementation of IFRS 16 will not impact relevant covenants since pursuant to the bond agreements the accounting standards effective at the settlement date in 2018 will be the basis for covenant calculations.

The Company has carried out three share issues in 2018, with net proceeds of NOK 1,137.0 million.

Based on cash balances and the current structure and terms of the Company's debt, the Company believes it has adequate liquidity to support its operation and investment program.

11.8 Investments

The Company's investing activities primarily relate to the acquisition of Production Licences and investments in field development. Acquisitions of Production Licences is a part of the Company's strategy of field development of sub-100 million boe fields, while field development is critical for further production on the Production Licences. In addition the Company acquires interests in fields on the NCS.

Historical investments for the years 2016-2018 and first quarter 2019

During 2016, the Company acquired interests in Production Licenses related to three fields on the NCS. During 2017, the Company increased its ownership in the Yme and Grevling fields. During 2018, two additional fields were acquired from Shell; Draugen and Gjøa fields. The agreed purchase price for the Draugen and Gjøa fields was NOK 4,520 million. Adjusted for interim period adjustments and working capital, the total consideration is estimated to be NOK 2,930 million. OKEA is currently the operator of the Draugen field (producing field) and Grevling and Storskrymten fields (planning phase).

The acquisition of Production Licences have been financed through share issuance and the Company's two Bonds described in Section 0.

Investment in field development is a major part of the Company's operations. The investments consist of building requisite operating facilities, drilling of production wells along with implementation of advanced technologies for the extraction and exploitation of hydrocarbons with complex properties.

Cash flow from investments in exploration and evaluation assets are shown below in NOK million.

	Investments in exploration and evaluation assets
2016	4.8
2017	1.0
2018 restated (unaudited)	0.6
Q1 2018 restated (unaudited)	0
Q1 2019 (unaudited)	3.6

Capitalized exploration and evaluation assets in the balance sheet amounts to NOK 9.3 million per 31 March 2019, compared to NOK 6.3 million, NOK 5.8 million and NOK 4.8 million per December 31 2018, December 31 2017 and December 31 2016 respectively.

In Q1 2019 NOK 12.4 million was recognized as expenses in the income statement, compared to NOK 11.2 million in Q1 2018. In 2018, 2017 and 2016 exploration expenses of NOK 74.8 million, NOK 28.7 million and NOK 0.5 million were recognized as expenses in the income statement.

During 2018, two additional fields were acquired from Shell; Draugen and Gjøa fields. The acquisitions are accounted for as business combinations. The agreed purchase price for the Draugen and Gjøa fields was NOK 4,520 million. Adjusted for interim period adjustments and working capital, the total consideration is estimated to be NOK 2,930 million. The cash flow from business combinations are shown below in NOK million.

	Business combination Cash paid
2016	0
2017	0
2018 restated (unaudited)	2,725.2
Q1 2018 restated (unaudited)	0
Q1 2019 (unaudited)	0

The difference between the total consideration for Draugen and Gjøa and the cash outflow reflected in the 2018 statement of cash flow represents deferred payments to be settled in 2019.

Goodwill from the business combination in 2018 amounts to 1,464.4 million, based on a preliminary purchase price allocation.

Investments in oil and gas properties, as presented in the cash flow, amounted to NOK 164.8 million for the period ended 31 March 2019 and NOK 46.4 million for the period ended 31 March 2018. Further investments in oil and gas properties for the year ended 31 December 2018, 31 December 2017 and 31 December 2016 were NOK 386.5 million, NOK 123.1 million and NOK 324.5 million respectively. The split between the fields is shown below in NOK million.

	Yme	Ivar Aasen	Draugen	Gjøa	Total Investments in oil and gas properties
2016	198.3	126.2			324.5
2017	104.1	19.0			123.1
2018 restated (unaudited)	361.5	7.5	8.8	8.7	386.5
Q1 2018 restated (unaudited)	45.7	0.7			46.4
Q1 2019 (unaudited)	129.7	1.8	32.2	3.0	164.8

The total investments in exploration and evaluation assets, business combinations (cash paid) and investments in oil and gas properties for Q1 2018, Q1 2019 and the years 2016-2018 is summarized in the cash flow for investing activities as presented in the table below in NOK 000.

Cash flow from investing activities	**Q1 2019 (unaudited)**	**Q1 2018 restated (unaudited)**	**2018 restated (unaudited)**	**2017**	**2016**
Investment in exploration and evaluation assets	-3 588	-	-573	-999	-4 752
Business combination, cash paid	-	-	-2 725 220	-	-
Investment in oil and gas properties	-164 842	-46 366	-386 526	-123 099	-324 454
Investment in buildings	-	-	-1 001	-	-
Investment in furniture, fixtures and office machines	4 105	-	-3 196	0	-200
Net investment in (-)/release of restricted cash	-93 796	48 166	859 472	-907 799	-
Net cash flow from / used in (-) investing activities	**-266 332**	**1 800**	**-2 257 043**	**-1 031 897**	**-329 406**

Future investments for 2019 and going forward

The Company has planned future investments in the Production Licences; as at 31 March 2019, NOK 1,820 million for the period 2019-2022 was planned for all fields combined. Refer to table below in showing the future investments per field and per year in NOK million;

	Ivar Aasen	Yme	Gjøa	Draugen	Sum
2019	8	387	12	219	626
2020	9	209	258	187	663
2021	1	168	236	58	464
2022	1	13	1	51	67
	21	905	510	547	1820

All future development on Yme and Gjøa is committed for the period 2019-2022. In addition development in 2019 on Draugen and Ivar Aasen is committed. Remaining investments are planned, but non- committed. In addition to the future investments presented above two appraisal wells on Draugen, with total OKEA cost of NOK 149.3 million, has been approved in April, increasing future commitments.

Per 31 March 2019 the Company has a cash and cash equivalent balance of NOK 585.9 million, an increase of NOK 191.3 million from 31 December 2018. The cash increase is generated through operations, NOK 494.0 million, and offset by negative cash flow from investment activities, NOK 266.3 million, and negative cash flow from financing activities (interest paid) of NOK 36.4 million. Future investments, settlement of bonds and accrued interests upon maturity will be the primary cash outflow in the period up to 2023. The Company will use existing cash and cash equivalents and positive cash flow generated through operations to fund investments and service debt. However, cash inflow from the issue of Bond01 will be used for funding of the Yme development and Yme licences. Further, OKEA considers issuing additional debt under the bond agreements, refinancing of the Bonds upon maturity and the issue of additional shares, in addition to the planned offering as part of the initial public offering.

In Q1 2019 OKEA has taken over Shell's 50% working interest and operatorship on Production Licence (PL) 958. Further, in Q1 2019 OKEA was awarded a 60% working interest in (PL) 1003 Mistral. The Company has not performed any business combinations in Q1 2019.

The Company has entered into operating leases for office facilities.

Operating expenses related to lease agreements accounted for as operating leases

Amounts in NOK `000	2018
Office facilities	3 485
Total	3 485

In addition the Company has entered into operating leases as an operator of the Draugen field for platform supply vessel and associated ROV upgrade, together with office and warehouse Draugen.

Future minimum lease payments under non-cancellable lease agreements are shown in the table below;

Amounts in NOK `000	31.12.2018
Within 1 year	45 245
1 to 5 years	131 439
After 5 years	107 469
Total	284 154

Future lease payments related to leasing contracts entered into as an operator of the Draugen field are presented gross. In addition to the lease commitments presented above the Company has entered into a service contract for CHC helicopters at Draugen, and the Company has entered into a rig contract for the Yme field with commencement date February 2020.

11.9 Critical accounting policies and estimates

The preparation of the financial statements according to IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Estimates and judgments are evaluated on a continuous basis, and are based on historical experiences and other factors that are believed to be reasonable under the circumstances. OKEA makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual outcome. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment

The Company reviews whether its non-financial assets have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is written down to its recoverable amount when the recoverable amount is lower than the carrying value of the asset. The recoverable amount is the higher of fair value less expected cost to sell and value in use (present value based on the future use of the asset).

All impairment assessment calculations require a high degree of estimation, including assessments of the expected cash flows from the cash generating unit and the estimation of applicable discount rates. Impairment testing requires long-term assumptions to be made concerning a number of economic factors such as future production levels, market conditions, production expense, discount rates and political risk among others, in order to establish relevant future cash flows. There is a high degree of reasoned judgement involved in establishing these assumptions, and in determining other relevant factors.

Goodwill is tested for impairment annually. For the purpose of impairment testing, goodwill is allocated to cash-generating unit (CGU), or groups of cash-generating units, that are expected to benefit from the synergies of the business combination from which it arose. The appropriate allocation of goodwill requires management's judgment and may impact the subsequent impairment charge significantly. The term "technical goodwill" is used to describe a category of goodwill arising as an offsetting account to deferred tax recognised in business combinations. There are no specific IFRS guidelines pertaining the allocation of technical goodwill, and management has therefore applied the general guidelines for allocating goodwill for the purpose of impairment testing. In general, technical goodwill is allocated to CGU level for impairment testing purposes, while residual goodwill may be allocated across all CGUs based on facts and circumstances in the business combination. When performing the impairment test for technical goodwill, deferred tax recognised in relation to the acquired Production Licences reduces the net carrying value prior to the impairment charges. This is done to avoid an immediate impairment of all technical goodwill. When deferred tax from the initial recognition decreases, more goodwill is as such exposed for impairment. Going forward, depreciation of values calculated in the purchase price allocation will result in decreased deferred tax liability.

Fair value measurement

From time to time, the fair values of non-financial assets and liabilities are required to be determined, e.g. when the entity acquires a business, determines allocation of purchase price in an asset deal or where an entity measures the recoverable amount of an asset or CGU at fair value less cost to sell. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The fair value of oil fields in production and development phase is normally based on discounted cash flow models, where the determination of the different input in the model requires significant judgment from management, as described in the section below regarding impairment.

Asset Retirement Obligations

Production of oil and gas is subject to statutory requirements relating to decommissioning and removal once production has ceased. Provisions to cover these future asset retirement obligations must be accrued for at the time the statutory requirement arises. The ultimate asset retirement obligations are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example, in response the changes in reserves or changes in laws and regulations or their interpretation.

Yme compensation contract breach

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, an entity discloses the contingent asset.

As at 31 December 2018, the Company determined that it was virtually certain that a contract breach settlement with SBM relating to the Yme Production Licence would be obtained. As a result, OKEA has recognized an asset of NOK 115 million and recognized NOK 115 million as income in profit and loss, in its 2018 Financial Statement.

11.10 Significant changes

There have been no significant changes in the Company's financial or trading position since 31 March 2019, except as discussed in Section 11.4 "Recent developments and trends".

12 UNAUDITED PRO FORMA FINANCIAL INFORMATION

12.1 Background information

On 20 June 2018, OKEA AS entered into an agreement to acquire a 44.56% participating interest in the Draugen field, a 12.0% participating interest in the Gjøa field and the office building "Råket" in Kristiansund from A/S Norske Shell (the "Acquisition"). The agreed purchase price is NOK 4,520.0 million. Adjusted for interim period adjustments and working capital, the total cash consideration is estimated to NOK 2,930.0 million. The Acquisition was completed on 30 November 2018 with an effective date on 1 January 2018.

The Acquisition was financed through the issuance of a USD 180.0 million secured bond loan in June 2018, in addition to the proceeds of approx. NOK 1,033.0 million from the issuance of new share capital through two private placements completed in October and November 2018. The acquisition, the issuance of the secured bond loan and the issuance of new share capital are together referred to as the "Transactions".

The Acquisition resulted in "a significant gross change" for the Company, as defined in Commission Regulation (EC) No. 809/2004 of 29 April 2004 which sets out the requirements of pro forma financial information which needs to be included in a prospectus. Annex II of the Commission Regulation requires the preparation of a pro forma statement of comprehensive income for 2018 as if the Transactions occurred on 1 January 2018. The Transactions are fully reflected in the 31 December 2018 statement of financial position.

The unaudited pro forma financial information has been prepared for illustrative purposes to show how the Transactions might have affected the Company's statement of comprehensive income for 2018 if the Transactions occurred on 1 January 2018.

Because of its nature, the unaudited pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Company's actual results if the Transactions had in fact occurred on that date and is not representative of the results of operations for any future periods. Investors are cautioned not to place undue reliance on this unaudited pro forma financial information.

The unaudited pro forma financial information has been compiled in connection with the listing of the shares of the Company on Oslo Børs (Oslo Stock Exchange) to comply with the applicable EU-regulations pursuant to section 7-7 of the Norwegian Securities Trading Act. This information is not in compliance with SEC Regulation S-X, and had the securities been registered under the U.S Securities Act of 1933, this unaudited pro forma financial information, including the report by the auditor, would have been amended and/or removed from the Prospectus.

The unaudited pro forma financial information for the Company does not include all of the information required for financial statements under International Financial Reporting Standards, and should be read in conjunction with the historical information of the Company.

12.2 Basis of preparation

The unaudited pro forma financial information consists of audited historical unadjusted financial information for the Company, unaudited historical unadjusted financial information for the Draugen and Gjøa fields, pro forma adjustments and notes to the pro forma financial information.

The unaudited pro forma statement of comprehensive income for the year ended 31 December 2018 has been compiled based on the following:

- For the Company, audited financial statements for the year ended 31 December 2018 restated as explained below, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS). Please refer to appendix B for the financial statements of the Company.
- The historical unadjusted financial information for the Draugen and Gjøa fields is extracted from A/S Norske Shell interim financial statements for the 11 month period ending at the acquisition date 30 November 2018 and represents financial information as accounted for by A/S Norske Shell for the period up to the acquisition date. The Draugen field, the Gjøa field and the office building "Råket" do not represent a statutory entity or segment, and as such no statutory interim financial information, management reports, or segment reporting is available.

A/S Norske Shell's interim financial statements for the period up to the acquisition date, encompasses historical unadjusted financial information which is based on the following;

- Draugen and Gjøa revenues recognized from bill of lading reports for the period 1 January to the acquisition date 30 November 2018
- Changes in over/underlift positions and production inventory consist of under/overlift and changes in production inventory recognised from monthly stock statements for the period 1 January to the acquisition date 30 November 2018
- Production expenses and exploration expenses recognized from billing statements prepared by the operator on the license for the period 1 January to the acquisition date 30 November 2018
- Other operating expenses are expenses recognized by A/S Norske Shell in relation to insurance and personnel expenses for the period 1 January to the acquisition date 30 November 2018

The unaudited pro forma statement of comprehensive income is prepared in a manner consistent with the accounting policies of the Company (IFRS) applied in 2018, expect for the accounting treatment of over/underlift. The company has prior to Q1 2019 used a variant of the sales method where changes in overlift and underlift balances have been valued at its net realizable value and the change in over/underlift has been included as "other income". Due to recent development in IFRIC discussions, the Company has decided to change to the traditional sales method from 1 January 2019. This means that changes in over/underlift balances are valued at production cost including depreciation and presented as an adjustment to cost. Comparative figures the year ended 31 December 2018 has been restated in line with IAS 8. As a consequence of this restatement 2018 figures in the pro forma are presented as restated .In addition to IFRS 15, the Company has adopted IFRS 9, Financial Instruments, effective from 1 January 2018 without any significant impact. Effective from 1 January 2019 the Company has implemented IFRS 16, Leases. Please refer to the financial statements of the Company for 2018 for description of the accounting policies and note 2. Accounting Policies or description of IFRS 16 implementation effects.

Accounting principles applied for recognition of expenses and revenues from Draugen and Gjøa for the period 1 January to 30 November 2018 are consistent with those accounting principles applied by the Company for 2018 adjusted for the restatement to reflect the change in accounting treatment of over/underlift applied by the Company in Q1 2019.

The Acquisition has been accounted by the Company as a business combination in accordance with the requirements of IFRS 3, business combinations, in which the Company is the acquirer.

The unaudited pro forma financial information is presented in NOK, which is the presentation and functional currency of the Company.

The unaudited pro forma financial information has been prepared under the assumption of going concern.

PriceWaterhouseCoopers AS has issued an Independent Assurance report on the unaudited pro forma financial information included as Appendix D to this Prospectus.

12.3 Purchase price allocation and calculation of goodwill

The Company has for the purposes of the pro forma financial information performed a preliminary purchase price allocation (PPA). This allocation has formed the basis for the depreciation charges in the unaudited pro forma statement of comprehensive income. At this stage, the purchase price allocation is preliminary due to the complexity of the transaction and the fact that OKEA 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 pro forma statement of comprehensive income for 2018 may differ significantly. The final PPA will be completed within 12 months of the Acquisition at the latest.

Adjusted for interim period adjustments and working capital, the total cash consideration is estimated to NOK 2 930 million.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill.

The fair values of the identifiable assets and liabilities as at the date of acquisition have been estimated as follows:

Amounts in NOK `000	
Assets	
Tangible fixed assets	3 141 883
Receivables on seller	2 745 999
Net working capital	340 218
Total assets	6 228 100
Liabilities	
Deferred tax liability	456 145
Asset retirement obligation	3 512 231
Tax payable	794 091
Total liabilities	4 762 467
Total identifiable net assets at fair value	1 465 632
Total consideration	2 930 003
Goodwill	1 464 371
Goodwill consist of:	
"Ordinary" goodwill	166 632
"Technical" goodwill	1 297 739
Total goodwill	1 464 371

The main assets acquired are oil and gas fields in production consisting of a 44.56% participating interest in Draugen (PL093) and a 12% participating interest in Gjøa (PL153). The assets are included as part of tangible fixed assets in the above table. In addition tangible fixed assets includes the office building "Råket" in Kristiansund.

As part of the Acquisition the parties have agreed that Shell as the seller shall cover the cost of decommissioning the acquired oilfields based on the following terms:

- The seller has agreed to cover 80% of the actual abandonment expenses for the Draugen and Gjøa fields up to a predefined after-tax cap amount of NOK 638 million subject to CPI adjustment. The present value of the expected payments is recognized as a pre-tax receivable on seller in the financial statements, amounting to NOK 2,444.8 million.
- In addition, the seller has agreed to pay OKEA an amount of NOK 375 million subject to CPI adjustment according to a schedule based on the percentage of completion of the decommissioning of the Draugen and Gjøa fields. The receivable is recognized as a post-tax receivable on Shell in the financial statements, amounting to NOK 301.2 million.

The present value of expected future payments from the seller is recognized as a receivable and the cash flows are discounted by 3.6%.

The ordinary goodwill consists largely of the synergies expected from acquiring the Draugen organization, which provides a platform for generating future growth on the Norwegian Continental Shelf. The technical goodwill arises as a consequence of the requirement to recognize deferred tax for the differences between the assigned fair values (which have been based on a post-tax market for such transactions) and the tax basis of assets acquired, and liabilities assumed. None of the goodwill recognized will be deductible for income tax purposes.

Technical goodwill is not amortized and as the field reserves over time are depleted from production, the technical goodwill will eventually be subject to impairment loss. Technical goodwill may also be subject to impairment following negative development in other assumptions in the impairment test such as price assumptions for oil & gas and cost estimates for operating expenses and investments. No impairment loss was assumed or recorded in the 2018 unaudited pro forma statement of comprehensive income.

12.4 Unaudited pro forma statement of comprehensive income

	Historical financial information			Pro forma adjustments		PRO FORMA
	OKEA AS	Draugen	Gjøa			
	Jan. 1 - Dec. 31, 2018 Restated	Jan. 1 - Nov. 30, 2018	Jan. 1 - Nov. 30, 2018	Jan. 1 - Nov. 30, 2018	Notes	Jan. 1 - Dec. 31, 2018
	IFRS					
Amounts in NOK '000		(unaudited)	(unaudited)	(unaudited)		(unaudited)
Revenues from crude oil and gas sales	149 761	1 778 110	1 437 010	-		3 364 881
YME compensation contract breach	115 000					115 000
Other operating income	44 326					44 326
Total operating income	**309 087**	**1 778 110**	**1 437 010**	**-**		**3 524 207**
Production expenses	-96 714	-539 780	-158 714			-795 208
Changes in over/underlift positions and production inventory	133 318	-86 257	29 157	-148 875	**A**	-72 657
Exploration expenses	-74 782	-	-1 989	-		-76 771
Depreciation, depletion and amortization	-100 066	-		-633 030	**B**	-733 095
Employee benefits expenses	-34 183	-	-	-		-34 183
Other operating expenses	-87 899	-116 343	-40 069	-		-244 311
Total operating expenses	**-260 326**	**-742 380**	**-171 615**	**-781 904**		**-1 956 225**
Profit / loss (-) from operating activities	**48 761**	**1 035 730**	**1 265 395**	**-781 904**		**1 567 981**
Finance income	17 300	-	-	85 415	**C**	102 715
Finance cost	-366 263	-	-	-177 156	**D**	-543 419
Net financial items	**-348 963**	**-**	**-**	**-91 741**		**-440 704**
Profit / loss (-) before income tax	**-300 202**	**1 035 730**	**1 265 395**	**-873 646**		**1 127 277**
Income tax	144 488			-1 131 470	**E**	-986 982
Net profit / loss (-)	**-155 714**	**1 035 730**	**1 265 395**	**-2 005 115**		**140 296**
Other comprehensive income						
Total other comprehensive income	-	-	-	-		
Total comprehensive income / loss (-)	**-155 714**	**1 035 730**	**1 265 395**	**-2 005 115**		**140 296**

12.5 Notes to the unaudited pro forma statement of comprehensive income

GAAP adjustments Over/underlift

The company has prior to Q1 2019 used a variant of the sales method where changes in overlift and underlift balances have been valued at its net realizable value and the change in over/underlift has been included as "other income". Due to recent development in IFRIC discussions, the Company has decided to change to the traditional sales method from 1 January 2019. This means that changes in over/underlift balances are valued at production cost including depreciation and presented as an adjustment to cost. Comparative figures the year ended 30 December 2018 has been restated in line with IAS 8. As a consequence of this restatement 2018 figures in pro forma are presented as restated.

Under the sales method, over and underlift for Draugen and Gjøa are measured at cost, (calculated at average production cost per barrel for the interim period between Jan 1 - Nov 30, 2018), and are presented in changes in over/underlift positions and production inventory.

Notes to the pro forma adjustments

Note A Fair value adjustment of over/underlift

Under the traditional sales method over/underlift balances are valued at production cost. Preparation of a pro forma statement of comprehensive income for 2018 as if the Transactions occurred on 1 January 2018 results in a pro forma adjustment of NOK 148.9 million to reflect the fair value adjustment of the acquired over/underlift taken to other comprehensive income upon realization of the over/underlift position (estimated based on average production cost/boe for the first 11 months). This pro forma adjustment will not have continuing impact.

Note B Depreciations

The pro forma adjustment of NOK 633.3 million consists of unit of production (UoP) depreciations of the acquired oil and gas fields and depreciation of the office building at Råket in Kristiansund.

The Råket building has a book value of NOK 91.5 million and a useful life of 20 years. Depreciation is calculated on a straight-line basis and adjusted for residual values and impairment charges, if any.

Capitalised costs for oil & gas fields in production, as Draugen and Gjøa, are depreciated individually (on a field level) using the unit-of-production method. Remaining production is calculated based on proved and probable reserves. The rate of depreciation is equal to the ratio of oil and gas production for the period (2018) over the estimated remaining proved and probable reserves expected to be recovered at the beginning of the period, in this instance per 1 January 2018. The rate of depreciation is multiplied with the carrying value plus estimated future capital expenditure necessary to develop any undeveloped reserves included in the reserve basis. *T*his pro forma adjustment will have continuing impact.

Note C Finance income

The pro forma adjustment to finance income of NOK 85.4 million consist of reversal of interest income of NOK 5.2 million and unwinding effect on the asset retirement receivable on A/S Norske Shell of NOK 90.6 million.

The reversal of interest income is interest income coming from an Escrow account where the net proceeds of NOK 171.6 million from the bond issue was placed. The amount placed on Escrow account was released when the equity financing of the acquisition was completed. This pro forma adjustment will not have continuing impact.

In the purchase price allocation a receivable on A/S Norske Shell of NOK 2,746.0 million has been recorded and the unwinding of the discounted asset retirement receivable recorded as a pro forma adjustment to finance income of NOK 90.6 million assumes that the receivable was acquired as at 1 January 2018. This pro forma adjustment will have continuing impact.

Note D Finance costs

The pro forma adjustment to finance cost of NOK 177.2 million consist of interest expense on secured bond loan of NOK 66.6 million, currency loss on the secured bond loan of NOK 13.9 million and unwinding of discount asset retirement obligation of NOK 96.6 million.

In June 2018, the Company entered into a USD 180 million secured bond loan with a maturity date for the entire loan in June 2023. The net proceeds from the bond issue were used to finance the Acquisition.

The interest rate is 3 months LIBOR plus 6.5% p.a. and the pro forma adjustment to finance cost of NOK 66.6 million is to reflect interest costs and amortized costs for the period 1 January to 28 June 2018 in the unaudited pro forma statement of comprehensive income for 2018 as if the bond loan was issued on 1 January 2018. This pro forma adjustment will have continuing impact.

Currency loss of NOK 13.9 million is a currency loss calculated assuming that the USD loan was issued on 1 January 2018. This pro forma adjustment will have continuing impact through currency gains or losses going forward.

Provisions for asset retirement obligations represent the future expected costs for close-down and removal of oil equipment and production facilities. In the purchase price allocation an asset retirement obligation of NOK 3,512.2 million has been recorded and the unwinding of the discounted asset retirement obligation recorded as a pro forma adjustment to finance costs of NOK 96.6 million assumes that the obligation was acquired as at 1 January 2018. This pro forma adjustment will have continuing impact.

Note E Tax Expense

The tax expense is calculated based on the historical financial information from Draugen and Gjøa in addition to the pro forma adjustments presented in the notes A-C above. A nominal tax rate of 78% has been used for the calculation of income tax under the Norwegian special petroleum taxation rules ("special offshore tax"). Deduction for interest expenses has been allocated between the special offshore tax and ordinary corporate tax regime based on an allocation factor consistent with the financial statements for 2018, leaving the tax rate slightly higher than 78%. The calculation gives rise to a pro forma adjustment on tax expense of NOK 1,131.47 million. This pro forma adjustment will have continuing impact.

13 BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

13.1 Introduction

The General Meeting is the highest authority of the Company. All shareholders of the Company are entitled to attend and vote at General Meetings of the Company and to table draft resolutions for items to be included on the agenda for a General Meeting.

The overall management of the Company is vested in the Company's senior Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business, ensuring proper organisation, preparing plans and budgets for its activities ensuring that the Company's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Board of Directors has sub-committees for audit, risk and remuneration and compensation, ref. Section 13.9-13-12. The Management is responsible for the day-to-day management of the Company's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Company's chief executive officer is responsible for keeping the Company's accounts in accordance with prevailing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner. In addition, the CEO must according to Norwegian law report the Board of Directors on the Company's activities, financial position and operating results at least once per month.

13.2 The Board of Directors

13.2.1 Overview of the Board of Directors

The Articles of Association provide that the Board of Directors shall consist of a minimum of three and a maximum of eleven Board Members elected by the Company's shareholders. The names, positions and current term of office of the Board Members as at the date of this Prospectus are set out in the table below. These Board Members will continue to form part of the Board of Directors on and from Listing and satisfy Oslo Børs' Listing Rules.

Name	Position	Served since	Term expires
Chaiwat Kovavisarach	Chairperson	2018	2020
Henrik Schröder	Board member	2015	2020
Michael William Fischer	Board member	2018	2020
Prisana Praharnkhasuk	Board member	2019	2021
Finn Haugan	Board member	2019	2021
Liv Monica Stubholt	Board member	2019	2021
Rune Olav Pedersen	Board member	2019	2021
Nicola Gordon	Board member	2019	2021
Ida Ianssen Lundh	Board member (employee elected)	2019	2021
Jan Atle Johansen	Board member (employee elected)	2019	2021
Anne Lene Rømuld	Board member (employee elected)	2019	2021
Ragnhild Aas	Deputy board member (employee elected)	2019	2021
Bjørn Ingar Pettersen	Deputy board member (employee elected)	2019	2021
Bengt Morten Sangolt	Deputy board member (employee elected)	2019	2021
Frank Stensland	Deputy board member (employee elected)	2019	2021

The composition of the Board of Directors is in compliance with the independence requirements of the Corporate Governance Code (as defined below), meaning that (i) the majority of the members of the Board of Directors elected by the Company's shareholders are independent of the Company's executive management and material business contacts, (ii) at least two Board Members elected are independent of the Company's main shareholders (shareholders holding more than 10% of the Shares in the Company), and (iii) no member of the Company's Management team (SPVs as defined in Section 13.3.1) serves on the Board of Directors.

OKEA has an agreement with the employees of OKEA not to have a corporate assembly but instead expanded employee representation in the Board of Directors with the representatives as detailed above.

The Company's registered business address, Ferjemannsveien 10, 7042 Trondheim, Norway, serves as c/o address for the Board Members in relation to their Board membership.

As at the date of this Prospectus, some of the Board Members holds Shares and warrants in the Company. Please refer to Section 13.4.3 "Shareholdings and warrants held by members of the Management and the Board of Directors." See Section 13.5 "Bonus program and share incentive scheme" for a description of the Company's long term share incentive programme adopted by the Board of Directors.

13.2.2 Brief biographies of the Board Members

Set out below are brief biographies of the Board Members.

Chaiwat Kovavisarach, Chairperson

Chaiwat Kovavisarach has been the President and CEO of Bangchak Corporation Public Company Limited since 2015. He also serves at the board of several listed and non-listed companies where among as director at the Lithium Americas Corp., Chair of BCPG and Chair of Bangchak Retail Company.

He holds a Master of Engineering from the Asian Institute of Technology (AIT), an MBA from Thammasat University and a Bachelor of Engineering from King Mongkut's Institute of Technology Ladkrabang (KMITL).

Current directorships and senior management positions...	Bangchak Corporation Public Company Limited (SET), President and Chief Executive Officer Bangchak Retail Company Limited, Chairman BBGI Public Company Limited, Director BCPG Public Company Limited (SET), Director and Chairman of the Investment Committee Government Pension Fund, Expert Member of Investment Committee Happiness Sharing Foundation, Chairman International Chamber of Commerce Thailand (ICC Thailand), Director Lithium Americas Corp. (NYSE,TSX), Director Nido Petroleum Pty Ltd, Director OKEA ASA, Chairperson Suan Kulab Witthayalai Alumnus Association Under the Royal Patronage of H.M. the King, Director The Board of Trustees, Executive Committee, The Nominating Committee and Audit Committee, Asian Institute of Technology, Board Member The Federation of Thai Industries, Vice Chairman The Institute of Research Development and Innovation for Industry, Vice Chairman Vice President of the Activity Relationship, AIT Alumni Association Thailand Management Association (TMA), Director Thai Listed Companies Association (TLCA), Director
Previous directorships and senior management positions last five years	Government Pension Fund, Member of Board of Director

Henrik Schröder, Board Member

Henrik Schröder has 35 years of experience in establishing, developing, managing, financing and selling international growth companies, having held numerous positions as President, CEO, CFO and COO. Mr Schröder currently holds the position as Partner of Seacrest Capital Management Ltd, and cofounder of the Seacrest Group.

He holds a MSc in Business and Finance from the Stockholm School of Economics, postgraduate studies at New York University and an executive management program at the Wharton School.

Current directorships and senior management positions	Seacrest Capital Management Ltd, Partner OKEA ASA, Board Member Fortis Petroleum Corporation AS, Board Member Fortis Petroleum Norway AS, Board Member Tangent AB, Director iTDNA Limited, President Not for profit/charitable organizations: ABC Football Foundation, Director Incito Coach & Education Ltd, Director and President

	Cerulean BVI Ltd, Director and President Cerulean H20 Limited, Director and President Ocean Tech, Director
Previous directorships and senior management positions last five years	Seacrest Capital Management Ltd., CFO, Chief Compliance Officer Fortis Petroleum Corporation AS, Chairman Fortis Petroleum Norway AS, Chairman AzEire Petroleum Ltd., Director AziLat Limited, Director Azimuth Africa Limited, Director Azimuth Group Benefits limited, Director Azimuth Group Servlces Ltd., Director Azimuth Indonesia Ltd., Director Azimuth Management Limited, Director Azimuth Namibia Limited, Director Azimuth Sri Lanka Ltd., Director Azimuth Vietnam Ltd., Director Azinam Limited, Director Azinam PEL 33 - Sharon Limited, Director Azinam PEL 34 - Guy Limited, Director Azinam PEL 44 Limited, Director Azinam PEL 45 Limited, Director Azinam PEL 71 Limited, Director Azinam Walvis Limited, Director Aziner Petroleum UK Ltd., Director Azinor Ltd., Director Azinor Petroleum Limited, Director AziPac I Energy Ltd., Director AziPac Ltd., Director AziPac Natuna Ltd., Director AziPac North Madura Limited, Director Banda Energy Ltd., Director East Bunguran Energy Limited, Director Fura Energy Ltd., Director North West Sokang Energy Limited, Director OKEA Holdings Ltd., Director OKEA SPV Limited, Director Seacrest Capital Group Ltd., Director Seacrest Capital Ltd., Director Seacrest Capital Partners Limited, Director Seacrest Capital Partners SLP Limited, Director Seacrest II Associates GP Ltd., Director Seacrest NCS Partners Ltd., Director Seacrest NCS Partners SLP Ltd., Director Seacrest Partners Ltd., Director Seacrest Partners SLP Ltd., Director Seacrest Technologies Limited, Director Retail Innovation HHT AB, Director Snoot AB, Director

Michael William Fischer, Board Member

Michael William Fischer has 30+ years' experience from the oil and gas industry. He is currently the Executive Vice President of the Natural Resources business unit of Bangchak and Managing Director and CEO of Nido Petroleum Ltd. Dr. Fischer has previously held senior management positions at Ophir Energy, OMV, Woodside Energy and BP. He holds a PhD from the University of Wales and a BSc from the University of Leeds.

Current directorships and senior management positions	Bangchak Corporation Public Company Limited (Natural Resources business unit), Executive Vice President BCP Energy International Pte. Ltd., Director BCPR Company Limited, Director BCPR Pte. Ltd., Director Nido Petroleum Pty Ltd., Managing Director and Chief Executive Officer OKEA ASA, Board Member

Previous directorships and senior management positions last five years	Ophir Energy Ltd (Africa Business Unit), President

Prisana Praharnkhasuk , Board member

Prisana Praharnkhasuk is a board member at Bangchak Corporation Public Company Limited and several other listed and non-listed companies. Mrs. Praharnkhasuk has served as a Director at TOA Paint, Siam Solar Power, 10th Workmen's Compensation Fund Committee, Thai Credit Guarantee Corporation, Industrial Estate Authority of Thailand and SIAMESE. She holds an MBA from Tarleton State University, a BBA from Krirk University and BSc from Chulalongkorn University.

Current directorships and senior management positions	Bangchak Corporation Public Company Limited, Board Member Industrial Estate Authority of Thailand, Director OKEA ASA, Board Member
Previous directorships and senior management positions last five years	Siam Solar Power Public Company Limited, Director SIAMESE Company Limited, Director, TOA Paint (Thailand) Public Company Limited, Director 10th Workmen's Compensation Fund Committee, Director Thai Credit Guarantee Corporation, Director Thai Oil Public Company Limited, CFO

Finn Haugan, Board member

Finn Haugan was from 1991 – May 2019 the CEO of SpareBank 1 SMN (formerly Sparebanken Midt-Norge). Mr. Haugan is a board member at BN Bank AS, Norbit ASA and several other listed and non-listed companies. Mr. Haugan has held senior positions in Fokus Bank as well as serving as board member and chairperson at several companies within the finance sector. He holds a master degree in business administration (MBA) from BI (Oslombusiness school).

Current directorships and senior management positions	BN Bank ASA, Chairman Borgermestervingen AS, Board Member Elekt AS, Chairman Fremtind Forsikring AS, Chairman Kavli institute for neuroscience, Board Member MiFi AS, Board Member Norbit ASA, Chairman OKEA ASA, Board Member Sinkaberg-Hansen AS, Chairman Vipps AS, Board Member
Previous directorships and senior management positions last five years	BankAxept AS, Chairman EiendomsMegler 1 Midt Norge, Chairman Finans Norge, Chairman and Board Member Norwegian association for savings banks, Chairman SpareBank 1 Banksamarbeidet DA, Board Member SpareBank 1 Gruppen AS, Board Member SpareBank 1 Markets, Chairman SpareBank 1SMN, CEO Aker BP member of the compensation committee

Liv Monica Stubholt, Board member

Liv Monica Stubholt has 20+ years of experience as a lawyer and is currently a partner in the law firm Selmer. Ms. Stubholt has held several top executive positions in Aker ASA and been State Secretary at the Norwegian Ministry of Foreign Affairs and the Ministry of Petroleum and Energy. Ms. Stubholt is further a council member of the Department for Petroleum and Energy Law at the Faculty of Law in Oslo, chairs the board of Norwegian Russian Chamber of Commerce and is a member of the board at the Norwegian German Chamber of Commerce. She holds a law degree from the University of Oslo.

Current directorships and senior management positions	Biomega Group, Board Member Fortum Oslo Varme, Chairperson OKEA ASA, Board Member Pareto Asset Management AS, Board Member RN Nordic Oil, Board Member Selmer AS, Partner Sintef Energi AS, Board Member Solveig Gas Holdco AS, Board Member Solveig Gas Norway AS, Board Member Varanger Kraft, Chairperson
Previous directorships and senior management positions last five years	Broadnet AS, Board Member Broadnet Topholding AS, Board Member Norsk Hydro, Board Member VNG Norge AS, Board Member

Rune Olav Pedersen, Board member

Rune Olav Pedersen has been President & CEO of Petroleum Geo-Services ASA ("PGS") since 2017. Mr. Pedersen has previously held the position of Executive Vice President & General Counsel at the company. Prior to joining PGS he was partner in the oil and gas department of the law firm Arntzen de Besche. He has a law degree from the University of Oslo, a post-graduate diploma in European competition law from Kings College London and an Executive MBA from London Business School.

Current directorships and senior management positions	OKEA ASA, Board Member Pepino Invest AS, Chairman PGS ASA, President and CEO
Previous directorships and senior management positions last five years	Azimuth II Limited, Board Member Azimuth III Limited, Board Member Azimuth Limited, Board Member Azinam Limited, Board Member Den Norske Krigsforsikring for Skib, Deputy Board Member

Nicola Gordon, Board member

Nicola Gordon has 35+ years of experience from the oil and gas industry. Ms. Gordon holds several board positions, among others at the Audit Committee at the Scottish Environment Protection Agency and as Chair of Heriot-Watt University's Institute of Petroleum Engineering Strategy Advisory Board. Gordon has 36years' experience from the Royal Dutch Shell Group as including as Vice President for Shell International, as asset manager and board director at A/S Norske Shell and Managing Director at Shell Denmark. She is a Chartered Engineer and Fellow of the Energy Institute and holds an MSc in Petroleum Engineering from Heriot-Watt University and a BSc in Chemical Engineering from University of Newcastle upon Tyne.

Current directorships and senior management positions	Arts and Business Scotland, Board Member and trustee Edinburgh Printmakers, Board Member and trustee Judicial Appointments Board for Scotland, Chairing member of board OKEA ASA, Board Member Scottish Environment Protection Agency, Board Member Scottish Oil Club, Board Member

Previous directorships and senior management positions last five years	A/S Norske Shell, Board Member Shell International, Board Member

Ida Ianssen Lundh, Board member (employee elected)

Ida Ianssen Lundh is Vice President of Drilling and Wells at OKEA.Ms. Lundh previously served as Drilling Engineer at Norske Shell and Shell Global Solutions AS on national and international projects. She holds an MSc in Petroleum Engineering, specializing in Drilling Engineering. from Norwegian University of Science and Technology (NTNU), including an exchange year at Colorado School of Mines.

Current directorships and senior management positions	NPF Trøndelag, Chairperson OKEA ASA, Board Member (employee elected)
Previous directorships and senior management positions last five years	NPF Trøndelag, Board Member NPF Boring og Brønn konferansen, Board Member

Jan Atle Johansen, Board member (employee elected)

Jan Atle Johansen has 20+ years of experience as a Production Technician at the Draugen oil production platform. Mr Johansen is the trade union leader for SAFE (union for personnel working in the energy sector). He holds four years of technical higher education and has served in the Royal Norwegian Navy in the Coastal artillery.

Current directorships and senior management positions	OKEA ASA, Board Member (employee elected) SAFE Draugen, trade union leader
Previous directorships and senior management positions last five years	-

Anne Lene Rømuld, Board member (employee elected)

Anne Lene Rømuld has 20+ years of oil & gas industry experience. She currently serves as Senior Discipline Engineer Control & Automation at OKEA. Prior to Joining OKEA, Ms. Rømuld held the position as Senior Reliability Engineer at A/S Norske Shell and Manager of Control and Automation at Shell Canada Ltd. She holds an MSc in Process Automation from Telemark University College and a BSc in Automation and Electrical Engineering from The Arctic University of Norway.

Current directorships and senior management positions	*OKEA ASA, Board Member (employee elected)* -
Previous directorships and senior management positions last five years	-

13.3 Management

13.3.1 Overview

OKEA's Management team (CEO and Senior Vice Presidents ("**SVPs**")) consists of 8 individuals. All members of Management are eligible to participate in the Retail Offering.

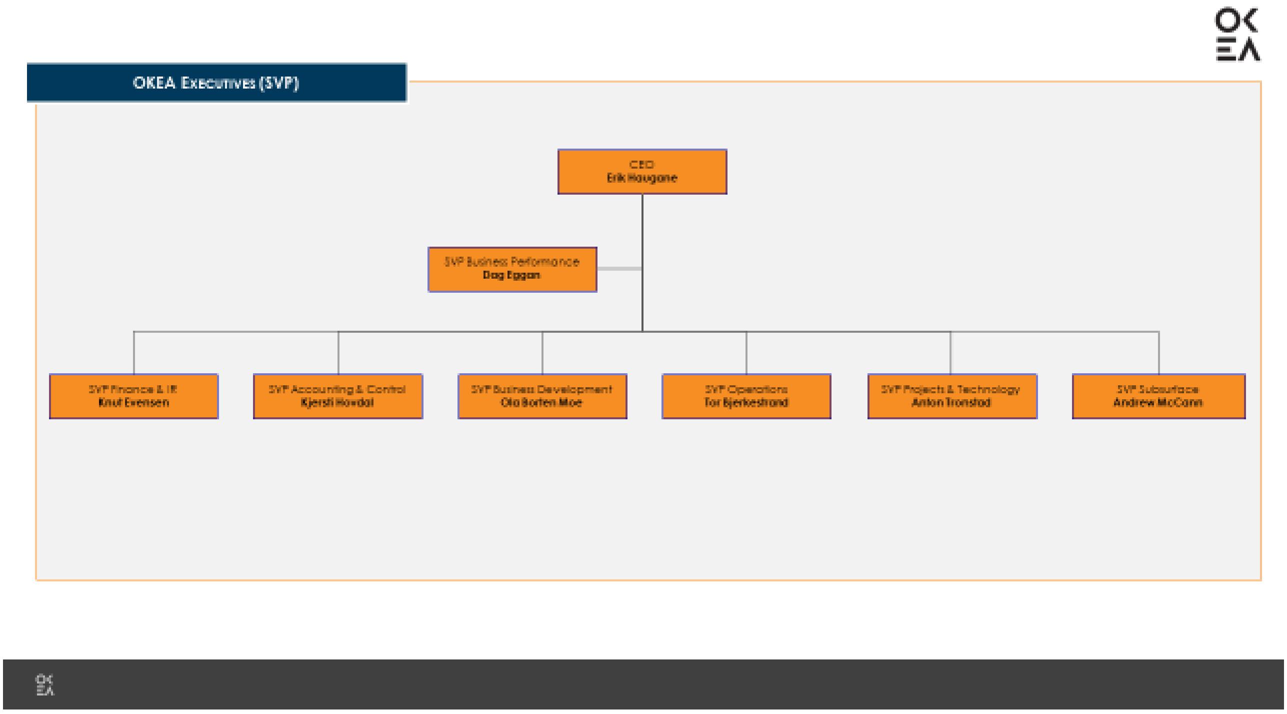
The names of the members of Management as at the date of this Prospectus, and their respective positions, are presented in the table below:

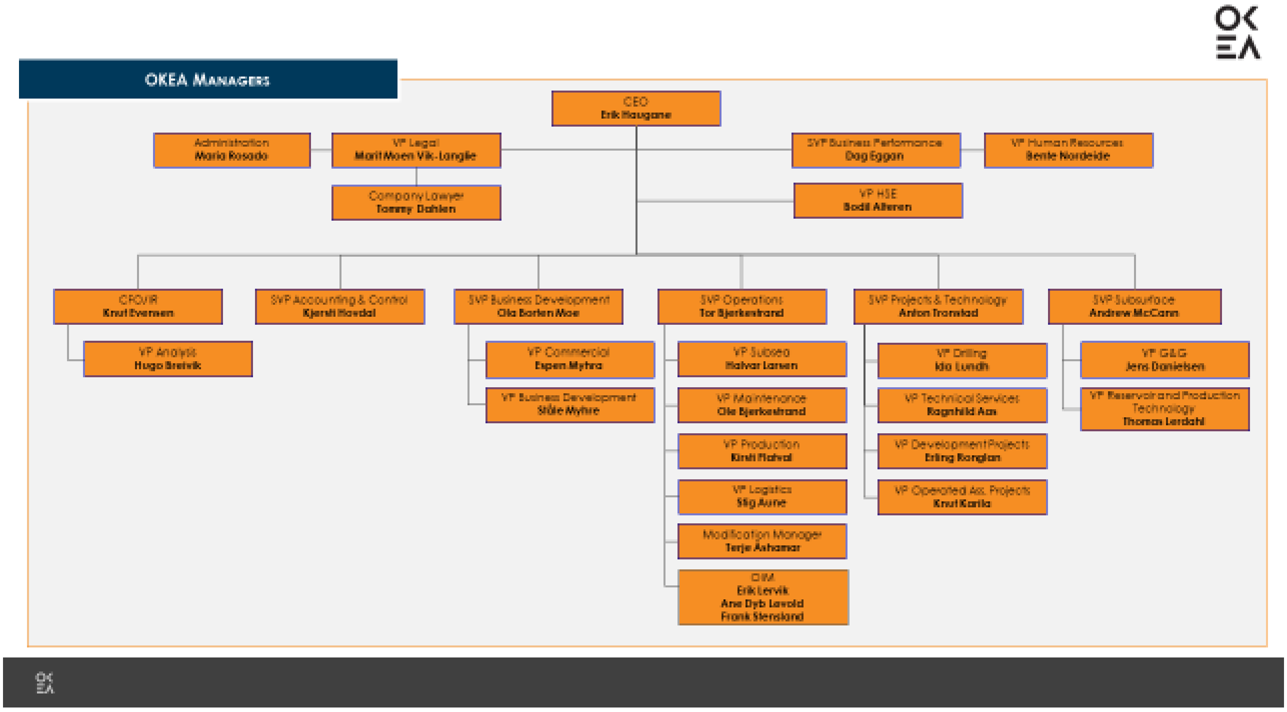
Name	Current position within the Company	Employed with the Company since
Erik Haugane	CEO	2015
Knut Arild Evensen	SVP Finance and Investor Relations	2015
Anton Ernst Tronstad	SVP Projects and Technology	2015
Ola Borten Moe	SVP Business Development	2015
Kjersti Hovdal	SVP Accounting and Control	2018
Dag Eggan	SVP Business Performance	2015
Andrew McCann	SVP Subsurface	2019
Tor Bjerkestrand	SVP Operations	2018

The Company's registered business address, Ferjemannsveien 10, 7042 Trondheim, Norway, serves as c/o address for the members of the Management in relation to their employment with the Company.

The following charts set out the Management's organisational structure:

Chart 13.3.1 and 13.3.1(a): Management's organisational structure





13.3.2 Brief biographies of the members of the Management

Set out below are brief biographies of the members of the Management.

Erik Haugane, CEO

Erik Haugane is the CEO of OKEA, which position he has held since 2015. Mr Haugane has experience as former vice president in Asia Pacific, PGS ASA, and CEO of Pertra AS, Det norske oljeselskap ASA (currently known as Aker BP) and SIVA SF. In addition, he chaired a Konkraft (Norwegian cooperation platform for oil, gas and related industries) subcommittee on standard contract, has been a member of the Legal Committee in NOROG (oil and gas roundtable / cooperation platform) and chairperson of IAGC Scandinavia.

Mr Haugane holds a Cand. real. degree in Geology.

Current directorships and senior management positions....	Blueye AS, founder and chairperson Way AS, founder and chairperson Folkeinvest AS, founder and board member Råd AS, board member Winns AS, board member Rosenborggården AS, board member
Previous directorships and senior management positions last five years...	SIVA SF, CEO Statkraft SF, board member Statkraft AS, board member Sintef Petroleum AS, board member OKEA AS, board member

Knut Arild Evensen, SVP Finance and Investor Relations

Knut Arild Evensen is the SVP of Finance and Investor Relations of OKEA, which position he has held since August 2015. Mr Evensen has held various positions in Det norske oljeselskap ASA (currently known as Aker BP) from 2008 to 2015, such positions being vice president of Investor Relations from 2008 to 2011, CFO from 2011 to 2012 and vice president of Business Development from 2013 to 2015. Mr Evensen has experience as an equity analyst from Danske Markets from 2007 to 2008 and Pareto Securities from 1999 to 2001.

Mr Evensen holds a Master of Science in Business and Economics.

Current directorships and senior management positions....	KEBS AS, CEO and chairperson r
Previous directorships and senior management positions last five years..	Det norske oljeselskap ASA, various positions

Anton Ernst Tronstad, SVP Projects and Technology

Anton Ernst Tronstad is the SVP of Projects and Technology of OKEA, which position he has held since 2015. Mr Tronstad has 36 years' experience in oil industry operator companies on the Norwegian continental shelf. He has been involved in major development projects and in management of drilling operations, both onshore and offshore. Mr Tronstad was previously drilling manager at Pertra AS from 2003 until 2005 and Det norske oljeselskap ASA from 2005 until 2010 (currently known as Aker BP), as well as co-founder of Det norske oljeselskap ASA and OKEA. In addition, Mr Tronstad serves as board member in various companies.

Mr Tronstad holds a Master of Science from the Norwegian University of Science and Technology.

Current directorships and senior management positions....	Ligna AS, board member InnTre AS, board member Skjækerhatten AS, board member Brubakka Eiendom AS, board member
Previous directorships and senior management positions last five years..	OKEA AS, board member Skjækerhatten AS, chairperson

Ola Borten Moe, SVP Business Development

Ola Borten Moe is the SVP of Business Development at OKEA, which position he has held since 2015. Mr Moe was the Director of Innovation at SIVA from 2013 until 2015 and was the Norwegian Minister of Petroleum and Energy from 2011 until 2013. He has been a member of the Norwegian Parliament from 2005 until 2013. Mr Moe has been the Vice Chairman of the Centre political party (*Norwegian: Senterpartiet*) since 2011.

Mr Moe has a degree in Agronomics from Skjetlein VGS and intermediate courses in Political Science and English from the Norwegian University of Science and Technology

Current directorships and senior management positions....	Moe Korn AS, founder and chairperson Skjefstad Vestre AS, founder and chairperson (Holding Company) Moe AS, founder and chairperson Minilager Trondheim AS, founder and board member Frostaveien 6 AS, board member Ola Borten Moe ENK, owner
Previous directorships and senior management positions last five years...	OKEA AS, board member Øvre Alle' AS, board member Strinda Utvikling AS, board member Baron Eiendom AS, board member

Kjersti Hovdal, SVP Accounting and Control

Kjersti Hovdal is the SVP of Accounting and Control at OKEA, which position she has held since December 2018. Ms Hovdal has nine years' experience as auditor and advisor at Ernst & Young. In addition, Ms Hovdal has 14 years' experience from Aker BP ASA/Det norske oljeselskap ASA, 11 years as finance manager, one and a half years as manager of business controlling and one and a half years as manager of finance projects.

Ms Hovdal holds a Bachelor's degree in Accounting and Auditing from the Trondheim Business School (currently known as NTNU Business School).

Current directorships and senior management positions....	Bolig og Næringskreditt AS (a subsidiary of BN Bank ASA), board member
Previous directorships and senior management positions last five years...	Aker BP ASA/Det norske oljeselskap ASA, various positions BN Boligkreditt AS, board member Sandvika Fjellstue AS, board member

Dag Eggan, SVP Business Performance

Dag Eggan is the SVP Business Performance, which position he has held since December 2018, and was formally the SVP of health, environment & safety at OKEA from 2015 to 2018. Mr Eggan has 22 years' experience in the offshore sector, including quality risk manager in Equinor ASA (formerly Statoil ASA), Equinor's Mobile Newbuild Group from 2013 to 2015, vice president of health, environment & safety of Ocean Rig AS from 2011 to 2013, QSHE director and co-founder of PIER Offshore Management Services AS from 2006 to 2011, vice president of QHSE of Sevan Drilling from 2006 to 2010, QHSE director of Skeie Drilling & Production AS from 2006 to 2011, senior vice president HES&Q at Ocean Rig AS 8 from 2003 to 2006, HES&Q manager of Ocean Rig Halifax Nova Scotia from 2001 to 2003 and HES&Q manager of Ocean Rig USA from 2000 to 2001.

Mr Eggan holds a Master of Science in environmental engineering from the Norwegian University of Science and Technology.

Current directorships and senior management positions....	365Fri AS (holding company), chairman
Previous directorships and senior management positions last five years...	Equinor ASA, Equinor's Mobile Newbuild Group, quality risk manager

Andrew McCann, SVP Subsurface

Andrew McCann is the SVP of subsurface at OKEA, which position he has held since 2019. Mr McCann has over twenty years' experience from Equinor (formerly Statoil) in various research and petroleum technical positions from 1997 to 2004, as petroleum technology leader on NCS operated assets from 2004 to 2012, petroleum technology manager in Brazil from 2012 to 2016vice president and country manager for Equinor Libya from 2016 to 2019, as petroleum technology leader on NCS operated assets from 2004 to 2012, petroleum technology manager in Brazil from 2012 to 2016 and vice president and country manager for Equinor Libya from 2016 to 2019.

Mr McCann holds a PhD in Geology from the University of Cambridge, UK.

Current directorships and senior management positions....	Equinor ASA, VP country manager for Libya
Previous directorships and senior management positions last five years...	Equinor Libya AS, board member Equinor Energy Libya AS, board member Equinor Murzuq AS, board member Equinor Murzuq Area 146 AS, board member

Tor Bjerkestrand, SVP Operations

Tor Bjerkestrand is the SVP of operations of OKEA, which position he has held since December 2018. Mr Bjerkestrand has 9 years' experience from Shell as Operations Managers and Offshore Installation Manager, 6 years' experience in Petroleum Development Oman as process safety manager and 3 years' experience from Kværner as a Modification, Maintenance and Operations Manager, Norway.

Mr Bjerkestrand holds a Master of Science in engineering.

Current directorships and senior management positions....	
Previous directorships and senior management positions last five years...	Shell, operations and installations manager Petroleum Development Oman

13.4 Remuneration and benefits

13.4.1 Remuneration of the Board of Directors

The total payments to the Board of Directors of OKEA in 2018 were NOK 779,000. The table below sets out the remuneration paid to the board members in 2018.

Name and position	Remuneration paid in 2018 (NOK)
Henrik Schröder (Chairman)	213,000
Paul Anthony Murray (Board member)	142,000
Kaare Gisvold (Board member)	142,000
Knud Hans Nørve (Board member)	142,000
Arild Christian Selvig (Board member)	142,000

13.4.2 Remuneration of the Management

OKEA offers competitive remuneration to Management based on current market standards, Company, and individual, performance. In addition to the basic salary, Management also participates in the bonus program described in Chapter 13.5.

The table below sets out the remuneration to the Management of OKEA in 2018 (in NOK):

Name	Position	Salary[1]	Bonus	Other remuneration	Pensions costs	Total remuneration
Erik Haugane	CEO	2,504,000	764,000	13,000	164,000	3,445,000
Knut Arild Evensen	SVP Finance and Investor Relations	2,137,000	623,000	13,000	166,000	2,939,000
Anton Ernst Tronstad	SVP Projects and Technology	2,131,000	665,000	13,000	168,000	2,977,000
Ola Borten Moe	SVP Business Development	2,137,000	623,000	13,000	163,000	2,936,000
Kjersti Hovdal[3]	SVP Accounting and Control	150,000	-	3,000	14,000	167,000
Dag Eggan	SVP Business Performance	2,137,000	623,000	13,000	164,000	2,937,000
Andrew McCann[2]	SVP Subsurface	-	-	-	-	
Tor Bjerkestrand[3]	SVP Operations	233,000	-	37,000	13,000	283,000

1 Including holiday pay
2 No data applicable as employment commenced in 2019
3 The remuneration for is only for December 2018, the point in time from which the persons became members of Management

13.4.3 Shareholdings and warrants held by members of the Management and the Board of Directors

Name and position	No# Shares / warrants*/**
Erik Haugane	821,340 Shares / 250,000 warrants / 76,620 category 2 warrants
Knut Arild Evensen	531,390 Shares / 250,000 warrants/ 49,570 category 2 warrants
Anton Ernst Tronstad	1,207,410 Shares / 250,000 warrants/ 40,000 category 1 warrants / 76,360 category 2 warrants
Ola Borten Moe	545,390 Shares / 250,000 warrants / 50,880 category 2 warrants
Kjersti Hovdal	100,000 Shares / 10,280 category 1 warrants
Dag Eggan	174,790 Shares / 40,000 warrants / 2,220 category 1 warrants / 14,290 category 2 warrants
Andrew McCann	none
Tor Bjerkestrand	10,800 Shares / 40,000 warrants / 1,110 category 1 warrants
Ida Ianssen Lundh	25,400 Shares / 880 category 1 warrants/ 1,560 category 2 warrants
Finn Haugan	8,390 Shares / 860 category 1 warrants
Jan Atle Johansen	4,320 Shares / 440 category 1 warrants

*The Company has issued a total of 8 100 160 Trigger warrants to its shareholders/management, of these 4 634 550 are classified as Trigger 1 Warrants (TG1) which may only be exercised if the Company has not achieved DG2 status on the Grevling field prior to an IPO or immediately prior to closing of a trade sale and 3 465 610 are classified as Trigger 2 Warrants (TG2) which may only be exercised in the event that the Company has achieved PDO status on the Grevling field prior to an IPO or immediately prior to closing of a trade sale. The board of directors of OKEA has determined that

(i) the terms and conditions for Trigger 1 Warrants (TG1) are satisfied and (ii) the terms and conditions for Trigger 2 Warrants (TG2) are not satisfied and therefore not exercisable. The Trigger 1 Warrants (TG1) can be exercised by payment of a subscription price equal to NOK 0.10 per share with issue of 4,634,550 new shares in total and will be issued in connection with the Offering.

In addition 1 250 000 warrants are issued to the shareholders further described in Section 13.5.2.

**The Shares and warrants are multiplied with 10 following the split of the shares 1/10.

13.5 Bonus programme and share incentive scheme

13.5.1 Bonus programme

OKEA has a bonus scheme for all employees including Management. The issue of a bonus is based on the achievement of certain Key Performance Indicators ("**KPIs**") which are pre-determined by the Board of Directors on an annual basis when determining the relevant year's KPIs for 2019 accumulate up to 40% of the relevant employee's basic annual salary. The Board of Directors will issue KPIs for each following year. The KPIs will be on a company and division level and, target increased value creation and positive health, safety and environment culture. The KPIs will be realistically set and consequently achievable.

Bonuses for the previous year will be calculated by end of January each year. The post-tax value of the bonus is defined as 50% of the bonus and must be used to purchase shares in OKEA. The Company will issue the relevant number of shares to facilitate this, or the shares will be purchased in the market as determined appropriate by the Board of Directors. The value of each OKEA share will be the last issued price and following Listing, the market price. A 12-month lock-up will apply to shares issued as part of the bonus share programme. If the lock-up period is violated, the bonus will be redefined as a cash bonus and the employee will be required to compensate for the difference.

Employees may elect a cash bonus rather than a share bonus. In such case, the bonus payment will be reduced by 50%. A notice that cash bonus is preferred must be sent the Company no later than 10 January in the bonus payment year. Employees that have resigned from the Company at the time of the bonus payment will not be issued a bonus.

13.5.2 Warrants issued to employees

In February 2018, OKEA issued 1,250,000 equity-settled warrants to employees who had B-shares to compensate for assumed loss when the shares merged into one share class, each warrant with an exercise price of NOK 17.9. The final exercise date for the warrants is 1 October 2022. It is a requirement that the employees are still employed by OKEA when exercising the warrants. The assessed fair value at grant date of warrants granted is NOK 5.88 per warrant. The fair value at grant date is determined using a Black Scholes Model. The most significant inputs and assumptions in determining fair value at grant date is: exercise price of NOK 17.9, Share price at grant date of NOK 17.9, expected volatility of 34.7%, risk free interest rate 1.5%, term of options is 4.5 years. The warrants are deemed fully vested.

The Board of Directors has been granted an authorisation to issue shares or to acquire treasury shares for the purpose of, inter alia, implementing such share incentive program. See Section 15.6 "General Board authorisation to increase the share capital and to issue Shares" and Section 15.7 "Board authorisation to increase the share capital and to issue Shares in connection with incentive programs " for further information on these authorisations.

13.5.3 Bonus to SVP of Finance and Investor Relations

Knut Arild Evensen, SVP Finance and Investor Relations, is entitled to a bonus of up to one year's salary if the Offering and the Listing are successfully completed.

13.6 Benefits upon termination

Erik Haugane, CEO, is entitled to 6 months' severance pay, based on his monthly salary at the relevant time, upon being terminated by the Company. Knut Arild Evensen, SVP Finance and Investor Relations, is entitled to two years' salary as severance pay if his employment agreement is terminated. Such termination may not occur until after completion of the Offering and Listing.

No other members of the Management or Board Members have employment contracts with OKEA entitling them to and none will be entitled to any benefits upon termination of employment with OKEA.

13.7 Pension and retirement benefits

For the year ended 31 December 2018, the costs of pensions for members of the Management who are employed in OKEA ASA were NOK 851,000, including 7 members and AFP ((see immediately below) cost for those eligible. The Company has no pension or retirement benefits for its Board Members.

OKEA has a defined contribution pension arrangement for its employees of 7% from 0-7.1G and 22% from 7.1-12G. OKEA entered union agreements as part of the Shell Transaction and is a member of the agreement based pension (Norwegian: Privat avtalefestet pensjon) (AFP) arrangement from 1 December 2018. For former employees of A/S Norske Shell a compensation was granted to certain employees in connection with the transfer of employees from a defined benefit pensions to a defined contribution scheme by increasing the salary equal to the compensation element for as long as the employee is employed in OKEA (fixed pursuant to a separate formula).

Offshore employees have a retirement age on 65 years and a special arrangement is put in place to compensate early retirement at 65 years compared to 67 years guaranteeing 66% of the salary in pension (after deducting other pension rights). The pension program is funded by OKEA and is partly unfunded. OKEA also has pension/insurance arrangements related to death, disability, spouse and children.

OKEA has an arrangement for redundancy severance payments and OKEA is under an obligation to maintain the severance scheme applicable for former Shell employees until 30 November 2020.

For more information regarding pension and retirement benefits, see note 4 to the Financial Statements, included as Appendix B to this Prospectus.

13.8 Employees

As at the date of this Prospectus, OKEA has 194 employees (in full time employment).

The table below shows the development in the numbers of full-time employees as at 31 December 2018 and 2017.

	As at 31 December	
	2018	**2017**
Total employees.........	194	26

The employees of OKEA are allocated with 80 employees offshore, 64 employees at Kristiansund, 38 employees at Trondheim, 8 employees at Stavanger, 2 employees at Oslo. OKEA does not have a substantial part of its employees on temporarily employment contracts.

13.9 Nomination committee

The Company has not established any nomination committee. However, a nomination committee will be established in due course prior to the expiry of the term of office for the board members as set out in Section 13.2.1 "Overview of the Board of Directors".

13.10 Audit committee

The audit committee is a preparatory and advisory working committee for the Board of Directors. The Company has as of 5 April 2019 established an audit committee in accordance with the rules of the Norwegian Public Limited Liability Companies Act chapter 6 V, and the listing rules of Oslo Børs. The audit committee consists of the board members consist of Prisana Praharnkhasuk, Henrik Schröder and Jan Atle Johansen.

The members of the audit committee shall be elected by and amongst the members of the board of directors. Board members who are also members of the executive management in the company may not be elected as members of the audit committee. The audit committee shall collectively have the competence which is necessary from the perspective of the organization and operation of the company in order to fulfil its tasks. A majority of the members shall be independent of the Company's operations, and at least one of the members of the audit committee shall have qualifications within accounting or auditing.

The principal tasks of the audit committee are to:

- prepare the board of directors' supervision of the Company's financial reporting process;
- monitor the systems for internal control and risk management with relation to financial risks, in cooperation with the Risk Committee;
- have continuous contact with the Company's auditor regarding the audit of the annual accounts; and
- review and monitor the independence of the Company's auditor, including in particular the extent to which services than auditing provided by the auditor or the audit firm represent a threat to the independence of the auditor.

13.11 Remuneration and compensation committee

The Company has as of 5 April 2019 established a Remuneration and Compensation Committee as a sub-committee to the Board of Directors. The Remuneration and Compensation committee shall administer the Company's bonus incentive program and provide general compensation related advice to the Board. The Remuneration and Compensation Committee consists of the board members consist of Finn Haugan, Michael William Fischer and Ida Ianssen Lundh.

13.12 Risk committee

The Company has as of 5 April 2019 established a Risk Committee as a sub-committee to the Board of Directors. The Risk Committee shall follow up the Company's risk management and internal control and regularly report to the Board of Directors. The Risk Committee shall further contribute to the Board's annual review of the Company's most important areas of exposure to risk and its internal control arrangements. The Risk Committee consists of the board members consist of Nicola Gordon, Liv Monica Stubholt and Anne Lene Rømuld.

13.13 Corporate governance

The Company has, with effect from the Listing, adopted and implemented a corporate governance regime which complies with the Norwegian Code of Practice for Corporate Governance, dated 17 October 2018 (the "**Corporate Governance Code**"), with the following exception:

Deviation from section 7 "Nomination committee": Reference is made to the description set out in Section 13.9 "Nomination committee".

13.14 Conflict of interests etc.

During the last five years preceding the date of this Prospectus, none of the Board Members or the members of the Management has, or had, as applicable:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offences
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company, or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, director or senior manager of a company, other than that Henrik Schröder was a board member in the Swedish company Snoot AB which filed for voluntary bankruptcy in July 2018.

To the Company's knowledge, there are currently no other actual or potential conflicts of interest between the Company and the private interests or other duties of any of the members of the Management or the Board of Directors, including any family relationships between such persons. However, OKEA could from time to time acquire seismic data or services from Petroleum Geo-Services ASA, in which the board member of OKEA Rune Olav Pedersen is the CEO and President.

14 RELATED PARTY TRANSACTIONS

14.1 Introduction

Below is a summary of the Company’s related party transactions for the periods covered by the historical financial information included in this Prospectus and up to the date of this Prospectus. For further information on related party transactions of the Company, see note 19 in the 2018 Financial Statements, note 19 in the 2017 Financial Statements and note 16 in the 2016 Financial Statements, included in Appendix B of this Prospectus. All related party transactions have been concluded at arm’s length principles and the prices are set upon negotiation between the parties.

14.2 Transactions carried out with related parties in the years ended 31 December 2018, 2017 and 2016

OKEA has entered into several loan agreements with its former major shareholder, OKEA Holdings Ltd. (previously Azinor Production Ltd) dated 22 September 2016, 5 December 2016, 10 March 2017, 15 May 2017 and 28 November 2017, respectively. The loan amounts pursuant to the first four loan agreements in the amount of NOK 186,559,951.05 and USD 12,465,293.83, which were subject to an interest rate of 8.00% per annum, were converted to shares in OKEA issued to OKEA Holdings Ltd. on 28 October 2016, 20 March 2017, 26 May 2017 and 23 June 2017, respectively. The loan pursuant to the agreement dated 28 November 2017 is subject to an interest rate of 5.00% per annum and originally amounted to NOK 58,300,000. However, the principal amount has been repaid, but accrued and unpaid interests from 17 December 2017 equal to NOK 1,140,598.75 is outstanding with final maturity date 2 November 2022. The loan is subordinated to any claims of bondholders of OKEA.

OKEA entered into a services agreement with Seacrest Capital Group Ltd., the controlling party of the Company’s shareholder OKEA Holdings Ltd (the former majority shareholder of the Company), dated 9 April 2018 for an initial term of one year commencing on 1 January 2018, extended automatically by one year for each following year unless terminated by either party. Pursuant to this agreement, Seacrest Capital Group Ltd. has agreed to provide certain management support services to OKEA as are agreed by OKEA's management and approved by OKEA's Board of Directors through separate signed agreements between the parties.

OKEA entered into a services agreement with Bangchak Corporation Public Company Limited, a company indirectly controlling BCPR Pte. Ltd. (the majority shareholder of the Company), dated 12 December 2018 for an initial term of one year commencing on 1 December 2018, extended automatically by one year for each following year unless terminated by either party. Pursuant to this agreement, Bangchak Corporation Public Company Limited has agreed to provide certain management support services to OKEA as are agreed by OKEA's management and approved by OKEA's Board of Directors through separate signed agreements between the parties. In 2018, the Company carried out related party transactions with its major shareholder BCPR Pte. Ltd. amounting to approximately NOK 34,789,000. The transactions were carried out pursuant to a subscription agreement dated 19 October 2018, regulating BCPR Pte. Ltd.’s investment in OKEA to finance the Shell transaction. The agreement sat forth the obligation for OKEA to pay BCPR Pte. Ltd. the following one-time transaction fees: i) a deposit fee amounting to NOK 25,830,000, ii) an underwriting fee amounting to NOK 4,171,180, and iii) a fixed minimum share issue cost amounting to USD 500,000.

The table below sets out selected data from the Financial Statements for the years ended 31 December 2018, 2017 and 2016. The information provided covers purchases of services, and trade and other payables.

Transactions with related parties:

Amounts in NOK `000	2018	2017	2016
Seacrest Capital Group Ltd. *	5 247	3 534	
BCPR Pte Ltd. **	34 789		
Kyllingstad, Kleveland Advokatfirma DA ***		173	3 843

* Seacrest Capital Group Ltd. is the controlling party of OKEA’s shareholder OKEA Holdings Ltd. (the former majority shareholder).

** BCPR Pte. Ltd. is the largest shareholder of OKEA. The amount to BCPR Pte. Ltd. is mostly related to payment for guarantees related to the Shell transaction.

*** The Managing Partner of Kyllingstad, Kleveland Advokatfirma DA was a Board Member of OKEA through 2016.

Trade and other payables, related parties:

Amounts in NOK `000	31.12.2018	31.12.2017	31.12.2016
Seacrest Capital Group Ltd.	5 413	3 534	
BCPR Pte. Ltd.	34 789		

Further, OKEA entered into service agreements with the two (2) board members Knut Nørve and Arild Selvig in 2018 for the provision of providing management support services in connection with the transition phase following completion of the Shell Transaction. The total consideration accrued under these agreements are below NOK 250,000.

14.3 Transactions carried out with related parties in the period following 31 December 2018

Apart from utilization of management services from Seacrest Capital Group Ltd. and Bangchak Corporation Public Company Limited in the period following 31 December 2018, the Company has not entered into any new related party agreements in the period following 31 December 2018.

15 CORPORATE INFORMATION AND DESCRIPTION OF THE SHARE CAPITAL

The following is a summary of certain corporate information and material information relating to the Shares and share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Articles of Association and applicable Norwegian law in effect as of the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Articles of Association, included in Appendix A to this Prospectus, and applicable law.

15.1 Company corporate information

The Company's registered name is OKEA ASA. The Company is a public limited liability company organised and existing under the laws of Norway pursuant to the Norwegian Public Limited Companies Act. The Company's registered office is in the municipality of Trondheim, Norway. The Company was incorporated in Norway on 29 April 2015 as a private limited liability company and was converted into a public limited liability company on 9 May 2019 and at the same time changed its name from OKEA AS to OKEA ASA. The Company's registration number in the Norwegian Register of Business Enterprises is 915 419 062.

OKEA was originally incorporated by the law firm Kyllingstad Kleveland as a shelf company and assigned to Ola Borten Moe, Knut Arild Evensen, Erik Haugane and Anton Ernst Tronstad through their respective holding companies controlled by each of them (Skjefstad Vestre AS, KEBS AS, Kørven AS and Sjækerhatten AS), in which all are members of the management and Seacrest Capital Group Ltd as the controlling party of OKEA's shareholder OKEA Holdings Ltd. Reference is made to Section 13.3.2 for a description of the above founders.

The Shares, including the Offer Shares, have been created under the Norwegian Public Limited Companies Act, the Norwegian Petroleum Act and the Petroleum Taxation Act. The Offer Shares are registered in book-entry form with the VPS under ISIN NO0010816895 (ordinary Shares). The Company's register of shareholders in the VPS is administrated by DNB Bank ASA (Verdipapirtjenester) (the VPS Registrar).

The Company's registered office is located at Ferjemannsveien 10, N-7042, Trondheim, Norway and the Company's main telephone number at that address is +47 73 52 52 22. The Company's website can be found at www.okea.no. The content of www.okea.no is not incorporated by reference into or otherwise form part of this Prospectus.

15.2 Legal structure

The Company does not have any subsidiaries as at the date of this Prospectus.

15.3 Share capital and share capital history

As of the date of this Prospectus, the Company's share capital is NOK 8,220,450 divided amongst 82,204,500 Shares with each Share having a nominal value of NOK 0.10. All the Shares have been created under the Norwegian Public Limited Companies Act, are validly issued and fully paid. The Company has one class of shares. Following exercise of the Trigger 1 Warrants (TG1) as described below, the number of Shares in issue will immediately prior to completion of the Offering be 86,839,050.

15.3.1 Shareholdings and warrants held by members of the Management and the Board of Directors

Name and position	No# Shares / warrants*/**
Erik Haugane	821,340 Shares / 250,000 warrants / 76,620 category 2 warrants
Knut Arild Evensen	531,390 Shares / 250,000 warrants/ 49,570 category 2 warrants
Anton Ernst Tronstad	1,207,410 Shares / 250,000 warrants/ 40,000 category 1 warrants / 76,360 category 2 warrants
Ola Borten Moe	545,390 Shares / 250,000 warrants / 50,880 category 2 warrants
Kjersti Hovdal	100,000 Shares / 10,280 category 1 warrants
Dag Eggan	174,790 Shares / 40,000 warrants / 2,220 category 1 warrants / 14,290 category 2 warrants
Andrew McCann	none
Tor Bjerkestrand	10,800 Shares / 40,000 warrants / 1,110 category 1 warrants
Ida Ianssen Lundh	25,400 Shares / 880 category 1 warrants/ 1,560 category 2 warrants
Finn Haugan	8,390 Shares / 860 category 1 warrants
Jan Atle Johansen	4,320 Shares / 440 category 1 warrants

*The Company has issued a total of 8 100 160 Trigger warrants to its shareholders/management, of these 4 634 550 are classified as Trigger 1 Warrants (TG1) which may only be exercised if the Company has not achieved DG2 status on the Grevling field prior to an IPO or immediately prior to closing of a trade sale and 3 465 610 are classified as Trigger 2 Warrants (TG2) which may only be exercised in the event that the Company has achieved PDO status on the Grevling field prior to an IPO or immediately prior to closing of a trade sale. The board of directors of OKEA has determined that (i) the terms and conditions for Trigger 1 Warrants (TG1) are satisfied and (ii) the terms and conditions for Trigger 2 Warrants (TG2) are not satisfied and therefore not exercisable. The Trigger 1 Warrants (TG1) can be exercised by payment of a subscription price equal to NOK 0.10 per share with issue of 4,634,550 new shares in total and will be issued in connection with the Offering.
In addition 1 250 000 warrants are issued to the shareholders further described in Section 13.5.2.
**The Shares and warrants are multiplied with 10 following the split of the shares 1/10.
Bonus programme and share incentive scheme.

**The Shares and warrants are multiplied with 10 following the split of the shares 1/10.

See section 13.5 "Bonusprogramme and share incentive scheme" and section 15.6 "General Board authorisation to increase the share capital and to issue Shares" for a description of the Company's share incentive scheme under which the members of the Management and certain other key employees in the Company may be granted options and the Board of Directors authorisation to issue new Shares in connection with the share incentive scheme.

The Company does not directly or indirectly own shares in the Company.

The table below shows the development in the Company's share capital for the period covered by the historical financial information, i.e. from the financial year ended 31 December 2015 to the date of this Prospectus:

Date of registration	Type of change	Change in share capital (NOK)	Subscription price (NOK)	Nominal value (NOK)	New Shares issued	New total number of Shares	New share capital (NOK)
20 May 2015	Incorporation	30,000	100	100	300	300	30,000
28 October 2015	Capital decrease	(30,000)			(300)	-	-
28 October 2015	Share issue	1,100,000	2,000	100	11,000	11,000	1,100,000
4 May 2016	Share issue	534,000	2,137	100	5,340	16,340	1,634,000
18 May 2016	Share issue	1,300,000	2,000	100	13,000	29,340	2,934,000
25 May 2016	Share issue	1,300,000	2,000	100	13,000	42,340	4,234,000
29 September 2016	Share issue	2,499,900	2,000	100	24,999	67,339	6,733,900
28 October 2016	Loan conversion	4,602,600	2,000	100	46,026	113,365	11,336,500
8 February 2017	Share issue	16,000	2,000	100	160	113,525	11,352,500
20 March 2017	Loan conversion	7,332,400	2,000	100	73,324	186,849	18,684,900
26 May 2017	Share issue	1,000,000	2,00	100	10,000	196,849	19,684,900
26 May 2017	Share issue	1,237,500	2,00	100	12,375	209,924	20,992,400
26 May 2017	Share issue	1,037,500	2,000	100	10,375	219,599	21,959,900

26 May 2017	Loan conversion	2,742,000	2,00	100	27,420	247,019	24,701,900
23 June 2017	Loan conversion	36,200	2,000	100	362	247,381	24,738,100
28 December 2017	Share Split	n/a	n/a	1	24,490,719	24,738,100	n/a
19 February 2018	Capital decrease	23,299,700			23,299,700	1,438,400	1,438,400
27 February 2018	Loan conversion	1,686,600	282.15919 6015653	1	1,686,600	3,125,000	3,125,000
27 February 2018	Share issue	590,144	179	1	590,144	3,715,144	3,715,144
23 October 2018	Share issue	475,000	231.46	1	475,000	4,190,144	4,190,144
20 November 2018	Share issue	4,030,306	231.46	1	4,030,306	8,220,450	8,220,450
Under registration at the Business Register	Share split	n/a	n/a	0.10	73,984,050	82,204,500	n/a
Date of prospectus	n/a	n/a	Unknown	0.10	n/a	82,204,500	8,220,450

Other than as set out above, there have been no changes to the Company's share capital or the number of Shares in the Company during the period covered from the historical financial information until the date of this Prospectus, but reference is made to the issue of the Trigger 1 Warrants (TG1) described above in this Section 15.3.

15.4 Admission to trading

The Company expects to apply for admission to trading of its Shares on Oslo Børs on 31 May 2019. It is expected that the Board of Directors of Oslo Børs will approve the listing application of the Company on or about 5 June 2019, subject to certain conditions being met. See Section 18.16 "Conditions for completion of the Offering – Listing and trading of the Offer Shares".

The Company currently expects commencement of trading in the Shares on Oslo Børs on or about 11 June 2019. The Company has not applied for admission to trading of the Shares on any other stock exchange or regulated market.

15.5 Ownership structure

As of the date of this Prospectus, the Company has 137 shareholders. An overview of shareholders holding 5% or more of the Shares in the Company as of the date of this Prospectus is set out below (such shareholders the "**Large Shareholders**"):

#	Shareholder name	No. of Shares	% Shareholding
1	BCPR Pte. Ltd.	40,547,750	49.33
2	OKEA Holdings Ltd.	28,753,000	34.98

Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. See Section 16.7 "Disclosure obligations" for a description of the disclosure obligations under the Norwegian Securities Trading Act.

Following the completion of the Offering, the Company is not aware of any persons or entities who, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

No particular measures are initiated to ensure that control is not abused by large shareholders. Minority shareholders are protected against abuse by relevant regulations in inter alia the Norwegian Public Limited Companies Act and the Norwegian Securities Act. See Section 15.10.2 "Certain aspects of Norwegian corporate law" and 16.10 "Compulsory acquisition" for further information.

OKEA Holdings Ltd. is controlled by a fund under management of Seacrest Capital Group Ltd. while BCPR Pte. Ltd. is indirectly controlled by Bangchak Corporation Public Company Limited. No single shareholder has directly or indirectly control over Seacrest Capital Group Ltd. and Bangchak Corporation Public Company Limited respectively.

Certain shareholders may, depending on actual number of Shares issued in connection with Offering, have negative control over resolutions adopted on the general meeting of OKEA on matter described in Section 15.10.2.

15.6 General Board authorisation to increase the share capital and to issue Shares

In the Annual General Meeting held on 9 May 2019, the Board of Directors was granted the following general authorisation to increase the share capital through the issuance of new Shares:

> *"The Board is granted the authorisation to increase the share capital by a maximum amount of NOK 2 600 000 in one or more share capital increases through issuance of new shares. The subscription price per share and other conditions for subscription shall be fixed by the Board in connection with each issuance. The authorisation is valid from registration with the Register of Business Enterprises and until the Annual General Meeting in 2020, however no longer than until 30 June 2020. Existing shareholders' pre-emptive rights to subscribe for and to be allocated shares may be derogated from. This authorisation may be used in connection with capital raisings, including a potential stock exchange listing of the Company's shares. The authorisation covers share capital increases against contribution in cash, as well as share capital increases against contribution in kind and with special subscription terms, cf. section 10-2 of the Norwegian Public Limited Liability Companies Act. The authorisation does not cover resolutions to merge. The Board shall resolve the necessary amendments to the articles of association in accordance with capital increases resolved pursuant to this authorisation."*

15.7 Board authorisation to increase the share capital and to issue Shares in connection with incentive programs

In the Annual General Meeting held on 9 May 2019, the Board of Directors was granted the following authorisation to increase the share capital through the issuance of new Shares, for the implementation of the Company's incentive programs:

> *"The Board is granted the authorisation to increase the share capital by a maximum amount of NOK 165 000 in one or more share capital increases through issuance of new shares. The subscription price per share shall be fixed by the Board in connection with each issuance. The authorisation is valid from registration with the Register of Business Enterprises until the Annual General Meeting in 2020, however no longer than until 30 June 2020. Existing shareholders' pre-emptive rights to subscribe for and to be allocated shares may be derogated from. This authorisation may only be used in connection with the implementation of the Company's incentive programs. The Board shall resolve the necessary amendments to the articles of association in accordance with capital increases resolved pursuant to this authorisation."*

15.8 Other financial instruments

Neither the Company nor any of its subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries, other than described in section 13.4 "Remuneration and benefits" and section 13.5 "Bonus programme and share incentive scheme". Furthermore, neither the Company nor any of its subsidiaries has issued subordinated debt or transferable securities other than the Shares and the shares in its subsidiaries which will be held, directly or indirectly, by the

Company or, in the case of joint venture companies, by it and its partners, other than the subordinated debt described in Section 14.2.

15.9 Shareholder rights

The Company has one class of Shares in issue, and in accordance with the Norwegian Public Limited Companies Act, all Shares in that class provide equal rights in the Company. Each of the Company's Shares carries one vote. The rights attaching to the Shares are described in Section 15.10 "The Articles of Association and certain aspects of Norwegian law".

15.10 The Articles of Association and certain aspects of Norwegian law

15.10.1 The Articles of Association

The Articles of Association are set out in Appendix A to this Prospectus. Below is a summary of certain of the provisions of the Articles of Association.

Company name
Pursuant to section 1 of the Articles of Association, the Company's name is OKEA ASA, a public limited liability company.

Objective of the Company
Pursuant to section 3 of the Articles of Association, the objective of the Company is petroleum activities on the Norwegian continental shelf, including development and production of oil and gas, and all other business activities as are associated with the above objectives, and share subscription or participation by other means in such operations alone or in cooperation with others.

Registered office
Pursuant to section 2 of the Articles of Association, The Company's registered office is in the municipality of Trondheim, Norway.

Share capital and nominal value
Pursuant to section 4 of the Articles of Association the Company's share capital is NOK 8,220,450 divided into 82,204,500 ordinary Shares, each Share with a nominal value of NOK 0.10. The Shares shall be registered with the Norwegian Central Securities Depository (VPS). However, reference is made to the issue of the Trigger 1 Warrants (TG1) in connection with the Offering as further described in Section 15.3.

Board of Directors
Pursuant to section 5 of the Articles of Association, the Board of Directors shall consist of a minimum of three and a maximum of eleven members.

Signatory rights
Subject to section 6 of the Articles of Association, the Chairman of the Board of Directors of the Company solely, or two directors jointly, have the right to sign on behalf of the Company.

Restrictions on transfer of Shares
The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Company. Share transfers are not subject to approval by the Board of Directors.

Restrictions on gain of control
There is no specific provisions in the Articles of Associations delaying or preventing shareholders or third party from directly or indirectly gaining control over OKEA other than the calling notice rules delaying the adoption of resolutions by the general meeting. Further, there is no threshold on the number of shares a shareholder or third party can acquire in OKEA.

General meetings
Pursuant to section 7 of the Articles of Association, the general meeting shall consider and decide the following matters:

- Adoption of the annual accounts and the annual report, including the question of declaration of dividends.

- Approval of the statement from the board of directors regarding salary and other remuneration to the executive management.
- Any other matters which under the law or these Articles of Association pertain to the general meeting.

As set out in section 7 of the Articles of Association, the right to participate and vote at general meetings of the Company can only be exercised for Shares which have been acquired and registered in the shareholders register on the fifth business day prior to the general meeting. Further, shareholders who intend to attend a general meeting of the company shall give the Company written notice of their intention within a time limit given in the notice of the general meeting, which cannot expire earlier than five days before the general meeting. Shareholders, who have failed to give such notice within the time limit, can be denied admission to the general meeting in the Company.

Further, it is set out in section 7 of the Articles of Association that when documents pertaining to matters which shall be handled at a general meeting have been made available for the shareholders on the Company's website, the statutory requirement that the documents shall be distributed to the shareholders, does not apply. This is also applicable to documents which according to statutory law shall be included in or attached to the notice of the general meeting. A shareholder may nonetheless demand to be sent such documents.

The Articles of Associations does not contain any provisions on the threshold to disclose large shareholdings in OKEA. However, reference is made to Section 16.7 in relation to the statutory regulations on disclosure of large shareholdings under the Norwegian Securities Trading.

Electronic communication
Pursuant to section 8 of the Articles of Association, the Company's shareholders have expressly accepted that the Company may use e-mail or other electronic communication when providing notices, information, documents, etc.

15.10.2 Certain aspects of Norwegian corporate law

General meetings
Through the general meeting, shareholders exercise supreme authority in a Norwegian company. In accordance with Norwegian law, the annual general meeting of shareholders is required to be held on or prior to 30 June of each year. Norwegian law requires that written notice of annual general meetings setting forth the time of, the venue for and the agenda of the meeting be sent to all shareholders with a known address no later than 21 days before the annual general meeting of a Norwegian public limited liability company listed on a stock exchange or a regulated market shall be held, unless the Articles of Association stipulate a longer deadline, which is not currently the case for the Company.

A shareholder may vote at the general meeting either in person or by proxy appointed at their own discretion. Although Norwegian law does not require the Company to send proxy forms to its shareholders for general meetings, the Company plans to include a proxy form with notices of general meetings.

As a general rule, all shareholders who are registered in the register of shareholders maintained with the VPS as of the date of the general meeting, or who have otherwise reported and documented ownership to Shares, are entitled to participate at general meetings. However, subject to article 7 of the Company's Articles of Association, the right to participate and vote at general meetings of the Company can only be exercised for Shares which have been acquired and registered in the shareholders register on the fifth business day prior to the general meeting.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the Board of Directors considers it necessary. An extraordinary general meeting of shareholders must also be convened if, in order to discuss a specified matter, the auditor or shareholders representing at least 5% of the share capital demands this in writing. The requirements for notice and admission to the annual general meeting also apply to extraordinary general meetings. However, the annual general meeting of a Norwegian public limited liability company may with a majority of at least two-thirds of the aggregate number of votes cast, as well as at least two-thirds of the share capital represented at a general meeting resolve that extraordinary general meetings may be convened with a 14 days' notice period until the next annual general meeting provided that the Company has procedures in place allowing shareholders to vote electronically.

Voting rights – amendments to the Articles of Association

Each of the Company's shares carries one vote. In general, decisions that shareholders are entitled to make under Norwegian law or the Articles of Association may be made by a simple majority of the votes cast. In the case of elections or appointments, the person(s) who receive(s) the greatest number of votes cast are elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the Articles of Association, to authorize an increase or reduction in the share capital, to authorize an issuance of convertible loans or warrants by the Company or to authorize the Board of Directors to purchase Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the Articles of Association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90% of the share capital represented at the general meeting in question vote in favour of the resolution, as well as the majority required for amending the Articles of Association.

In general, only a shareholder registered in the VPS is entitled to vote for such Shares. Beneficial owners of the Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees. Investors should note that there are varying opinions as to the interpretation of the right to vote on nominee registered shares. In the Company's view, a nominee may not meet or vote for Shares registered on a nominee account (NOM-account). A shareholder must, in order to be eligible to register, meet and vote for such Shares at the general meeting, transfer the Shares from such NOM-account to an account in the shareholder's name. Such registration must appear from a transcript from the VPS at the latest at the date of the general meeting.

There are no quorum requirements that apply to the general meetings.

Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues, the Articles of Association must be amended, which requires the same vote as other amendments to the Articles of Association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. Preferential rights may be derogated from by resolution in a general meeting passed by the same vote required to amend the Articles of Association. A derogation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

The general meeting may, by the same vote as is required for amending the Articles of Association, authorize the Board of Directors to issue new Shares, and to derogate from the preferential rights of shareholders in connection with such issuances. Such authorization may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the registered nominal share capital when the authorization is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be affected either by issuing new shares to the Company's existing shareholders or by increasing the nominal value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United States under United States securities laws. Should the Company in such a situation decide not to file a registration statement, the Company's U.S. shareholders may not be able to exercise their preferential rights. If a U.S. shareholder is ineligible to participate in a rights offering, such shareholder would not receive the rights at all and the rights would be sold on the shareholder's behalf by the Company.

Minority rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including but not limited to those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the Board of Directors or the Company's shareholders made at the general meeting declared invalid on the grounds that it unreasonably favors certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 5% or more of the Company's share capital have a right to demand in writing that the Board of Directors convene an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the general meeting has not expired.

Rights of redemption and repurchase of Shares
The share capital of the Company may be reduced by reducing the nominal value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorization to do so by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate nominal value of treasury shares so acquired, and held by the Company must not exceed 10% of the Company's share capital, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the General Meeting of the Company cannot be granted for a period exceeding 24 months.

Shareholder vote on certain reorganisations
A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the general meeting of the shareholders passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the general meeting. A merger plan, or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the Articles of Association stipulate that, made available to the shareholders on the Company's website, at least one month prior to the general meeting to pass upon the matter.

Liability of board members
Members of the Board of Directors owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Members of the Board of Directors may each be held liable for any damage they negligently or willfully cause the Company. Norwegian law permits the general meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the general meeting of the Company's shareholders passing upon the matter. If a resolution to discharge the Board Members from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend the Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Board Members from liability or not to pursue claims against the Board Members is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

Indemnification of board members

Neither Norwegian law nor the Articles of Association contains any provision concerning indemnification by the Company of the Board of Directors. The Company is permitted to purchase insurance for its Board Members against certain liabilities that they may incur in their capacity as such.

Distribution of assets on liquidation

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

15.11 Shareholder agreements

There will at the time of listing be no shareholders' agreements related to the Shares.

16 SECURITIES TRADING IN NORWAY

16.1 Introduction

Oslo Børs was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. Oslo Børs has entered into a strategic cooperation with the London Stock Exchange group with regards to, *inter alia*, trading systems for equities, fixed income and derivatives.

16.2 Trading and settlement

Trading of equities on Oslo Børs is carried out in the electronic trading system Millennium Exchange. This trading system is in use by all markets operated by the London Stock Exchange, including the Borsa Italiana, as well as by the Johannesburg Stock Exchange.

Official trading on Oslo Børs takes place between 09:00 hours (CET) and 16:20 hours (CET) each trading day, with pre-trade period between 08:15 hours (CET) and 09:00 hours (CET), closing auction from 16:20 hours (CET) to 16:25 hours (CET) and a post-trade period from 16:25 hours (CET) to 17:30 hours (CET). Reporting of after exchange trades can be done until 17:30 hours (CET).

The settlement period for trading on Oslo Børs is two trading days (T+2). This means that securities will be settled on the investor's account in VPS two days after the transaction, and that the seller will receive payment after two days.

Oslo Clearing ASA, a wholly-owned subsidiary of SIX x-clear AG, a company in the SIX group, has a licence from the Norwegian FSA to act as a central clearing service, and has from 18 June 2010 offered clearing and counterparty services for equity trading on Oslo Børs.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a licence to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a licence to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the Norwegian FSA or Oslo Børs except for the general obligation of investment firms that are members of Oslo Børs to report all trades in stock exchange listed securities.

16.3 Information, control and surveillance

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company (i.e. precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

16.4 The VPS and transfer of shares

The Company's principal share register is operated through the VPS. The VPS is the Norwegian paperless centralized securities register. It is a computerized book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and Oslo Børs are both wholly-owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being the Central Bank of Norway), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is *prima facie* evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's Articles of Association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an ongoing basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

16.5 Shareholder register – Norwegian law

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners.

16.6 Foreign investment in shares listed in Norway

Foreign investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or foreign.

16.7 Disclosure obligations

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify Oslo Børs and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

16.8 Insider trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in Section 3-2 of the Norwegian Securities Trading Act.

The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

16.9 Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a company listed on a Norwegian regulated market (with the exception of certain foreign companies) to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and Oslo Børs decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered (or provided that the person, entity or consolidated group has not already stated that it will proceed with the making of a mandatory offer).

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify Oslo Børs and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by Oslo Børs before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered. The settlement must be guaranteed by a financial institution authorised to provide such guarantees in Norway.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, Oslo Børs may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a company listed on a Norwegian regulated market (with the exception of certain foreign companies) is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered (provided that the person, entity or consolidated group has not already stated that it will proceed with the making of a mandatory offer).

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

16.10 Compulsory acquisition

Pursuant to the Norwegian Public Limited Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a

Norwegian public limited company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90% of the total number of issued shares, as well as more than 90% of the total voting rights, through a voluntary offer in accordance with the Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorized to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90% of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to Section 4-25 of the Norwegian Public Limited Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory/voluntary offer unless specific reasons indicate another price.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

16.11 Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

16.12 The Petroleum Act of 1996

The MPE shall under section 10-12 of the Petroleum Activities Act ("**PA**") approve transactions with transfer of a Production Licence or participating interest in a Production License or shares or other assets which may provide decisive control of a company or person holding participating interest in a Production License. An approval from the MPE could be accompanied with terms and conditions for such approval, including requirements for parent company guarantees.

The MPE has stated that such control could encompass qualified control, simple majority control and negative control, either formally or de facto. The exact threshold applicable in each case could be dependent on MPE's discretionary power taking into account the relevant circumstances in each case such as inter alia spread on the shares, special rights afforded the acquirer, rights to elect members of the board of directors and the use of different share classes. Even a shareholding of less than 30% or less in the Company could by the MPE de deemed to give decisive control.

17 TAXATION

Set out below is a summary of certain Norwegian tax matters related to an investment in the Company. The summary regarding Norwegian taxation is based on the laws in force in Norway as at the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the shares in the Company. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes. The statements in the summary only apply to shareholders who are beneficial owners of the Shares.

Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

17.1 Norwegian taxation

17.1.1 Taxation of dividends

Norwegian Personal Shareholders
Dividends distributed to shareholders who are individuals residing in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable in Norway for such shareholders currently at an effective tax rate of 31.68% to the extent the dividend exceeds a tax-free allowance; i.e. dividends received, less the tax free allowance, shall be multiplied by 1.44 which are then included as ordinary income taxable at a flat rate of 22%, increasing the effective tax rate on dividends received by Norwegian Personal Shareholders to 31.68%.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk free interest rate based on the effective rate of interest on treasury bills (*Nw.: statskasseveksler*) with three months maturity plus 0.5 percentage points, after tax. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year.

Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("excess allowance") may be carried forward and set off against future dividends received on, or gains upon realization, of the same share (but may not be set off against taxable dividends or capital gains on other Shares). Furthermore, excess allowance can be added to the cost price of the share and included in basis for calculating the allowance on the same share the following year.

Norwegian Corporate Shareholders
Dividends distributed to shareholders who are limited liability companies (and certain similar entities) domiciled in Norway for tax purposes ("**Norwegian Corporate Shareholders**"), are effectively taxed at a rate of currently 0.66% (3% of dividend income from such shares is included in the calculation of ordinary income for Norwegian Corporate Shareholders and ordinary income is subject to tax at a flat rate of 22%).

Non-Norwegian Personal Shareholders
Dividends distributed to shareholders who are individuals not residing in Norway for tax purposes ("**Non-Norwegian Personal Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Personal Shareholders residing within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share (please see "Taxation of dividends – Norwegian Personal Shareholders" above). However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation of the dividends than the withholding tax rate of 25% less the tax-free allowance.

If a Non-Norwegian Personal Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Personal Shareholder, as described above.

Non-Norwegian Personal Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Non-Norwegian Personal Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments, including the possibility of effectively claiming a refund of withholding tax.

Non-Norwegian Corporate Shareholders
Dividends distributed to shareholders who are limited liability companies (and certain other entities) domiciled outside of Norway for tax purposes ("**Non-Norwegian Corporate Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Non-Norwegian Corporate Shareholders domiciled within the EEA for tax purposes are exempt from Norwegian withholding tax provided that the shareholder is the beneficial owner of the shares and that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

If a Non-Norwegian Corporate Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Corporate Shareholder, as described above.

Non-Norwegian Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted. The same will apply to Non-Norwegian Corporate Shareholders who have suffered withholding tax although qualifying for the Norwegian participation exemption.

Nominee registered shares will be subject to withholding tax at a rate of 25% unless the nominee has obtained approval from the Norwegian Tax Directorate for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authorities including all beneficial owners that are subject to withholding tax at a reduced rate.

New rules commenced on 1 January 2019 with respect to the documentation of the applicability of reduced withholding tax rates. Inter alia, all Non-Norwegian Corporate Shareholders must document their entitlement to a reduced withholding tax rate by either (i) presenting an approved withholding tax refund application or (ii) present an approval from the Norwegian tax authorities confirming that the recipient is entitled to a reduced withholding tax rate. Such documentation must be provided to either the nominee or the account operator (VPS).

The withholding obligation in respect of dividends distributed to Non-Norwegian Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Corporate Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments, including the possibility of effectively claiming a refund of withholding tax.

17.1.2 Taxation of capital gains on realisation of shares

Norwegian Personal Shareholders
Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a disposal of shares is taxable or tax deductible in Norway. The effective tax rate on gain or loss related to shares realized by Norwegian Personal Shareholders is 31.68%); i.e. capital gains (less the tax free allowance) and losses shall be multiplied by 1.44 which are then included in or deducted from the Norwegian Personal Shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a flat rate of 22%), increasing the effective tax rate on gains/losses realized by Norwegian Personal Shareholders to 31.68%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share as the difference between the consideration for the share and the Norwegian Personal Shareholder's cost price of the share, including costs incurred in relation to the acquisition or realization of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance provided that such allowance has not already been used to reduce taxable dividend income. Please refer to Section 17.1.1 "Taxation of dividends" above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realization of a share will be annulled. Unused allowance may not be set off against gains form realisation of other shares.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Special rules apply for Norwegian Personal Shareholders that cease to be tax-resident in Norway.

Norwegian Personal Shareholders may hold the Shares through a Norwegian share saving account (*Nw.: aksjesparekonto*). Gains derived upon the realization of Shares held through a share saving account will be exempt from Norwegian taxation and losses will not be tax deductible. Withdrawal of funds from the share saving account exceeding the Norwegian Personal Shareholder's paid in deposit, will be regarded as taxable income, subject to tax at an effective tax rate of 31.68%). Norwegian Personal Shareholders will be entitled to a calculated tax-free allowance provided that such allowance has not already been used to reduce taxable dividend income (please see "Taxation of dividends – Norwegian Personal Shareholders" above). The tax-free allowance is calculated based on the lowest paid in deposit in the account during the income year, plus any unused tax-free allowance from previous years. The tax-free allowance can only be deducted in order to reduce taxable income, and cannot increase or produce a deductible loss. Any excess allowance may be carried forward and set off against future withdrawals from the account or future dividends received on shares held through the account.

Norwegian Corporate Shareholders
Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realization of shares qualifying for participation exemption, including shares in the Company. Losses upon the realization and costs incurred in connection with the purchase and realization of such shares are not deductible for tax purpose.

Special rules apply for Norwegian Corporate Shareholders that cease to be tax-resident in Norway.

Non-Norwegian Personal Shareholders
Gains from the sale or other disposal of shares by a Non-Norwegian Personal Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Personal Shareholder holds the shares in connection with business activities carried out or managed from Norway.

Non-Norwegian Corporate Shareholders
Capital gains derived by the sale or other realization of shares by Non-Norwegian Corporate Shareholders are not subject to taxation in Norway.

17.1.3 Net wealth tax

The value of shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal net wealth tax rate is 0.85% of the value assessed. The value for assessment purposes for listed shares is equal to 75% of the listed value as of 1 January in the year of assessment (i.e. the year following the relevant fiscal year). The value of debt allocated to the listed shares for Norwegian wealth tax purposes is reduced correspondingly.

Norwegian Corporate Shareholders are not subject to net wealth tax.

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Non-Norwegian Personal Shareholders can, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

17.1.4 VAT and transfer taxes

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

17.1.5 Inheritance tax

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

18 THE TERMS OF THE OFFERING

18.1 Overview of the Offering

The Offering consists of an offer of (i) up to 26,000,000 New Shares to be issued by the Company, and (ii) up to 4,180,000 Sale Shares offered by the Selling Shareholders. In addition, the Managers may elect to over-allot a number of Additional Shares, equalling up to approximately 15% of the number of New Shares allocated in the Offering. The Lending Shareholders is expected to grant the Managers an Over-Allotment Option, which may be exercised on behalf of the Managers by Pareto Securities, as Stabilisation Manager, to purchase a corresponding number of Additional Shares to cover any such over-allotments. Assuming the Over-Allotment Option is exercised in full and that all the New Shares are issued and all the Sale Shares are sold in the Offering, the Offering will amount to up to 34,080,000 Offer Shares.

The Offering consists of:

- An Institutional Offering, in which Offer Shares are being offered (a) to institutional and professional investors in Norway, (b) investors outside Norway and the United States, subject to applicable exemptions from prospectus and registration requirements, and (c) in the United States to QIBs, as defined in, and in reliance on Rule 144A of the U.S. Securities Act or another available exemption from registration under the U.S. Securities Act. The Institutional Offering is subject to a lower limit per application of NOK 2,000,000.

- A Retail Offering, in which Offer Shares are being offered to the public in Norway subject to a lower limit per application of an amount of NOK 10,500 and an upper limit per application of NOK 1,999,999 for each investor. Investors who intend to place an order in excess of NOK 1,999,999 must do so in the Institutional Offering. Multiple applications by one applicant in the Retail Offering will be treated as one application with respect to the maximum application limit.

All offers and sales in the United States will be made only to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act. All offers and sales outside the United States will be made in compliance with Regulation S of the U.S. Securities Act.

This Prospectus does not constitute an offer of, or an invitation to purchase, Offer Shares in any jurisdiction in which such offer or sale would be unlawful. For further details, see "Important Information" and Section 19 "Selling and Transfer Restrictions".

The Bookbuilding Period in the Institutional Offering will take place from 28 May 2019 at 09:00 hours (CET) to 6 June 2019 at 15:00 hours (CET). The Application Period in the Retail Offering will take place from 28 May 2019 at 09:00 hours (CET) to 6 June 2019 at 12:00 hours (CET). The Company, in consultation with the Managers, reserves the right to shorten or extend the Bookbuilding Period and Application Period at any time and at their sole discretion. Any shortening of the Bookbuilding Period and/or the Application Period will be announced through Oslo Børs' information system on or before 09:00 hours (CET) on the prevailing expiration date of the Bookbuilding Period, provided, however, that in no event will the Bookbuilding Period and/or Application Period expire prior to 16:30 hours (CET) on 5 June 2019. Any extension of the Bookbuilding Period and/or the Application Period will be announced through Oslo Børs' information system on or before 09:00 hours (CET) on the first business day following the then prevailing expiration date of the Bookbuilding Period. An extension of the Bookbuilding Period and/or the Application Period can be made one or several times provided, provided, however, that in no event will the Bookbuilding Period and/or Application Period be extended beyond 15:00 hours (CET) on 14 June 2019. In the event of a shortening or an extension of the Bookbuilding Period and/or the Application Period, the allocation date, the payment due dates and the dates of delivery of Offer Shares will be changed accordingly, but the date of the Listing and commencement of trading on Oslo Børs may not necessarily be changed.

The Company has, together with the Managers, set an Indicative Price Range in the Offering from NOK 25 to NOK 33 per Offer Share. Assuming that the Offer Price is set at the mid-point of this range and that all the New Shares and all the Sale Shares are issued/sold in the Offering (i.e. excluding any over-allotments), the gross proceeds from the Offering will be NOK 875,220,000. The Company, in consultation with the Managers, will determine the number of Offer Shares and the Offer Price on the basis of the bookbuilding process in the Institutional Offering and the number of applications received in the Retail Offering. The bookbuilding process, which will form the basis for the final determination of the number of Offer Shares and the Offer Price, will be conducted only in connection with the Institutional Offering. The Indicative Price Range may be amended during the Bookbuilding Period and the Offer Price may be set within, above or below the Indicative Price Range. Any such amendments to the Indicative Price Range will be announced through Oslo Børs' information system.

The Company expects that it will, on or about 6 June 2019, together with the Selling Shareholders and the Lending Shareholders (as defined below), enter into a placing agreement (the "**Placing Agreement**") with the Managers with respect to the Offering of the Offer Shares. On the terms and subject to the conditions set forth in the Placing Agreement, the Managers are on 7 June 2019 expected to, in order to provide for prompt registration of the New Shares with the Norwegian Register of Business Enterprises, pre-fund payment for the New Shares allotted in the Offering at a total subscription price equal to the Offer Price multiplied by the number of New Shares. In addition, certain existing shareholders are expected to grant to the Managers the Over-Allotment Option, which may be exercised on behalf of the Managers by the Stabilisation Manager, to purchase a number of Additional Shares, equalling up to approximately 15% of the final number of New Shares at the Offer Price, exercisable, in whole or in part, no later than the 30th day following the time at which trading in the Shares commences on Oslo Børs, which is expected to be at 09:00 hours (CET) on or about 11 June 2019. The Over-Allotment Option will be granted to cover over-allotments, if any, made in connection with the Offering on the terms and subject to the conditions described in this Prospectus. In order to permit delivery in respect of over-allotments made, if any, the Lending Shareholders will grant to the Stabilisation Manager an option (the "**Lending Option**") to require the Lending Shareholders to lend to the Stabilisation Manager, on behalf of the Managers, up to a number of Shares equal to the number of Additional Shares. See Section 18.12 "Over-allotment and stabilisation activities" for further details.

Delivery of the Offer Shares to investors being allocated Offer Shares in the Offering, subject to due payment for allocated Offer Shares having been received from investors, is expected to take place on or about 12 June 2019 in the Retail Offering, and 12 June 2019 in the Institutional Offering (on a delivery versus payment basis).

Completion of the Offering is conditional upon, among other conditions, the Company satisfying the listing conditions and being listed on Oslo Børs, see Section 18.16 "Conditions for completion of the Offering – Listing and trading of the Offer Shares".

The Company has made certain representations and warranties in favour of, and agreed to certain undertakings with, the Managers in the mandate agreement, the Placing Agreement and ancillary agreements and documents entered into in connection with the Offering and the Listing. The Company has undertaken, subject to certain conditions and limitations, to indemnify the Managers against certain losses and liabilities arising out of or in connection with the Offering.

See Section 0 "Following completion of the Offering, the immediate dilution for the existing shareholders who do not participate in the Offering is expected to be approximately 32%, assuming issuance of all the New Shares, and approximately 37% including the Trigger 1 Warrants (TG1), who are issued and dilutive as a consequence of completing the Offering

Expenses of the Offering and the Listing" for information regarding fees expected to be paid to the Managers and costs expected to be paid by the Company in connection with the Offering.

18.2 The Selling Shareholders

In the Offering, the Sale Shares will be offered by the Selling Shareholders in the amounts set out in the table below.

Selling Shareholders	Business address	Sale Shares to be sold
OKEA Holdings Ltd.	c/o MQ Services Ltd, Victoria Palace, 31 Victoria Street, BM-Hamilton HM 10, Bermuda	Up to 4,000,000
Kebs AS[1]	Askeladdveien 24, N-0851 Oslo, Norway	Up to 130,000
Skjefstad Vestre AS[2]	Skjefstadbakkan 78,7083 Leinstrand, Norway	Up to 50,000

1 Kebs AS is wholly-owned by Knut Arild Evensen, SVP Finance and Investor Relations.
2 Skjefstad Vestre AS wholly-owned by Ola Borten Moe, SVP Business Development.

The Sale Shares represent up to 13.92% of the Shares held by OKEA Holdings Ltd., up to 24.46% of the Shares held by Kebs AS and up to 9.17% of the Shares held by Skjefstad Vestre AS.

In addition, BCPR Pte. Ltd. and OKEA Holdings Ltd. (jointly the "**Lending Shareholders**") is expected to grant the Managers an option to purchase up to 3,900,000 Additional Shares, equal to approximately 15% of the number of New Shares to be sold in the Offering (the "**Over-Allotment Option**").

Pursuant to the agreements with the Managers, the Selling Shareholders have agreed to be subject to a lock-up period after the first day of trading and official listing of the Offer Shares, subject to certain exceptions. See Section 18.19 "Lock-up".

The final number of Sale Shares to be sold in the Offering will be determined by the Company and the Selling Shareholders after consultation with the Managers on or about 6 June 2019.

18.3 Timetable

The timetable set out below provides certain indicative key dates for the Offering (subject to shortening or extensions):

Bookbuilding Period commences	28 May 2019 at 09:00 hours (CET)
Bookbuilding Period expires	6 June 2019 at 15:00 hours (CET)
Application Period (Retail Offering) commences	28 May 2019 at 09:00 hours (CET)
Application Period (Retail Offering) ends	6 June 2019 at 12:00 hours (CET)
Allocation of the Offer Shares	6 June 2019
Publication of the results of the Offering	No later than 7 June 2019 at 09:00 hours (CET)
Distribution of allocation notes/contract notes	On or about 7 June 2019
Registration of the Company's new share capital in the Norwegian Register of Business Enterprises	On or about 7 June 2019
Accounts from which payment will be debited in the Retail Offering to be sufficiently funded	On or about 7 June 2019
Payment date in the Retail Offering	On or about 11 June 2019
Delivery of the Offer Shares in the Retail Offering	On or about 12 June 2019
Payment date and delivery of Offer Shares in the Institutional Offering (DvP)	On or about 12 June 2019
First day of Listing of the Shares	On or about 11 June 2019

Note that the Company, in consultation with the Managers, reserves the right to shorten or extend the Bookbuilding Period and the Application Period at their sole discretion. In the event of a shortening or an extension of the Bookbuilding Period and/or the Application Period, the allocation date, the payment due dates and the dates of delivery of Offer Shares will be changed accordingly, but the date of the Listing and commencement of trading on Oslo Børs may not necessarily be changed.

18.4 Resolution relating to the Offering and the issue of New Shares

In the Annual General Meeting held on 9 May 2019, the Board of Directors was granted the following authorisation to increase the share capital of the Company in connection with inter alia the Listing (unofficial translation from Norwegian):

> *"The Board is granted the authorisation to increase the share capital by a maximum amount of NOK 2 600 000 in one or more share capital increases through issuance of new shares. The subscription price per share and other conditions for subscription shall be fixed by the Board in connection with each issuance. The authorisation is valid from registration with the Register of Business Enterprises and until the Annual General Meeting in 2020, however no longer than until 30 June 2020. Existing shareholders' pre-emptive rights to subscribe for and to be allocated shares may be derogated from. This authorisation may be used in connection with capital raisings, including a potential stock exchange listing of the Company's shares. The authorisation covers share capital increases against contribution in cash, as well as share capital increases against contribution in kind and with special subscription terms, cf. section 10-2 of the Norwegian Public Limited Liability Companies Act. The authorisation does not cover resolutions to merge. The Board shall resolve the necessary amendments to the articles of association in accordance with capital increases resolved pursuant to this authorisation."*

Following the expiry of the Bookbuilding Period and the Application Period, the Company will consider on or about 6 June 2019 and, if thought fit, approve completion of the Offering and, in consultation with the Managers, determine the final Offer Price and the number of and allocation of the Offer Shares. If the Company determines that the Offering shall be completed, then the Board of Directors will proceed to increase the share capital of the Company by issuance of the New Shares. The New Shares are expected to be issued on or about 7 June 2019.

18.5 The Institutional Offering

18.5.1 Determination of the number of Offer Shares and the Offer Price

The Company has, together with the Managers, set an Indicative Price Range for the Offering from NOK 25 to NOK 33 per Offer Share. The Company, in consultation with the Managers, will determine the number of Offer Shares and the Offer Price on the basis of the applications received and not withdrawn in the Institutional Offering during the Bookbuilding Period and the number of applications received in the Retail Offering. The Offer Price will be determined on or about 6 June 2019. The Offer Price may be set within, below or above the Indicative Price Range. Investors' applications for Offer Shares in the Institutional Offering will, after the end of the Bookbuilding Period, be irrevocable and binding regardless of whether the Offer Price is set within, above or below the Indicative Price Range. The final Offer Price is expected to be announced by the Company through Oslo Børs' information system system no later than 7 June 2019 at 09:00 hours (CET) under the ticker code "OKEA".

18.5.2 Bookbuilding Period

The Bookbuilding Period in the Institutional Offering will be from 28 May 2019 at 09:00 hours (CET) to 6 June 2019 at 15:00 hours (CET), unless shortened or extended.

The Company, in consultation with the Managers, may shorten or extend the Bookbuilding Period at any time and for any reason, and extension may be made on one or several occasions. The Bookbuilding Period may in no event expire prior to 16:30 hours (CET) on 5 June 2019 or be extended beyond 15:00 hours (CET) on 14 June 2019. In the event of a shortening or an extension of the Bookbuilding Period, the allocation date, the payment due date and the date of delivery of Offer Shares will be changed accordingly, but the date of the Listing and commencement of trading on Oslo Børs may not necessarily be changed.

18.5.3 Minimum application

The Institutional Offering is subject to a minimum application of NOK 2,000,000 per application. Investors in Norway who intend to place an application for less than NOK 2,000,000 must do so in the Retail Offering.

18.5.4 Application procedure

Applications for Offer Shares in the Institutional Offering must be made during the Bookbuilding Period by informing one of the Managers shown below of the number of Offer Shares that the investor wishes to order, and the price that the investor is offering to pay per Offer Share.

Pareto Securities	**SEB**	**SpareBank 1 Markets**
Dronning Mauds gate 3	Filipstad Brygge 1	Olav V's gate 5
P.O. Box 1411 Vika	P.O. Box 1843 Vika	P.O. Box 1398 Vika
N-0115 Oslo	N-0123 Oslo	N-0114 Oslo
Norway	Norway	Norway
Tel: +47 22 87 87 00	Tel: +47 22 82 70 00	Tel: + 47 24 14 74 00
E-mail: subscription@paretosec.com	E-mail: subscriptions@seb.no	E-mail: subscription@sb1markets.no
www.paretosec.com	www.seb.no	www.sb1markets.no

All applications in the Institutional Offering will be treated in the same manner regardless of which Manager the applicant chooses to place the application with. Any orally placed application in the Institutional Offering will be binding upon the investor and subject to the same terms and conditions as a written application. The Managers may, at any time and in their sole discretion, require the investor to confirm any orally placed application in writing. Applications made may be withdrawn or amended by the investor at any time up to the expiry of the Bookbuilding Period. At the close of the Bookbuilding Period, all applications in the Institutional Offering that have not been withdrawn or amended are irrevocable and binding upon the investor.

18.5.5 Allocation, payment for and delivery of Offer Shares

The Managers expect to issue notifications of allocation of Offer Shares in the Institutional Offering on or about 7 June 2019, by issuing contract notes to the applicants by mail or otherwise.

Payment by applicants in the Institutional Offering will take place against delivery of Offer Shares. Delivery and payment for Offer Shares is expected to take place on or about 12 June 2019 (the "**Institutional Closing Date**") through the facilities of the VPS.

For late payment, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Overdue Payment of 17 December 1976 no. 100 (the "**Norwegian Act on Overdue Payment**"), which, at the date of this Prospectus, is 8.75% per annum. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicants, and the Managers reserve the right, at the risk and cost of the applicant, to cancel the application and to re-allot or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Managers may decide (and the applicant will not be entitled to any profit there from). The original applicant remains liable for payment for the Offer Shares allocated to the applicant, together with any interest, cost, charges and expenses accrued, and the Managers may enforce payment of any such amount outstanding.

In order to provide for prompt registration of the share capital increase in the Company relating to the issuance of the New Shares with the Norwegian Register of Business Enterprises, the Managers are expected to, on behalf of the applicants, subscribe for and pre-fund payment for the New Shares allocated in the Offering at a total subscription amount equal to the Offer Price multiplied by the number of New Shares; and by placing an application, the applicant irrevocably authorises and instructs the Managers, or someone appointed by the Managers, to do so on its behalf. Irrespective of any such subscription and pre-funding of payment for New Shares, the original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Company and/or the Managers may enforce payment of any such amount outstanding. The subscription and pre-funding by the Managers of the New Shares as described above constitute an integrated sales process where the investors subscribe for and purchase New Shares from the Company based on this Prospectus, which has been prepared by the Company. The investors will not have any rights or claims against any of the Managers.

18.6 The Retail Offering

18.6.1 Offer Price

The price for the Offer Shares offered in the Retail Offering will be the same as in the Institutional Offering, see Section 18.5.1 "Determination of the number of Offer Shares and the Offer Price".

Each applicant in the Retail Offering will be permitted, but not required, to indicate when ordering through the VPS online application system or on the application form to be used to apply for Offer Shares in the Retail Offering, attached to this Prospectus as Appendix G (the "**Retail Application Form**"), that the applicant does not wish to be allocated Offer Shares should the Offer Price be set above the highest price in the Indicative Price Range (i.e. NOK 33 per Offer Share). If the applicant does so, the applicant will not be allocated any Offer Shares in the event that the Offer Price is set above the highest price in the Indicative Price Range. If the applicant does not expressly stipulate such reservation when ordering through the VPS online application system or on the Retail Application Form, the application will be binding regardless of whether the Offer Price is set within or above (or below) the Indicative Price Range, as long as the Offer Price has been determined on the basis of orders placed during the bookbuilding process described above.

18.6.2 Application Period

The Application Period during which applications for Offer Shares in the Retail Offering will be accepted will last from 28 May 2019 at 09:00 hours (CET) to 6 June 2019 at 12:00 hours (CET), unless shortened or extended. The Company, in consultation with the Managers, may shorten or extend the Application Period at any time and for any reason, and extension may be made on one or several occasions. The Application Period may in no event expire prior to 16:30 hours (CET) on 5 June 2019 or be extended beyond 15:00 hours (CET) on 14 June 2019. In the event of a shortening or an extension of the Application Period, the allocation date, the payment due date and the date of delivery of Offer Shares will be changed accordingly, but the date of the Listing and commencement of trading on Oslo Børs may not necessarily be changed.

18.6.3 Minimum and maximum application

The Retail Offering is subject to a minimum application amount of NOK 10,500 and a maximum application amount of NOK 1,999,999 for each applicant.

Multiple applications are allowed. One or multiple applications from the same applicant in the Retail Offering with a total application amount in excess of NOK 1,999,999 will be adjusted downwards to an application amount of NOK 1,999,999.

If two or more identical application forms are received from the same investor, the application form will only be counted once unless otherwise explicitly stated on one of the application forms. In the case of multiple applications through the VPS online application system or applications made both on a physical application form and through the VPS online application system, all applications will be counted. Investors who intend to place an order in excess of NOK 1,999,999 must do so in the Institutional Offering.

18.6.4 Application procedures and application offices

Norwegian applicants in the Retail Offering who are residents of Norway with a Norwegian personal identification number are recommended to apply for Offer Shares through the VPS online application system by following the link to such online application system on the following websites: www.paretosec.com, www.seb.no and www.sb1markets.no. Applicants in the Retail Offering not having access to the VPS online application system must apply for Offer Shares using the Retail Application Form attached to this Prospectus as Appendix G "Application Form for the Retail Offering". Retail Application Forms, together with this Prospectus, may be obtained from the Company, the Company's website www.okea.no, the Managers' websites or the application offices listed below. Applications made through the VPS online application system must be duly registered during the Application Period.

The application offices for physical applications in the Retail Offering are:

Pareto Securities	**SEB**	**SpareBank 1 Markets**
P.O. Box 1411 Vika	P.O. Box 1843 Vika	P.O. Box 1398 Vika
N-0115 Oslo	N-0123 Oslo	N-0114 Oslo
Norway	Norway	Norway
Tel: +47 22 87 87 00	Tel: + 47 22 82 70 00	Tel: + 47 24 14 74 00
E-mail: subscription@paretosec.com	E-mail: subscriptions@seb.no	E-mail: subscription@sb1markets.no
www.paretosec.com	www.seb.no	www.sb1markets.no

All applications in the Retail Offering will be treated in the same manner regardless of which of the above Managers the applications are placed with. Further, all applications in the Retail Offering will be treated in the same manner regardless of whether they are submitted by delivery of a Retail Application Form or through the VPS online application system.

Retail Application Forms that are incomplete or incorrectly completed, electronically or physically, or that are received after the expiry of the Application Period, may be disregarded without further notice to the applicant. Properly completed Retail Application Forms must be received by one of the application offices listed above or registered electronically through the VPS online application system by 12:00 hours (CET) on 6 June 2019, unless the Application Period is being shortened or extended. None of the Company, the Selling Shareholders or any of the Managers may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical matters that may result in applications not being received in time or at all by any application office.

Subject to Section 18.6.1 "Offer Price" above, all applications made in the Retail Offering will be irrevocable and binding upon receipt of a duly completed Retail Application Form, or in the case of applications through the VPS online application system, upon registration of the application, irrespective of any extension of the Application Period, and cannot be withdrawn, cancelled or modified by the applicant after having been received by the application office, or in the case of applications through the VPS online application system, upon registration of the application.

18.6.5 Allocation, payment and delivery of Offer Shares

Pareto Securities, acting as settlement agent for the Retail Offering, expects to issue notifications of allocation of Offer Shares in the Retail Offering on or about 7 June 2019, by issuing allocation notes to the applicants by mail or otherwise. Any applicant wishing to know the precise number of Offer Shares allocated to it, may contact one of the application offices listed above on or about 7 June 2019 during business hours. Applicants who have access to investor services through an institution that operates the applicant's account with the VPS for the registration of holdings of securities ("**VPS account**") should be able to see how many Offer Shares they have been allocated from on or about 7 June 2019.

In registering an application through the VPS online application system or completing a Retail Application Form, each applicant in the Retail Offering will authorise Pareto Securities (on behalf of the Managers) to debit the applicant's Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. The applicant's bank account number must be stipulated on the VPS online application or on the Retail Application Form. Accounts will be debited on or about 11 June 2019 (the "**Payment Date**"), and there must be sufficient funds in the stated bank account from and including 7 June 2019. Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before the Payment Date (expected to be on or about 11 June 2019).

Further details and instructions will be set out in the allocation notes to the applicant to be issued on or about 7 June 2019, or can be obtained by contacting Pareto Securities at +47 22 87 87 00.

Should any applicant have insufficient funds on his or her account, or should payment be delayed for any reason, or if it is not possible to debit the account, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Interest on Overdue Payments, which at the date of this Prospectus is 8.75% per annum. Pareto Securities (on behalf of the Managers) reserves the right (but has no obligation) to make up to three debit attempts through 19 June 2019 if there are insufficient funds on the account on the Payment Date. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicant, and the Managers reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allot or otherwise dispose of the allocated Offer Shares, on such terms and in such manner as the Managers may decide (and the applicant will not be entitled to any profit there from). The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Managers may enforce payment of any such amount outstanding.

In order to provide for prompt registration of the share capital increase in the Company relating to the issuance of the New Shares with the Norwegian Register of Business Enterprises, the Managers are expected to, on behalf of the applicants, subscribe for and pre-fund payment for the New Shares allocated in the Offering at a total subscription amount equal to the Offer Price multiplied by the number of New Shares; and by placing an application, the applicant irrevocably authorises and instructs the Managers, or someone appointed by the Managers, to do so on its behalf. Irrespective of any such subscription and pre-funding of payment for New Shares, the original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Company and/or the Managers may enforce payment of any such amount outstanding. The subscription and pre-funding by the Managers of the New Shares as described above constitute an integrated sales process where the investors subscribe for and purchase New Shares from the Company based on this Prospectus, which has been prepared by the Company. The investors will not have any rights or claims against any of the Managers.

Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Retail Offering is expected to take place on or about 12 June 2019 through the facilities of the VPS.

18.7 Mechanism of allocation

It has been provisionally assumed that approximately 90% of the Offering will be allocated in the Institutional Offering and approximately 10% of the Offering will be allocated in the Retail Offering. The final determination of the number of Offer Shares allocated to the Institutional Offering and the Retail Offering will only be decided, however, by the Company, in consultation with the Managers, following the completion of the bookbuilding process for the Institutional Offering, based on among other things the level of orders or applications received from each of the categories of investors relative to the level of applications or orders received in the Retail Offering. The Company and the Managers reserve the right to deviate from the provisionally assumed allocation between tranches without further notice and at their sole discretion.

No Offer Shares have been reserved for any specific national market.

In the Institutional Offering, the Company, in consultation with the Managers, will determine the allocation of Offer Shares. An important aspect of the allocation principles is the desire to create an appropriate long-term shareholder structure for the Company. The allocation principles will, in accordance with normal practice for institutional placements, include factors such as premarketing and management roadshow participation and feedback, timeliness of the order, price level, relative order size, sector knowledge, investment history, perceived investor quality and investment horizon. The Company and the Managers further reserve the right, at their sole discretion, to take into account the creditworthiness of any applicant. The Company and the Managers may also set a maximum allocation, or decide to make no allocation to any applicant.

In the Retail Offering, no allocations will be made for a number of Offer Shares representing an aggregate value of less than NOK 10,500 per applicant, however, all allocations will be rounded down to the nearest number of whole Offer Shares and the payable amount will hence be adjusted accordingly. One or multiple orders from the same applicant in the Retail Offering with a total application amount in excess of NOK 1,999,999 will be adjusted downwards to an application amount of NOK 1,999,999. In the Retail Offering, allocation will be made solely on a pro rata basis using the VPS' automated simulation procedures. The Company and the Managers reserve the right to limit the total number of applicants to whom Offer Shares are allocated if the Company and the Managers deem this to be necessary in order to keep the number of shareholders in the Company at an appropriate level and such limitation does not have the effect that any conditions for the Listing regarding the number of shareholders will not be satisfied. If the Company and the Managers should decide to limit the total number of applicants to whom Offer Shares are allocated, the applicants to whom Offer Shares are allocated will be determined on a random basis by using the VPS' automated simulation procedures and/or other random allocation mechanism.

18.8 VPS account

To participate in the Offering, each applicant must have a VPS account. The VPS account number must be stated when registering an application through the VPS online application system or on the Retail Application Form for the Retail Offering. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised investment firms in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian Ministry of Finance. Establishment of VPS accounts requires verification of identification by the relevant VPS registrar in accordance with Norwegian anti-money laundering legislation (see Section 18.11 "Mandatory anti-money laundering procedures").

18.9 Product governance target market

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (MiFID II); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (the MiFID II Product Governance Requirements), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the Positive Target Market); and (ii) eligible for distribution through all distribution channels (the Appropriate Channels for Distribution).

Notwithstanding the Target Market Assessment, Distributors should note that: the price of Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

Investors should, however, note that the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, it is the assessment of the manufacturers that an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the Negative Target Market, and, together with the Positive Target Market, the Target Market Assessment).

18.10 National Client Identifier and Legal Entity Identifier

In order to participate in the Offering, applicants will need a global identification code. Physical persons will need a so called National Client Identifier ("**NCI**") and legal entities will need a so called Legal Entity Identifier ("**LEI**").

18.10.1 NCI code for physical persons

As of 3 January 2018, physical persons will need a NCI code to participate in a financial market transaction, i.e. a global identification code for physical persons. For physical persons with only a Norwegian citizenship, the NCI code is the 11-digit personal ID (*Nw.: Fødselsnummer*). If the person in question has multiple citizenships or another citizenship than Norwegian, another relevant NCI code can be used. Investors are encouraged to contact their bank for further information.

18.10.2 LEI code for legal entities

As of 3 January 2018, legal entities will need a LEI code to participate in a financial market transaction. A LEI code must be obtained from an authorised LEI issuer, which can take some time. Investors should obtain a LEI code in time for the application. For more information visit www.gleif.org.

18.11 Mandatory anti-money laundering procedures

The Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulations of 14 September 2018 no. 1324 (collectively, the "**Anti-Money Laundering Legislation**").

Applicants who are not registered as existing customers of any of the Managers must verify their identity to the Manager in which the order is placed in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who have designated an existing Norwegian bank account and an existing VPS account on the Retail Application Form, or when registering an application through the VPS online application system, are exempted, unless verification of identity is requested by any of the Managers. Applicants who have not completed the required verification of identity prior to the expiry of the Application Period may not be allocated Offer Shares.

18.12 Over-allotment and stabilisation activities

18.12.1 Over-allotment of Additional Shares

In connection with the Offering, the Managers may elect to over-allot a number of Additional Shares, equalling up to 15% of the number of New Shares allocated in the Offering, and, in order to permit the delivery in respect of over-allotments made, the Stabilisation Manager may, pursuant to the Lending Option, require the Lending Shareholders to lend to the Stabilisation Manager, on behalf of the Managers, up to a number of Shares equal to the number of Additional Shares. Further, pursuant to the Over-Allotment Option, the Lending Shareholders will grant to the Managers, an option to purchase Additional Shares, which may be exercised on behalf of the Managers by the Stabilisation Manager not later than the 30th day following the time at which trading in the Shares commences on Oslo Børs, equalling up to 15% of the number of New Shares allocated in the Offering at a price equal to the final Offer Price in the Offering, as may be necessary to cover over-allotments and short positions, if any, made in connection with the Offering. To the extent that the Managers have over-allotted Shares in the Offering, the Managers have created a short position in the Shares. The Stabilisation Manager may close out this short position by buying Shares in the open market through stabilisation activities and/or by exercising the Over-Allotment Option.

A stock exchange notice will be made on the first day of trading (expected to take place on or about 11 June 2019) announcing whether the Managers have over-allotted Shares in connection with the Offering. Any exercise of the Over-Allotment Option will be promptly announced by the Stabilisation Manager through Oslo Børs' information system.

18.12.2 Price stabilisation

The Stabilisation Manager, Pareto Securities, may, upon exercise of the Lending Option, from the first day of the Listing, effect transactions with a view to support the market price of the Shares at a level higher than what might otherwise prevail, through buying Shares in the open market at prices equal to or lower than the Offer Price. There is no obligation on the Stabilisation Manager to conduct stabilisation activities and there is no assurance that stabilisation activities will be undertaken. Such stabilising activities, if commenced, may be discontinued at any time, and will be brought to an end at the latest 30 calendar days after the time at which trading in the Shares commences on Oslo Børs. It should be noted that stabilisation activities might result in market prices that are higher than what might otherwise prevail.

Any stabilisation activities will be conducted in accordance with Section 3-12 of the Norwegian Securities Trading Act and the EC Commission Regulation 2273/2003 regarding buy-back programmes and stabilisation of financial instruments.

Any profit or loss resulting from stabilisation activities conducted by the Stabilisation Manager will be for the account of the Lending Shareholders.

Within one week after the expiry of the 30 calendar day period of price stabilisation, the Stabilisation Manager will publish information as to whether or not price stabilisation activities were undertaken. If stabilisation activities were undertaken, the statement will also include information about: (i) the total amount of Shares sold and purchased; (ii) the dates on which the stabilisation period began and ended; (iii) the price range between which stabilisation was carried out, as well as the highest, lowest and average price paid during the stabilisation period; and (iv) the date at which stabilisation activities last occurred.

It should be noted that stabilisation activities might result in market prices that are higher than what might otherwise prevail. Stabilisation may be undertaken, but there is no assurance that it will be undertaken and it may be stopped at any time.

18.13 Publication of information in respect of the Offering

In addition to press releases which will be posted on the Company's website, the Company will use Oslo Børs' information system to publish information relating to the Offering, such as amendments to the Bookbuilding Period and Application Period (if any), the final Offer Price, number of Offer Shares and total amount of the Offering, allotment percentages, and first day of trading at Oslo Børs.

The final determination of the Offer Price, the number of Offer Shares and the total amount of the Offering is expected to be published no later than 7 June 2019 at 09:00 hours (CET).

18.14 The rights conferred by the Offer Shares

The Sale Shares and any Additional Shares will in all respects carry full shareholders' rights in the Company on an equal basis as any other Shares in the Company, including the right to any dividends. The New Shares will in all respects carry full shareholders' rights in the Company on an equal basis as any other Shares in the Company, including the right to any dividends, from the date of registration of the share capital increase pertaining to the Offering in the Norwegian Register of Business Enterprises. For a description of rights attached to the Shares in the Company, see Section 15 "Corporate Information and Description of the Share Capital".

18.15 VPS registration

The Shares, including the Sale Shares and any Additional Shares, have been, and the New Shares will be, created under the Norwegian Public Limited Companies Act. The Shares, including the Sale Shares and any Additional Shares, are, and the New Shares will be, registered in book-entry form with the VPS and have ISIN NO 0010816895. The Company's register of shareholders with the VPS is administrated by DNB Bank ASA, Verdipapirservice, P.O. Box 1600 Sentrum, N-0021 Oslo, Norway.

18.16 Conditions for completion of the Offering – Listing and trading of the Offer Shares

The Company expects to apply for Listing of its Shares on Oslo Børs on or about 31 May 2019. It is expected that the Board of Directors of Oslo Børs will approve the Listing application of the Company on or about 5 June 2019, conditional upon the Company obtaining a minimum of 500 shareholders, each holding Shares with a value of more than NOK 10,000 and there being a minimum free float of the Shares of 25%. The Company expects that these conditions will be fulfilled through the Offering.

Completion of the Offering on the terms set forth in this Prospectus is expressly conditioned upon the Board of Directors of Oslo Børs approving the application for Listing of the Shares in its meeting to be held on or about 5 June 2019, on conditions acceptable to the Company and that any such conditions are satisfied by the Company. The Offering will be cancelled in the event that the conditions are not satisfied. There can be no assurance that the Board of Directors of Oslo Børs will give such approval or that the Company will satisfy these conditions.

Completion of the Offering on the terms set forth in this Prospectus is otherwise only conditional on (i) the Board of Directors having resolved to issue the New Shares in the Offering and (ii) the Company, in consultation with the Managers, having approved the Offer Price and the allocation of the Offer Shares to eligible investors following the bookbuilding process. There can be no assurance that these conditions will be satisfied. If the conditions are not satisfied, the Offering may be revoked or suspended.

Assuming that the conditions are satisfied, the first day of trading of the Shares, including the Offer Shares, on Oslo Børs is expected to be on or about 11 June 2019. The Shares are expected to trade under the ticker code "OKEA".

Applicants in the Retail Offering selling Offer Shares prior to delivery must ensure that payment for such Offer Shares is made on or prior to the Payment Date, by ensuring that the stated bank account is sufficiently funded on 7 June 2019. Applicants in the Institutional Offering selling Offer Shares prior to delivery must ensure that payment for such Offer Shares is made on or prior to the Institutional Closing Date. Accordingly, an applicant who wishes to sell its Offer Shares, following confirmed allocation of Offer Shares, but before delivery, must ensure that payment is made in order for such Offer Shares to be delivered in time to the applicant.

Prior to the Listing and the Offering, the Shares are not listed on any stock exchange or authorised market place, and no application has been filed for listing on any other stock exchanges or regulated market places other than Oslo Børs.

18.17 Dilution

Following completion of the Offering, the immediate dilution for the existing shareholders who do not participate in the Offering is expected to be approximately 32%, assuming issuance of all the New Shares, and approximately 37% including the Trigger 1 Warrants (TG1), who are issued and dilutive as a consequence of completing the Offering

18.18 Expenses of the Offering and the Listing

The Company will pay fees to the Managers for the sale of Offer Shares and incur certain other costs in connection with the Listing and Offering. The Selling Shareholders and the Lending Shareholder will pay a fee for sale placement of the Sales Shares and the Additional Shares. The Company's total costs and expenses of, and incidental to, the Listing and the Offering are estimated to amount to approximately NOK 42-51 million (depending inter alia upon the size of the Offering). Included in this estimate, the Company may, in its sole discretion, agree that the Managers shall receive a discretionary fee of up to 0.25% of the Offer Price, multiplied by the aggregate number of Offer Shares sold in the Offering.

No expenses or taxes will be charged by the Company or the Managers to the applicants in the Offering.

18.19 Lock-up

Pursuant to lock-up undertakings, the Company, the Large Shareholders, members of the Board of Directors and members of Management have undertaken certain lock-up undertakings.

The Company has undertaken to Pareto Securities, on behalf of the Managers, to not, and procure that no other party acting on its behalf (other than the Managers), without the prior, written consent of Pareto Securities, during a period of 180 days after the closing of the Offering, (i) issue, offer, pledge, sell, mortgage, charge, deposit, assign, lend, transfer or contract to issue, pledge, sell, mortgage, charge, deposit, assign, lend, transfer any new Shares, or (ii) issue, offer, pledge, sell or contract to issue or sell any securities convertible into or exercisable or exchangeable for Shares or to issue options or warrants in respect of, grant any option to purchase or otherwise dispose of, directly or indirectly any new Shares, or (iii) enter into any swap or any other agreement or any transaction that has an equivalent effect to alternative (i) or (ii) above, whether any such swap or transaction described in alternative (ii) above or this alternative (iii) is to be settled by delivery of such securities, in cash or otherwise, or (iv) publicly announce any intention of doing any of the above alternatives.

The Large Shareholders, members of the Board of Directors and members of Management have undertaken to Pareto Securities, on behalf of the Managers, to not, and procure that no other party acting on their behalf (other than the Managers), without the prior, written consent of Pareto Securities, during a period of 180 days after the closing of the Offering for the Large Shareholders, and during a period of 365 days after the closing of the Offering for the members of the Board of Directors and members of Management, (i) offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, pledge or otherwise transfer or dispose of any Shares or any securities convertible into or exercisable or exchangeable for Shares, or (ii) enter into any swap or other arrangement that transfers to another party, in whole or in part, any of the economic consequences of ownership of any Shares (whether any such transaction described in alternative (i) above or this alternative (ii) is to be settled by delivery of shares in the Company or such other securities, in cash or otherwise), or (iii) publicly announce any intention of doing any of the above alternatives.

For the Company, the foregoing shall not apply to the (i) the sale and issue of Shares by the Company in the Offering, (ii) granting of options, subscription rights, or issuance of Shares under ordinary employee share incentive schemes, (iii) issuance of Shares pursuant to subscription rights issued by the Company as of the date of the lock-up undertaking, (iv) the issue of consideration Shares against contribution in kind in connection with, directly or indirectly, mergers or acquisitions, (v) the issue of shares in connection with a cash equity issue undertaken to finance mergers or acquisitions, directly or indirectly, or (vi) for a material adverse change specific to the Company not envisaged or foreseen at the time of the lock-up undertaking.

For the Large Shareholders and the members of the Board of Directors and members of Management, the foregoing shall not apply to (i) any sale or other transfer of Shares as part of the Offering, (ii) inter-company transfers of Shares by in favour of their affiliates or controlled companies and their affiliates, including in the case of OKEA Holdings Ltd., to its respective limited partners in the various funds who have invested through OKEA Holdings Ltd. or (iii) the sale of Shares under any public takeover offer for the Company made pursuant to the rules of Chapter 6 of the Norwegian Securities Trading Act. The lock-up undertakings shall apply to all Shares currently owned, directly or indirectly, as well as any Shares subsequently acquired or owned, directly or indirectly, during the lock-up period.

18.20 Interest of natural and legal persons involved in the Offering

The Managers or their affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Managers will receive a fee in connection with the Offering, which will be based on the amount of gross proceeds received from investors, and, as such, have an interest in the Offering. In addition, the Company may pay to the Managers an additional discretionary fee in connection with the Offering. See Section 0 "Following completion of the Offering, the immediate dilution for the existing shareholders who do not participate in the Offering is expected to be approximately 32%, assuming issuance of all the New Shares, and approximately 37% including the Trigger 1 Warrants (TG1), who are issued and dilutive as a consequence of completing the Offering

Expenses of the Offering and the Listing" for information on fees to the Managers in connection with the Offering.

The Selling Shareholders will receive the net proceeds from the sale of the Sale Shares and the Lending Shareholders from the sale of any Additional Shares purchased by the Managers pursuant to the Over-Allotment Option.

Knut Arild Evensen, SVP Finance and Investor Relations, is entitled to a bonus of up to one year's salary if the Offering and the Listing are successfully completed, see Section 13.5.3 3 "**Feil! Fant ikke referansekilden.**".

Beyond the above-mentioned, the Company is not aware of any interest, including conflicting ones, of any natural or legal persons involved in the Offering.

18.21 Participation of major existing shareholders and members of the Management, supervisory and administrative bodies in the Offering

None of the members of the Board of Directors and Management have indicated an intention to apply for Offer Shares and are expected to consider any possible applications during the application period.

The Company is not aware of whether any major shareholders of the Company or members of the Management, supervisory or administrative bodies intend to apply for Offer Shares in the Offering, or whether any person intends to apply for more than 5% of the Offer Shares.

18.22 Governing law and jurisdiction

This Prospectus, the Retail Application Form and the terms and conditions of the Offering shall be governed by and construed in accordance with Norwegian law. Any dispute arising out of, or in connection with, this Prospectus, the Retail Application Form or the Offering shall be subject to the exclusive jurisdiction of the courts of Norway, with the Oslo District Court as the legal venue.

19 SELLING AND TRANSFER RESTRICTIONS

19.1 General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares offered hereby.

Other than in Norway, the Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any jurisdiction other than Norway, the investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

19.2 Selling restrictions

19.2.1 United States

The Offer Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold except: (i) within the United States to QIBs in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the U.S. Securities Act; or (ii) to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, each Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any of the Offer Shares as part of its allocation at any time other than to QIBs in the United States in accordance with Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act or outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Offer Shares will be restricted and each purchaser of the Offer Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 19.3.1 "United States".

Any offer or sale in the United States will be made solely by affiliates of the Managers who are broker-dealers registered under the U.S. Exchange Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by a dealer, whether or not participating in the Offering, may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from the registration requirements of the U.S. Securities Act and in connection with any applicable state securities laws.

19.2.2 United Kingdom

Each Manager has represented, warranted and agreed that:

a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any Offer Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

b) it has complied and will comply with all applicable provisions of the FSMA with respect to everything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom.

19.2.3 European Economic Area

In relation to each Member State, with effect from and including the date on which the EU Prospectus Directive is implemented in that Member State (the "**Relevant Implementation Date**"), an offer to the public of any Offer Shares which are the subject of the offering contemplated by this Prospectus may not be made in that Member State, other than the offering in Norway as described in this Prospectus, once the Prospectus has been approved by the competent authority in Norway and published in accordance with the EU Prospectus Directive (as implemented in Norway), except that an offer to the public in that Member State of any Offer Shares may be made at any time with effect from and including the Relevant Implementation Date under the following exemptions under the EU Prospectus Directive, if they have been implemented in that Member State:

a) to legal entities which are qualified investors as defined in the EU Prospectus Directive;

b) to fewer than 100, or, if the Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive), as permitted under the EU Prospectus Directive, subject to obtaining the prior consent of the Managers for any such offer, or

c) in any other circumstances falling within Article 3(2) of the EU Prospectus Directive;

provided that no such offer of Offer Shares shall require the Company or any Manager to publish a prospectus pursuant to Article 3 of the EU Prospectus Directive or supplement a prospectus pursuant to Article 16 of the EU Prospectus Directive. Each person in a Member State who initially acquires any Offer Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company and the Managers that it is a qualified investor within the meaning of the law in that Member State implementing Article 2(1)(e) of the EU Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Securities to be offered so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State the expression "EU Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Member State), and includes any relevant implementing measure in each Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

This EEA selling restriction is in addition to any other selling restrictions set out in this Prospectus.

19.2.4 Additional jurisdictions

19.2.4.1 Canada

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

19.2.4.2 Hong Kong

The Offer Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the Offer Shares may be issued or may be in the possession of any person for the purposes of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

19.2.4.3 Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Offer Shares may not be circulated or distributed, nor may they be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

19.2.4.4 Other jurisdictions

The Offer Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Japan, Australia or any other jurisdiction in which it would not be permissible to offer the Offer Shares.

In jurisdictions outside the United States and the EEA where the Offering would be permissible, the Offer Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

19.3 Transfer restrictions

19.3.1 United States

The Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

Each purchaser of the Offer Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and are subject to significant restrictions on transfer.

- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares to any person in the United States.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

- The purchaser is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S described in this Prospectus.

- The Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.

- The Company shall not recognise any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above restrictions.

- The purchaser acknowledges that these representations are required in connection with the securities laws of the United States and that the Company, the Selling Shareholders, the Managers and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Offer Shares within the United States pursuant to Rule 144A or another available exemption under the Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to significant restrictions to transfer.

- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it may be made in reliance on Rule 144A and (iii) is acquiring such Offer Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Offer Shares, as the case may be.

- The purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.

- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, as the case may be, such Shares may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

- The Offer Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Offer Shares, as the case may be.

- The Company shall not recognise any offer, sale pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions.

- The purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and that the Company, the Selling Shareholders, the Managers and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

19.3.2 European Economic Area

Each person in a Member State (other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway) who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with each Manager and the Company that:

a) it is a qualified investor as defined in the EU Prospectus Directive; and

b) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the EU Prospectus Directive, (i) the Offer Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Managers has been given to the offer or resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Directive as having been made to such persons.

For the purposes of this representation, the expression an "offer" in relation to any Offer Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State and the expression "EU Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

20 ADDITIONAL INFORMATION

20.1 Independent auditor

The Company's independent auditor is PricewaterhouseCoopers AS, with business registration number 987 009 713 and registered address at Dronning Eufemias gate 8, N-0191 Oslo, Norway. PricewaterhouseCoopers AS is a member of Den Norske Revisorforeningen (The Norwegian Institute of Public Accountants). PricewaterhouseCoopers AS has been the Company's auditor since the financial year 2015.

20.2 Advisors

SEB (Filipstad Brygge 1, N-0252 Oslo, Norway), Pareto (Dronning Mauds gate 3, N-0250 Oslo, Norway) and SpareBank 1 Markets (Olav V's gate 5, N-0161 Oslo, Norway) are acting as Joint Global Coordinators for the Offering.

Advokatfirmaet Schjødt AS (Ruseløkkveien 14-16, N-0251 Oslo, Norway) is acting as Norwegian legal counsel to the Company.

Arntzen de Besche Advokatfirma AS (Bygdøy allé 2, N-0257 Oslo, Norway) is acting as Norwegian legal counsel to the Managers.

20.3 Documents on display

Copies of the following documents will be available for inspection at the Company's offices at Ferjemannsveien 10, N-7042 Trondheim, Norway, during normal business hours from Monday to Friday each week (except public holidays) for a period of twelve months from the date of this Prospectus:

- the Company's certificate of registration, articles of incorporation and Articles of Association;
- all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in this Prospectus;
- the historical financial information of the Company for each of the three financial years preceding the publication of this Prospectus; and
- this Prospectus.

20.4 Statement regarding expert opinions

OKEA confirms that when information in this Prospectus has been sourced from a third party it has been accurately reproduced and as far as OKEA is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The sources are mentioned whenever retrieved from an external party and whether it is a payable service.

OKEA has adopted a policy of regional Reserve Reporting using external third party companies to audit its work and certify reserves and resources according to the guidelines established by Oslo Børs. Reserve and Contingent Resource estimates comply with the definitions set by the Petroleum Resources Management System (PRMS-2007) sponsored by Society of Petroleum Engineers/World Petroleum Council/ American Association of Petroleum Geologists/ Society of Petroleum Evaluation Engineers (SPE/WPC/AAPG/SPEE) as issued in March 2007.

OKEA's reserves have, on request by the OKEA, been verified by its certification agents;

AGR Petroleum Services AS
Karenslyst allé 4,
0278 Skøyen

AGR Petroleum Services AS has no material interest in OKEA. The report is signed and approved for disclosure by Mr. André Sæthern. Mr. Andre Sæthern has more than 10 years' experience working with oil and gas reserves from in E&P companies and as consultant. The report has been prepared on the request of OKEA.

21 DEFINITIONS AND GLOSSARY

In the Prospectus, the following defined terms have the following meanings:

2010 PD Amending Directive	Directive 2010/73/EU amending the EU Prospectus Directive.
Acquisition	The acquisition by OKEA of a 44.56% participating interest in Draugen (PL093), a 12% participating interest in Gjøa (PL153) and the office building "Råket" in Kristiansund from A/S Norske Shell completed on 30 November 2018.
Additional Shares	Additional Shares sold pursuant to the Over-Allotment Option by the Stabilisation Manager, equal to up to approximately 15% of the number of New Shares allocated in the Offering.
Annual General Meeting......................	The Company's annual general meeting.
Anti-Money Laundering Legislation.......	The Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulations of 14 September 2018 no. 1324, collectively.
APMs...	Alternative performance measures.
Application Period	The application period for the Retail Offering which will take place from 09:00 hours (CET) on 28 May 2019 to 12:00 hours (CET) on 6 June 2019, unless shortened or extended.
ARO	Asset Retirement Obligation.
Articles of Association	The Company's Articles of Association.
Bbl..	Barrel.
Bcf/d...	Billion cubic feet per day (of gas)
Bcm	Billion cubic meters.
Board Members	The members of the Board of Directors.
Board of Directors.............................	The Board of Directors of the Company.
Boe..	Barrels of oil equivalents.
Boepd	Barrels of oil equivalent per day.
Bond 01	The OKEA AS 7.50 % open callable senior secured USD 150,000,000 bonds 2017/2020 issued under the Bond Agreement 01.
Bond 02	The Okea AS FRN open callable senior secured USD 210,000,000 bonds 2018/2023 issued under the Bond Agreement 02
Bond Agreement................................	The Bond Agreement 01 and Bond Agreement 02, collectively.
Bond Agreement 01	The Bond Terms dated 16 November 2017 for Bond 01, as amended from time to time.
Bond Agreement 02	The Bond Terms dated 27th June 2018 for Bond 02, as amended from time to time.
Bonds	Bond 01 and Bond 02, collectively.
Bookbuilding Period	The bookbuilding period for the Institutional Offering which will take place from 09:00 hours (CET) on 28 May 2019 to 15:00 hours (CET) on 6 June 2019, unless shortened or extended.
Bribery Act	The United Kingdom Bribery Act of 2010.
CET	Central European Time.
Company	OKEA ASA.
Corporate Governance Code	The Norwegian Code of Practice for Corporate Governance, dated 17 October 2018.
Darcy	Unit of measure of permeability.
DG1	Business planning phase. The purpose of the business planning phase (leading up to DG1) is to justify further development of the business case, and the establishment of an investment project. Feasibility studies shall demonstrate that one concept is technically, commercially and organizationally feasible, and that value chain fit, economic analysis and relevant stakeholder analysis justify further development.
DG2	Concept selection phase. The purpose of the concept planning phase (leading up to DG2) is to identify alternative concepts, select a viable concept, define and document the selected concept and develop design basis for approval at DG2.
DG3	Definition phase. The purpose of the definition phase (leading up to DG3) is to further mature, define and document the business case based on the selected concept for project sanction. Any options or technical solutions not selected prior to DG2 shall be decided prior to DG3.
DG4	Execution phase. The purpose of the execution phase (leading up to DG4) is to realize the business case.

DoD	A drill or drop decision or relinquish.
EBITDA	Earnings before interest and other financial items, taxes, depreciation and amortisation and impairments.
EEA	The European Economic Area.
ESMA	The European Securities and Markets Authority.
EU Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Member State.
EUR, euros or €	The lawful common currency of the EU member states who have adopted the Euro as their sole national currency.
FCPA	The U.S. Foreign Corrupt Practices Act of 1977.
Financial Statements	The audited 2018 and 2017 financial statements together with the 2016 comparative financial figures.
Forward-looking statements	Statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts.
FSMA	UK Financial Services and Markets Act 2000.
GDP	Gross domestic product.
General Meeting	The Company's general meeting of shareholders.
GoM	Gulf of Mexico.
IAS 34	International Accounting Standard 34 "Interim Financial Reporting".
IAS 39	International Accounting Standard 39 "Financial Instruments".
IFRS	International Financial Reporting Standards, as adopted by the EU.
Implementation Date	In relation to each Member State, with effect from and including the date on which the EU Prospectus Directive is implemented in that Member State.
Indicative Price Range	The indicative price range in the Offering of NOK 25 to NOK 33 per Offer Share.
Institutional Closing Date	Delivery and payment for the Offer Shares by the applicants in the Institutional Offering is expected to take place on or about 12 June 2019.
Institutional Offering	An institutional offering, in which Offer Shares are being offered to (a) investors in Norway, (b) investors outside Norway and the United States, subject to applicable exemptions from any applicable prospectus requirements, and (c) investors in the United States who are QIBs in transactions exempt from registration requirements under the U.S. Securities Act, subject to a lower limit per application of NOK 2,000,000.
IPR	Intellectual property rights.
IRS	The U.S. Internal Revenue Service.
Joint Global Coordinators	Pareto Securities, SEB and SpareBank 1 Markets, collectively.
Joint Operating Agreements	Agreement for petroleum activities, including the Joint Operating Agreement and the Accounting Agreement.
KPIs	Key performance indicators.
Large Shareholders	BCPR Pte. Ltd. and OKEA Holdings Ltd.
Lending Option	A lending option to be granted to the Stabilisation Manager by the Lending Shareholders, pursuant to which the Stabilisation Manager may require the Lending Shareholders to lend to the Stabilisation Manager, on behalf of the Managers, up to a number of Shares equal to the number of Additional Shares.
Lending Shareholders	BCPR Pte. Ltd. and OKEA Holdings Ltd.
Listing	The listing of the Shares on Oslo Børs.
Management	The senior management team of the Company.
Managers	The Joint Global Coordinators and Joint Bookrunners.
Market Abuse Regulation or MAR	Regulation (EU) No. 596/2014 of the European Parliament and of the Council on market abuse.
Member State	Each Member State of the EEA which has implemented the EU Prospectus Directive.

MiFID II	EU Directive 2014/65/EU on markets in financial instruments, as amended.
MiFID II Product Governance Requirements	Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and together with local implementing measures.
Mmboe	Million barrels of oil equivalents.
Mmboepd	Million barrels of oil equivalents per day.
NCS	Norwegian Continental Shelf.
New Shares	New shares to be issued by the Company in the Offering.
NOK	Norwegian Kroner, the lawful currency of Norway.
Non-Norwegian Corporate Shareholder	Shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes.
Non-Norwegian Personal Shareholders	Shareholders who are individuals not resident in Norway for tax purposes.
Norwegian Act on Overdue Payment	The Norwegian Act on Overdue Payment of 17 December 1976 no. 100.
Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes.
Norwegian FSA	The Norwegian Financial Supervisory Authority (*Nw.: Finanstilsynet*).
Norwegian kroner	The lawful currency of Norway.
Norwegian Personal Shareholders	Shareholders who are individuals resident in Norway for tax purposes.
Norwegian Public Limited Companies Act	The Norwegian Public Limited Companies Act of 13 June 1997 no. 45 (*Nw.: allmennaksjeloven*).
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (*Nw.: verdipapirhandelloven*).
NPD	Norwegian Petroleum Directorate.
Offer Price	The final offering price for the Offer Shares in the Offering, set in a range within, below or above the Indicative Price Range.
Offer Shares	The New Shares and Sale Shares together with any Additional Shares – the Shares offered pursuant to the Offering.
Offering	The initial public offering including the Institutional Offering and the Retail Offering taken together.
OKEA	OKEA ASA.
Operating EBITDA margin	Gross operating profit (loss) divided by total operating income.
Order	The UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.
Oslo Børs	Oslo Børs ASA, or, as the context may require, Oslo Børs, a Norwegian regulated stock exchange operated by Oslo Børs ASA.
Over-Allotment Option	An option expected to be granted by the Lending Shareholders to the Stabilisation Manager, on behalf of the Managers, pursuant to which the Stabilisation Manager may purchase the Additional Shares, exercisable, in whole or in part, within a 30-day period commencing at the time at which trading in the Shares commences on Oslo Børs, expected to be on or about 11 June 2019, to cover any over-allotments made in connection with the Offering.
Pareto Securities	Pareto Securities AS.
Payment Date	The payment date for the Offer Shares under the Retail Offering, expected to be on or about 11 June 2019.
PDO	A decision to submit a Plan for development and operation for approval from the Norwegian Ministry of oil and Energy.
PFIC	A passive foreign investment company for U.S. federal income tax purposes.
Placing Agreement	The placing agreement expected to be entered into by Company, the Selling Shareholders, the Lending Shareholders and the Managers on or about 6 June 2019 with respect to the Offering of the Offer Shares.
Production Licence	Means a Norwegian licence (*Nw.: Utvinningstillatelse*) for the exploration and production of hydrocarbons on the NCS.
Prospectus	This Prospectus, dated 27 May 2019.
QIBs	Qualified institutional buyers as defined in Rule 144A.
Regulation S	Regulation S under the U.S. Securities Act.

Relevant Persons	Persons in the UK that are (i) investment professionals falling within Article 19(5) of the Order or (ii) high net worth entities, and other persons to whom the Prospectus may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order.
Retail Application Form......................	Application form to be used to apply for Offer Shares in the Retail Offering, attached to this Prospectus as Appendix G.
Retail Offering	A retail offering, in which Offer Shares are being offered to the public in Norway, subject to a lower limit per application of an amount of NOK 10,500 and an upper limit per application of NOK 1,999,999 for each investor.
Rule 144A..	Rule 144A under the U.S. Securities Act.
SEB	Skandinaviska Enskilda Banken AB (publ.), Oslo Branch.
Selling Shareholders	OKEA Holdings Ltd., Kebs AS and Skjefstad Vestre AS, collectively.
Shares	Shares in the share capital of the Company, each with a nominal value of NOK 0.10, or any one of them.
Shell	A/S Norske Shell.
SPA	Share Purchase Agreement.
SpareBank 1 Markets	SpareBank 1 Markets AS.
Stabilisation Manager.........................	Pareto Securities.
SVP	Senior Vice President.
UK	The United Kingdom.
U.S. dollars, USD or $	The lawful currency of the United States of America.
U.S. Exchange Act	The U.S. Securities Exchange Act of 1934, as amended.
U.S. Holder	A beneficial owner of Offer Shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.
U.S. or United States	The United States of America.
U.S. Securities Act	The U.S. Securities Act of 1933, as amended.
VPS	The Norwegian Central Securities Depository (*Nw.: Verdipapirsentralen*).
VPS account.....................................	An account with the VPS for the registration of holdings of securities.
VPS Registrar...................................	DNB Bank ASA.
YME Licences	PL038D.

APPENDIX A:

ARTICLES OF ASSOCIATIONS OF OKEA ASA

VEDTEKTER
FOR
OKEA ASA

(org. nr. 915 419 062)

Vedtatt på generalforsamling 9. mai 2019

§ 1 – Firma

Selskapets navn er OKEA ASA. Selskapet er et allmennaksjeselskap

§ 2 –Forretningskontor

Selskapets forretningskontor er i Trondheim kommune.

§ 3 – Virksomhet

Selskapets virksomhet er petroleums-virksomhet på norsk sokkel, inkludert utbygging og utvinning av olje og gass, og hva dermed står i forbindelse, samt ved aksjetegning eller på annen måte å delta i slik eller annen virksomhet alene eller i samarbeid med andre foretagender og interesser.

§ 4-1 – Aksjekapital

Selskapets aksjekapital er NOK 8.220.450 fordelt på 82.204.500 ordinære aksjer, hver pålydende NOK 0,1.

§ 4-2 - Registering av aksjer i VPS

Selskapets aksjer skal være registrert i VPS.

§ 5 - Styre

Selskapets styre skal ha fra tre til elleve styremedlemmer, etter generalforsamlingens nærmere beslutning.

§ 6 – Signatur

Selskapets firma kan tegnes av styrets leder alene eller to styremedlemmer i fellesskap.

§ 7 - Generalforsamling

På den ordinære generalforsamling skal følgende saker behandles og avgjøres:

1. Godkjennelse av årsregnskapet og årsberetningen, herunder utdeling av utbytte.
2. Godkjennelse av styrets erklæring om lønn og annen godtgjørelse til ledende ansatte.
3. Andre saker som etter loven eller vedtektene hører inn under generalforsamlingen.

Retten til å delta og stemme på generalforsamlinger i selskapet kan bare utøves for aksjer som er ervervet og innført i aksjeeierregisteret den femte virkedagen før generalforsamlingen.

Aksjeeiere som vil delta i en generalforsamling i selskapet, skal melde dette til selskapet innen en frist som angis i innkallingen til generalforsamling, og som ikke kan utløpe tidligere enn fem dager før generalforsamlingen. Aksjeeier som ikke har meldt fra innen fristens utløp, kan nektes adgang.

Når dokumenter som gjelder saker som skal behandles på generalforsamlingen, er gjort tilgjengelige for aksjeeierne på selskapets internettsider, gjelder ikke lovens krav om at dokumentene skal sendes til aksjeeierne. Dette gjelder også dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen. En aksjeeier kan likevel kreve å få tilsendt slike dokumenter.

§ 8 - Elektronisk kommunikasjon

Selskapets aksjonærer har uttrykkelig godtatt at selskapet kan benytte seg av e-post og annen elektronisk kommunikasjon når det skal gi meldinger, varsler, informasjon, dokumenter, underretninger og liknende.

Office translation:

ARTICLES OF ASSOCIATION FOR OKEA ASA

(org. no. 915 419 062)

As amended by the annual general meeting held 9 May 2019

§ 1 – Company name

The company's name is OKEA ASA. The company is a public limited liability company.

§ 2 –Registered offices

The Company's registered office is in the municipality of Trondheim.

§ 3 – Company's business

The objective of the Company is petroleum activities on the Norwegian continental shelf, including development and production of oil and gas, and all other business activities as are associated with the above objectives, and share subscription or participation by other means in such operations alone or in cooperation with others.

§ 4-1 – Share capital

The Company's share capital is NOK 8,220,450 divided on 82,204,500 ordinary shares, each with a par value of NOK 0.1.

§ 4-2 – Registration of the share with VPS

The Company's shares shall be registered with the VPS.

§ 5 – The Board of Directors

The Company's Board of Directors shall consist of three to eleven directors, pursuant to resolution by the general meeting.

§ 6 – Signatory rights

The Chairman of the Board of Directors of the Company solely, or two directors jointly, have the right to sign on behalf of the Company.

§ 7 – General meeting

The annual general meeting shall consider and decide the following matters:

1. Adoption of the annual accounts and the annual report, including the question of declaration of dividends.
2. Approval of the statement from the board of directors regarding salary and other remuneration to the executive management.
3. Any other matters which under the law or these Articles of Association pertain to the general meeting.

The right to participate and vote at general meetings of the company can only be exercised for shares which have been acquired and registered in the shareholders register in the shareholders on the fifth business day prior to the general meeting.

Shareholders who intend to attend a general meeting of the company shall give the company written notice of their intention within a time limit given in the notice of the general meeting, which cannot expire earlier than five days before the general meeting. Shareholders, who have failed to give such notice within the time limit, can be denied admission.

When documents pertaining to matters which shall be handled at a general meeting have been made available for the shareholders on the company's website, the statutory requirement that the documents shall be distributed to the shareholders, does not apply. This is also applicable to documents which according to statutory law shall be included in or attached to the notice of the general meeting. A shareholder may nonetheless demand to be sent such documents.

§ 8 – Electronic communication

The Company's shareholders have expressly accepted that the Company may use e-mail or other electronic communication when providing notices, information, documents, etc.

APPENDIX B:

FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2018, 2017 AND 2016

2018 Annual Report

okea.no

Table of contents

Board of Director's Report

BOARD OF DIRECTORS' REPORT 2018

In 2018, OKEA AS (the "Company") transformed into a sizeable offshore operator, with a daily production of more than 20,000 boepd (barrels of oil equivalent per day) and proven and probable reserves (2P/P50) of 52.4 mmboe (million barrels of oil equivalent). The most significant event was the NOK 4,520 million acquisition of a 44.56% working interest in the Draugen Field ("Draugen") and a 12% working interest in the Gjøa Field ("Gjøa") from A/S Norske Shell ("Shell") and related assets ("Shell Transaction"). With the Shell Transaction, the Company became operator of the Draugen Field and continues to build strong organizational capabilities in support of its primary business focus with the objective to become one of the most successful Norwegian Continental Shelf ("NCS") developer and operator of small to medium size fields.

The Company, a pure NCS operator, with its head office in Trondheim, operations center in Kristiansund, and offices in Stavanger and Oslo, performs significant offshore and onshore operations related to hydrocarbon production and development of new oil and gas fields. The execution of this work is done through the coordination of several in-house functions in the Company, as well as with assistance from, and in cooperation with, third party contractors and license partners. Health, Safety, Security and Environment ("HSSE") is of utmost importance to the Company and its Board of Directors ("Board"). The Board devotes significant time and resources to ensure that the Company meets all regulations and incorporates the highest HSSE standards in all of the Company's activities. The Company has had no serious incidents, or any recordable incidents related to the Company's activities in 2018.

The Board is working on the assumption that there will be continued challenging macro environment for oil and gas producers, with volatile commodity prices and exchange rates. The Company is therefore building an efficient and streamlined organization, capable of creating growth through the profitable development of medium and smaller sized discoveries. As the NCS matures, the Board is convinced that the average size of new discoveries over time will decrease and believes that there will be significant future opportunities to develop medium and smaller sized oil and gas discoveries, just as has been the case in other mature areas like the UK continental shelf and the Gulf of Mexico.

The Company's 2P/P50 reserves were estimated at 52.4 million boe at the end of the year, a five-fold increase, mainly due to the completion of the Shell Transaction. The contingent resources (2C/Base) were 40.5 million boe, principally within the Grevling, Draugen and Gjøa licences. The Company's average net production in 2018 was 2,412 boepd, including the effect of the Draugen and Gjøa licences from December 2018. The split between production of oil and gas was approximately 70% - 30%. The Board believes that in the current oil price environment, with planned cost reduction programs and the incorporation of additional in– and near field resources, Draugen could continue to produce economically for many years after current license period expires in 2024.

The Yme New Development ("YND") project continues to move forward as planned, with first oil expected in April 2020 as originally sanctioned. YND is expected to provide the Company with significant production in the years to come and work to extend the lifespan of the platform to 15 years has already started and is progressing well.

During 2018 the Company completed the sale of a 15% working interest in the Company operated Grevling license (PL038D) to Chrysaor. The effective date for the transaction was 1 January 2018, resulting in the Company now holding a 55% working interest in the license.

The Company was awarded four new licences – of which three as operator - in the 2018 Awards in Predefined Areas (APA). The Board believes that these will provide significant organic growth opportunities in both the near and medium term and work is ongoing to finalize work programs. The Company will continue to identify and apply for opportunities in strategically focused areas.

Over the course of 2018 the share capital has been increased through several capital increases, both through cash injections and through conversion of debt. Net proceeds from the capital increases amounted to NOK 1,137 million. The cash injections were made for working capital purposes prior to closing the Shell Transaction and to finance the Shell Transaction. Through these share capital increases Bangchak Corporation Public Company Limited ("Bangchak") became a major investor in the Company, while OKEA Holdings Ltd., a Secreast Capital Group Ltd Company ("Seacrest"), remain a significant investor in the Company.

As part of the share issue in September 2018, the Company has the stated objective to list its shares on the Oslo Stock Exchange in 2019. The shareholders support this objective and have agreed to undertake reasonable efforts in its preparation and completion of this objective. The processes relating to the initial public offering ("IPO") are ongoing. Timing and final execution will depend on the market conditions prevailing at that time.

In addition to raising new equity, the Company issued USD 180 million in a secured bond loan in June 2018 to finance the Shell Transaction. The Company now has secured bond loans of USD 300 million in total.

The Company is well positioned for further growth on the NCS. At the end of 2018 the Company had a significantly larger, stronger and more diversified production portfolio than at the beginning of the year. The Board is aware of the risks associated with its operations and changing market conditions and is prioritizing capital discipline. The Board will continuously consider risk mitigating factors in all aspects of the Company's operations.

1. The financial statements

(All figures in brackets refer to 2017).

The Company prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Norwegian Accounting Act. The Company implemented the new standards IFRS 9 Financial Instruments and IFRS 15 Revenues from Contracts with customers as of 1 January 2018. The new standards did not have any significant impact on the Company's financial statements. The new standard IFRS 16 Leases will be implemented effective 1 January 2019. Impacts from the implementation has been described in Note 2 Accounting Policies. Other than these changes the accounting principles are in all material respect the same as in the financial statements for 2017.

The acquisition of the working interests in the Draugen and Gjøa licences as part of the Shell 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 2018. The acquisition date for accounting purposes (transfer of control) has been determined to be 30 November 2018 and the Shell Transaction has as such impacted the statement of comprehensive income from December.

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 was NOK 4 520 million. Adjusted for interim period adjustments and working capital, the total cash consideration is estimated to NOK 2 930 million. The Shell Transaction has had a significant impact on all aspects of the Company's financial statements for 2018.

2. Statement of comprehensive income

The Company's total operating income amounted to NOK 353,5 (43.4) million. From the date of transfer of control (30 November 2018) the Draugen and Gjøa licences contributed with operating income of NOK 124 million. An amount of NOK 115 million has been recognized as income related a contract breach compensation on the YME project. See note 26 to the Financial statements for further description. The Company has entered into hedging instruments to mitigate the risk relating to changes in the oil price and a gain of NOK 37.2 (0.0) million is included in other operating income.

Net financial expenses amounted to NOK 349.0 (24.7) million and were heavily impacted by interests on bond loans amounting to NOK 157.1 (10.1) million and foreign exchange rate losses, mainly related to the two bonds denominated in USD, of NOK 156.2 (8.2) million. The Company has also entered into hedging instruments to mitigate the risk relating to changes in exchange rates.

Loss before income tax amounted to NOK 268.0 (-80.5) million and net loss was NOK 148.6 (-11.7) million. The Draugen and Gjøa licences contributed with a profit before tax of NOK 81 million.

3. Statement of financial position

Total assets amounted to NOK 10,054.1 (1,833.1) million and increased significantly due to the acquisition of the interests in the Draugen and Gjøa licences, as well as investments in the YND project. The fair values of the Draugen and Gjøa licences were estimated to be NOK 3,141.9 million in the preliminary purchase price allocation (PPA) and have been included in the net book value of oil and gas properties in the statement of financial position. As part of the Shell Transaction it was agreed that Shell (the seller) should cover 80% of the costs of decommissioning the acquired oilfields limited to an agreed cap. The fair value of the receivable towards the seller was estimated to NOK 2,746.0 million. In addition, net working capital in the transaction amounted to NOK 340.2 million.

The fair value of the asset retirement obligation was estimated to be NOK 3,512.2 million and has been included in provisions in the statement of financial position. The deferred tax liability relating to the transaction has been estimated to NOK 456.1 million and the tax payable on taxable profits for the interim period from 1 January 2018 up until closing of the Shell Transaction on 30 November 2018 has been estimated to NOK 794.1 million. The PPA resulted in an ordinary goodwill of NOK 166.6 million and a technical goodwill of NOK 1,297.7 million. The ordinary goodwill consists largely of the synergies of acquiring the Draugen organization, which could provide a platform for generating future growth on the NCS. The technical goodwill arises as a consequence of the requirement to recognize deferred tax for the differences between the assigned fair values and the tax basis of assets acquired and liabilities assumed. None of the goodwill recognized will be deductible for income tax purposes.

The Shell Transaction and the day-to-day operations of the Company are financed by operating income, cash from equity and bond loans. The Company has issued two bonds listed on the Oslo Stock Exchange, amounting to a total of USD 300 million. OKEA 01, with a nominal amount of USD 120 million, was issued in November 2017 and is fully repayable on 16 November 2020. OKEA 02, with a nominal amount of USD 180 million was issued in June 2018 and is fully repayable on 28 June 2023. The amortized cost of the bond amounts to NOK 2,528.6 (963.3) million at the balance sheet date.

At the balance sheet date, the Company has available cash of NOK 388.9 (27.5) million and restricted cash of NOK 48.3 (907.8) million. The restricted cash is mainly relating to deposits to an escrow account following covenants in the bond loans.

At the balance sheet date, the Company has a total of 8 220 450 issued shares consisting of ordinary shares and A ordinary shares. Each ordinary share has one vote at general meetings. The A ordinary shares do not have voting rights. Otherwise, the ordinary shares and the A ordinary shares have equal rights, including equal rights to dividend and other distributions from the Company. The A ordinary shares shall be converted into ordinary shares at predetermined events. A total of 935 016 outstanding warrants exist at 31 December 2018.

The share capital amounted to NOK 8.2 (24.7) million and total equity amounted to NOK 1,463.4 (473.8) million. Total liabilities amounted to NOK 8,590.7 (1,359.3) million.

4. Statement of cash flows

Cash flows from operating activities was NOK 235.4 (-37.3) million. Net cash flows used in investing activities was NOK 2,257.0 (1,031.9) million, which included NOK 2,725.2 million relating to net cash transferred in the Shell Transaction. Net cash flows from financing activities amounted to NOK 2,386.7 (1,060.9) million, which included net proceed from issuance of bond loans of NOK 1,399.1 (961.4) million and net proceeds from issuance of new shares of NOK 1,133.4 (65.5) million. The difference between cash flows from operating activities of NOK 235.4 (-37.3) million and profit from operating activities of NOK 81.0 (-55.8) million is mainly due to depreciation, change in working capital and tax refund received.

5. Going concern and liquidity

Pursuant to §3-3 of the Norwegian Accounting Act the Board confirms that the conditions for continued operation as a going concern are present for the Company and the annual financial statement for 2018 have been prepared under this presumption.

The assumption is based on the fact that the Company has, through the Shell Transaction, built strong organizational capabilities as an independent operator on the NCS as well as increased production to over 20,000 boed at the end of 2018, attributes that will form a solid basis for the planned IPO. Cash flow from operations and available liquidity is expected to be sufficient to finance the Company's commitments in 2019.

Covenants under the latest bond issue OKEA02 are sensitive to the USD/NOK exchange rate and requires the Company to effectuate a share capital increase of no less than USD 5.3 million by end of December 2018. The Company has entered into a waiver agreement with Nordic Trustee, representing the bondholders, to defer the obligation until 30 June 2019 and an amount of USD 5.3 million has been placed in escrow. Furthermore, the Company has in 2019 placed an additional USD 10.9 million in escrow, which for purposes of calculation of one of the financial covenants in the Company's bonds will reduce total debt. The total amount in escrow after this payment in 2019 is USD 16.2 million. During 2018 and at 31 December 2018 the Company was in compliance with the covenants under the bond agreements.

In the Board's view, the annual accounts give a true and fair view of the Company's assets and liabilities, financial position and results. The Board is not aware of any factors that materially affect the assessment of the Company's financial position as of 31 December 2018, or the result for 2018, other than those presented in the Board of Directors' Report or that otherwise follow from the financial statements.

6. Allocation of loss for the year

Net loss for 2018 amounted to NOK 148.6 million. The Board proposes the following allocation:

Transferred to accumulated loss NOK 148.6 million.

7. Risks related to the Company's business and industry

The Company's business, results of operations, value of assets, reserves, cash flows, financial condition and access to capital depend significantly upon, and may be adversely affected by, operational as well as financial risk factors, primarily the level of oil and gas prices, which are highly volatile. The Company may from time to time enter into derivative contracts in order to effectively receive fixed prices on portions of its oil and gas production. Reserves and contingent resources are by their nature uncertain in respect of the inferred volume range and are also highly sensitive to oil and gas prices. The development of the oil and gas fields in which the Company has an ownership interest, is associated with technical risk and uncertainty with regards to timing of additional production from new development activities.

Financial risk factors

The Company is exposed to a variety of financial risk factors, including market risk, which primarily relates to oil and gas price risk as discussed above, but also to interest rate risk and foreign exchange rate risk. The Company will continue to mitigate these risks by executing its hedging policies. Other financial risk factors relate to credit risk (the risk that counterparties default on their payment obligations to the Company), and liquidity risk (the risk that the Company is unable to meet its payment obligations as they fall due).

The Company's functional currency is NOK. Revenues for oil sales are in USD and in GBP and EUR for gas, while operational and development costs are mainly in NOK. The Company holds its bonds in USD and therefore has entered into derivative contracts in order to mitigate foreign currency risk.

The Company's exposure to interest rate risk is related to the USD 180 million bond, which is subject to floating interest rates. The Company has no other interest-bearing borrowings with floating interest rate conditions but has a USD 120 million fixed interest rate bond.

The Company's exposure to credit risk is considered limited as sales transactions are only with solid customers and derivative contracts are only entered into with reputable counterparties.

The Company's approach to managing liquidity risk is to ensure that sufficient liquidity is secured through detailed cash flow forecasting to meet financial liabilities as they fall due, under normal as well as extraordinary circumstances, without incurring unacceptable losses or risking damage to the Company's reputation.

Financial risk is managed by the finance department under policies approved by the Board. The overall risk management policy seeks to minimize the potential adverse effects on financial performance from unpredictable fluctuations in financial and commodity markets. The use of financial instruments, such as forward contracts and interest rate- and currency swaps, are regularly evaluated, and entered into, in order to hedge portions of such risk exposures.

8. Health, safety and environment

2018 was characterized by a high level of activity including the transfer of operatorship for the Draugen field under the Shell Transaction which included the transfer of all offshore operations from Shell to the Company.

Prior to the transfer of operatorship, the Company developed a number of new internal systems and processes to accommodate the offshore and onshore operations related to the Draugen Field. This included implementation of management systems, work processes and IT solutions together with applications needed to support and secure safe operations on the Draugen platform. All of this was achieved in accordance with the regulatory authorities' requirements.

The Petroleum Safety Authority (PSA), and Shell (as seller of Draugen), monitored these processes rigorously, to ensure successful operatorship transfer. In February 2019, the PSA published the conclusions of their audit of the Draugen transfer process. The PSA report identified no non-conformances and did not make any specified suggestions for improvement. The transfer and cut-over process were completed as planned, achieving all key milestones for the execution of this project. The Board recognises the Company's achievement as the result of a well-prepared and well-executed integration project.

The Company had no serious incidents in the company's activities and operations in 2018 or any recordable injuries (includes lost time injury, medical treatment case and restricted work case/temporary transferral to other jobs). The Company promotes a healthy working environment for all employees, vendors and contractors involved in its activities. The Company has established and implemented a Working Environment Committee for the new integrated organisation, covering all locations, offshore and onshore. The total sickness absence was 1.3 per cent.

The Board takes the Company's environmental responsibilities seriously and ensures that management of the Company continues to reduce the environmental impact from the Company's activities, both in field development projects and in the Draugen operations. Efforts are ongoing to find solutions and measures to reduce emissions to air and discharges to sea, as well as utilising chemicals that are as environment friendly as possible. Activities with the potential of reducing the environmental footprint have been initiated and will actively be further developed in 2019. One of these activities is to evaluate the potential possibilities to supply the Draugen platform with electrical power from shore.

Even though the offshore production activities are well prepared and operated, there is still a certain risk of an acute oil spill being discharged to sea, which in worst case may result in pollution to the external environment. To be prepared if such an undesired event should occur, the Company has in 2018 become a member of NOFO, the Norwegian Clean Seas Association for oil companies. The Company has also built a competent and well-trained emergency preparedness organisation to manage and respond to any serious incident, and as part of this, the Company in 2018 also became a member of OFFB, Operators' organisation for Emergency preparedness.

A primary goal for the Company is to establish a culture of openness with no barriers related to all aspects of health, safety and environment, both within the Company and when working with stakeholders to secure a safe working environment, a high level of quality in our operations and minimal impact on the environment. To establish such a common culture in the Company needs focus, and the post transition plan identifies culture as one of the main focus areas. The Company's values are underpinning the Company culture which is characterized by "**O**pen, **K**een, **E**fficient and **A**gile". The Company will introduce a "people survey" during 2019 to measure the working environment and employee engagement, and to identify actions for further improvements.

9. Organization, Equal opportunities

The Company had 182 employees at year end of which 42 employees (23 %) are female. The Company endeavors to maintain a working environment with equal opportunities for all based on qualifications, irrespective of gender, ethnicity, sexual orientation or disability.

At present the executive management team consists of one woman and seven men, and the Board also consists of one woman and seven men. Actions have been taken to increase the number of women on the Board, both as Company representatives and as representatives for the employees. The election of employee representatives at the Board is ongoing, and there are female nominated candidates from all election areas. In addition to the internal focus on increasing gender diversity, it is also a part of the preparations to convert to ASA (allmennaksjeselskap), as required for the planned listing of the Company on the Oslo Stock Exchange.

The Company has built a strong organization through the transaction with Shell, capable of growing a profitable business in the years to come and has recently been approved as a "lærebedrift", meaning the Company is approved to take in apprentices for their certificate of apprenticeship through working at Draugen. This is considered as a valuable contribution to the society and the Company will take in apprentices to start at Draugen in the autumn 2019. In addition, the Company will focus on internal development opportunities through the flexible use of resources across operations and new projects.

10. Corporate social responsibility (CSR), ethics and anti-corruption

Management systems and procedures

The Company has implemented core management systems, documentation and well-defined procedures establishing HSSE, environmental awareness and lawful business practices as a key value in all operations of the Company, hereunder in all dealings with customers, suppliers, business partners and stakeholders. This includes monitoring of adherence to our guidelines and procedures for governing anti-corruption, fair and transparent business practices and other issues ensuring that the Company in all operations operate to the highest level of business ethics and integrity.

Environmental awareness and management
The Company works continuously across all operations to reduce any negative environmental impact of our activities, hereunder related to energy consumptions and CO_2 emissions. The Company complies with all applicable laws and regulations for environmental management.

Key Performance Indicators	OKEA = Draugen in December 2018
CO_2 emissions (tonnes)	16 607
CO_2 intensity (tonn CO_2/m^3 o.e produced)	0,137
Gas flaring (Sm^3)	202 925
Produced water oil concentration (ppm)	19
Produced water reinjection %	40 %

Societal Contribution and community participation

The Company strives to develop and maintain a good relationship with and to contribute to strengthening the local communities where the Company operates. The Company is currently supporting the Opera in Kristiansund, as well as the handball tournament "OKEA Cup" in Kristiansund and continuously evaluates other opportunities for participation in community activities.

Business ethics and integrity
The Company has implemented rules and procedures to ensure that all operations are conducted in adherence with high business ethics and integrity. The Company also mandates that all our suppliers shall adhere to such standards and requirements.

Adherence to these procedures and guidelines is a prerequisite for maintaining a good standing and trust in the market, ensuring that the Company's conduct complies with relevant legislation and our core values both internally and externally. This includes rules and regulations for the avoidance of conflicts of interests, combating corruption and improper payments/financial inducements, as well as safeguards for ensuring that human rights, equality and integrity are respected in all operations in which the Company is involved.

11. Corporate governance
The Company seeks to create sustained shareholder value and pays due respect to the Company's various stakeholders. Further, the Company is committed to maintaining a high standard of corporate governance and has established guidelines that define the roles and relationship between the Board and the executive management of the Company.

The principles and implementation of corporate governance are subject to annual reviews and discussions by the Company's Board.

The statement on corporate governance 2018 is provided in a separate section of the annual report.

12. Reporting of payments to governments
The Company has prepared a report of government payments in accordance with the Norwegian Accounting Act §3-3d and the Norwegian Securities Trading Act §5-5a. These regulations states that companies engaged in activities within the extractive industries shall on an annual basis prepare and publish a report containing information about their payments to governments at country and project level. The report is provided in a separate section of the annual report.

13. Future outlook

With the Shell Transaction completed, the Company has a substantially diversified asset portfolio, has a daily production of more than 20,000 boepd at the end of 2018, and has built a strong operational organization capable of growing a profitable business in the years to come. The Board believes that this provides a solid foundation for continued growth and value creation. The Board has full confidence in the Company's management team and their ability to deliver an ambitious growth strategy and looks forward to continued success.

The Company is contemplating a listing at Oslo Bors. This would provide additional funding, enabling further organic and in-organic growth for the Company.

Directors' Report 2018, Trondheim, 20 March 2019

Chaiwat Kovavisarach
Chairman of the Board

Henrik Schröder
Deputy Chairman of the Board

Arild Christian Selvig
Board Member

Paul Anthony Murray
Board Member

Kaare Gisvold
Board Member

Knud Hans Nørve
Board Member

Michael William Fischer
Board Member

Prisana Praharnkhasuk
Board Member

Erik Haugane
CEO

STATEMENT ON CORPORATE GOVERNANCE 2018

1. Governance principles and objectives

OKEA AS («OKEA» or the «Company») seeks to create sustained shareholder value and to pay due respect to the Company's various stakeholders. These include its shareholders, employees, business partners, society in general, and authorities. OKEA is committed to maintaining a high standard of corporate governance and has established guidelines that define the roles and relationship between the Company`s Board of Directors (or the "Board") and the executive management of the Company.

OKEA is a limited liability company incorporated and registered in Norway and subject to Norwegian law. The Company has two bonds listed on the Oslo Stock Exchange and is considering a listing of its shares during 2019. With its two bonds listed on Oslo Stock Exchange the Company is required to report on its corporate governance as required by the Norwegian Accounting Act section 3-3 b, 3rd subsection.

OKEA is a limited liability company that is not directly subject to the Norwegian Code of Practice for Corporate Governance (the "Code"), which is available on www.nues.no. However, the Company's objective is to act in accordance with the Code where it is relevant considering its owner structure and future ambitions. Adherence to the Code is based on the "comply or explain" principle, which means that a company endeavours to comply with all the recommendations of the Code or explain why it has chosen an alternative approach to specific recommendations. Adherence to the Code will also ensure that OKEA complies with the regulatory requirements for its two listed bonds.

The principles and implementation of corporate governance are subject to annual reviews and discussions by the Board. This report discusses OKEA's main corporate governance policies and practices and how OKEA has complied with the Code in the preceding year.

OKEA plans to convert the Company into a public limited liability company (ASA) during 2019. As a part of that process, the Board will institute an updated Corporate Governance Policy and a set of Corporate Governance instructions and guidelines that addresses the framework of guidelines and principles regulating the interaction between the Company's shareholders, the Board, the Company`s Chief Executive Officer (the "CEO") and the Company's executive management team. The Board is responsible for adhering to sound corporate governance standards, and follow up the Company's objectives and strategies.

OKEA complies with the current edition of the Code, unless otherwise specifically stated. The following statement on corporate governance 2018 is organised in line with the structure of the Norwegian Code of Practice for Corporate Governance, most recently revised 17 October 2018.

2. Business

OKEA is a pure Norwegian development and production company, which shall contribute to the value creation on the Norwegian Continental Shelf ("NCS") with cost effective development and operation systems.

The Company's operations comply with the business objective set forth in its articles of association, which reads as follows:

"The objective of the Company is petroleum activities on the Norwegian Continental Shelf, including development and production of oil and gas, and all other business activities as are associated with the above objectives, and share subscription or participation by other means in such operations alone or in cooperation with others".

By engaging in the activities described in the Company's business objective, the Company's overall vision is to be the leading company on the NCS when it comes to safe and cost-effective field developments and operation of small fields with standalone facilities.

The Board has defined clear goals, strategies and risk profile for the Company's business activities, to create value for its shareholders and ensure that its resources are utilised in an efficient and responsible manner to the benefit of all its stakeholders.

The Company has in 2018 pursued the following main strategies to reach its overall objective:

- Focus our activities only within the area of subsurface, development and production in the industry value chain,
- Identify undeveloped discoveries with a reasonable commercial potential, where OKEA shall contribute and facilitate cost-effective field development solutions as partner or operator,
- Acquire a participating interest in discoveries by:
    - Farm in to existing production licences without a firm Plan for Development and Operation (PDO)
    - Participate in license rounds,
- Coordination of discoveries and business incentives, to realize value through high degree of standardization, optimal production sequences and good field development solutions,
- Utilise the competence in the offshore service industry and introduce new business models with the service industry in order to better harmonize incentives,
- Use risk-cost-benefit evaluations in all phases of our business activities, and
- Maintain a small and competent organization with direct management engagement and involvement in our projects.

3. Equity and dividends

Capital adequacy

As of 31 December 2018, OKEA's total equity was NOK 1 463.4 million. The Board considers the capital structure to be satisfactory and in accordance with OKEA's risk profile, thus enabling the Company to pursue its goals and strategy. The Board continuously monitors the Company's capital situation and will immediately take adequate steps should it be apparent at any time that the Company's equity or liquidity is less than adequate.

Dividends and dividend policy

Dividend payments will depend on the performance and profitability of the Company, which will be reviewed from time to time by the Board.

Currently, restrictions in OKEA's outstanding debt prevent the Company from paying dividends. OKEA's current focus is on growing its business and surplus cash will most likely be used to fund ongoing and future projects. Consequently, the Company does not expect to pay dividends in the foreseeable future. No dividends have been distributed to the shareholders of the Company from its incorporation in 2015 till today.

Board authorisations

At an extraordinary General Meeting on 2 October 2018, two authorisations were granted to the Board of Directors:

- Power of attorney to increase the share capital with up to NOK 475,000 for general purposes, including set-off of debt or a right to assume special obligations on the Company's behalf. The authorisation does not include a resolution of merger.
- Power of attorney to increase the share capital with up to NOK 165,000, to be utilized in connection with the Company's employee incentive program.

Both authorisations are valid until the ordinary General Meeting in 2019, and no later than 30 June 2019. There was a separate vote on both of the authorisations. For supplementary information, reference is made to the minutes of the extraordinary General Meeting held on 2 October 2018, available from www.okea.no and www.newsweb.no.

4. Equal treatment of shareholders and transactions with close associates

Basic principles

All shareholders in OKEA have duly signed a Shareholder's Agreement of 20 November 2018 that clearly defines the treatment of shareholders.

OKEA has two classes of shares, *ordinary shares* and *A ordinary shares*. As of 31 December 2018, the Company's share capital was NOK 8,220,450 divided on 7,319,389 ordinary shares and 901,061 A ordinary shares.

Each ordinary share has one vote at General Meetings. The A ordinary shares do not have voting rights. Otherwise, the ordinary shares and the A ordinary shares have equal rights, including equal rights to dividend and other distributions.

Approval of agreements with shareholders and close associates

Any agreements between the Company and any of the shareholders or other close associates shall be made in writing and entered into on arm's length terms and will be approved by the General Meeting in accordance with the Norwegian Limited Liability Companies Act section 3-8, if applicable.

Pursuant to the Shareholder's Agreement of 20 November 2018 the Board may resolve to subject any related party agreement to a review of its commercial terms and may resolve to revise the related party agreement accordingly if the review reveals that the terms are not at arm's length.

5. Freely negotiable shares

Transfer of shares by a shareholder is subject to consent of the Board, such consent not to be unreasonable withheld. Further, the consent from the Board is subject to the transferee becoming a party to the Company's current Shareholder's Agreement of 20 November 2018 (by a declaration of adherence from the transferee).

The Company's shares are registered with the Verdipapirsentralen.

6. General meetings

The General Meeting of shareholders is the Company's highest decision-making body. The General Meeting is an effective forum for communication between the shareholders and the Board and OKEA encourage shareholders to participate in the General Meetings.

The annual General Meeting shall be held at the latest 30 June each year, according to the Norwegian Liability Companies Act. Extraordinary General Meetings can be called by the Board of Directors at any time, or by shareholders representing at least 1/10 of share capital.

Resolutions of the General Meeting shall be by simple majority, unless a qualified majority is required by law. In order for a quorum to be present or represented at any General Meeting, the majority shareholder and the strategic shareholder (as defined in the Company's Shareholder's Agreement of 20 November 2018) must be present or represented.

The following decisions require the approval of the majority shareholder, the strategic shareholder and a majority of the shareholder's shares represented at the General Meeting:

- Decisions related to a merger and/or demerger of the Company
- Reduction of the share capital, unless the reduction is done to reduce the par value of the shares and does not include a distribution or if the reduction is carried out following an exit, and all shareholders are treated equally.

The Board proposes the agenda for the annual General Meeting. The main agenda items are determined by the requirements of the Norwegian Liability Companies Act.

The Company's General Meetings are normally chaired by the Chairman of the Board, or a person appointed by the Chairman of the Board. If the Chairman of the Board is personally conflicted in respect of any matters another person will be appointed to chair the meeting.

7. Nomination committee

The Company has not established a nomination committee pursuant to the Code due its shareholder structure. Directors are nominated by the major shareholders pursuant to regulations in the Company's Shareholder's Agreement of 20 November 2018 and elected by the General Meeting.

Members of the Company's management shall not serve as Directors.

8. The Board of Directors; Composition and independence

In accordance with the Company’s articles of association, the Board shall consist of three to eleven Directors. The Directors and the Chairman are elected by the General Meeting for a term of two years. Members of the Board of Directors may be re-elected.

With effect from 1 January 2019, the Board consisted of eight members, whereof one woman. All pre-existing members were re-elected and a new member Prisana Praharnkhasuk was elected at the extraordinary General Meeting on 10 December 2018.

The composition of the Board is based on broad representation of the Company’s shareholders, as well as the Company’s need for competence, capacity and balanced decisions.

All board members are considered as independent in relation to the Company’s day-to-day management, and in relation to important business associates. Three of the board members are considered independent of the Company’s principal shareholders. Members of the Board of Directors are encouraged to own shares in the Company.

Members of the BoD	Position	Board member since	Up for election	Participation in Board meetings 2018	# of shares in the company
Chaiwat Kovavisarach	Chairman	01.11.2018 (member), 10.12.2019 (Chairman)	2020	1 of 21*	n/a
Henrik Schröder	Deputy Chairman	30.09.2015 (Chairman), 10.12.2018 (Deputy Chairman)	2020	21 of 21	n/a
Arild Christian Selvig	Board member	17.04.2018	2020	16 of 21	1 296 (0.01577%)
Paul Antony Murray	Board member	30.09.2015	2020	20 of 21	n/a
Kaare Moursund Gisvold	Board member	14.02.2018	2020	19 of 21	14 592 (0.17751%), through Uniqum AS
Knud Hans Nørve	Board member	17.04.2018	2020	16 of 21	2 592 (0.03153%)
Michael William Fischer	Board member	01.11.2018	2020	1 of 21*	n/a
Prisana Praharnkhasuk	Board member	01.01.2019	2020	n/a	n/a

*These members joined the Board in December 2018

9. The work of the Board

The Board of Directors is responsible for the over-all management of the Company and shall supervise the Company’s day-to-day management and the Company’s activities in general.

The Board has prepared instructions for the Chairman to allocate duties and responsibilities between the CEO and the Chairman. The instructions are based on applicable laws and well-established practices. A process has been initiated to prepare new instructions for the Board of Directors related to the conversion of OKEA into a public limited liability company (ASA), this process is expected to be completed during the first half of 2019.

The Board of Directors is responsible for determining the Company’s overall goals and strategic direction, principles, risk management, and financial reporting. The Board of Directors is also responsible for ensuring that the Company has competent management with a clear internal distribution of responsibilities, as well as doing an ongoing performance evaluation of the CEO. Guidelines for the CEO, including clarifying duties, authorities and responsibilities, have been prepared.

In accordance with the Company's guidelines, members of the Board of Directors and executive management are expected to notify the Board if they have any material direct or indirect interest in any transaction entered into by the Company.

Board committees
OKEA has not established any board committees. The Company has as of 2018 not established an audit committee in accordance with Oslo Stock Exchange's Continuing obligations for Bonds section 2.5 2nd subsection.

Evaluation of the Board
The Board evaluates its performance and expertise annually.

10. Risk management and internal control

The Board shall ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. The internal control and the systems shall also encompass the Company's corporate values and ethical guidelines. OKEA applies a risk-based management approach in planning, execution and monitoring activities as reflected throughout OKEA's management system.

Risk management is of paramount importance for OKEA's ability to achieve its goals and deliverables. The following governing principles apply for risk management in OKEA:

- Uncertainty is handled through the continuous risk management processes in top management, as well as in departments and projects,
- Risk management shall be reflected throughout the Company management system framework,
- Risk management shall be an important foundation for all major decisions,
- An updated enterprise risk picture shall be maintained,
- Risk shall be managed at the lowest possible level in the organisation,
- Risk management shall address both threats and opportunities, and
- Risk management in OKEA shall be transparent, inclusive and dynamic.

OKEA's overall governing principles for risk management are incorporated in OKEA's Management System Manual. OKEA's risk management is further integrated in several of the key processes in OKEA's management system, which contributes to ensure that strategies and corresponding activities are risk based prioritised. OKEA's risk management shall be in accordance with the Norwegian regulations relating to health, safety and the environment in the petroleum activities and at certain onshore facilities (the Framework Regulations) section 11.

The CEO is the overall responsible for the risk management system. Senior Vice President Business Performance together with Vice President QHSE has the operational responsibility for risk management and provides the Board with a status of the internal control, most important risks and mitigation measures on a quarterly basis.

The Internal Control over Financial Reporting (ICFR) system shall ensure reliable and timely financial information.

The Company has established processes and controls for financial reporting, which are appropriate for a company of OKEA's size and complexity. The procedures enable:

- Appropriate identification of risks,
- Sufficient segregation of duties,
- Provision of relevant, timely and reliable financial reporting that provides a fair view of the Company's business,

- Prevention of manipulation/fraud of reported figures, and
- Compliance with relevant requirements of IFRS.

OKEA makes use of an external professional accounting firm to support its internal and external financial reporting. Meetings are held regularly, at least twice a month, to ensure alignment and proper assessment of new risks and issues, update of status of operations and projects. Other external professionals are used to provide additional capability if required.

The Company has implemented a combination of manual and automatic controls. The Financial Reporting process is continuously improved and adapted to the Company's growth and complexity.

11. Remuneration of the Board of Directors

For 2018 the Board renumeration was set as NOK 200 000 for members and NOK 350 000 for the Chairman of the Board, as decided by the General Meeting. Total renumeration to the Board of Directors for 2018 was NOK 800 000.

12. Remuneration of the executive management

Combined renumeration for the executive management was NOK 15,7 million for 2018, with executive management defined as the current CEO/Senior Vice President level in the organization.

13. Information and communications

The Board places great emphasis on open, honest and timely dialogue with shareholders and other participants of the capital markets to build trust and credibility, and to support access to capital and a fair valuation of the Company's shares and listed debt. The Board seeks to present the information factually and accurately. All information is published in English, which is OKEA's corporate language.

Senior Vice President Finance & Investor Relations and the Chairman are responsible for investor and shareholder relations.

The primary channel for communication is OKEA's web page, www.okea.no. Information directly to shareholders is primarily given by electronical communication (e-mail).

OKEA provides interim and annual financial statements and issues other notices when appropriate, in accordance with the Oslo Stock Exchange's Continuous Rules for Bond and quarterly financial statements as per regulated under the Company's bond agreements. The information is made available on the Company's website and at www.newsweb.no.

14. Takeovers

Due to the structure of the Company and the Shareholder's Agreement of 20 November 2018, there are no defence mechanisms against take-over bids in the Company's articles of association, nor have other measures been implemented to specifically hinder acquisitions of shares in the Company.

The Board of Directors has not as the end of December 2018 established written guiding principles for how it will act in the event of a take-over bid.

In the event of a takeover situation, the Board of Directors and the Company's executive management each have an individual responsibility to ensure that the Company's shareholders are treated equally, and that the Company's activities are not unnecessarily interrupted. The Board has a special responsibility to ensure that the shareholders have sufficient information and time to form an informed view on the offer.

15. Auditor

The Company's external auditor is PwC.

The Board of Directors requires the Company's auditor to annually present a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement, as well as the main features of the plan for the audit of the Company.

Furthermore, the Board of Directors requires the auditor to participate in meetings of the Board of Directors that deal with the annual accounts. The Board of Directors will meet with the auditor annually without representatives of company management being present.

The remuneration to the auditor is approved by the General Meeting. The Board of Directors will report to the General Meeting details of fees for audit work and any fees for other specific assignments.

As of end 2018 no separate guidelines have been prepared for use of the auditor for services other than auditing.

REPORTING ON PAYMENTS TO GOVERNMENTS

This report is prepared in accordance with the Norwegian Accounting Act Section § 3-3 d and the Securities Trading Act § 5-5 a. It states that companies engaged in activities within the extractive industries shall annually prepare and publish a report containing information about their payments to governments at country and project level. The Ministry of Finance has issued a regulation (F20.12.2013 nr 1682) stipulating that the reporting obligation only apply to reporting entities above a certain size and to payments above certain threshold amounts. In addition, the regulation stipulates that the report shall include other information than payments to governments, and it provides more detailed rules applicable to definitions, publication and group reporting.

The management of OKEA has applied judgment in the interpretation of the wording in the regulation regarding the specific type of payment to be included in the report, and on what level it should be reported. When payments are required to be reported on a project-by-project basis, it is reported on a field-by-field basis. As per management's interpretation of the regulations, only gross amounts on operated licences are reported, and only for the period when OKEA formally has been acting as operator. As all payments within the licences performed by non-operators will normally be cash calls transferred to the operator these payments are not considered to be payments to the government. All of OKEA's activities within the extractive industries are located on the Norwegian Continental Shelf and all of the reported payments below is to the Norwegian government.

The payments to be reported are defined in the regulation (F20.12.2013 nr 1682) §3. The below sections summarize the payments that OKEA has made:

Area fee

OKEA has paid area fee for the following licences in 2018:

Licences	***Area fee paid in 2018 (NOK `000)***
Grevling (PL038 D)	9 570
PL158	918
Draugen*	15 209

* The area fee for 2019 for Draugen was paid by A/S Norske Shell (previous operator on Draugen) in December 2018 on behalf of OKEA AS.

Income tax – Norway

Income taxes are calculated for OKEA AS. The company has reported tax losses over the last few years and no income tax payments have been made. OKEA has received tax refunds on exploration expenses.

Other information

In accordance with the regulation (F20.12.2013 nr 1682) OKEA is also required to report on investments, operating income, production volumes and purchases of goods and services. All of the reported information is relating to OKEAs activities within the extractive industries on the Norwegian Continental Shelf:

- Total net investments amounted to NOK 2,257.0 million as specified in the statement of cash flows. This also includes cash paid relating to the acquisition of interests in Draugen and Gjøa from Shell
- Revenues from crude oil and gas sales amounted to NOK 149.8 million as reported in the statement of comprehensive income
- OKEA's net production in 2018 was 2,412 boepd as reported in the Board of Directors report
- Reference is made to the statement of comprehensive income and related disclosures notes for information about purchase of goods and services

Financial Statements 2018

FINANCIAL STATEMENTS WITH NOTES

Overview of the financial statements with notes

Statement of Comprehensive Income

Amounts in NOK `000	Note	2018	2017
Revenues from crude oil and gas sales	20	149 761	38 429
YME compensation contract breach	26	115 000	-
Other operating income	26	88 747	5 007
Total operating income		**353 508**	**43 435**
Production expenses		-18 347	-7 654
Exploration expenses	8	-74 782	-28 710
Depreciation, depletion and amortization	10	-57 297	-18 025
Employee benefit expenses	4	-34 183	-11 707
Other operating expenses	5	-87 899	-33 128
Total operating expenses		**-272 509**	**-99 223**
Profit / loss (-) from operating activities		**80 999**	**-55 788**
Finance income	6	17 300	2 392
Finance costs	6	-366 263	-27 098
Net financial items		**-348 963**	**-24 706**
Profit / loss (-) before income tax		**-267 964**	**-80 494**
Income taxes	7	119 342	68 780
Net profit / loss (-)		**-148 622**	**-11 714**
Other comprehensive income:			
Total other comprehensive income		**-**	**-**
Total comprehensive income / loss (-)		**-148 622**	**-11 714**
Earnings per share (NOK per share)			
- Basic	29	-39,25	-31,85
- Diluted	29	-39,25	-31,85

Statement of Financial Position

Amounts in NOK `000	Note	31.12.2018	31.12.2017
ASSETS			
Non-current assets			
Deferred tax assets	7	-	85 091
Goodwill	9	1 472 428	8 057
Exploration and evaluation assets	9	6 324	5 752
Oil and gas properties	10	4 022 321	676 378
Buildings	10	92 501	-
Furniture, fixtures and office equipment	10	3 407	217
Other non-current assets	25, 28	2 754 237	-
Total non-current assets		**8 351 218**	**775 495**
Current assets			
Trade and other receivables	11, 22	944 397	120 207
Spareparts, equipment and inventory	27	315 500	-
Restricted cash	12, 16, 2[illegible]	48 327	907 799
Cash and cash equivalents	12, 22	394 670	29 609
Total current assets		**1 702 895**	**1 057 615**
TOTAL ASSETS		**10 054 113**	**1 833 110**

Statement of Financial Position

Amounts in NOK `000	Note	**31.12.2018**	**31.12.2017**
EQUITY AND LIABILITIES			
Equity			
Share capital	13	8 220	24 738
Share premium		1 624 104	470 755
Other paid in capital		1 361	-
Accumulated loss		-170 289	-21 667
Total equity		**1 463 396**	**473 827**
Non-current liabilities			
Provisions	14	3 859 308	319 668
Deferred tax liabilities	7	886 782	-
Interest-bearing loans and borrowings	16, 22	2 528 589	963 312
Total non-current liabilities		**7 274 680**	**1 282 979**
Current liabilities			
Trade and other payables	15, 22	1 145 923	66 013
Income tax payable	7	155 722	-
Shareholder loan	17, 22	1 141	1 141
Public dues payable		9 840	3 596
Provisions, current	14	3 410	5 554
Total current liabilities		**1 316 036**	**76 304**
Total liabilities		**8 590 716**	**1 359 283**
TOTAL EQUITY AND LIABILITIES		**10 054 113**	**1 833 110**

Trondheim, 20 March 2019

Chaiwat Kovavisarach
Chairman of the Board

Henrik Schröder
Deputy Chairman of the Board

Arild Christian Selvig
Board Member

Paul Anthony Murray
Board Member

Kaare Gisvold
Board Member

Knud Hans Nørve
Board Member

Michael William Fischer
Board Member

Prisana Praharnkhasuk
Board Member

Erik Haugane
CEO

Statement of Changes in Equity

Amounts in NOK `000	Note	Share capital	Share premium	Other paid in capital	Unregistered share capital	Accumulated loss	Total equity
Equity at 1 January 2017		11 337	216 125	-	146 968	-9 953	364 477
Net profit / loss (-) for the year						-11 714	-11 714
Registration of share issues in Company Registry	13	7 348	139 620		-146 968		-
Share issues, cash	13	3 275	62 225				65 500
Share issues, conversion of debt	13	2 778	52 786				55 564
Equity at 31 December 2017		**24 738**	**470 755**	**-**	**-**	**-21 667**	**473 827**
Equity at 1 January 2018		24 738	470 755	-	-	-21 667	473 827
Net profit / loss (-) for the year						-148 622	-148 622
Capital reduction (equity restructuring)	13	-23 300	-452 590				-475 890
Share issues, conversion of debt (equity restructuring)	13	1 687	474 203				475 890
Share issues, cash	13	5 095	1 131 736				1 136 831
Share based payment	4			1 361			1 361
Equity at 31 December 2018		**8 220**	**1 624 104**	**1 361**	**-**	**-170 289**	**1 463 396**

Statement of Cash Flows

Amounts in NOK `000	Note	2018	2017
Cash flow from operating activities			
Profit / loss (-) before income tax		-267 964	-80 494
Income tax paid/received	7	20 885	3 740
Depreciation, depletion and amortization	10	57 297	18 025
Accretion ARO	14, 28	10 078	6 001
Interest expense		145 082	9 238
Change in trade and other receivables, and inventory		-591 694	-6 420
Change in trade and other payables		693 180	8 248
Change in other non-current items		168 563	4 385
Net cash flow from / used in (-) operating activities		**235 428**	**-37 278**
Cash flow from investing activities			
Investment in exploration and evaluation assets	9	-573	-999
Business combination, cash paid	25	-2 725 220	-
Investment in oil and gas properties	10	-386 526	-123 099
Investment in buildings	10	-1 001	-
Investment in furniture, fixtures and office machines	10	-3 196	-
Net investment in (-)/release of restricted cash	12	859 472	-907 799
Net cash flow from / used in (-) investing activities		**-2 257 043**	**-1 031 897**
Cash flow from financing activities			
Proceeds from intercompany borrowings	17	-	92 280
Repayment of intercompany borrowings	17	-	-58 300
Net proceeds from borrowings, bond loan	16	1 399 065	961 415
Net proceeds from borrowings, exploration loan		37 650	-
Repayment of borrowings, exploration loan		-40 000	-
Interest paid		-143 403	-
Net proceeds from share issues	13	1 133 365	65 500
Net cash flow from / used in (-) financing activities		**2 386 677**	**1 060 895**
Net increase/ decrease (-) in cash and cash equivalents		**365 062**	**-8 280**
Cash and cash equivalents at the beginning of the period		29 609	37 889
Cash and cash equivalents at the end of the period	12	**394 670**	**29 609**
Restricted cash at the end of the period	12	48 327	907 799
Restricted and unrestricted cash at the end of the period	12	**442 997**	**937 408**

Note 1. Corporate Information

OKEA AS ("OKEA" or "the Company") is a limited liability company incorporated and domiciled in Norway. Its registered office is in Trondheim, Norway.

The Company's aim is to contribute to the value creation on the Norwegian Continental Shelf with cost effective development and operating systems.

On 30 November 2018, the Company completed the acquisition of a 44.56% interest in Draugen (PL093), a 12% interest in Gjøa (PL153) and the office building "Råket" in Kristiansund from A/S Norske Shell. OKEA also assumed the operatorship of the Draugen field effective from 30 November 2018. After this acquisition, the Company among others holds the following interests in licences:

- 44.56% interest in the Draugen field (PL093)
- 12% interest in the Gjøa field (PL153)
- 15% interest in the Yme field (PL316/316B)
- 0.554% interest in the Ivar Aasen field (PL338BS)
- 55% interest in the Grevling discovery (PL038D)

The financial statements of OKEA for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 20 March 2019.

Note 2. Accounting Policies

Basis of Preparation

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

The financial statements have been prepared under the assumption of going concern and on a historical cost basis, with some exceptions as detailed in the accounting policies set out below.

Balance Sheet Classification

Current assets and current liabilities include items due less than a year from the balance sheet date, and items related to the operating cycle, if longer. Other assets and liabilities are classified as non-current. The current portion of non-current debt is included under current liabilities.

Interest in Oil and Gas Licences

The Company accounts for its interest in oil and gas licences based on its ownership interest in the license, i.e. by recording its share of the licences individual income, expenses, assets, liabilities and cash flows, on a line-by-line basis with similar items in the Company's financial statements.

Acquisitions of Interests in Oil and Gas Licences

Acquisitions of interests in oil and gas licences or similar joint operations where the joint operation constitutes a business, are accounted for in accordance with the principles in IFRS 3 Business Combinations. This means that the acquisition method of accounting is used to account for such acquisitions.

Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If, following careful consideration, the consideration transferred is less than the fair value of the net identifiable assets of the joint operation acquired, such difference is recognised directly in profit or loss.

Acquisitions of interests in oil and gas licences or similar joint operations where the joint operation is not considered to be a business, are accounted for as acquisitions of assets. The consideration for the interest is allocated to individual assets and liabilities acquired.

Foreign Currency Translation and Transactions

The functional currency and the reporting currency of the Company is NOK.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into functional currency at the balance sheet date exchange rates. Non-monetary items are translated at the historical exchange rate on the transaction date and non-monetary items that are measured at fair value are translated at the exchange rate on the date when the fair value was determined. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Revenue Recognition

Revenue from the sale of petroleum products is recognised when the Company's contractual performance obligation has been fulfilled; at delivery. The lifting schedule will vary with the production. The sales of petroleum products are for the most part to large international oil companies with investment grading. The pricing of the sales of petroleum products is based on current market terms for each product.

Revenues from sales of services are recorded when the service has been performed.

There is no significant judgement related to applying IFRS 15 to the Company's contracts.

Underlift and overlift of petroleum products

Underlift and overlift of petroleum products is valued at its net realisable value on the balance sheet date, and the change in under/over lift is presented as other operating income. Underlift and overlift is calculated as the difference between the Company's share of production and its actual sales and are classified as respectively current assets and current liabilities. If accumulated production exceeds accumulated sales there is an underlift (asset) and if accumulated sales exceeds accumulated production there is an overlift (liability).

Spareparts, equipment and inventory

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

Property, Plant and Equipment, including Oil and Gas Properties

General
Property, plant and equipment acquired by the Company are stated at historical cost, less accumulated depreciation and any impairment charges. Depreciation of other assets than oil and gas properties are calculated on a straight-line basis and adjusted for residual values and impairment charges, if any.

Ordinary repairs and maintenance costs, defined as day-to-day servicing costs, are charged to the income statement during the financial period in which they are incurred. The cost of major overhauls is included in the asset's carrying amount when it is probable that the Company will derive future economic benefits in excess of the originally assessed standard of performance of the existing asset. Major overhauls are depreciated over the period to the next major overhaul.

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

Depreciation of Oil and Gas Properties
Capitalised costs for oil & gas fields in production are depreciated individually (on a field level) using the unit-of-production method. The depreciation is calculated based on proved and probable reserves. The rate of depreciation is equal to the ratio of oil and gas production for the period over the estimated remaining proved and probable reserves expected to be recovered at the beginning of the period. The rate of depreciation is multiplied with the carrying value plus estimated future capital expenditure necessary to develop any undeveloped reserves included in the reserve basis. Any changes in the reserves estimate that affect unit-of-production calculations, are accounted for prospectively over the revised remaining reserves.

Development Costs for Oil and Gas Properties
Costs of developing commercial oil and/or gas fields are capitalised. Capitalised development costs and acquisition cost of fields in development are classified as tangible assets (Oil and gas properties).

Intangible Assets

Goodwill
Goodwill arising from acquisitions of interests in oil and gas licences accounted for in accordance with the principles in IFRS 3 Business Combinations, is classified as intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Exploration Costs for Oil and Gas Properties
The Company uses the 'successful efforts' method to account for exploration costs. All exploration costs with the exception of acquisition costs of licences and drilling costs of exploration wells are charged to expense as incurred.

Drilling costs of exploration wells are temporarily capitalised pending the determination of oil and gas reserves. If reserves are not found, or if discoveries are assessed not to be technically and commercially recoverable, the drilling costs of exploration wells are expensed. Costs of acquiring licences are capitalised and assessed for impairment at each reporting date.

License acquisition costs and capitalised exploration costs are classified as intangible assets (Exploration and Evaluation Assets) during the exploration phase.

Exploration and Evaluation Assets
Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, and before reclassification as described below.

Intangible assets relating to expenditure on the exploration for and evaluation of oil and gas resources are reclassified from intangible assets (Exploration and Evaluation Assets) to tangible assets (Oil and gas properties under development) when technical feasibility and commercial viability of the assets are demonstrable, and the decision to develop a particular area is made. The assets are assessed for impairment, and any impairment loss recognised, before such reclassification.

These assets are subject to unit-of-production depreciations if and when production from the field is commenced.

Financial assets

The company's financial assets are: derivatives, trade receivables and cash and cash equivalents. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company has classified its financial assets in four categories:

- Financial assets at amortized cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit and loss

Financial assets at amortized cost
The Company measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost includes trade receivables and other short-term deposits.

Receivables are initially recognised at fair value less impairment losses.

Financial assets at fair value through profit and loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

The Company does not have any financial assets at fair value through OCI or designated at fair value through OCI.

Impairment of Assets

Property, plant and equipment and other non-current assets are subject to impairment testing when there is an indication that the assets may be impaired. At each reporting date, the Company assesses whether there is any indication that the assets may be impaired. If any indications exist, an impairment test is performed, i.e. the Company estimates the recoverable amount of the asset.

The recoverable amount is the higher of fair value less expected cost to sell and value in use (present value based on the future use of the asset). If the carrying amount of an asset is higher than the recoverable amount, an impairment loss is recognised in the income statement. The impairment loss is the amount by which the carrying amount of the asset exceeds the recoverable amount.

The value in use is determined by reference to discounted future net cash flows expected to be generated by the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. An oil and gas field is considered to be one cash generating unit, all other assets are assessed separately.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount.

Provisions

General

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount of the provision is the present value of the risk adjusted expenditures expected to be required to settle the obligation, determined using the estimated risk-free interest rate adjusted for the Company's own credit risk as discount rate. Where discounting is used, the carrying amount of provision increases in each period to reflect the unwinding of the discount by the passage of time. This increase is recognised as finance cost.

Asset Retirement Obligations

The Company recognises an asset retirement obligation when the oil and gas installations are constructed and ready for production, or at the later date when the obligation is incurred.
The obligation is measured at the present value of the estimated future expenditures determined in accordance with local conditions and requirements for the dismantlement or removal of oil and gas installations.

Related asset retirement costs are capitalised as part of the carrying value of the tangible fixed asset and are depreciated over the useful life of the asset, i.e. unit-of-production method. The liability is accreted for the change in its present value each reporting period. Accretion expense related to the time value of money is classified as part of financial expense.

The provision and the discount rate are reviewed at each balance sheet date.

Contingent Liabilities

Contingent liabilities are not recognised in the financial statements unless probable. Significant contingent liabilities are disclosed, except for contingent liabilities where the probability of the liability occurring is remote.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs and transaction costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method, with the difference between net proceeds received and the redemption value being recognised in the income statement over the term of the loan. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised, as well as through the amortisation process.

Derivative financial instruments

The Company uses derivative financial instruments to manage certain exposures to fluctuations in oil price and foreign currency exchange rates. Such derivative financial instruments are initially recognised at fair value on the date of which a derivative contract is entered into and are subsequently re-measured at fair value through profit and loss. Hedge accounting is not applied. For derivative financial instruments where the underlying is a commodity, changes in fair value are recognised as part of operating activities. Changes in fair values for other derivative financial instruments are classified under financial items.

Income Taxes

The income tax expense/credit consists of current income tax (taxes payable/receivable) and changes in deferred income taxes.

Current Income Taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Oil-exploration companies operating on the Norwegian Continental Shelf under the offshore tax regime can claim a 78% refund of their exploration costs, limited to taxable losses for the year. The refund is paid out in November in the following year. This tax receivable is classified as a current asset.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred Income Taxes

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences (with the exception of temporary differences on acquisition of licences that is defined as an asset purchase), carry forward of unused tax credits and unused tax losses, to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred income tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered (onshore activity).

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 (including interest) from the tax authorities when operations cease. Deferred tax assets that are based on offshore tax losses carry forward are therefore normally recognised in full.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority/tax regime. Timing differences are considered.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases, subject to the initial recognition exemption.
Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Uplift
Uplift is a special allowance in the tax basis for petroleum surtax in Norway. The uplift is computed on the basis of the original capitalised cost of offshore production installations and amounts to 5.3% of the investment per year. The uplift may be deducted from taxable income for a period of four years (i.e. in total 21.2% over four years), starting in the year in which the capital expenditures are incurred. The tax effect on the uplift s recognised when the deduction is included in the current year tax return and impacts taxes payable. Unused uplift may be carried forward indefinitely.

Employee benefits

Pensions

According to Norwegian law employees are mandatory members of the Company's Pension Scheme ("obligatorisk tjeneste pensjon"). The scheme is based on a contribution plan. Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further obligations to fund the scheme.

Share-based payment

Warrants and other equity instruments granted to employees are measured by reference to the fair value of the warrants or other equity instruments at the date on which they are granted. The fair value of the warrants or other equity instruments is estimated on the grant date and charged to expense over the vesting period, together with a corresponding increase in equity. The vesting period is the period in which the performance conditions are fulfilled, ending on the date on which they become fully entitled to the award ('vesting date').

Cash and Cash Equivalents

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

Cash Flow Statement

The cash flow statement is prepared using the indirect method.

Leases (as lessee)

Leases in which most of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. The accounting for leases will change from 1 January 2019, upon implementation of IFRS 16.

Cost of Equity Transactions

Transaction costs directly attributable to an equity transaction are recognised directly in equity, net of taxes.

Related Parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial or operational decisions. Parties are also related if they are subject to joint or common control.

Transactions between related parties are transfers of resources, services or obligations, regardless of whether a price is charged. All transactions between related parties are made based on the principle of 'arm's length', which is the estimated market price.

Events after the balance sheet date

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

New and amended standards and interpretations adopted by the Company

The Company implemented IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with customers from 1 January 2018.

None of the two new standards had any significant impact on the Company's financial statements.

New and amended standards and interpretations issued but not adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019, and have not been applied in preparing these financial statements. The most significant standards are set out below.

IFRS 16 Leases:

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

The Company will adopt the standard on 1 January 2019 using the modified retrospective approach. The implementation is currently estimated to have no impact on net equity and is estimated to result in an increase of approximately NOK 200 million in property, plant and equipment with a corresponding increase in liabilities. The Company is currently assessing some implementation issues relating to recording recharges to other partners and other presentational matters.

The Company has applied a gross presentation related to leasing contracts entered into as licence operator. There is expected to be mixed practice amongst operator companies on the Norwegian Continental Shelf in respect of this topic, and the Company's policy may be revised to a net presentation in the future if there is authoritative guidance from the IFRS Interpretations Committee on this topic and / or consistent industry practice to present net.

Note 3. Critical accounting judgements and estimates

The preparation of financial statements requires management to make judgments, use estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses.

Although these estimates are based on management's best knowledge of historical experience and current events, actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

Currently, the Company's most important accounting estimates are related to the following items:

Impairment

The Company reviews whether its non-financial assets have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is written down to its recoverable amount when the recoverable amount is lower than the carrying value of the asset. The recoverable amount is the higher of fair value less expected cost to sell and value in use (present value based on the future use of the asset).

All impairment assessment calculations require a high degree of estimation, including assessments of the expected cash flows from the cash generating unit and the estimation of applicable discount rates. Impairment testing requires long-term assumptions to be made concerning a number of economic factors such as future production levels, market conditions, production expense, discount rates and political risk among others, in order to establish relevant future cash flows. There is a high degree of reasoned judgement involved in establishing these assumptions, and in determining other relevant factors.

Goodwill is tested for impairment annually. For the purpose of impairment testing, goodwill is allocated to cash-generating unit (CGU), or groups of cash-generating units, that are expected to benefit from the synergies of the business combination from which it arose. The appropriate allocation of goodwill requires management's judgment and may impact the subsequent impairment charge significantly. The term “technical goodwill” is used to describe a category of goodwill arising as an offsetting account to deferred tax recognised in business combinations. There are no specific IFRS guidelines pertaining the allocation of technical goodwill, and management has therefore applied the general guidelines for allocating goodwill for the purpose of impairment testing. In general, technical goodwill is allocated to CGU level for impairment testing purposes, while residual goodwill may be allocated across all CGUs based on facts and circumstances in the business combination. When performing the impairment test for technical goodwill, deferred tax recognised in relation to the acquired licences reduces the net carrying value prior to the impairment charges. This is done to avoid an immediate impairment of all technical goodwill. When deferred tax from the initial recognition decreases, more goodwill is as such exposed for impairment. Going forward, depreciation of values calculated in the purchase price allocation will result in decreased deferred tax liability.

Fair value measurement

From time to time, the fair values of non-financial assets and liabilities are required to be determined, e.g. when the entity acquires a business, determines allocation of purchase price in an asset deal or where an entity measures the recoverable amount of an asset or CGU at fair value less cost to sell. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The fair value of oil fields in production and development phase is normally based on discounted cash flow models, where the determination of the different input in the model requires significant judgment from management, as described in the section below regarding impairment.

Asset Retirement Obligations
Production of oil and gas is subject to statutory requirements relating to decommissioning and removal once production has ceased. Provisions to cover these future asset retirement obligations must be accrued for at the time the statutory requirement arises. The ultimate asset retirement obligations are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example, in response the changes in reserves or changes in laws and regulations or their interpretation.

Yme compensation contract breach
Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, an entity discloses the contingent asset.

As of 31 December 2018 the Company determined that it was virtually certain that a contract breach settlement with SBM relating to the Yme license would be obtained. As a result OKEA has recognized an asset of NOK 115 million and recognized NOK 115 million as income in profit and loss. Please refer to note 26 for further details.

Note 4. Employee benefit expenses

Specification of employee benefits expenses

Amounts in NOK `000	2018	2017
Salary expenses	74 167	33 789
Employer's payroll tax expenses	11 775	5 319
Pensions	5 255	3 651
Share based payment	1 361	-
Other personnel expenses	1 006	942
Charged to operated licences	-48 072	-14 876
Reclassified to oil and gas properties under development	-11 309	-17 117
Total employee benefits expenses	**34 183**	**11 707**
Number of man-years during the year	40	26

Pensions

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

Compensation to management in 2018:

Amounts in NOK `000	Salary	Bonus	Pension	Other benefits
Erik Haugane (CEO)	2 504	764	164	13
Ola Borten Moe (SVP Business Development)	2 137	623	163	13
Knut Evensen (SVP Finance and IR)	2 137	623	166	13
Anton Tronstad (SVP Projects and Technology)	2 131	665	168	13
Dag Eggan (SVP Business Performance)	2 137	623	164	13
Tor Bjerkestrand (SVP Operations) *	233	-	13	37
Kjersti Hovdal (SVP Controlling & Accounting) *	150	-	14	3
Total compensation to management	**11 428**	**3 296**	**851**	**104**

* Amounts included only for December 2018, from which the person became member of Executive Management Team.

Compensation to management in 2017:

Amounts in NOK `000	Salary	Bonus	Pension	Other
Erik Haugane (CEO)	2 368	-	155	11
Ola Borten Moe (SVP Business Development)	2 068	-	157	11
Knut Evensen (SVP Finance and IR)	2 064	-	159	11
Anton Tronstad (SVP Projects and Technology)	2 056	-	162	11
Dag Eggan (SVP Business Performance)	2 073	-	164	11
Total compensation to management	**10 629**	**-**	**797**	**56**

Compensation to Board of Directors in 2018:

Amounts in NOK `000	Board fees
Henrik Schröder (Deputy Chairman of the Board)	213
Paul Anthony Murray (Board Member)	142
Kaare Gisvold (Board Member)	142
Knud Hans Nørve (Board Member)	142
Arild Christian Selvig (Board Member)	142
Total compensation to Board of Directors	**779**

Chaiwat Kovavisarach and Michael William Fisher joined the Board of Directors on 1 November 2018.
No compensation has been paid in 2018.

There was no compensation to Board of Directors in 2017.

Erik Haugane, CEO, is entitled to 6 months' severance pay, based on his monthly salary at the relevant time, upon being terminated by the Company. Knut Evensen is entitled to two years' salary as severance pay if the employment agreement is terminated, which can happen no earlier than after the IPO (Initial Public Offering). There are no other agreements regarding severance pay on termination of employment for the management or to members of the Board of Directors. The management is included in the general employee bonus programme as determined by the board of directors. In addition, Knut Evensen will be awarded a bonus up to one-year salary if the IPO is successfully completed.

The bonus to employees in 2018 was based on salary level and duration of the employment in the company. The bonus was used to acquire shares in OKEA. No loans have been granted and no guarantees have been issued to the management or any member of the Board of Directors.

Note 4. Employee benefit expenses (continued)

Share based payment

In February 2018 OKEA granted 125 000 equity-settled warrants to employees, each warrant with a exercise price of NOK 179. Expiry date for the warrants is 1 October 2022. It is a requirement that the employees are still employed by OKEA when exercising the warrants. The assessed fair value at grant date of warrants granted is NOK 58.8 per warrant. The fair value at grant date is determined using a Black Scholes Model. The most significant inputs and assumptions in determining fair value at grant date is:
- Excercise price NOK 179
- Share price at grant date NOK 179
- Expected volatility 34.7%
- Risk free interest rate 1.5%
- Term of options 4.5 years

Warrants granted in connection with share based payment owned by management:

	Number of warrants	Expense recognised
Erik Haugane (CEO)	25 000	272
Ola Borten Moe (SVP Business Development)	25 000	272
Knut Evensen (SVP Finance and IR)	25 000	272
Anton Tronstad (SVP Projects and Technology)	25 000	272
Dag Eggan (SVP Business Performance)	4 000	44
Tor Bjerkestrand (SVP Operations)	4 000	44
Other employees	17 000	185
Total	**125 000**	**1 361**

Overview of outstanding warrants in connection with sharebased payment:

	2018	2017
Outstanding warrants at 1.1	-	-
Warrants granted	125 000	-
Warrants forfeited	-	-
Warrants exercised	-	-
Warrants expired	-	-
Outstanding warrants at 31.12	**125 000**	**-**
Of which exercisable	**125 000**	**-**

Note 5. Other operating expenses

Specification of other operating expenses

Amounts in NOK `000	2018	2017
Lease expenses	3 485	3 081
Technical consultants *	133 208	12 155
Business consultants	20 897	12 795
Travel expenses	3 583	3 721
Insurance	10 333	2 695
Other operating expenses	16 842	3 813
Charged to operated licences	-96 207	-2 960
Reclassified to oil and gas properties under development	-4 242	-2 171
Total other operating expenses	**87 899**	**33 128**

* Technical consultants in 2018 provided services related to the transfer of operatorship for the Draugen field.
A major part of the expenses have been charged to the licence.

Auditor's fees (ex. VAT)

Amounts in NOK `000	2018	2017
Auditor's fee	944	855
Other attestation services	93	118
Tax advisory	-	-
Other services	104	223
Total auditor's fees	**1 141**	**1 196**

Note 6. Financial items

Amounts in NOK `000	2018	2017
Interest income	9 062	500
Unwinding of discount asset retirement receivable	8 238	-
Exchange rate gain	-	1 892
Total finance income	**17 300**	**2 392**
Interest expense shareholder loan	-	-2 491
Interest expense bond loan	-157 088	-10 096
Other interest expense	-3 844	-133
Put options, foreign exchange	-28 164	-
Exchange rate loss	-156 246	-8 236
Unwinding of discount asset retirement obligations	-18 316	-6 001
Other financial expense	-2 605	-141
Total finance costs	**-366 263**	**-27 098**

Note 7. Taxes

Income taxes recognised in the income statement

Amounts in NOK `000	**2018**	**2017**
Change in deferred taxes	-519 194	48 061
Taxes payable	638 370	-
Tax refund current year	-	20 719
Tax refund adjustment previous year	166	-
Total income taxes recognised in the income statement	**119 342**	**68 780**

Reconciliation of income taxes

Amounts in NOK `000	**2018**	**2017**
Profit / loss (-) before income taxes	**-267 964**	**-80 494**
Expected income tax at nominal tax rate, 23% (2017: 24%)	61 632	19 319
Expected petroleum tax, 55% (2017: 54%)	147 380	43 467
Permanent differences	-965	-208
Effect of uplift	24 699	10 181
Financial items	-115 606	-8 766
Effect of new tax rates	1 138	337
Adjustments previous year and other	1 064	4 450
Total income taxes recognised in the income statement	**119 342**	**68 780**
Effective income tax rate	**45 %**	**85 %**

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

Amounts in NOK `000	**31.12.2018**	**31.12.2017**
Tangible and intangible non-current assets	-1 777 715	-335 377
Provisions (net ARO) and gain/loss account (deferred capital gain)	1 020 694	245 873
Interest-bearing loans and borrowings	-39 409	-5 069
Current items	-141 453	-2 526
Tax losses carried forward, offshore, 23%	-	51 824
Tax losses carried forward, offshore, 55%	-	100 520
Uplift carried forward, offshore 55%	51 100	29 847
Total deferred tax assets / liabilities (-)	-886 782	85 091
Valuation allowance for deferred tax assets	-	-
Total deferred tax assets / liabilities (-) recognised	**-886 782**	**85 091**

Note 7. Taxes (continued)

Change in deferred taxes

Amounts in NOK `000	2018	2017
Deferred tax income / expense (-)	-519 194	48 061
Deferred tax from Business combination	-456 146	-
Taxes charged to equity	3 466	-
Total change in deferred tax assets	**-971 874**	**48 061**

Specification of income tax payable

Amounts in NOK `000	2018	2017
Tax payable from Business combination	-794 091	-
Tax credit recognised in the income statement	638 370	-
Tax refund current year	-	20 719
Total income tax payable (-)/tax refund	**-155 722**	**20 719**

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

There is no time limit on the right to carry tax losses forward in Norway.

Note 8. Exploration expenses

Specification of exploration expense

Amounts in NOK `000	2018	2017
Share of exploration expenses from participation in licences (from billing)	44 529	23 752
Seismic and other exploration expenses, outside billing	30 253	4 958
Total exploration expenses	**74 782**	**28 710**

Note 9. Intangible assets

Amounts in NOK `000	Goodwill	Exploration and evaluation assets	Total
2018			
Cost at 1 January 2018	8 057	5 752	13 809
Additions	-	573	573
Additions through business combination	1 464 371	-	1 464 371
Disposals	-	-	-
Expensed exploration expenditures previously capitalised	-	-	-
Cost at 31 December 2018	**1 472 428**	**6 324**	**1 478 752**
Accumulated amortisation and impairment at 1 January 2018	-	-	-
Amortisation for the year	-	-	-
Impairment	-	-	-
Disposals	-	-	-
Accumulated amortisation and impairment at 31 December 2018	**-**	**-**	**-**
Carrying amount at 31 December 2018	**1 472 428**	**6 324**	**1 478 752**
2017			
Cost at 1 January 2017	8 057	4 752	12 809
Additions	-	999	999
Disposals	-	-	-
Expensed exploration expenditures previously capitalised	-	-	-
Cost at 31 December 2017	**8 057**	**5 752**	**13 809**
Accumulated amortisation and impairment at 1 January 2017	-	-	-
Amortisation for the year	-	-	-
Impairment	-	-	-
Disposals	-	-	-
Accumulated amortisation and impairment at 31 December 2017	**-**	**-**	**-**
Carrying amount at 31 December 2017	**8 057**	**5 752**	**13 809**

Note 10. Tangible fixed assets

Amounts in NOK `000	Oil and gas properties in production	Oil and gas properties under development	Buildings	Furniture, fixtures and office machines	Total
2018					
Cost at 1 January 2018	141 524	553 044	-	233	694 800
Additions	24 986	361 540	1 001	3 196	390 722
Removal and decommissioning asset	596	8 498			9 094
Additions through business combination	3 050 383		91 500		3 141 883
Disposals					-
Transfer of assets					-
Cost at 31 December 2018	**3 217 488**	**923 081**	**92 501**	**3 428**	**4 236 499**
Accumulated depreciation and impairment at 1 January 2018	-18 189	-	-	-15	-18 205
Depreciation for the year *	-100 059	-	-	-7	-100 066
Impairment	-	-	-	-	-
Disposals	-	-	-	-	-
Accumulated depreciation and impairment at 31 December 2018	**-118 249**	**-**	**-**	**-22**	**-118 270**
Carrying amount at 31 December 2018	**3 099 240**	**923 081**	**92 501**	**3 407**	**4 118 228**

* Depreciation of NOK 42.8 million has been included in production cost inventory of oil at year end

2017					
Cost at 1 January 2017	123 039	390 056	-	233	513 327
Additions	18 956	123 083	-	-	142 038
Removal and decommissioning asset	-471	39 905			39 434
Disposals					-
Transfer of assets					-
Cost at 31 December 2017	**141 524**	**553 044**	**-**	**233**	**694 800**
Accumulated depreciation and impairment at 1 January 2017	-171	-	-	-9	-180
Depreciation for the year	-18 018	-	-	-7	-18 025
Impairment	-	-	-	-	-
Disposals	-	-	-	-	-
Accumulated depreciation and impairment at 31 December 2017	**-18 189**	**-**	**-**	**-15**	**-18 205**
Carrying amount at 31 December 2017	**123 334**	**553 044**	**-**	**217**	**676 595**
Depreciation plan	Unit of Production	1)	Linear	Linear	
Estimated useful life (years)	N/A		20	3 - 5	

1) Depreciation starts when the asset is in production

Amounts in NOK `000	2019	2020	2021	2022
Planned capital expenditure for existing licences (Work Program and Budget)	790 185	662 591	463 712	66 954

Note 11. Trade and other receivables

Amounts in NOK `000	31.12.2018	31.12.2017
Accounts receivable and receivables from operated licences	125 072	1 875
Accrued Yme compensation	115 000	-
Accrued revenue	89 960	2 227
Prepayments	10 127	2 892
Working capital and overcall, joint operations/licences	156 306	21 255
Escrow receivable, Yme removal	901	64 681
Underlift of petroleum products *	430 765	5 501
VAT receivable	16 266	557
Tax refund	-	20 719
Other receivables	-	500
Total trade and other receivables	**944 397**	**120 207**

The receivables all mature within one year.

* Underlift is mainly related to crude oil from Draugen lifted in January 2019. The Draugen underlift is acquired underlift. See also note 25.

Note 12. Restricted cash, Cash and cash equivalents

Restricted cash:

Amounts in NOK `000	31.12.2018	31.12.2017
Bank deposit, restricted, escrow accounts *	48 327	907 799
Total restricted cash	**48 327**	**907 799**

* See information about the escrow accounts established in connection with the bond loans in note 16.

Cash and cash equivalents:

Amounts in NOK `000	31.12.2018	31.12.2017
Bank deposits, unrestricted	388 887	27 487
Bank deposit, employee taxes	5 784	2 122
Total cash and cash equivalents	**394 670**	**29 609**

Note 13. Share capital and shareholder information

Number of shares	Ordinary shares	A ordinary shares	Preference shares	Total shares
Outstanding shares at 1.1.2017	14 150	-	99 215	113 365
New shares issued in connection with debt conversion, Registration of share issue in Company Registry	74	-	73 250	73 324
New shares issued in exchange for cash, Registration of share issue in Company Registry	160			160
New shares issued in connection with debt conversion		-	27 782	27 782
New shares issued in exchange for cash		-	32 750	32 750
Number of outstanding shares, before share split 1:100 on 12 December 2017	**14 384**	**-**	**232 997**	**247 381**
Number of outstanding shares at 31 December 2017, after share split 1:100	**1 438 400**	**-**	**23 299 700**	**24 738 100**
Capital decrease, redemption of preference shares (equity restructuring) *			-23 299 700	-23 299 700
New shares issued in connection with debt conversion (equity restructuring) *	1 686 600			1 686 600
New shares issued in exchange for cash	4 194 389	901 061		5 095 450
Number of outstanding shares at 31 December 2018	**7 319 389**	**901 061**	**-**	**8 220 450**
Nominal value NOK per share at 31 December 2018				1
Share capital NOK at 31 December 2018				8 220 450

Each ordinary share has one vote at general meetings. The A ordinary shares do not have voting rights. Otherwise, the ordinary shares and the A ordinary shares have equal rights, including equal rights to dividend and other distributions. The A ordinary shares shall be converted into ordinary shares at predetermined events.

At 31 December 2017 the Company had two classes of shares. The holders of the preference shares had a preferred right to a cumulative 8% dividend on invested preference capital as well as return of capital from the Company before the holders of ordinary shares would receive any return of capital or dividend.

* In 2018 OKEA has restructured the Company's equity, by way of transforming the preference shares into ordinary shares. The restructuring included a reduction of the Company's share capital, by repayment of the par value of the preference shares with NOK 23 299 700, from NOK 24 738 100 to NOK 1 438 400. Subsequent to the share capital reduction, a related increase of the Company's share capital with NOK 1 686 600, from NOK 1 438 400 to NOK 3 125 000, where the amount distributed by the Company in the share capital reduction (by way of establishing a receivable on the Company) was used as contribution on the new shares that were issued. The net effect of this restructuring of the Company's equity was a transforming of the preference shares into ordinary shares.

Shareholders at 31 December 2018:

Shareholder	Ordinary shares	A ordinary shares	Preference shares	% Share
BCPR Pte Ltd (Bangchak)	3 153 714	901 061		49,325 %
OKEA Holdings Ltd	2 875 300			34,977 %
Sparebank 1 SMN Invest AS	162 730			1,980 %
Sjækerhatten AS	120 741			1,469 %
Other shareholders (< 1% share)	1 006 904			12,249 %
Total	**7 319 389**	**901 061**	**0**	**100,000 %**

Shares owned by management and Board of Directors at 31 December 2018:

Shareholder	Ordinary shares	A ordinary shares	Preference shares	% Share
Erik Haugane (CEO)	82 134			0,999 %
Ola Borten Moe (SVP Business Development)	54 539			0,663 %
Knut Evensen (SVP Finance and IR)	53 139			0,646 %
Anton Tronstad (SVP Projects and Technology)	120 741			1,469 %
Dag Eggan (SVP Business Performance)	17 479			0,213 %
Tor Bjerkestrand (SVP Operations)	1 080			0,013 %
Kjersti Hovdal (SVP Controlling & Accounting)	10 000			0,122 %
Kaare Gisvold (Board Member)	14 592			0,178 %
Knud Hans Nørve (Board Member)	2 592			0,032 %
Arild Christian Selvig (Board Member)	1 296			0,016 %
Total	**357 592**	**0**	**0**	**4,350%**

Note 13. Share capital and shareholder information (continued)

Warrants:

Overview of outstanding warrants:

	2018	2017
Outstanding warrants at 1 January	-	-
Warrants granted to employees in connection with sharebased payment *	125 000	-
Warrants issued to shareholders in connection with share issues **	810 016	-
Outstanding warrants at 31 December	**935 016**	**-**

* See note 4 for information about 125 000 warrants granted to employees in connection with share based payment.

** Information about warrants issued to shareholders in connection with share issues:

	Number of warrans	Excercise price
Trigger 1 warrants	463 455	NOK 1
Trigger 2 warrants	346 561	NOK 1
Total number of warrants	**810 016**	

The trigger 1 warrants may only be exercised if the Company has not achieved Decision Gate 2 (DG2) Status on the Grevling License prior to an IPO or immediately prior to closing of a Trade Sale (sale of all the shares in the Company).

The trigger 2 warrants may only be exercised in the event the Company has achieved Plan for Development of Operation (PDO) Status on the Grevling Licence prior to any Initial Public Offering (IPO) or immediately prior to closing of a Trade Sale (sale of all the shares in the Company).

The warrants shall expire on and no longer be exercisable on the earlier of (i) if not exercised prior to 15 days after a notification from the Board of a contemplated IPO or of the entering into of an agreement related to a Trade Sale, and (ii) the date 5 years following the date of the resolution of the general meeting of the Company to issue the warrants.

Warrants issued in connection with share issues owned by management and Board of Directors at 31 December 2018:

	Trigger 1 warrants	Trigger 2 warrants	Total warrants
Erik Haugane (CEO)	-	7 662	7 662
Ola Borten Moe (SVP Business Development)	-	5 088	5 088
Knut Evensen (SVP Finance and IR)	-	4 957	4 957
Anton Tronstad (SVP Projects and Technology)	4 000	7 636	11 636
Dag Eggan (SVP Business Performance)	222	1 429	1 651
Tor Bjerkestrand (SVP Operations)	111	-	111
Kjersti Hovdal (SVP Controlling & Accounting)	1 028	-	1 028
Kaare Gisvold (Board Member)	266	1 119	1 385
Knud Hans Nørve (Board Member)	266	-	266
Arild Christian Selvig (Board Member)	133	-	133
Other shareholders	457 429	318 670	776 099
Total number of warrants	**463 455**	**346 561**	**810 016**

Note 14. Provisions

Non-current provisions:

Amounts in NOK `000	**2018**	**2017**
Provision at 1 January	319 668	202 466
Additions through asset acquisition	-	107 507
Additions through business combination	3 512 231	-
Changes in Operator's estimate	9 094	3 694
Unwinding of discount	18 316	6 001
Total non-current provisions at 31 December	**3 859 308**	**319 668**
Of this:		
Asset retirement obligations	3 849 308	309 668
Accrued consideration from acquisitions of interests in licenses	10 000	10 000

Asset retirement obligations
Provisions for asset retirement obligations represent the future expected costs for close-down and removal of oil equipment and production facilities. The provision is based on the Operator's best estimate. The net present value of the estimated obligation is calculated using a discount rate of 3%. The assumptions are based on the economic environment around the balance sheet date. Actual asset retirement costs will ultimately depend upon future market prices for the necessary works which will reflect market conditions at the relevant time. Furthermore, the timing of the close-down is likely to depend on when the field ceases to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

Current provisions:

Amounts in NOK `000	**31.12.2018**	**31.12.2017**
Asset retirement obligation related to the ongoing removal of installations on the Yme field	3 410	5 554
Total current provisions at 31 December	**3 410**	**5 554**

Note 15. Trade and other payables

Amounts in NOK `000	**31.12.2018**	**31.12.2017**
Trade creditors	76 871	7 765
Accrued holiday pay and other employee benefits	18 965	3 743
Working capital, joint operations/licences	446 961	34 837
Accrued interest bond loans	10 917	9 238
Accrued consideration from acquisitions of interests in licenses	204 782	8 940
Prepayments from customers	96 353	-
Fair value put options, foreign exchange	15 564	-
Other accrued expenses	275 509	1 490
Total trade and other payables	**1 145 923**	**66 013**

The payables all mature within 6 months.

Note 16. Interest-bearing loans and borrowings

Amounts in NOK `000	31.12.2018	31.12.2017
Bond loan (OKEA01) *	1 042 620	985 350
Bond loan (OKEA02) **	1 563 930	-
Capitalized fees bond loans	-77 961	-22 038
Total Interest-bearing loans and borrowings	**2 528 589**	**963 312**

* In November 2017 the Company entered into a USD 120 million secured bond loan OKEA01. Maturity date for the entire loan is in November 2020. Interest rate is fixed at 7.5% p.a. with half-yearly interest payments.

** In June 2018 the Company entered into a USD 180 million secured bond loan OKEA02. Maturity date for the entire loan is in June 2023. The interest rate is 3 month LIBOR plus 6.5% p.a. with quarterly interest payments. The net proceeds from the bond issue was used to finance the acquisition of interests in the Draugen and Gjøa fields from A/S Norske Shell. The net proceeds from the bond issue was converted into NOK and placed on an escrow account until released when the equity financing of the acquisition was completed.

In connection with the settlement for the Shell transaction, the funds from OKEA01 and OKEA02 were released to the Company, without the condition for such release linked to new equity being registered having been fulfilled, against a condition to have an amount standing to an escrow account of USD 5.3 million. The waiver given by the Nordic Trustee originally set a deadline of 23 February 2019, now extended to 30 June 2019, to fulfill the requirements for the registration of new equity being paid in to the Company.

OKEA has in 2019 placed an additional USD 10.9 million in escrow, which for purposes of calculation of one of the financial covenants in the Company's bond loans will reduce total debt. The total amount in escrow after this payment in 2019 is USD 16.2 million. During 2018 and at 31 December 2018 the Company was in compliance with the covenants under the bond agreements.

The bond loans have security in all major assets of the Company. The bond agreements puts certain restrictions on dividend payments and capital reductions, and have financial covenants in addition to requirements with respect to equity increases.

Changes in Intererest-bearing loans and borrowings:

Amounts in NOK `000	2018	2017
Interest bearing loans and borrowings 1 January	963 312	-
Cash flows:		
Gross proceeds from borrowings, bond loan	1 467 468	984 312
Transaction costs, bond loan	-68 404	-22 897
Total cash flows:	**1 399 065**	**961 415**
Non-cash changes:		
Amortization of transaction costs, bond loans	12 481	859
Foreign exchange movement, bond loans	153 732	1 038
Interest bearing loans and borrowings 31 December	**2 528 589**	**963 312**

Note 16. Interest-bearing loans and borrowings (continued)

Financial covenants

The "OKEA AS 7.50 % open callable senior secured USD 150,000,000 bonds 2017/2020" (NO0010810062) ("OKEA01") and the "Okea AS FRN open callable senior secured USD 210,000,000 bonds 2018/2023" (NO0010826852) ("OKEA02") (hereinafter jointly referred to as the "Bonds") are in all material aspects aligned on financial covenants and includes the following financial covenants:

(a) Liquidity: at all times maintain a minimum Liquidity of USD 10,000,000;
(b) Capital Employed Ratio on each Calculation Date maintain a Capital Employed Ratio not lower than 35% on OKEA02 and not lower than 40% under OKEA01; and
(c) Leverage Ratio on each Calculation Date maintain a Leverage Ratio not exceeding 2:1.

For the sake of good order, please note that OKEA01 also contains certain alternative covenant (that the company can choose to test on instead of the above), but that the company currently tests compliance with the above mentioned financial covenants.

Security granted

The obligations under OKEA01 and OKEA02 are secured with the following security granted in favour of the Nordic Trustee AS acting on behalf of the bondholders on OKEA01 and OKEA02:

(i) Pledge in the Escrow Accounts under the bonds and certain other bank accounts of the company;
(ii) Pledge in production licences;
(iii) Pledge in insurances;
(iv) the assignment of claims under the share and purchase agreement for participating interests in the Yme field; and
(v) Pledge in factoring charge.

Note 17. Shareholder loan

Amounts in NOK `000	**31.12.2018**	**31.12.2017**
Loan from shareholder OKEA Holdings Ltd	1 141	1 141
Total shareholder loan	**1 141**	**1 141**

Interest rate is 5%.

Changes in shareholder loan:

Amounts in NOK `000	**31.12.2018**	**31.12.2017**
Shareholder loan 1 January	1 141	20 237
Cash flows:		
Proceeds from borrowings	-	92 280
Repayment of borrowings	-	-58 300
Total cash flows:	**1 141**	**54 217**
Non-cash changes:		
Conversion of debt to equity	-	-55 564
Accrued interest	-	2 488
Shareholder loan 31 December	**1 141**	**1 141**

Note 18. Commitments and Contingencies

The Company has not been involved in any legal or financial disputes in 2018 or 2017, other than an insurance claim related to the Yme project. In 2018 SBM Offshore reached an agreement for final settlement of insurance claim related to the Yme project. As partner in Yme, OKEA is receiving a compensation for breach of contract from SBM Offshore. See note 26.

Minimum work programmes
The Company is required to participate in the approved work programmes for the licences. See note 10 for a specification of future committed capital expenditure.

Liability for damages/insurance
The Company's operations involves risk for damages, including pollution. Installations and operations are covered by an operations insurance policy.

Note 19. Related party transactions

Transactions with related parties:

Amounts in NOK `000	2018	2017
Seacrest Capital Group Ltd *	5 247	3 534
BCPR Pte Ltd **	34 789	
Kyllingstad, Kleveland Advokatfirma DA ***		173

* Seacrest Capital Group Ltd is the controlling party of OKEA's shareholder OKEA Holdings Ltd (former majority shareholder).

** BCPR Pte Ltd (Bangchak) is the majority shareholder of OKEA.

*** The Managing Partner of Kyllingstad, Kleveland Advokatfirma DA was a former Board Member of OKEA.

Trade and other payables, related parties:

Amounts in NOK `000	31.12.2018	31.12.2017
Seacrest Capital Group Ltd	5 413	3 534
BCPR Pte Ltd	34 789	-

See note 4 for information about compensation to CEO and Board of Directors.

See note 17 for information about loan from shareholder OKEA Holdings Ltd.

Note 20. Segment reporting

The Company has identified its reportable segments based on the nature of the risk and return within its business. The Company's only business segment is development and production of oil and gas on the Norwegian Continental Shelf.

Approximately 95% of the Company's sales revenue recognised in 2018 is from sale to two oil companies which are subsidiaries of an international oil company with Standard & Poor's long-term credit rating AA-.

Note 21. Operating Leases

The Company has entered into operating leases for office facilities. In addition the Company has entered into operating leases as an operator of the Draugen field for platform supply vessel and associated Remote Operated Vechicle (ROV) upgrade, together with office and warehouse Draugen.

Operating expenses related to lease agreements accounted for as operating leases

Amounts in NOK `000	**2018**	**2017**
Office facilities	3 485	3 081
Total	**3 485**	**3 081**

Future minimum lease payments under non-cancellable lease agreements

Amounts in NOK `000	**31.12.2018**	**31.12.2017**
Within 1 year	45 245	1 852
1 to 5 years	131 439	3 105
After 5 years	107 469	-
Total	**284 154**	**4 957**

Future lease payments related to leasing contracts entered into as an operator of the Draugen field are presented gross.

Note 22. Financial instruments

Financial instruments by category
Amounts in NOK `000

Year ended 31 December 2018

Financial assets

Amounts in NOK `000	Amortized cost	Fair value through profit or loss	Total carrying amount
Trade and other receivables *	275 756		275 756
Restricted cash	48 327		48 327
Cash and cash equivalents	394 670		394 670
Total	**718 753**	**-**	**718 753**

Financial liabilities

Amounts in NOK `000	Amortized cost	Fair value through profit or loss	Total carrying amount
Trade and other payables *	766 428	15 564	781 992
Shareholder loan	1 141		1 141
Interest-bearing loans and borrowings	2 528 589		2 528 589
Total	**3 296 158**	**15 564**	**3 311 723**

* Prepaid expenses, VAT receivable, accrued receivables and accrued expenses are not included. Option derivatives are included (at Fair Value through profit or loss).

Year ended 31 December 2017

Financial assets

Amounts in NOK `000	Loans and receivables	Fair value through profit or loss	Total carrying amount
Trade and other receivables *	83 021		83 021
Restricted cash	907 799		907 799
Cash and cash equivalents	29 609		29 609
Total	**1 020 428**	**-**	**1 020 428**

Financial liabilities

Amounts in NOK `000	Amortized cost	Fair value through profit or loss	Total carrying amount
Trade and other payables *	31 773		31 773
Shareholder loan	1 141		1 141
Interest-bearing loans and borrowings	963 312		963 312
Total	**996 225**	**-**	**996 225**

* Prepaid expenses, VAT receivable, accrued receivables and accrued expenses are not included.

Fair value of financial instruments
It is assessed that the carrying amounts of financial assets and liabilities, except for interest-bearing loans and borrowings, is approximately equal to its fair values. For interest-bearing loans and borrowings, the fair value is estimated to be NOK 2 622 711 thousand at year end 2018 (2017: NOK 985 350 thousand). At year end 2018 both bond loans are listed on the Oslo Stock Exchange and the fair value is based on quoted market prices (level 1 in the fair value hierarchy). At year end 2017 the bond loan OKEA01 was not listed on the Oslo Stock Exchange and the estimation of fair value was based on no material change in market interest rate and credit risk since the borrowing.

Fair value of put options, foreign exchange is based on quoted market prices at the balance sheet date (level 2 in the fair value hierarchy). The Company has entered into a «Zero-Cost Collar» for fixing the USD rate between a floor of 8.3725 and a ceiling of 8.3825 for future NOK payments of a total of NOK 600 million. The position has a fair value equal to book value of NOK -15.6 million at 31.12.2018.

Note 23. Financial Risk Management

Overview
The Company is exposed to a variety of risks, including credit risk, liquidity risk, interest rate risk, oil and gas price risk and currency risk. This note presents information about the Company's exposure to each of the above mentioned risks, and the Company's objectives, policies and processes for managing such risks. The note also presents the Company's objectives, policies and processes for managing capital.

Credit risk
The Company has no significant credit risk. The Company is exposed to credit risk related to trade receivables and cash and cash equivalents. Sales are only made to customers that have not experienced any significant payment problems. Cash and cash equivalents are deposits with banks.

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

The table below shows a maturity analysis for financial liabilities:
The cash flows below assumes repayment on the latest date available, even if expected repayment may be earlier.

31.12.2018

Amounts in NOK `000	Carrying amount	Cash Flow	< 1 year	1-5 Year
Trade and other payables	781 992	781 992	781 992	
Shareholder loan	1 141	1 141	1 141	
Interest-bearing loans and borrowings	2 528 589	2 606 550		2 606 550
Interest-bearing loans and borrowings, interest		788 719	218 713	570 006
Total financial liabilities	**3 311 723**	**4 178 403**	**1 001 847**	**3 176 556**

31.12.2017

Amounts in NOK `000	Carrying amount	Cash Flow	< 1 year	1-5 Year
Trade and other payables	31 773	31 773	31 773	
Shareholder loan	1 141	1 141	1 141	
Interest-bearing loans and borrowings	963 312	985 350		985 350
Interest-bearing loans and borrowings, interest		221 704	73 901	147 803
Total financial liabilities	**996 225**	**1 239 967**	**106 815**	**1 133 153**

The table below shows a maturity analysis for financial assets:

31.12.2018

Amounts in NOK `000	Carrying amount	Cash Flow	< 1 year	1-5 Year
Trade and other receivables	275 756	275 756	275 756	
Restricted cash	48 327	48 327	48 327	
Cash and cash equivalents	394 670	394 670	394 670	
Total financial assets	**718 753**	**718 753**	**718 753**	**-**

Note 23. Financial Risk Management (continued)

31.12.2017

Amounts in NOK `000	Carrying amount	Cash Flow	< 1 year	1-5 Year
Trade and other receivables	83 021	83 021	83 021	
Restricted cash	907 799	907 799	907 799	
Cash and cash equivalents	29 609	29 609	29 609	
Total financial assets	**1 020 428**	**1 020 428**	**1 020 428**	**-**

Interest rate risk

The Company's exposure to interest rate risk is related to the bond loan OKEA02, with floating interest rate conditions of 3 month LIBOR plus 6.5% p.a. The Company has no other interest-bearing borrowings with floating interest rate conditions. The bond loan OKEA01 has fixed interest rate at 7.5% p.a.

Sensitivity analysis:

Interest rate sensitivity is calculated based on the exposure to interest-bearing debt with floating interest rate conditions on the balance sheet date.

2018: If 3 month LIBOR had been 50 basis points higher/lower, the Company's profit after tax would have been NOK 6 million lower/higher.

2017: The Company had no borrowings with floating interest rate conditions and was consequently not exposed to interest rate risk related to borrowings.

Currency risk

The Company is exposed to foreign exchange rate risk related to the value of NOK relative to other currencies, mainly due to oil sales i USD, operational costs in USD and development costs in USD.

At 31 December 2018 the Company is exposed to exchange rate risk mainly due to bank deposits and bond loans in USD.

Sensitivity analysis at 31 December 2018:

If the NOK had gained 5% against the USD at 31 december 2018, the Company's profit after tax would have been NOK 93.2 million higher.

If the NOK had weakened 5% against the USD at 31 december 2018, the Company's profit after tax would have been NOK 93.2 million lower.

Sensitivity analysis at 31 December 2017:

If the NOK had gained 5% against the USD at 31 december 2017, the Company's profit after tax would have been NOK 20 million higher.

If the NOK had weakened 5% against the USD at 31 december 2017, the Company's profit after tax would have been NOK 20 million lower.

The Company has from 2018 started using derivative financial instruments (put options) to manage certain exposures to fluctuations in foreign exchange rates.

Oil and gas price risk

The Company's revenue is from oil and gas sales which is exposed to fluctuations in the oil and gas price level.

The Company has from 2018 started using derivative financial instruments (put options) to manage certain exposures to fluctuations in oil prices.

Capital management

The overall objective of the Company is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure, and makes adjustments to it, in light of changes in economic conditions.

Note 24. Asset acquisitions

During 2018 and 2017 the Company completed the following acquisitions in interests in licences on the Norwegian Continental shelf, accounted for as acquisitions of assets:

Year	License	Name	Interest	Seller	Effective date	Completion
2017	PL316/316B	Yme	5 %	Repsol Norge AS	01.01.2017	30.11.2017

In addition, OKEA increased its interest in PL038D Grevling with 40% from 30% to 70% during 2017. Subsequent to this increase in interest, the Company became the operator for this field.

In January 2019 OKEA completed the acquisition of a 50% interest in PL958 from Shell. Effective date for the transaction is 22 June 2018.

Note 25. Business combinations

Acquisitions in 2018

Acquisition of a 44.56% interest in Draugen and a 12% interest in Gjøa
On 30 November 2018 the Company completed the acquisition of a 44.56% working interest in Draugen (PL093), a 12% working interest in Gjøa (PL153) and the office building "Råket" in Kristiansund from A/S Norske Shell. OKEA also assumed the operatorship of the Draugen field effective from 30 November 2018. As part of the transaction, 153 employees were transferred from A/S Norske Shell to OKEA. OKEA has specialized in small and mid-sized developments on the Norwegian Continental Shelf. The Shell Acquisition transformed OKEA to become an operator for a producing field and puts the Company in a strong position to execute on its organic growth strategy and pursue further M&A opportunities.

The acquisition was financed through the issuance of a USD 180 million secured bond loan in June 2018, in addition to net proceeds of approximately NOK 1,033 million from the issuance of new share capital through two private placements completed in October and November 2018.

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 2018. The acquisition date for accounting purposes (transfer of control) has been determined to be 30 November 2018.

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 NOK 4 520 million. Adjusted for interim period adjustments and working capital, the total cash consideration is estimated to NOK 2 930 million. At this stage, the purchase price allocation is preliminary due to the complexity of the transaction and the fact that OKEA is in the process of performing a detailed review of the final completion statement prepared by the seller. As a result, the final PPA and the impact on the financial statements from the transaction may differ. The final PPA will be completed within 12 months of the acquisition at the latest.

The fair values of the identifiable assets and liabilities in the transaction as at the date of the acquisition have been estimated as follows:

Amounts in NOK `000	
Assets	
Tangible fixed assets	3 141 883
Receivables on seller*	2 745 999
Net working capital	340 218
Total assets	6 228 100
Liabilities	
Deferred tax liability	456 145
Asset retirement obligation	3 512 231
Tax payable	794 091
Total liabilities	4 762 467
Total identifiable net assets at fair value	1 465 632
Total consideration	2 930 003
Goodwill	1 464 371
Goodwill consist of:	
"Ordinary" goodwill	166 632
"Technical" goodwill	1 297 739
Total goodwill	1 464 371

* The parties have agreed that the seller shall cover 80% of the costs of decommissioning, plugging and abandonment of the acquired oilfields at the time of cease of production limited to an agreed cap.

The ordinary goodwill consists largely of the synergies expected from acquiring the Draugen organization, which provides a platform for generating future growth on the Norwegian Continental Shelf. The technical goodwill arises as a consequence of the requirement to recognize deferred tax for the differences between the assigned fair values (which have been based on a post-tax market for such transactions) and the tax basis of assets acquired, and liabilities assumed. None of the goodwill recognized will be deductible for income tax purposes.

From the date of acquisition (30 November 2018), the acquired licences contributed with NOK 124 million of operating income and NOK 81 million to the profit before tax. 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 3.2 billion higher and profit before tax would have been approximately NOK 1.6 billion higher.

Note 26. YME compensation contract breach and other operating income

YME compensation contract breach:

On 11 March 2013 Repsol Norge AS as operator for and on behalf of the Yme licensees entered into a settlement agreement with Single Buoy Moorings Inc ("SBM") terminating the Yme MOPUstor project for a settlement contribution by SBM to the Yme Licensee, including termination of the existing agreements hereunder releasing SBM from its delivery obligation related to fabrication and lease of production facilities to be applied at the Yme field, terminating arbitration proceedings and decommissioning of the Yme MOPU. As part of this settlement the parties agreed in that if SBM were to receive any future claim recoveries under its CAR insurance relating to the Yme project, an amount equal to 50% of SBM's net recovery (after deductions for expenses and legal costs) shall be paid by SBM to the Yme partners.

On 10 September 2018 SBM announced full and final settlement of its insurance claim related to the Yme project, after partial settlements had previous been announced by SBM on 17 July 2017, 11 August 2017 and 9 August 2018. NOK 115 million represents OKEA's estimated share of this settlement. In February 2019, the partners agreed on the expenses and legal costs to be deducted. The final amount received is approximately NOK 20 million higher and will be recognized in operating income in Q1-2019.

Other operating income:

Amounts in NOK `000	2018	2017
Gain from put options, oil	37 212	-
Change in over-/underlift petroleum products	44 421	5 007
Sale of licenses *	7 114	-
Total other operating income	**88 747**	**5 007**

* In 2018 OKEA completed the sale of a 15% interest in PL038D Grevling to Chrysaor. Effective date for the transaction was 1 January 2018.

Note 27. Spareparts, equipment and inventory

Amounts in NOK `000	31.12.2018	31.12.2017
Inventory of petroleum products	188 748	-
Spare parts and equipment	126 752	-
Total spareparts, equipment and inventory	**315 500**	**-**

Note 28. Other non-current assets

Amounts in NOK `000	31.12.2018	31.12.2017
Other financial non-current assets at 1 January	-	-
Additions through business combination	2 745 999	-
Unwinding of discount	8 238	-
Total Other non-current assets at 31 December	**2 754 237**	**-**

The amount consist of a receivable from seller Shell. The parties have agreed that Shell should cover 80% of the costs of decommissioning the acquired oilfields Draugen and Gjøa limited to an agreed cap. The net present value of the receivable is calculated using a discount rate of 3.6%. The basis for the measurement of the asset is one the same basis as the assets retirement obligation.

Note 29. Earnings per share

	2018	2017
Net profit / loss (-), in NOK `000	-148 622	-11 714
Calculated interest on preference capital (8%), in NOK `000	-5 011	-34 097
Calculated net profit / loss (-) attributable to ordinary shares, in NOK `000	-153 633	-45 810
Weighted average number of ordinary shares outstanding	3 914 455	1 438 316
Earnings per share (NOK per share)		
- Basic	-39,25	-31,85
- Diluted	-39,25	-31,85

The dilution effect of potentially shares from warrants is not presented in the income statement, as the potentially shares would have reduced loss per share.

Note 30. Reserves (unaudited)

Proven and probable reserves	**Mill barrels oil equivalents (mmboe)**	
	2018	**2017**
Balance at 1 January	10,6	7,5
Production	-0,9	-0,1
Acquisition of reserves	42,8	3,3
New developments	0,1	-
Revisions of previous estimates and other changes	-0,1	-0,0
Total reserves at 31 December	**52,4**	**10,6**

Expected reserves represent the Company's share of reserves according to the SPE/ WPC/ AAPG/ SPEE Petroleum Resources Management system (SPE - PRMS) published in 2007 and with Oslo Stock Exchange's requirements for the disclosure of hydrocarbon reserves and contingent resources; circular 9/ 2009. The figures represent best estimate of proven and probable reserves (2P/P50 Base estimate).

Note 31. Events after the balance sheet date

Based on events subsequent to year end, the Company has been notified that the Yme compensation amount will be higher than the accrued amount at year end, since the parties have reached an agreement on the expenses to be deducted from the settlement. See note 26. The difference, approximately NOK 20 million, will be recognised in operating income in Q1-2019.

The Gjøa license operator, Neptune Energy Norge, submitted in February 2019 development plans for the P1 project. This is a re-development of the P1 segment of the Gjøa field. First production is expected in late 2020/early 2021. Total recoverable resources are estimated to be 32,6 million barrels of oil equivalents (boe). P1 is expected to yield around 24,000 boe/d at maximum production.

OKEA was awarded four new licences in the 2018 Awards in Predefined Areas (APA), whereof three as operator.

Confirmation from the Board of Directors and CEO of OKEA AS

Pursuant to the Norwegian Securities Trading Act section 5-5 with pertaining regulations, we confirm that, to the best of our knowledge, the financial statements for the period from 1 January to 31 December 2018 have been prepared in accordance with IFRS as adopted by EU, with such additional information as required by the Norwegian Accounting Act, and give a true and fair view of the Company's assets, liabilities, financial position and results of operations.

We confirm that the Board of Directors' report provides a true and fair view of the development and performance of the business and the position of the Company, together with a description of the key risks and uncertainty factors that the company is facing.

Trondheim, 20 March 2019

Chaiwat Kovavisarach
Chairman of the Board

Henrik Schröder
Deputy Chairman of the Board

Arild Christian Selvig
Board Member

Paul Anthony Murray
Board Member

Kaare Gisvold
Board Member

Knud Hans Nørve
Board Member

Michael William Fischer
Board Member

Prisana Praharnkhasuk
Board Member

Erik Haugane
CEO

To the General Meeting of OKEA AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of OKEA AS, which comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Acquisition of license interests in the Draugen and Gjøa fields, and accounting for business combination	
On 30 November 2018 the Company completed the acquisition of a 44.56% working interest in Draugen (PL093), a 12% working interest in Gjøa (PL153) and the office building "Råket" in Kristiansund from A/S Norske Shell. As part of the transaction, 153 employees were transferred from A/S Norske Shell to OKEA AS. Under the Sale & Purchase agreement (SPA) between A/S Norske Shell and	We obtained and read the SPA between the Company and A/S Norske Shell, and held meetings with management to understand the nature and details of the transaction. Management engaged an external valuation expert to prepare a purchase price allocation (PPA) showing the estimated fair value of assets and liabilities acquired in the transaction. We obtained a copy of the PPA, considered the methodology applied, the completeness of assets and liabilities included and tested the mathematical accuracy. We found the methodology to be in line with requirements in IFRS, and that the model makes calculations as expected.

OKEA, the economic date of the transaction was 1 January 2018, and the acquisition date for accounting purposes (transfer of control) was determined to be 30 November 2018.

The agreed purchase price was NOK 4 520 million and is adjusted for revenue, operating and capital expenditures in the interim period from 1 January - 30 November 2018 ("the interim period") and working capital as of 1 January 2018.

The transaction was determined to constitute a business combination and has been accounted for using the acquisition method of accounting under IFRS 3.

The purchase price allocation (PPA) and the measurement and determination of fair values required a number of estimates and judgements to be applied including:

- estimates of oil and gas reserves and forecasted production profiles;
- price curves for oil and gas and related petroleum products;
- forecasted operating, capital, abandonment and tax expenditures;
- determination of adjustments relating to the interim period;
- estimated future foreign exchange rates;
- discount rates to be applied and;
- allocation of goodwill balances to cash generating units.

In addition, the calculation of fair values requires financial modelling of the cash flows relating to each asset or liability, including tax effects, which can be complex and may require use of additional judgement.

We focused on this area due to the significant value the investment represent in the balance sheet, and the level of

We challenged the purchase price allocation prepared by management and if there were other assets or liabilities not properly accounted for. As part of this process we held several meetings with management and the external valuation expert and obtained underlying documentation to support calculations and measurements in the PPA.

A major part of the value assumed in the transaction was allocated to tangible fixed assets of the Draugen and Gjøa fields. Management has measured the value of the investment in the Draugen and Gjøa fields based on the income approach, the net present value (NPV) after tax of future estimated cash flows. We have reconciled the estimated future cash flows related to production profiles, operating and capital expenditures to the operators revised national budgets (RNB). In addition, management has applied a third party reserves appraiser to estimate the remaining reserves. For future crude and gas prices, we assessed the five first years to quoted market prices and the long term price to analyst and brokers forecast. Prices are adjusted for quality differentials. We assessed the discount rate applied with reference to market data. Furthermore, we reconciled estimated future foreign exchange rates with external quoted forward curves obtained from Bloomberg.

The liabilities assumed in the transaction mainly relates to asset retirement obligations. We have reconciled management estimates for asset retirement obligations against information reported by the field operator in the 2019 RNB numbers and tested for mathematical accuracy. As regulated by the SPA, a material part of the asset retirement obligation will remain with and be paid by A/S Norske Shell limited to an agreed cap. We tested the calculation of this receivable (indemnification asset) recorded in the PPA to the terms of the SPA.

We obtained from management a calculation of deferred and payable taxes as part of the business combination. We tested the mathematical accuracy of the tax calculation and the assumptions and examined the application of tax regulations.

The allocated goodwill from the transaction mainly relates to technical goodwill calculated on the basis of the difference between the estimated fair market value and tax value of the assets acquired. We have recalculated and mathematically verified the allocation of goodwill balances to cash generating units.

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judgements management was required to use in determining the value of the assets and liabilities acquired from the transaction and resulting subsequent potential impacts on the income statement. Please refer to note 25 for a description of the business combination and how management has accounted for the PPA.	The consideration paid is adjusted for revenue, operating and capital expenditures incurred in the interim period and for working capital as of 1 January 2018. The interim period adjustment is material and due to complexity of the transaction the settlement between the Company and A/S Norske Shell for the interim period is not final. We have reconciled items included in the interim period adjustment to the preliminary completion statement prepared by the seller, and tested management estimates against supporting documentation. We involved PwC valuation specialists to assess material market participant assumptions made by management and applied in the valuation of assets and liabilities as well as the mathematical and methodological integrity of management's valuation models. The results of our testing showed that management applied reasonable assumptions for the valuation of assets and liabilities assumed as part of the transaction with A/S Norske Shell. We evaluated the appropriateness of the related note disclosures in note 25 to the financial statements and found that they satisfied IFRS requirements.

Other information

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

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

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

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

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result 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.

Stavanger, 20 March 2019
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorised Public Accountant

OKEA is an oil company contributing to the value creation on the Norwegian Continental Shelf with cost effective development and operation systems.

OKEA AS

Ferjemannsveien 10
7042 Trondheim

www.okea.no

Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

Enheten	
Organisasjonsnummer:	915 419 062
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	OKEA AS
Forretningsadresse:	Ferjemannsveien 10 7042 TRONDHEIM
Regnskapsår	
Årsregnskapets periode:	01.01.2017 - 31.12.2017
Konsern	
Morselskap i konsern:	Nei
Regnskapsregler	
Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	IFRS
Årsregnskapet fastsatt av kompetent organ	
Bekreftet av representant for selskapet:	Knut Evensen
Dato for fastsettelse av årsregnskapet:	17.04.2018

Grunnlag for avgivelse

År 2017: Årsregnskapet er elektronisk innlevert

År 2016: Tall er hentet fra elektronisk innlevert årsregnskap fra 2017

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 04.04.2019

Resultatregnskap

Beløp i: NOK	Note	2017	2016
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	20	38 429 000	
Annen driftsinntekt		5 007 000	494 000
Sum inntekter		**43 436 000**	**494 000**
Kostnader			
Produksjonskostnad		7 654 000	148 000
Letekostnad	8	28 710 000	547 000
Lønnskostnad	4	11 707 000	13 772 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	10	18 025 000	178 000
Annen driftskostnad	5	33 128 000	14 281 000
Sum kostnader		**99 224 000**	**28 926 000**
Driftsresultat		**-55 788 000**	**-28 432 000**
Finansinntekter og finanskostnader			
Annen finansinntekt	6	2 392 000	2 460 000
Sum finansinntekter		**2 392 000**	**2 460 000**
Annen finanskostnad	6	27 098 000	5 335 000
Sum finanskostnader		**27 098 000**	**5 335 000**
Netto finans		**-24 706 000**	**-2 875 000**
Ordinært resultat før skattekostnad		**-80 494 000**	**-31 307 000**
Skattekostnad på ordinært resultat	7	-68 780 000	-25 648 000
Ordinært resultat etter skattekostnad		**-11 714 000**	**-5 659 000**
Årsresultat		**-11 714 000**	**-5 659 000**
Overføringer og disponeringer			
Udekket tap		-11 714 000	-5 659 000
Sum overføringer og disponeringer		**-11 714 000**	**-5 659 000**

Balanse

Beløp i: NOK	Note	2017	2016
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Lete- og lisenskostnader	9	5 752 000	4 752 000
Utsatt skattefordel	7	85 091 000	37 031 000
Goodwill	9	8 057 000	8 057 000
Sum immaterielle eiendeler		**98 900 000**	**49 840 000**
Varige driftsmidler			
Olje- og gassfelt	10	676 378 000	512 923 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	10	217 000	224 000
Sum varige driftsmidler		**676 595 000**	**513 147 000**
Sum anleggsmidler		**775 495 000**	**562 987 000**
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	11, 22	120 207 000	105 561 000
Sum fordringer		**120 207 000**	**105 561 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd	12, 22	29 609 000	37 889 000
Bundet bankinnskudd	12, 22	907 799 000	
Sum bankinnskudd, kontanter og lignende		**937 408 000**	**37 889 000**
Sum omløpsmidler		**1 057 615 000**	**143 450 000**
SUM EIENDELER		**1 833 110 000**	**706 437 000**

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Balanse

Beløp i: NOK	Note	2017	2016
Selskapskapital	13	24 738 000	11 337 000
Overkurs		470 755 000	216 125 000
Annen innskutt egenkapital			146 968 000
Sum innskutt egenkapital		**495 493 000**	**374 430 000**
Opptjent egenkapital			
Udekket tap		21 667 000	9 953 000
Sum opptjent egenkapital		**-21 667 000**	**-9 953 000**
Sum egenkapital		**473 826 000**	**364 477 000**
Gjeld			
Langsiktig gjeld			
Andre avsetninger for forpliktelser	14	319 668 000	202 466 000
Sum avsetninger for forpliktelser		**319 668 000**	**202 466 000**
Annen langsiktig gjeld			
Obligasjonslån	16, 22	963 312 000	
Sum annen langsiktig gjeld		**963 312 000**	
Sum langsiktig gjeld		**1 282 980 000**	**202 466 000**
Kortsiktig gjeld			
Skyldige offentlige avgifter		3 596 000	17 285 000
Kortsiktig konserngjeld	17, 22	1 141 000	20 237 000
Annen kortsiktig gjeld	15, 22	66 013 000	25 898 000
Andre forpliktelser	14	5 554 000	76 074 000
Sum kortsiktig gjeld		**76 304 000**	**139 494 000**
Sum gjeld		**1 359 284 000**	**341 960 000**
SUM EGENKAPITAL OG GJELD		**1 833 110 000**	**706 437 000**

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	23.02.2016	29.02.2016
Telefon	Deres referanse	Vår referanse
22078139	Erik Haugane	2016/170074

OKEA AS
Ferjemannsveien 10
7042 TRONDHEIM

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Okea AS, org. nr. 915 419 062

Vi viser til deres brev av 23. februar 2016 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Okea AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Okea AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Okea AS er et nystartet oljeselskap. Selskapets hovedaktivitet er å delta i utbygging og produksjon av olje og naturgass på norsk sokkel. Selskapets hovedaksjonær er Azinor Production Limited. Selskapets arbeidsspråk er engelsk. Selskapet opererer innen oljebransjen, der engelsk er det klart dominerende språket. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal*

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org.nr: 996250316	Telefaks
	E-post: skatteetaten.no/sendepost	22 17 08 60

gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er eid av et utenlandsk selskap. Eierkretsen er begrenset. Selskapet opererer innen oljebransjen, der engelsk er det klart dominerende språket. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer

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To the General Meeting of OKEA AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of OKEA AS which comprise the balance sheet as at 31 December 2017, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

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

Other information

Management is responsible for the other information. The other information comprises Letter from the Directors 2017, 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.

PricewaterhouseCoopers AS, Kanalsletta 8, Postboks 8017, NO-4068 Stavanger
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

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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 International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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.

Stavanger, 5 April 2018
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorised Public Accountant

OKEA AS

Annual financial statements 2017

LETTER FROM THE DIRECTORS 2017

About OKEA AS
OKEA AS ("OKEA" or "the Company") was established in 2015. The Company's aim is to contribute to the value creation on the Norwegian Continental Shelf with cost effective development and operation systems. The Company is located in Trondheim, Norway.

During 2017, the Company completed the following acquisitions of interests in licenses on the Norwegian Continental shelf:

- 5% in the Yme field (PL316/PL316B) from Repsol Norge AS, and
- 40 % in Grevling field (PL038D) from Repsol Norge AS.

A revised Plan for Development and Operation (PDO) for Yme was submitted to the Norwegian authorities in December 2017 and has been approved in 2018.

The Company became the operator for the Grevling field during 2017.

The financial statements
For the financial year 2017; Loss from operating activities was NOK 55,788 thousand. Loss before income tax amounted to NOK 80,494 thousand and Net loss was NOK 11,714 thousand.

At the end of 2017, capitalised deferred tax asset amounted to NOK 85,091 thousand. The amount is mainly related to offshore tax losses.

The operations of the Company are financed through equity and a bond loan. The Company's equity ratio is considered to be at an acceptable level.

Pursuant to § 3-3 of the Norwegian Accounting Act the Board of Directors confirm that the conditions for continued operations as a going concern are present for the Company and that the annual financial statements for 2017 have been prepared under this presumption.

Allocation of loss for the year
In 2017, OKEA posted a net loss of NOK 11,714 thousand. The Board of Directors proposes the following allocation (NOK thousand):

Transferred to accumulated loss: NOK 11,714 thousand

Risk factors
The Company is exposed to risk factors that are common for oil companies in the development and production phase. The Company is also exposed to a variety of financial risks, including credit risk, liquidity risk, interest rate risk, oil price risk and currency risk. It is of the highest priority to the Board of Directors to make sure the company successfully manages these risks by finding and implementing the best risk mitigating actions.

Health, safety and environment/equal opportunities
The Company had 26 employees at year end of which seven are female. At present there are no female members of the Board of Directors. No particular actions have been implemented or are planned to promote gender equality in the Company.

The work environment is considered to be good. Absence from sick leave in 2017 was 0.28% of total working hours. There have been no occurrences or reports of accidents or injuries during the year, and no major or significant material damage.

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

The Company has established and implemented a focused Health, Safety, Environment and Quality strategy and policy, resulting in a proactive stance as well as an ownership culture among employees in all aspects of the business. A primary goal for OKEA is to establish a culture of openness with no barriers related to all aspects of HSEQ both within the Company and when working with stakeholders in order to secure a safe working environment, high level of quality and minimal impact on the environment.

Trondheim, 5th April 2018

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Statement of Comprehensive Income

Amounts in NOK '000	Note	2017	2016 (restated *)
Revenues from crude oil and gas sales	20	38 429	-
Other operating income		5 007	494
Total operating income		**43 436**	**494**
Production expenses		-7 654	-148
Exploration expenses	8	-28 710	-547
Depreciation, depletion and amortization	10	-18 025	-178
Employee benefits expenses	4	-11 707	-13 772
Other operating expenses	5	-33 128	-14 281
Total operating expenses		**-99 223**	**-28 926**
Profit / loss (-) from operating activities		**-55 788**	**-28 432**
Finance income	6	2 392	2 460
Finance costs	6	-27 098	-5 334
Net financial items		**-24 706**	**-2 874**
Profit / loss (-) before income tax		**-80 494**	**-31 307**
Income taxes	7	68 780	25 648
Net profit / loss (-)		**-11 714**	**-5 659**
Other comprehensive income:			
Total other comprehensive income		**-**	**-**
Total comprehensive income / loss (-)		**-11 714**	**-5 659**

* See note 26

Balance Sheet at 31 December

Amounts in NOK '000	Note	31.12.2017	31.12.2016 (restated *)	01.01.2016
ASSETS				
Non-current assets				
Deferred tax assets	7	85 091	37 031	10 616
Goodwill	9	8 057	8 057	-
Exploration and evaluation assets	9	5 752	4 752	-
Oil and gas properties	10	676 378	512 923	-
Furniture, fixtures and office equipment	10	217	224	30
Total non-current assets		**775 495**	**562 987**	**10 646**
Current assets				
Trade and other receivables	11, 22	120 207	105 561	1 995
Restricted cash	12, 22	907 799	-	-
Cash and cash equivalents	12, 22	29 609	37 889	8 744
Total current assets		**1 057 615**	**143 450**	**10 738**
TOTAL ASSETS		**1 833 110**	**706 437**	**21 384**
EQUITY AND LIABILITIES				
Equity				
Share capital	13	24 738	11 337	1 100
Share premium		470 755	216 125	20 900
Unregistered share capital		-	146 968	-
Accumulated loss		-21 667	-9 953	-4 294
Total equity		**473 827**	**364 477**	**17 706**
Non-current liabilities				
Provisions	14	319 668	202 466	-
Interest-bearing loans and borrowings	16, 22	963 312	-	-
Total non-current liabilities		**1 282 979**	**202 466**	**-**
Current liabilities				
Trade and other payables	15, 22	66 013	25 899	2 392
Intercompany loan	17, 22	1 141	20 237	-
Public dues payable		3 596	17 285	1 287
Provisions, current	14	5 554	76 074	-
Total current liabilities		**76 304**	**139 494**	**3 679**
Total liabilities		**1 359 283**	**341 960**	**3 679**
TOTAL EQUITY AND LIABILITIES		**1 833 110**	**706 437**	**21 384**

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Statement of Changes in Equity

Amounts in NOK `000	Share capital	Share premium	Unregistered share capital	Accumulated loss	Total equity
Equity at 1 January 2016	1 100	20 900	-	-4 294	17 706
Net profit / loss (-) for the year				-5 659	-5 659
Share issues, cash	5 686	108 043			113 730
Share issues, conversion of debt	4 550	87 182	146 968		238 700
Equity at 31 December 2016	**11 337**	**216 125**	**146 968**	**-9 953**	**364 477**
Equity at 1 January 2017	11 337	216 125	146 968	-9 953	364 477
Net profit / loss (-) for the year				-11 714	-11 714
Registration of share issues in Company Registry	7 348	139 620	-146 968		-
Share issues, cash	3 275	62 225			65 500
Share issues, conversion of debt	2 778	52 786			55 564
Equity at 31 December 2017	**24 738**	**470 755**	**-**	**-21 667**	**473 827**

Statement of Cash Flows

Amounts in NOK '000	Note	2017	2016
Cash flow from operating activities			
Profit / loss (-) before income tax		-80 494	-31 307
Income tax paid/received	7	3 740	-
Depreciation, depletion and amortization	10	18 025	178
Accretion ARO		6 001	-
Change in trade and other receivables		-6 420	-22 491
Change in trade and other payables		17 485	39 505
Change in other non-current items		4 385	-
Net cash flow from / used in (-) operating activities		**-37 278**	**-14 115**
Cash flow from investing activities			
Investement in exploration and evaluation assets	9	-999	-4 752
Investment in oil and gas properties		-123 099	-324 454
Investment in furniture, fixtures and office machines		0	-200
Investment in restricted cash	12	-907 799	-
Net cash flow from / used in (-) investing activities		**-1 031 897**	**-329 406**
Cash flow from financing activities			
Proceeds from intercompany borrowings	17	92 280	258 937
Repayment of intercompany borrowings	17	-58 300	-
Net proceeds from borrowings, bond loan	16	961 415	-
Net proceeds from share issues	13	65 500	113 730
Net cash flow from / used in (-) financing activities		**1 060 895**	**372 666**
Net increase/ decrease (-) in cash and cash equivalents		**-8 280**	**29 145**
Cash and cash equivalents at the beginning of the period		37 889	8 744
Cash and cash equivalents at the end of the period	12	**29 609**	**37 889**
Restricted cash at the end of the period	12	907 799	-
Restricted and unrestricted cash at the end of the period	12	**937 408**	**37 889**

Note 1. Corporate Information

OKEA AS ("OKEA" or "the Company") is a limited liability company incorporated and domiciled in Norway. Its registered office is in Trondheim, Norway.

The Company's aim is to contribute to the value creation on the Norwegian Continental Shelf with cost effective development and operation systems. The Company holds the following interests in licenses:

- 15% interest in the Yme field (PL316/316B)
- 0.554% interest in the Ivar Aasen field (PL338BS)
- 70% interest in the Grevling discovery (PL038D)

The financial statements of OKEA for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 5th April 2018.

Note 2. Accounting Policies

Basis of Preparation

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

These are the first financial statements prepared in accordance with IFRS. The date of transition to these principles is 1 January 2016. The Company's financial statements were previously prepared in accordance with the Norwegian Accounting Act ("NGAAP"). The effects of transition from NGAAP to IFRS are disclosed in note 26.

The financial statements have been prepared under the assumption of going concern and on a historical cost basis, with some exceptions as detailed in the accounting policies set out below.

Balance Sheet Classification

Current assets and current liabilities include items due less than a year from the balance sheet date, and items related to the operating cycle, if longer. Other assets and liabilities are classified as non-current. The current portion of non-current debt is included under current liabilities.

Interest in Oil and Gas Licenses

The Company accounts for its interest in oil and gas licenses based on its ownership interest in the license, i.e. by recording its share of the licenses individual income, expenses, assets, liabilities and cash flows, on a line-by-line basis with similar items in the Company's financial statements.

Acquisitions of Interests in Oil and Gas Licenses

Acquisitions of interests in oil and gas licenses or similar joint operations where the joint operation constitutes a business, are accounted for in accordance with the principles in IFRS 3 Business Combinations. This means that the acquisition method of accounting is used to account for such acquisitions.

Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If, following careful consideration, the consideration transferred is less than the fair value of the net identifiable assets of the joint operation acquired, such difference is recognised directly in profit or loss.

Acquisitions of interests in oil and gas licenses or similar joint operations where the joint operation is not considered to be a business, are accounted for as acquisitions of assets. The consideration for the interest is allocated to individual assets and liabilities acquired.

Foreign Currency Translation and Transactions

The functional currency and the reporting currency of the Company is NOK.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into functional currency at the balance sheet date exchange rates. Non-monetary items are translated at the historical exchange rate on the transaction date and non-monetary items that are measured at fair value are translated at the exchange rate on the date when the fair value was determined. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Revenue Recognition

Revenues from the sales of petroleum products are recognised at delivery, and the sales amount of the lifted and delivered volumes are presented as revenues from crude oil and gas sales.

Revenues from sales of services are recorded when the service has been performed.

Underlift and overlift of petroleum products

Underlift and overlift of oil and gas is valued at its net realisable value on the balance sheet date, and the change in under/over lift is presented as other operating income. Underlift and overlift is calculated as the difference between the Company's share of production and its actual sales and are classified as respectively current assets and current liabilities. If accumulated production exceeds accumulated sales there is an underlift (asset) and if accumulated sales exceeds accumulated production there is an overlift (liability).

Property, Plant and Equipment, including Oil and Gas Properties

General

Property, plant and equipment acquired by the Company are stated at historical cost, less accumulated depreciation and any impairment charges. Depreciation of other assets than oil and gas properties are calculated on a straight-line basis and adjusted for residual values and impairment charges, if any.

Ordinary repairs and maintenance costs, defined as day-to-day servicing costs, are charged to the income statement during the financial period in which they are incurred. The cost of major overhauls is included in the asset's carrying amount when it is probable that the Company will derive future economic benefits in excess of the originally assessed standard of performance of the existing asset. Major overhauls are depreciated over the period to the next major overhaul.

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

Depreciation of Oil and Gas Properties

Capitalised costs for oil & gas fields in production are depreciated individually (on a field level) using the unit-of-production method. The depreciation is calculated based on proved and probable reserves. The rate of depreciation is equal to the ratio of oil and gas production for the period over the estimated remaining proved and probable reserves expected to be recovered at the beginning of the period. The rate of depreciation is multiplied with the carrying value plus estimated future capital expenditure necessary to develop any undeveloped reserves included in the reserve basis. Any changes in the reserves estimate that affect unit-of-production calculations, are accounted for prospectively over the revised remaining reserves.

Development Costs for Oil and Gas Properties

Costs of developing commercial oil and/or gas fields are capitalised. Capitalised development costs and acquisition cost of fields in development are classified as tangible assets (Oil and gas properties).

Intangible Assets

Exploration Costs for Oil and Gas Properties
The Company uses the 'successful efforts' method to account for exploration costs. All exploration costs with the exception of acquisition costs of licenses and drilling costs of exploration wells are charged to expense as incurred.

Drilling costs of exploration wells are temporarily capitalised pending the determination of oil and gas reserves. If reserves are not found, or if discoveries are assessed not to be technically and commercially recoverable, the drilling costs of exploration wells are expensed. Costs of acquiring licenses are capitalised and assessed for impairment at each reporting date.

License acquisition costs and capitalised exploration costs are classified as intangible assets (Exploration and Evaluation Assets) during the exploration phase.

Exploration and Evaluation Assets
Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, and before reclassification as described below.

Intangible assets relating to expenditure on the exploration for and evaluation of oil and gas resources are reclassified from intangible assets (Exploration and Evaluation Assets) to tangible assets (Oil and gas properties under development) when technical feasibility and commercial viability of the assets are demonstrable, and the decision to develop a particular area is made. The assets are assessed for impairment, and any impairment loss recognised, before such reclassification.

These assets are subject to unit-of-production depreciations if and when production from the field is commenced.

Goodwill
Goodwill arising from acquisitions of interests in oil and gas licenses accounted for in accordance with the principles in IFRS 3 Business Combinations, is classified as intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Impairment of Assets

Property, plant and equipment and other non-current assets are subject to impairment testing when there is an indication that the assets may be impaired. At each reporting date the Company assesses whether there is any indication that the assets may be impaired. If any indications exist, an impairment test is performed, i.e. the Company estimates the recoverable amount of the asset.

The recoverable amount is the higher of fair value less expected cost to sell and value in use (present value based on the future use of the asset). If the carrying amount of an asset is higher than the recoverable amount, an impairment loss is recognised in the income statement. The impairment loss is the amount by which the carrying amount of the asset exceeds the recoverable amount.

The value in use is determined by reference to discounted future net cash flows expected to be generated by the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. An oil and gas field is considered to be one cash generating unit, all other assets are assessed separately.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount.

Provisions

General
A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount of the provision is the present value of the risk adjusted expenditures expected to be required to settle the obligation, determined using the estimated risk free interest rate adjusted for the Company's own credit risk as discount rate. Where discounting is used, the carrying amount of provision increases in each period to reflect the unwinding of the discount by the passage of time. This increase is recognised as finance cost.

Asset Retirement Obligations
The Company recognises the estimated fair value of asset retirement obligations in the period in which it is incurred. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. This cost includes the cost of dismantlement or removal of oil and gas installations. The present value of the obligations is recognised when the assets are constructed and ready for production, or at the later date when the obligation is incurred.

Related asset retirement costs are capitalised as part of the carrying value of the tangible fixed asset and are depreciated over the useful life of the asset, i.e. unit-of-production method. The liability is accreted for the change in its present value each reporting period. Accretion expense related to the time value of money is classified as part of financial expense.

The provision and the discount rate are reviewed at each balance sheet date.

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

Interest-bearing loans and borrowings
All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs and transaction costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method, with the difference between net proceeds received and the redemption value being recognised in the income statement over the term of the loan. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised, as well as through the amortisation process.

Income Taxes
The income tax expense/credit consists of current income tax (taxes payable/receivable) and changes in deferred income taxes.

Current Income Taxes
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Oil-exploration companies operating on the Norwegian Continental Shelf under the offshore tax regime can claim a 78% refund of their exploration costs, limited to taxable losses for the year. The refund is paid out in November in the following year. This tax receivable is classified as a current asset.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred Income Taxes
Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences (with the exception of temporary differences on acquisition of licences that is defined as asset purchase), carry forward of unused tax credits and unused tax losses, to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred income tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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 (including interest) from the tax authorities when operations cease. Deferred tax assets that are based on offshore tax losses carry forward are therefore normally recognised in full.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority/tax regime. Timing differences are considered.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Uplift
Uplift is a special allowance in the basis for petroleum surtax in Norway. The uplift is computed on the basis of the original capitalised cost of offshore production installations, and amount to 5,3% of the investment per year. The uplift may be deducted from taxable income for a period of four years (i.e. totals 21,2% over four years), starting in the year in which the capital expenditures are incurred. Uplift benefit is recorded when the deduction is included in the current year tax return and impacts taxes payable. Unused uplift may be carried forward indefinitely.

Pensions
According to Norwegian law employees are mandatory members of the Company's Pension Scheme ("obligatorisk tjeneste pensjon"). The scheme is based on a contribution plan. Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

Cash and Cash Equivalents
Cash and cash equivalents comprise of cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

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

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

Cost of Equity Transactions
Transaction costs directly attributable to an equity transaction are recognised directly in equity, net of taxes.

Related Parties
Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial or operational decisions. Parties are also related if they are subject to common control.

Transactions between related parties are transfers of resources, services or obligations, regardless of whether a price is charged. All transactions between related parties are made based on the principle of 'arm's length', which is the estimated market price.

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

New and amended standards and interpretations issued but not adopted by the Company
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements. The most significant standards are set out below.

IFRS 9 Financial instruments:
IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. Effective date is 1 January 2018. IFRS 9 did not have any significant effect on the financial statements as of Jan 1, 2018..

IFRS 15 Revenue from contracts with customers:
The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. Effective date is 1 January 2018. IFRS 15 did not have any significant effect on the financial statements upon adoption on January 1, 2018.

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

Note 3. Critical accounting judgements and estimates

The preparation of financial statements requires management to make judgments, use estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses.

Although these estimates are based on management's best knowledge of historical experience and current events, actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

Currently, the Company's most important accounting estimates are related to the following items:

Impairment
The Company reviews whether its non-financial assets have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is written down to its recoverable amount when the recoverable amount is lower than the carrying value of the asset. The recoverable amount is the higher of fair value less expected cost to sell and value in use (present value based on the future use of the asset).

All Impairment assessment calculations require a high degree of estimation, including assessments of the expected cash flows from the cash generating unit and the estimation of applicable discount rates. Impairment testing requires long-term assumptions to be made concerning a number of economic factors such as future production levels, market conditions, production expense, discount rates and political risk among others, in order to establish relevant future cash flows. There is a high degree of reasoned judgement involved in establishing these assumptions, and in determining other relevant factors.

Asset Retirement Obligations
Production of oil and gas is subject to statutory requirements relating to decommissioning and removal once Production has ceased. Provisions to cover these future asset retirement obligations must be accrued for at the time the statutory requirement arises. The ultimate asset retirement obligations are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example, in response the changes in reserves or changes in laws and regulations or their interpretation.

Depreciation of Oil and Gas Properties
Oil and gas properties in production are depreciated using the unit-of-production method. The depreciation is calculated based on proved and probable reserves. The rate of depreciation is equal to the ratio of oil and gas production for the period over the estimated remaining proved and probable reserves expected to be recovered at the beginning of the period. The rate of depreciation is multiplied with the carrying value plus estimated future capital expenditure necessary to develop any undeveloped reserves included in the reserve basis. The reserves estimates and the estimates of future capital expenditure is associated with uncertainty.

Note 4. Employee benefits expenses

Specification of employee benefits expenses

Amounts in NOK `000	2017	2016
Salary expenses	33 789	24 530
Employer's payroll tax expenses	5 319	3 859
Pensions	3 651	2 312
Other personnel expenses	942	310
Charged to operated licences	-14 876	-
Reclassified to oil and gas properties under development	-17 117	-17 238
Total employee benefits expense	**11 707**	**13 772**
Number of man-years during the year	26	17

Pensions

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

Compensation to Chief Excecutive Officer (CEO):

Amounts in NOK `000	2017	2016
Salary	2 368	2 199
Pension	155	157
Other benefits	11	12
Total compensation to CEO	**2 535**	**2 368**

Compensation to Board of Directors:

Amounts in NOK `000	2017	2016
Director's fees	-	-
Total compensation to Board of Directors	-	-

There is no agreement regarding severance pay on termination of employment or agreement regarding bonus to the CEO or to members of the Board of Directors. No loans have been granted and no guarantees have been issued to the CEO or any member of the Board of Directors.

Note 5. Other operating expenses

Specification of other operating expenses

Amounts in NOK `000	2017	2016
Lease expenses	3 081	2 643
Technical consultants	12 155	51 429
Business consultants	12 795	6 656
Travel expenses	3 721	2 445
Insurance	2 695	-
Other operating expenses	3 813	5 449
Charged to operated licences	-2 960	-
Reclassified to oil and gas properties under development	-2 171	-54 341
Total other operating expenses	**33 128**	**14 281**

Auditor's fees (ex. VAT)

Amounts in NOK `000	2017	2016
Auditor's fee	855	150
Other attestation services	118	92
Tax advisory	-	188
Other services	223	25
Total auditor's fees	**1 196**	**455**

Note 6. Financial items

Amounts in NOK `000	2017	2016
Interest income	500	110
Exchange rate gain	1 892	2 350
Total finance income	**2 392**	**2 460**
Interest expense intercompany	-2 491	-2 057
Interest expense bond loan	-10 096	-
Other interest expense	-133	-591
Exchange rate loss	-8 236	-2 175
Unwinding of discount asset retirement obligations	-6 001	-593
Other financial expense	-141	82
Total finance costs	**-27 098**	**-5 334**

Note 7. Taxes

Income taxes recognised in the income statement

Amounts in NOK `000	2017	2016
Change deferred tax in balance	48 061	21 908
Tax refund current year	20 719	3 740
Total income taxes recognised in the income statement	**68 780**	**25 648**

Reconciliation of income taxes

Amounts in NOK `000	2017	2016
Profit / loss (-) before income taxes	**-80 494**	**-31 307**
Expected income tax at nominal tax rate, 24% (2016: 25%)	19 319	7 827
Expected petroleum tax, 54% (2016: 53%)	43 467	16 592
Permanent differences	-208	-59
Effect of uplift	10 181	2 218
Financial items	-8 766	-1 262
Effect of new tax rates	337	236
Adjustments previous year and other	4 450	96
Total income taxes recognised in the income statement	**68 780**	**25 648**
Effective income tax rate	**85 %**	**82 %**

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

Amounts in NOK `000	31.12.2017	31.12.2016	01.01.2016
Tangible and intangible non-current assets	-335 377	-233 005	-6
Provisions	245 873	217 261	-
Interest-bearing loans and borrowings	-5 069	-	-
Current items	-2 526	-136	-
Tax losses carried forward, offshore, 23%	51 824	12 352	3 719
Tax losses carried forward, offshore, 55%	100 520	25 497	6 903
Uplift carried forward, offshore 55%	29 847	15 061	-
Total deferred tax assets / liabilities (-)	85 091	37 031	10 616
Valuation allowance for deferred tax assets	-	-	-
Total deferred tax assets / liabilities (-) recognised	**85 091**	**37 031**	**10 616**

Change in deferred taxes

Amounts in NOK `000	2017	2016
Deferred tax income / expense (-)	48 061	21 908
Deferred tax recognized on acquisitions		4 507
Taxes charged to equity	-	-
Total change in deferred tax assets	**48 061**	**26 415**

Deferred tax is calculated based on tax rates applicable on the balance sheet date. Ordinary income tax is 24% (from 2018: 23%) , to which is added a special tax for oil and gas companies at the rate of 54% (from 2018: 55%), 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.

There is no time limit on the right to carry tax losses forward in Norway.

Note 8. Exploration expenses

Specification of exploration expense

Amounts in NOK '000	2017	2016
Share of exploration expenses from participation in licences (from billing)	23 752	547
Seismic and other exploration expenses, outside billing	4 958	-
Total exploration expense	**28 710**	**547**

Note 9. Intangible assets

Amounts in NOK '000	Goodwill	Exploration and evaluation assets	Total
2017			
Cost at 1 January 2017	8 057	4 752	12 809
Additions	-	999	999
Disposals	-	-	-
Expensed exploration expenditures previously capitalised	-	-	-
Cost at 31 December 2017	**8 057**	**5 752**	**13 809**
Accumulated amortisation and impairment at 1 January 2017	-	-	-
Amortisation for the year	-	-	-
Impairment	-	-	-
Disposals	-	-	-
Accumulated amortisation and impairment at 31 December 2017	**-**	**-**	**-**
Carrying amount at 31 December 2017	**8 057**	**5 752**	**13 809**
2016			
Cost at 1 January 2016	-	-	-
Additions	8 057	4 752	12 809
Disposals	-	-	-
Expensed exploration expenditures previously capitalised	-	-	-
Cost at 31 December 2016	**8 057**	**4 752**	**12 809**
Accumulated amortisation and impairment at 1 January 2016	-	-	-
Amortisation for the year	-	-	-
Impairment	-	-	-
Disposals	-	-	-
Accumulated amortisation and impairment at 31 December 2016	**-**	**-**	**-**
Carrying amount at 31 December 2016	**8 057**	**4 752**	**12 809**

Note 10. Tangible fixed assets

Amounts in NOK '000	Oil and gas properties in production	Oil and gas properties under development	Furniture, fixtures and office machines	Total
2017				
Cost at 1 January 2017	123 039	390 056	233	513 327
Additions	18 956	123 083	-	142 038
Removal and decommissioning asset	-471	39 905		39 434
Disposals				-
Transfer of assets				-
Cost at 31 December 2017	**141 524**	**553 044**	**233**	**694 800**
Accumulated depreciation and impairment at 1 January 2017	-171	-	-9	-180
Depreciation for the year	-18 018	-	-7	-18 025
Impairment	-	-	-	-
Disposals	-	-	-	-
Accumulated depreciation and impairment at 31 December 2017	**-18 189**	**-**	**-15**	**-18 205**
Carrying amount at 31 December 2017	**123 334**	**553 044**	**217**	**676 595**
2016				
Cost at 1 January 2016	-	-	33	33
Additions	-	237 589	200	237 789
Removal and decommissioning asset	-	275 505	-	275 505
Disposals	-	-	-	-
Transfer of assets	123 039	-123 039	-	-
Cost at 31 December 2016	**123 039**	**390 056**	**233**	**513 327**
Accumulated depreciation and impairment at 1 January 2016	-	-	-2	-2
Depreciation for the year	-171	-	-7	-178
Impairment	-	-	-	-
Disposals	-	-	-	-
Accumulated depreciation and impairment at 31 December 2016	**-171**	**-**	**-9**	**-180**
Carrying amount at 31 December 2016	**122 867**	**390 056**	**224**	**513 147**
Depreciation plan	Unit of Production	1)	Linear	
Estimated useful life (years)	N/A		3 - 5	

1) Depreciation starts when the asset is in production.

Amounts in NOK '000	2018	2019	2020	2021
Committed capital expenditure for existing licenses *)	489 000	406 000	291 000	325 000

*) Commited capital expenditure related to Yme New Development will be paid from escrow account established in connection with the bond loan. See notes 12 and 16 for further information.

Note 11. Trade and other receivables

Amounts in NOK '000	31.12.2017	31.12.2016	01.01.2016
Accounts receivable	1 875	6 583	-
Accrued revenue	2 227	-	-
Prepayments	2 892	1 109	951
Working capital, joint operations	21 255	16 014	-
Escrow receivable, Yme removal	64 681	77 335	-
Underlift	5 501	494	-
VAT receivable	557	-	1 043
Tax refund	20 719	3 740	-
Other receivables	500	284	-
Total trade and other receivables	**120 207**	**105 561**	**1 995**

The receivables all mature within one year.

Note 12. Restricted cash, Cash and cash equivalents

Restricted cash:

Amounts in NOK '000	31.12.2017	31.12.2016	01.01.2016
Bank deposit, restricted, escrow accounts *	907 799	-	-
Total restricted cash	**907 799**	-	-

* See information about the escrow accounts established in connection with the bond loan in note 16.

Cash and cash equivalents:

Amounts in NOK '000	31.12.2017	31.12.2016	01.01.2016
Bank deposits, unrestricted	27 487	36 283	7 906
Bank deposit, employee taxes	2 122	1 606	838
Total cash and cash equivalents	**29 609**	**37 889**	**8 744**

Note 13. Share capital and shareholder information

Number of shares	Ordinary shares	Preference shares	Total shares
Outstanding shares at 1.1.2016	10 000	1 000	11 000
New shares issued during 2016:			
Issued in connection with debt conversion	460	45 566	46 026
Issued in exchange for cash	3 690	52 649	56 339
Number of outstanding shares at 31 December 2016	**14 150**	**99 215**	**113 365**
New shares issued during 2017:			
Issued in connection with debt conversion	74	101 032	101 106
Issued in exchange for cash	160	32 750	32 910
Number of outstanding shares, before share split 1:100 on 12 December 2017	**14 384**	**232 997**	**247 381**
Number of outstanding shares at 31 December 2017, after share split 1:100	**1 438 400**	**23 299 700**	**24 738 100**
Nominal value NOK per share at 31 December 2017, after share split 1:100			1
Share capital NOK at 31 December 2017			24 738 100

At 31 December 2017 the Company had two classes of shares. The holders of the preference shares had a preferred right to a cumulative 8% dividend on invested preference capital as well as return of capital from the Company before the holders of ordinary shares would receive any return of capital or dividend.

In 2018 OKEA has restructured the Company's equity, by way of transforming the preference shares into ordinary shares. The restructuring included a reduction of the Company's share capital, by repayment of the par value of the preference shares with NOK 23 299 700, from NOK 24 738 100 to NOK 1 438 400. Subsequent to the share capital reduction, a related increase of the Company's share capital with NOK 1 686 600, from NOK 1 438 400 to NOK 3 125 000, where the amount paid out of the Company in the share capital reduction (by way of establishing a receivable on the Company) was used as contribution on the new shares that were issued. The net effect of this restructuring of the Company's equity was a transforming of the preference shares into ordinary shares.

OKEA has in 2018 issued 590 144 new shares at a price of NOK 179 paid in cash, adding MNOK 105.6 in total new equity.

Shareholders, number of shares	Ordinary shares	Preference shares	% Share
OKEA Holdings Ltd	1 188 400	23 299 700	99,0 %
Other shareholders (*)	250 000	-	1,0 %
Total	**1 438 400**	**23 299 700**	**100,0 %**

(*) Erik Haugane (CEO) indirectly controls 0.2 % of the shares through Kørven AS. Ola Borten Moe (Board Member in 2017) also indirectly controls 0.2% of the shares through Skjefstad Vestre AS.

Note 14. Provisions

Non-current provisions:

Amounts in NOK '000	31.12.2017	31.12.2016	01.01.2016
Provision at 1 January	202 466	-	-
Additions	107 507	201 873	-
Changes in Operator's estimate	3 694	-	-
Unwinding of discount	6 001	593	-
Total non-current provisions at 31 December	**319 668**	**202 466**	**-**
Of this:			
Asset retirement obligations	309 668	202 466	-
Accrued consideration from acquisitions of interests in licenses	10 000	-	-

Asset retirement obligations
Provisions for asset retirement obligations represent the future expected costs for close-down and removal of oil equipment and production facilities. The provision is based on the Operator's best estimate. The net present value of the estimated obligation is calculated using a discount rate of 3%. The assumptions are based on the economic environment around the balance sheet date. Actual asset retirement costs will ultimately depend upon future market prices for the necessary works which will reflect market conditions at the relevant time. Furthermore, the timing of the close-down is likely to depend on when the field ceases to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

Current provisions:

Amounts in NOK '000	31.12.2017	31.12.2016	01.01.2016
Asset retirement obligation related to the ongoing removal of installations on the Yme field	5 554	76 074	-
Total current provisions at 31 December	**5 554**	**76 074**	**-**

Note 15. Trade and other payables

Amounts in NOK '000	31.12.2017	31.12.2016	01.01.2016
Trade creditors	7 765	2 972	1 701
Holiday pay	3 743	2 698	691
Working capital, joint operations	34 837	18 064	-
Accrued interest bond loan	9 238	-	-
Accrued consideration from acquisitions of interests in licenses	8 940	-	-
Other accrued expenses	1 490	2 164	-
Total trade and other payables	**66 013**	**25 899**	**2 392**

The payables all mature within 6 months.

Note 16. Interest-bearing loans and borrowings

Amounts in NOK `000	31.12.2017	31.12.2016	01.01.2016
Bond loan	985 350	-	-
Capitalized fees bond loan	-22 038	-	-
Total interest-bearing loans and borrowings	**963 312**	-	-

In November 2017 the Company entered into a secured bond loan of USD 120 million. Maturity date for the entire loan is in November 2020. Interest rate is fixed at 7,5% with half-yearly interest payments.

The bond loan has security in all major assets of the Company and will be used to fund the Yme development as required by the loan agreement. When Yme is in production any unused loan amount may be used to fund other field developments. The net proceeds have been placed on an escrow account until released for Yme development purposes. USD 70 million of the proceeds have been converted into NOK to reflect the expected NOK denominated investments.

The bond agreement puts certain restrictions on dividend payments and capital reductions. The bond loan has financial covenants in addition to requirements with respect to equity increases. In order to fully utilize the proceeds from the bond loan, the loan agreement stipulates that new equity of in total USD 18 million is to be paid in and registered. The equity increases are to be made in tranches in advance of the utilization of the proceeds from the bond loan. Approximately USD 14 million of new equity has been paid in and registered in 2018.

Changes in intererest-bearing loans and borrowings:

Amounts in NOK `000	31.12.2017	31.12.2016
Interest bearing loans and borrowings 1 January	-	-
Cash flows:		
Gross proceeds from borrowings, bond loan	984 312	-
Transaction costs, bond loan	-22 897	-
Total cash flows:	**961 415**	
Non-cash changes:		
Amortization of transaction costs, bond loan	859	-
Foreign exchange movement, bond loan	1 038	-
Interest bearing loans and borrowings 31 December	**963 312**	-

Note 17. Intercompany loan

Amounts in NOK `000	31.12.2017	31.12.2016	01.01.2016
Loan from majority shareholder OKEA Holdings Ltd	1 141	20 237	-
Total intercompany loan	**1 141**	**20 237**	**-**

Interest rate is 5%.

Changes in intercompany loan:

Amounts in NOK `000	31.12.2017	31.12.2016
Intercompany loan 1 January	20 237	-
Cash flows:		
Proceeds from intercompany borrowings	92 280	258 937
Repayment of intercompany borrowings	-58 300	-
Total cash flows:	**54 217**	**258 937**
Non-cash changes:		
Conversion of debt to equity	-55 564	-238 700
Accrued interest	2 488	-
Interest bearing loans and borrowings 31 December	**1 141**	**20 237**

Note 18. Commitments and Contingencies

The Company has not been involved in any legal or financial disputes in 2017 or 2016.

Minimum work programmes
The Company is required to participate in the approved work programmes for the licenses. See note 10 for a specification of future committed capital expenditure.

Liability for damages/insurance
The Company's operations involves risk for damages, including pollution. Installations and operations are covered by an operations insurance policy.

Note 19. Related party transactions

Purchases of services from related parties:

Amounts in NOK `000	2017	2016
Seacrest Capital Group Ltd *	3 534	-
Kyllingstad, Kleveland Advokatfirma DA **	173	3 843

* Seacrest Capital Group Ltd is the controlling party of OKEA's majority shareholder OKEA Holdings Ltd.

** The Managing Partner of Kyllingstad, Kleveland Advokatfirma DA was a Board Member of OKEA through 2016.

Accounts payable, related parties:

Amounts in NOK `000	2017	2016
Seacrest Capital Group Ltd	3 534	-

See note 4 for information about compensation to CEO and Board of Directors.

See note 17 for information about loan from majority shareholder OKEA Holdings Ltd.

Note 20. Segment reporting

The Company has identified its reportable segments based on the nature of the risk and return within its business. The Company's only business segment is development and production of oil and gas on the Norwegian Continental Shelf.

All of the Company's sales revenue recognised in 2017 is from sale to one oil company which is a subsidiary of an international oil company with S&P long-term credit rating A+.

Note 21. Operating Leases

The Company has entered into an operating lease for office facilities. The lease has no arrangements regarding contingent payments and does not contain any restrictions on the company's dividend policy or financing.

Operating expenses related to lease agreements accounted for as operating leases

Amounts in NOK '000	2017	2016
Office, parking and equipment	3 081	2 643
Total	**3 081**	**2 643**

Future minimum lease payments under non-cancellable lease agreements

Amounts in NOK '000	2017	2016
Within 1 year	1 852	1 852
1 to 5 years	3 105	4 957
After 5 years		
Total	**4 957**	**6 808**

Note 22. Financial instruments

Financial instruments by category
Amounts in NOK '000

Year ended 31 December 2017

Financial assets

Amounts in NOK '000	Loans and receivables	Fair value through profit or loss	Total carrying amount
Trade and other receivables *	83 021		83 021
Restricted cash	907 799		907 799
Cash and cash equivalents	29 609		29 609
Total	**1 020 428**	**-**	**1 020 428**

Financial liabilities

Amounts in NOK '000	Amortized cost	Fair value through profit or loss	Total carrying amount
Trade and other payables *	31 773		31 773
Intercompany loan	1 141		1 141
Interest-bearing loans and borrowings	963 312		963 312
Total	**996 225**	**-**	**996 225**

* Prepaid expenses, accrued receivables and accrued expenses are not included.

Year ended 31 December 2016

Financial assets

Amounts in NOK '000	Loans and receivables	Fair value through profit or loss	Total carrying amount
Trade and other receivables *	99 933		99 933
Restricted cash	-		-
Cash and cash equivalents	37 889		37 889
Total	**137 822**	**-**	**137 822**

Financial liabilities

Amounts in NOK '000	Amortized cost	Fair value through profit or loss	Total carrying amount
Trade and other payables *	23 735		23 735
Intercompany loan	20 237		20 237
Interest-bearing loans and borrowings	-		-
Total	**43 971**	**-**	**43 971**

* Prepaid expenses, accrued receivables and accrued expenses are not included.

Year ended 31 December 2015 (01.01.2016)

Financial assets

Amounts in NOK '000	Loans and receivables	Fair value through profit or loss	Total carrying amount
Trade and other receivables *	-		-
Restricted cash	-		-
Cash and cash equivalents	8 744		8 744
Total	**8 744**	**-**	**8 744**

Financial liabilities

Amounts in NOK '000	Amortized cost	Fair value through profit or loss	Total carrying amount
Trade and other payables *	2 392		2 392
Intercompany loan	-		-
Interest-bearing loans and borrowings	-		-
Total	**2 392**	**-**	**2 392**

* Prepaid expenses, accrued receivables and accrued expenses are not included.

Fair value of financial instruments
It is assessed that the carrying amounts of financial assets and liabilities, except for interest-bearing loans and borrowings, is approximately equal to its fair values. For interest-bearing loans and borrowings, the fair value is estimated to be NOK 985 350 thousand at year end 2017. This estimation is based on no material change in market interest rate and credit risk since the borrowing.

Note 23. Financial Risk Management

Overview
The Company is exposed to a variety of risks, including credit risk, liquidity risk, interest rate risk, oil price risk and currency risk. This note presents information about the Company's exposure to each of the above mentioned risks, and the Company's objectives, policies and processes for managing such risks. The note also presents the Company's objectives, policies and processes for managing capital.

Credit risk
The Company has no significant credit risk. The Company is exposed to credit risk related to trade receivables and cash and cash equivalents. Sales are only made to customers that have not experienced any significant payment problems. Cash and cash equivalents are receivables from banks.

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

The table below shows a maturity analysis for financial liabilities:
The cash flows below assumes repayment on the latest date available, even if expected repayment may be earlier.

31.12.2017

Amounts in NOK '000	Carrying amount	Cash Flow	< 1 year	1-5 Year
Trade and other payables	31 773	31 773	31 773	
Intercompany loan	1 141	1 141	1 141	
Interest-bearing loans and borrowings	963 312	985 350		985 350
Total financial liabilities	**996 225**	**1 018 264**	**32 914**	**985 350**

31.12.2016

Amounts in NOK '000	Carrying amount	Cash Flow	< 1 year	1-5 Year
Trade and other payables	23 735	23 735	23 735	
Intercompany loan	20 237	20 237	20 237	
Interest-bearing loans and borrowings	-	-		
Total financial liabilities	**43 971**	**43 971**	**43 971**	**-**

01.01.2016

Amounts in NOK '000	Carrying amount	Cash Flow	< 1 year	1-5 Year
Trade and other payables	2 392	2 392	2 392	
Intercompany loan	-	-	-	
Interest-bearing loans and borrowings	-	-		
Total financial liabilities	**2 392**	**2 392**	**2 392**	**-**

The table below shows a maturity analysis for financial assets:

31.12.2017

Amounts in NOK '000	Carrying amount	Cash Flow	< 1 year	1-5 Year
Trade and other receivables	83 021	83 021	83 021	
Restricted cash	907 799	907 799	907 799	
Cash and cash equivalents	29 609	29 609	29 609	
Total financial assets	**1 020 428**	**1 020 428**	**1 020 428**	**-**

Note 23. Financial Risk Management (continued)

31.12.2016

Amounts in NOK '000	Carrying amount	Cash Flow	< 1 year	1-5 Year
Trade and other receivables	99 933	99 933	99 933	
Restricted cash	-	-	-	
Cash and cash equivalents	37 889	37 889	37 889	
Total financial assets	**137 822**	**137 822**	**137 822**	**-**

01.01.2016

Amounts in NOK '000	Carrying amount	Cash Flow	< 1 year	1-5 Year
Trade and other receivables	-	-	-	
Restricted cash	-	-	-	
Cash and cash equivalents	8 744	8 744	8 744	
Total financial assets	**8 744**	**8 744**	**8 744**	**-**

Interest rate risk
The Company has no borrowings with floating interest rate conditions and is consequently not exposed to interest rate risk related to borrowings. The bond loan has fixed interest rate at 7,5%.

Currency risk
The Company is exposed to foreign exchange rate risk related to the value of NOK relative to other currencies, mainly due to oil sales i USD, operational costs in USD and development costs in USD.

At 31 December 2017 the Company is exposed to exchange rate risk mainly due to bank deposits, escrow receivable related to Yme removal and bond loan in USD.

Sensitivity analysis at 31 December 2017:
If the NOK had gained 10% against the USD at 31 december 2017, the Company's net profit would have been NOK 40.1 million higher.
If the NOK had weakened 10% against the USD at 31 december 2017, the Company's net profit would have been NOK 40.1 million lower.

Sensitivity analysis at 31 December 2016:
If the NOK had gained 10% against the USD at 31 december 2016, the Company's net profit would have been NOK 5.9 million lower.
If the NOK had weakened 10% against the USD at 31 december 2016, the Company's net profit would have been NOK 5.9 million higher.

Oil price risk
The Company's revenue is from oil sales which is exposed to fluctuations in the oil price level.

Capital management
The overall objective of the Company is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure, and makes adjustments to it, in light of changes in economic conditions.

Note 24. Asset acquisitions

During 2017 and 2016 the Company completed the following acquisitions in interests in licenses on the Norwegian Continental shelf, accounted for as acquisitions of assets:

Year	License	Name	Interest	Seller	Effective date	Completion
2017	PL316/316B	Yme	5 %	Repsol Norge AS	01.01.2017	30.11.2017
2016	PL316/316B	Yme	10 %	Wintershall Norge AS	01.01.2016	30.11.2016
2016	PL038D	Grevling	30 %	Aker BP ASA	01.01.2016	31.10.2016

In addition, OKEA has increased its interest in PL038D Grevling with 40% from 30% to 70% during 2017. Subsequent to this increase in interest, the Company became the operator for this field.

Note 25. Business combinations

Acquisition of 0,554% interest in Ivar Aasen Unit in 2016

In July 2016 the Company completed the acquisition of a 0,554% interest in Ivar Aasen Unit (PL338BS) from OMV (Norge) AS. Effective date for the transaction was 1 January 2016. It is assessed that this transaction represent a business combination.

The excess of the consideration inclusive pro&contra settlement over the fair value of the net identifiable assets acquired is recorded as goodwill, and amounts to NOK 8 057 thousand.

The acquired business contributed net profit after tax of NOK 51 thousand to the Company for the period from acquisition to 31 December 2016. If the acquisition had occurred on 1 January 2016, pro-forma net loss for the twelve months ending 31 December 2016 would have been unchanged at NOK 5 659 thousand, since Ivar Aasen was under development until end of 2016.

Note 26. Transition to IFRS

The financial statements for fiscal year 2017 are the first annual accounts prepared by OKEA in accordance with IFRS. Financial statements in previous years were prepared in accordance with Norwegian generally accepted accounting policies (NGAAP) for small entities.

The accounting policies described in note 2 have been used to prepare the Company's accounts for 2017, comparable figures for 2016 and an IFRS opening balance sheet as at 1 January 2016, which is the Company's date of transition from NGAAP to IFRS.

This note explains the adjustments made in relation to NGAAP so that the balance sheets at 1 January 2016 and 31 December 2016 and the income statement for 2016 can be presented in accordance with IFRS.

Reconciliation effects resulting from transition to IFRS as per 31 December 2016

		NGAAP	Adjustments	IFRS
Amounts in NOK '000	Note	31.12.2016		31.12.2016
ASSETS				
Non-current assets				
Deferred tax assets	1	36 980	50	37 031
Goodwill	1	-	8 057	8 057
Exploration and evaluation assets		4 752		4 752
Oil and gas properties	1	525 487	-12 564	512 923
Furniture, fixtures and office equipment		224		224
Total non-current assets		**567 444**	**-4 457**	**562 987**
Current assets				
Trade and other receivables		105 561		105 561
Restricted cash		-	-	-
Cash and cash equivalents		37 889	-	37 889
Total current assets		**143 450**	**-**	**143 450**
TOTAL ASSETS		**710 894**	**-4 457**	**706 437**
EQUITY AND LIABILITIES				
Equity				
Share capital		11 337		11 337
Share premium		216 125		216 125
Unregistered share capital		146 968		146 968
Accumulated loss	1	-5 496	-4 457	-9 953
Total equity		**368 933**	**-4 457**	**364 477**
Non-current liabilities				
Provisions		202 466		202 466
Total non-current liabilities		**202 466**	**-**	**202 466**
Current liabilities				
Trade and other payables		25 899		25 899
Intercompany loan		20 237		20 237
Public dues payable		17 285		17 285
Provisions, current		76 074		76 074
Total current liabilities		**139 494**	**-**	**139 494**
Total liabilities		**341 960**	**-**	**341 960**
TOTAL EQUITY AND LIABILITIES		**710 894**	**-4 457**	**706 437**

Reconciliation of equity:	
Equity according to NGAAP 31.12.2016	368 933
Effect of acquisition of licences	-4 457
Equity according to IFRS 31.12.2016	364 477

Note 26. Transition to IFRS (continued)

Reconciliation effects resulting from transition to IFRS for the 2016 income statement

		NGAAP	Adjustments	IFRS
Amounts in NOK '000	Note	2016		2016
Revenues from crude oil and gas sales	2	494	-494	-
Other operating income	2	-	494	494
Total operating income		**494**	**-**	**494**
Production expenses		-148		-148
Exploration expenses		-547		-547
Depreciation, depletion and amortization		-178		-178
Employee benefits expenses		-13 772		-13 772
Other operating expenses		-14 281		-14 281
Total operating expenses		**-28 926**	**-**	**-28 926**
Profit / loss (-) from operating activities		**-28 432**	**-**	**-28 432**
Finance income		2 460		2 460
Finance costs		-5 334		-5 334
Net financial items		**-2 874**	**-**	**-2 874**
Profit / loss (-) before income tax		**-31 307**	**-**	**-31 307**
Income taxes	1	30 105	-4 457	25 648
Net profit / loss (-) for the period		**-1 202**	**-4 457**	**-5 659**

Notes:

1. The acquisition of interest in Ivar Aasen in 2016 was treated as an asset acquisition under NGAAP. Under IFRS the acquisition is treated as a business combination, with recognition of deferred tax and goodwill. See note 25 for further information.

2. Reclassification of revenue; under IFRS the sales amount of the lifted and delivered volumes are presented as revenues from crude oil and gas sales, while the change in over/under lift is presented as other operating income.

Note 26. Transition to IFRS (continued)

Reconciliation effects resulting from transition to IFRS as per 1 January 2016

The transition from NGAAP to IFRS did not result in any transition differences as per 1 January 2016.

		NGAAP	Adjustments	IFRS
Amounts in NOK `000	Note	31.12.2015		01.01.2016
ASSETS				
Non-current assets				
Deferred tax assets		10 616		10 616
Goodwill		-		-
Exploration and evaluation assets		-		-
Oil and gas properties		-		-
Furniture, fixtures and office equipment		30		30
Total non-current assets		**10 646**	**-**	**10 646**
Current assets				
Trade and other receivables		1 995		1 995
Restricted cash		-	-	-
Cash and cash equivalents		8 744	-	8 744
Total current assets		**10 738**	**-**	**10 738**
TOTAL ASSETS		**21 384**	**-**	**21 384**
EQUITY AND LIABILITIES				
Equity				
Share capital		1 100		1 100
Share premium		20 900		20 900
Unregistered share capital		-		-
Accumulated loss		-4 294		-4 294
Total equity		**17 706**	**-**	**17 706**
Non-current liabilities				
Provisions		-		-
Total non-current liabilities		**-**	**-**	**-**
Current liabilities				
Trade and other payables		2 392		2 392
Intercompany loan		-		-
Public dues payable		1 287		1 287
Provisions, current		-		-
Total current liabilities		**3 679**	**-**	**3 679**
Total liabilities		**3 679**	**-**	**3 679**
TOTAL EQUITY AND LIABILITIES		**21 384**	**-**	**21 384**

Reconciliation of equity:	
Equity according to NGAAP 01.01.2016	17 706
Equity according to IFRS 01.01.2016	17 706

Note 27. Reserves (unaudited)

Proved and probable reserves	Mill barrels oil equivalents (mmboe) 2017	2016
Balance at 1 January	7,5	-
Acquisition of reserves	3,3	7,5
Reclassification and other changes	-0,0	-
Production	-0,1	-0,0
Total reserves at 31 December	**10,6**	**7,5**

Expected reserves represent the Company's share of reserves according to the SPE/ WPC/ AAPG/ SPEE Petroleum Resources Management system (SPE - PRMS) published in 2007 and with Oslo Stock Exchange's requirements for the disclosure of hydrocarbon reserves and contingent resources; circular 9/ 2009. The figures represent best estimate of proved and probable reserve estimates (mean).

Note 28. Events after the balance sheet date

In 2018 OKEA has restructured the Company's equity, by way of transforming the preference shares into ordinary shares. The restructuring included a reduction of the Company's share capital, by repayment of the par value of the preference shares with NOK 23 299 700, from NOK 24 738 100 to NOK 1 438 400. Subsequent to the share capital reduction, a related increase of the Company's share capital with NOK 1 686 600, from NOK 1 438 400 to NOK 3 125 000, where the amount paid out of the Company in the share capital reduction (by way of establishing a receivable on the Company) was used as contribution on the new shares that were issued. The net effect of this restructuring of the Company's equity was a transforming of the preference shares into ordinary shares.

OKEA has in 2018 issued 590 144 new shares at a price of NOK 179 paid in cash, adding MNOK 105.6 in total new equity.

The Company has in 2018 issued 125 000 warrants to existing minority shareholders as of 31st December 2017.

In 2018 OKEA has entered into an agreement for divesting 15% of the license Grevling to Chrysaor.

The plan for development and operation of Yme New Development was approved by Norwegian authorities in 2018.

Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2016 - GENERELL INFORMASJON

Enheten	
Organisasjonsnummer:	915 419 062
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	OKEA AS
Forretningsadresse:	Ferjemannsveien 10 7042 TRONDHEIM
Regnskapsår	
Årsregnskapets periode:	01.01.2016 - 31.12.2016
Konsern	
Morselskap i konsern:	Nei
Regnskapsregler	
Regler for små foretak benyttet:	Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Årsregnskapet fastsatt av kompetent organ	
Bekreftet av representant for selskapet:	Knut Evensen
Dato for fastsettelse av årsregnskapet:	21.05.2017

Grunnlag for avgivelse

År 2016: Årsregnskapet er elektronisk innlevert

År 2015: Tall er hentet fra elektronisk innlevert årsregnskap fra 2016

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 04.04.2019

Resultatregnskap

Beløp i: NOK	Note	2016	2015
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		494 000	
Sum inntekter		**494 000**	
Kostnader			
Produksjonskostnader		148 000	
Lønnskostnad	4	13 772 000	7 710 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	8	178 000	2 000
Annen driftskostnad	5	14 281 000	7 329 000
Letekostnader		547 000	
Sum kostnader		**28 926 000**	**15 041 000**
Driftsresultat		**-28 432 000**	**-15 041 000**
Finansinntekter og finanskostnader			
Annen finansinntekt	6	2 460 000	131 000
Sum finansinntekter		**2 460 000**	**131 000**
Annen finanskostnad	6	5 335 000	
Sum finanskostnader		**5 335 000**	
Netto finans		**-2 875 000**	**131 000**
Ordinært resultat før skattekostnad		**-31 307 000**	**-14 910 000**
Skattekostnad på ordinært resultat	7	-30 105 000	-10 616 000
Ordinært resultat etter skattekostnad		**-1 202 000**	**-4 294 000**
Årsresultat		**-1 202 000**	**-4 294 000**

Balanse

Beløp i: NOK	Note	2016	2015
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Aktiverte letekostnader	8	4 753 000	
Utsatt skattefordel	7	36 980 000	10 616 000
Sum immaterielle eiendeler		**41 733 000**	**10 616 000**
Varige driftsmidler			
Olje og gass eiendeler	9	525 487 000	
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	9	224 000	30 000
Sum varige driftsmidler		**525 711 000**	**30 000**
Sum anleggsmidler		**567 444 000**	**10 646 000**
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	10	105 561 000	1 994 000
Sum fordringer		**105 561 000**	**1 994 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	11	37 889 000	8 744 000
Sum bankinnskudd, kontanter og lignende		**37 889 000**	**8 744 000**
Sum omløpsmidler		**143 450 000**	**10 738 000**
SUM EIENDELER		**710 894 000**	**21 384 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	12	11 337 000	1 100 000
Overkurs		216 125 000	20 900 000

Balanse

Beløp i: NOK	Note	2016	2015
Annen innskutt egenkapital		146 968 000	
Sum innskutt egenkapital		**374 430 000**	**22 000 000**
Opptjent egenkapital			
Udekket tap		5 497 000	4 294 000
Sum opptjent egenkapital		**-5 497 000**	**-4 294 000**
Sum egenkapital		**368 933 000**	**17 706 000**
Gjeld			
Langsiktig gjeld			
Andre avsetninger for forpliktelser	13	202 466 000	
Sum avsetninger for forpliktelser		**202 466 000**	
Annen langsiktig gjeld			
Sum langsiktig gjeld		**202 466 000**	**0**
Kortsiktig gjeld			
Skyldige offentlige avgifter		17 285 000	1 287 000
Kortsiktig konserngjeld		20 237 000	
Leverandørgjeld og annen kortsiktig gjeld	14	25 899 000	2 392 000
Avsetninger, kortsiktig	13	76 074 000	
Sum kortsiktig gjeld		**139 495 000**	**3 679 000**
Sum gjeld		**341 961 000**	**3 679 000**
SUM EGENKAPITAL OG GJELD		**710 894 000**	**21 385 000**

OKEA AS

Annual financial statements 2016

DIRECTORS' REPORT 2016

About OKEA AS
OKEA AS ("OKEA" or "the Company") was established in 2015. The Company's aim is to contribute to the value creation on the Norwegian Continental Shelf with cost effective development and operation systems. The Company is located in Trondheim, Norway.

During 2016 the Company completed the following acquisitions or interests in licenses on the Norwegian Continental shelf:

- 10% in the Yme field (PL316/PL316B) from Wintershall Norge AS;
- 0.554% in Ivar Aasen field (PL338BS) from OMV (Norge) AS, and
- 30% in Grevling field (PL038D) from Aker BP ASA.

Production from Ivar Aasen started up in December 2016.

In addition, the Company has entered into an agreement with Repsol Norge AS for the acquisition of 45% in the Yme field. This transaction, which is pending the submittal of a revised Plan for Development and Operation (PDO) for Yme and approval from Norwegian authorities, is expected to be completed in 2017.

The financial statements
Loss from operating activities was NOK 28,432 thousand. Loss before income tax at the end of 2016 amounted to NOK 31,307 thousand. Net loss was NOK 1,202 thousand in 2016.

At the end of 2016, capitalised deferred tax asset amounted to NOK 36,980 thousand. The amount is mainly related to offshore tax losses.

The operations of the Company are financed through equity. The Company's equity ratio is considered to be at an acceptable level.

Pursuant to § 3-3 of the Norwegian Accounting Act the Board of Directors confirm that the conditions for continued operations as a going concern are present for the Company and that the annual financial statements for 2016 have been prepared under this presumption.

Allocation of loss for the year
In 2016, OKEA posted a net loss of NOK 1,202 thousand. The Board of Directors proposes the following allocation (NOK thousand):

Transferred to retained earnings: NOK 1,202 thousand

Risk factors
The Company is not exposed to particular risk factors other than those that are common for oil companies in the development and production phase.

Health, safety and environment/equal opportunities
The Company had 22 employees at year end of which seven are female. At present there are no female members of the Board of Directors. No particular actions have been implemented or are planned to promote gender equality in the Company.

The work environment is considered to be good. There was no absence from sick leave in 2016. There have been no occurrences or reports of accidents or injuries during the year, and no major or significant material damage.

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

The Company has established and implemented a focused Health, Safety, Environment and Quality strategy and policy resulting in a proactive stance as well as an ownership culture among employees in all aspects of the business. A primary goal for OKEA is to establish a culture of openness with no barriers related to all aspects of HSEQ both within the Company and when working with stakeholders in order to secure a safe working environment, high level of quality and minimal impact on the environment.

Trondheim, 19th May 2017
The Board of Directors of OKEA AS

Henrik Schröder
Chairman of the Board

Paul Anthony Murray
Board Member

Ola Borten Moe
Board Member

Erik Haugane
CEO and Board Member

The Company has established and implemented a focused Health, Safety, Environment and Quality strategy and policy resulting in a proactive stance as well as an ownership culture among employees in all aspects of the business. A primary goal for OKEA is to establish a culture of openness with no barriers related to all aspects of HSEQ both within the Company and when working with stakeholders in order to secure a safe working environment, high level of quality and minimal impact on the environment.

Trondheim, 19th May 2017
The Board of Directors of OKEA AS

Henrik Schrøder *Chairman of the Board*	Paul Anthony Murray *Board Member*
Ola Borten Moe *Board Member*	Erik Haugane *CEO and Board Member*

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The Company has established and implemented a focused Health, Safety, Environment and Quality strategy and policy resulting in a proactive stance as well as an ownership culture among employees in all aspects of the business. A primary goal for OKEA is to establish a culture of openness with no barriers related to all aspects of HSEQ both within the Company and when working with stakeholders in order to secure a safe working environment, high level of quality and minimal impact on the environment.

Trondheim, 19th May 2017
The Board of Directors of OKEA AS

Henrik Schröder
Chairman of the Board

Paul Anthony Murray
Board Member

Ola Borten Moe
Board Member

Erik Haugane
CEO and Board Member

Statement of Income

Amounts in NOK `000	Note	2016	2015
Revenues from crude oil and gas sales		494	-
Production expense		-148	-
Exploration expense		-547	-
Depreciation, depletion and amortization	8	-178	-2
Employee benefits expense	4	-13 772	-7 710
Other operating expense	5	-14 281	-7 329
Total operating expenses		**-28 926**	**-15 041**
Profit / loss (-) from operating activities		**-28 432**	**-15 041**
Finance income	6	2 460	131
Finance costs	6	-5 334	-
Net financial items		**-2 874**	**131**
Profit / loss (-) before income tax		**-31 307**	**-14 910**
Income tax	7	30 105	10 616
Net profit / loss (-) for the period		**-1 202**	**-4 294**

Balance Sheet at 31 December

Amounts in NOK	Note	31.12.2016	31.12.2015
Assets			
Non-current assets			
Intangible assets			
[illegible]	7	[illegible]	[illegible]
[illegible]	8	4 762	-
Total intangible assets		41 733	10 616
Tangible assets			
[illegible]	[illegible]	5?? 487	-
[illegible]	4	224	30
Total tangible assets		525 711	30
Total non-current assets		567 444	10 646
Current assets			
[illegible]	10	105 55?	[illegible]
Cash and cash equivalents	11	37 9??	8 744
Total current assets		143 450	10 736
TOTAL ASSETS		710 894	21 384
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	12	51 037	1 100
Share premium		216 126	20 900
Not registered share capital		106 2??	-
Total paid-in capital		374 430	22 000
Retained earnings		-5 498	-4 294
Total equity		368 9??	17 706
Non-current liabilities			
Provisions	13	202 455	-
Total non-current liabilities		202 455	-
Current liabilities			
Trade and other payables	[illegible]	25 639	2 192
Intercompany loan		23 237	-
[illegible]		17 295	1 48?
[illegible] current	13	75 074	-
Total current liabilities		139 4?4	3 678
Total liabilities		341 850	3 678
TOTAL EQUITY AND LIABILITIES		710 894	21 384

[illegible] 19th May 2017

[illegible] — Chairman of the Board

[illegible] — Board Member

[illegible] — Board Member

[illegible] — CEO and Board Member

Balance Sheet at 31 December

Amounts in NOK '000	Note	31.12.2016	31.12.2015
ASSETS			
Non-current assets			
Intangible assets			
Deferred tax asset	7	36 980	10 616
Exploration and evaluation asset	8	4 752	-
Total intangible assets		**41 733**	**10 616**
Tangible assets			
Oil and gas properties	9	525 487	-
Furniture, fixtures and office equipment	9	224	30
Total tangible assets		**525 711**	**30**
Total non-current assets		**567 444**	**10 646**
Current assets			
Trade and other receivables	10	105 561	1 995
Cash and cash equivalents	11	37 889	8 744
Total current assets		**143 450**	**10 738**
TOTAL ASSETS		**710 894**	**21 384**
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	12	11 337	1 100
Share premium		216 125	20 900
Not registered share capital		146 968	-
Total paid-in capital		**374 430**	**22 000**
Retained earnings		**-5 496**	**-4 294**
Total equity		**368 933**	**17 706**
Non-current liabilities			
Provisions	13	202 466	-
Total non-current liabilities		**202 466**	**-**
Current liabilities			
Trade and other payables	14	25 899	2 392
Intercompany loan		20 237	-
Public dues payable		17 285	1 287
Provisions, current	13	76 074	-
Total current liabilities		**139 494**	**3 679**
Total liabilities		**341 960**	**3 679**
TOTAL EQUITY AND LIABILITIES		**710 894**	**21 384**

Trondheim, 19th May 2017

Henrik Schröder
Chairman of the Board

Paul Anthony Murray
Board Member

Ola Borten Moe
Board Member

Erik Haugane
CEO and Board Member

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Note 1. Corporate Information

OKEA AS ("OKEA" or "the Company") aim is to contribute to the value creation on the Norwegian Continental Shelf with cost effective development and operation systems.

OKEA is a limited liability company incorporated and domiciled in Norway. Its registered office is at Ferjemannsveien 10, 7042 Trondheim, Norway.

Note 2. Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles for small companies.

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

Balance Sheet Classification and valuation

Current assets and current liabilities include items due less than a year from the balance sheet date, and items related to the operating cycle, if longer. Other assets and liabilities are classified as non-current. The current portion of non-current debt is included under current liabilities.

Current assets are valued at the lower of acquisition cost and fair value. Current liabilities are recognised at nominal value.

Non-current assets are valued at cost, less depreciation and impairment losses. Non-current liabilities are recognised at nominal value.

Interest in Oil and Gas Licenses

The Company accounts for its interest in oil and gas licenses based on its ownership interest in the license, i.e. by recording its share of the licenses individual income, expenses, assets and liabilities, on a line-by-line basis with similar items in the Company's financial statements.

Use of Judgments and Estimates

The preparation of financial statements requires management to make judgments, use estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses.

Although these estimates are based on management's best knowledge of historical experience and current events, actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Changes in estimates will be recognised when new estimates can be determined with certainty.

Foreign Currency Translation and Transactions

Functional currency and reporting currency

The functional currency and the reporting currency of the Company is NOK.

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into functional currency at the balance sheet date exchange rates. Non-monetary items are translated at the historical exchange rate on the transaction date and non-monetary items that are measured at fair value are translated at the exchange rate on the date when the fair value was determined. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Revenue Recognition

Revenues from Production of Oil and Gas

Revenues from the production of oil and gas properties are recognised on the basis of the Company's net working interest in those properties, regardless of whether the production is lifted and sold (the entitlement method). The revenue recognition according to the entitlement method is based on actual production in the period. Underlift and overlift of oil and gas follows from the entitlement method and is valued at its net realisable value on the balance sheet date. Underlift and overlift is calculated as the difference between the Company's share of production and its actual sales and are classified as respectively current assets and current liabilities. If accumulated production exceeds accumulated sales there is an underlift (asset) and if accumulated sales exceeds accumulated production there is an overlift (liability).

Revenues from sales of services are recorded when the service has been performed.

Property, Plant and Equipment, including Oil and Gas Properties

General

Property, plant and equipment acquired by the Company are stated at historical cost, less accumulated depreciation and any impairment charges. Depreciation of other assets than oil and gas properties are calculated on a straight-line basis and adjusted for residual values and impairment charges, if any.

Ordinary repairs and maintenance costs, defined as day-to-day servicing costs, are charged to the income statement during the financial period in which they are incurred. The cost of major overhauls is included in the asset's carrying amount when it is probable that the Company will derive future economic benefits in excess of the originally assessed standard of performance of the existing asset. Major overhauls are depreciated over the period to the next major overhaul.

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

Depreciation of Oil and Gas Properties

Capitalised costs for oil & gas fields in production are depreciated individually (on a field level) using the unit-of-production method. The depreciation is calculated based on proved and probable reserves. The rate of depreciation is equal to the ratio of oil and gas production for the period over the estimated remaining proved and probable reserves expected to be recovered at the beginning of the period. The rate of depreciation is multiplied with the carrying value plus estimated future capital expenditure necessary to develop any undeveloped reserves included in the reserve basis. Any changes in the reserves estimate that affect unit-of-production calculations, are accounted for prospectively over the revised remaining reserves.

Exploration and Development Costs for Oil and Gas Properties

The Company uses the 'successful efforts' method to account for exploration and development costs. All exploration costs with the exception of acquisition costs of licenses and drilling costs of exploration wells are charged to expense as incurred.

Drilling costs of exploration wells are temporarily capitalised pending the determination of oil and gas reserves. If reserves are not found, or if discoveries are assessed not to be technically and commercially recoverable, the drilling costs of exploration wells are expensed. Costs of acquiring licenses are capitalised and assessed for impairment at each reporting date.

Costs of developing commercial oil and/or gas fields are capitalised. Capitalised development costs are classified as tangible assets. License acquisition costs and capitalised exploration costs are classified as intangible (during exploration phase). See section Intangible assets - Exploration and evaluation assets. Acquisition cost of fields in development is classified as tangible assets.

Acquisitions of interest in oil and gas licenses
Acquisitions of interests in oil and gas licenses are normally accounted for as asset acquisitions. The consideration for the interest will be allocated to individual assets and liabilities acquired.

Intangible Assets

General
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life. These intangible assets are subject to impairment testing when there is an indication that the intangible asset may be impaired.

Exploration and Evaluation Assets
Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, and before reclassification as described below.

Intangible assets relating to expenditure on the exploration for and evaluation of oil and gas resources are reclassified from intangible assets to property, plant and equipment (under development) when technical feasibility and commercial viability of the assets are demonstrable, and decision to develop a particular area is made. The assets are assessed for impairment, and any impairment loss recognised, before such reclassification.

These assets are subject to unit-of-production depreciations if and when production from the field is commenced.

Impairment of Assets

Property, plant and equipment and other non-current assets are subject to impairment testing when there is an indication that the assets may be impaired. If any indications exist, an impairment test is performed, i.e. the Company estimates the recoverable amount of the asset.

The recoverable amount is the higher of fair value less expected cost to sell and value in use (present value based on the future use of the asset). If the carrying amount of an asset is higher than the recoverable amount an impairment loss is recognised in the income statement. The impairment loss is the amount by which the carrying amount of the asset exceeds the recoverable amount.

The value in use is determined by reference to discounted future net cash flows expected to be generated by the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. An oil and gas field is considered to be one cash generating unit, all other assets are assessed separately.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount.

Provisions

General
A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount of the provision is the present value of the risk adjusted expenditures expected to be required to settle the obligation, determined using the estimated risk free interest rate as discount rate. Where discounting is used, the carrying amount of provision increases in each period to reflect the unwinding of the discount by the passage of time. This increase is recognised as finance cost.

Asset Retirement Obligations
The Company recognises the estimated fair value of asset retirement obligations in the period in which it is incurred. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. This cost includes the cost of dismantlement or removal of oil and gas installations. The present value of the obligations is recognised when the assets are constructed and ready for production, or at the later date when the obligation is incurred.

Related asset retirement costs are capitalised as part of the carrying value of the tangible fixed asset and are depreciated over the useful life of the asset, i.e. unit-of-production method. The liability is accreted for the change in its present value each reporting period. Accretion expense related to the time value of money is classified as part of financial expense.

The provision and the discount rate are reviewed at each balance sheet date.

Income Taxes
The income tax expense/credit consists of current income tax (taxes payable/receivable) and changes in deferred income tax.

Current Income Tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Oil-exploration companies operating on the Norwegian Continental Shelf under the offshore tax regime can claim a 78% refund of their exploration costs, limited to taxable losses for the year. The refund is paid out in December in the following year. This tax receivable is classified as a current asset.

Deferred Income Tax
Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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 (including interest) from the tax authorities when operations cease. Deferred tax assets that are based on offshore tax losses carry forward are therefore normally recognised in full. The carrying amount of deferred income tax assets related to onshore activities are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets related to onshore activities are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority/tax regime. Timing differences are considered.

Pensions

According to Norwegian law employees are mandatory members of the Norwegian Pension Scheme ("obligatorisk tjenestepensjon"). The scheme is a defined contribution plan. The premiums paid are charged to the income statement.

Cash and Cash Equivalents

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

Note 3. Asset acquisitions

During 2016 the Company completed the following acquisitions in interests in licenses on the Norwegian Continental shelf:

License	Name	Share	Seller	Effective date	Completion
PL316/316B	Yme	10%	Wintershall Norge AS	01.01.2016	30.11.2016
PL338BS	Ivar Aasen Unit	0.554%	OMV (Norge) AS	01.01.2016	08.07.2016
PL038D	Grevling	30%	Aker BP ASA	01.01.2016	31.10.2016

In addition, the Company has entered into an agreement with Repsol Norge AS for the acquisition of 45% in the Yme field. This transaction is pending approval from Norwegian authorities, and is expected to be completed in 2017. In connection with this agreement, the Company has agreed to cover Repsols share of costs (60%) in 2016 related to the Yme New Development. These costs have been capitalized together with other additions related to Yme as "Oil and gas properties under development" . See note 9. The Company will under the agreement cover Repsols share of costs as an accelerated pro & contra related to the Yme New Development until a revised Plan for Development and Operation (PDO) has been submitted to the Norwegian authorities.

Note 4. Employee benefits expense

Specification of employee benefits expense

Amounts in NOK '000	2016	2015
Salary expenses	24 530	6 251
Employer's payroll tax expenses	3 859	898
Pensions	2 312	502
Other personnel expenses	310	59
Reclassified to oil and gas properties under development	-17 238	-
Total employee benefits expense	**13 772**	**7 710**
Number of man-years during the year	17	4

Pensions

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

Compensation to Chief Excecutive Officer (CEO):

Amounts in NOK '000	2016	2015
Salary	2 199	1 342
Pension	157	89
Other benefits	12	5
Total compensation to CEO	**2 368**	**1 436**

Compensation to Board of Directors:

Amounts in NOK '000	2016	2015
Director's fees	-	-
Total compensation to Board of Directors	-	-

No loans have been granted and no guarantees have been issued to CEO or any member of the Board of Directors.

Note 5. Other operating expenses

Specification of other operating expenses

Amounts in NOK '000	2016	2015
Lease expenses	2 643	916
Technical consultants	51 429	1 132
Business consultants	6 656	3 388
Travel expenses	2 445	772
Other operating expenses	5 449	1 120
Reclassified to oil and gas properties under development	-54 341	-
Total other operating expenses	**14 281**	**7 329**

Auditor's fees (ex. VAT)

Amounts in NOK '000	2016	2015
Auditor's fee	150	-
Other attestation services	92	
Tax advisory services	188	
Other services	25	
Total auditor's fees	**455**	**-**

Note 6. Financial items

Amounts in NOK '000	2016	2015
Interest income	110	3
Exchange rate gain	2 350	128
Total finance income	**2 460**	**131**
Interest expense intercompany	-2 057	-
Other interest expense	-591	-
Exchange rate loss	-2 175	-
Other financial expense	-511	-
Total finance costs	**-5 334**	**-**

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Note 7. Taxes

Income taxes recognised in the income statement

Amounts in NOK `000	2016	2015
Change in deferred tax	26 364	10 616
Tax refund current year	3 741	
Total income taxes recognised in the income statement	**30 105**	**10 616**

Reconciliation of income taxes

Amounts in NOK `000	2016	2015
Profit / loss (-) before income taxes	**-31 307**	**-14 910**
Expected income tax at nominal tax rate (25%)	7 827	4 026
Expected petroleum tax (53%)	16 592	7 604
Permanent differences	-59	-32
Effect of uplift	6 825	-
Financial items	-1 262	-945
Effect of new tax rates	86	-37
Adjustments previous year and other	96	-
Total income taxes recognised in the income statement	**30 105**	**10 616**
Effective income tax rate	**-96 %**	**-71 %**

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

Amounts in NOK `000	31.12.2016	31.12.2015
Tangible and intangible non-current assets	-224 948	-6
Provisions	217 261	-
Current items	-136	-
Tax losses carried forward, offshore 24%	12 352	3 719
Tax losses carried forward, offshore 54%	25 497	6 903
Uplift carried forward, offshore 54%	6 954	-
Total deferred tax assets / liabilities (-)	36 980	10 616
Valuation allowance for deferred tax assets	-	-
Total deferred tax assets / liabilities (-) recognised	**36 980**	**10 616**

Deferred tax is calculated based on tax rates applicable on the balance sheet date. Ordinary income tax is 25% (from 2017: 24%) , to which is added a special tax for oil and gas companies at the rate of 53% (from 2017: 54%), 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.

There is no time limit on the right to carry tax losses forward in Norway.

Note 8. Exploration and Evaluation assets

Amounts in NOK '000	Exploration and evaluation assets
2016	
Cost at 1 January 2016	-
Additions	4 752
Disposals	-
Expensed exploration expenditures previously capitalised	-
Cost at 31 December 2016	**4 752**
Accumulated amortisation and impairment at 1 January 2016	-
Amortisation for the year	-
Impairment	-
Disposals	-
Accumulated amortisation and impairment at 31 December 2016	**-**
Carrying amount at 31 December 2016	**4 752**

Note 9. Fixed assets

Amounts in NOK '000	Oil and gas properties in production	Oil and gas properties under development	Furniture, fixtures and office machines	Total
2016				
Cost at 1 January 2016	-	-	33	33
Additions	-	250 153	200	250 353
Removal and decommissioning asset	-	275 505	-	275 505
Disposals	-	-	-	-
Transfer of assets	135 603	-135 603	-	-
Cost at 31 December 2016	**135 603**	**390 056**	**233**	**525 891**
Accumulated depreciation and impairment at 1 January 2016	-	-	-2	-2
Depreciation for the year	-171	-	-7	-178
Impairment	-	-	-	-
Disposals	-	-	-	-
Accumulated depreciation and impairment at 31 December 2016	**-171**	**-**	**-9**	**-180**
Carrying amount at 31 December 2016	**135 431**	**390 056**	**224**	**525 711**
Depreciation plan	Unit of Production	1)	Linear	
Estimated useful life (years)	N/A		3 - 5	

1) Depreciation starts when the asset is in production.

Note 10. Trade and other receivables

Amounts in NOK '000	31.12.2016	31.12.2015
Accounts receivable	6 583	-
Prepayments	1 109	951
Working capital, joint venture	16 014	-
Escrow receivable, Yme removal	77 335	-
Underlift	494	-
VAT receivable	-	1 043
Tax refund	3 740	-
Other receivables	284	-
Total trade and other receivables	**105 561**	**1 995**

The receivables all mature within one year.

Note 11. Cash and cash equivalents

Amounts in NOK '000	31.12.2016	31.12.2015
Bank deposits, unrestricted	36 283	7 906
Bank deposit, restricted, employee taxes	1 606	838
Total cash and cash equivalents	**37 889**	**8 744**

Note 12. Share capital, shareholder information and changes in equity

Number of shares	Ordinary shares	Preference shares	Total shares
Outstanding shares at 1.1.2016	10 000	1 000	11 000
New shares issued during 2016:			
Issued in connection with debt conversion	460	45 566	46 026
Issued in exchange for cash	3 690	52 649	56 339
Number of outstanding shares at 31 December	**14 150**	**99 215**	**113 365**
Nominal value NOK per share at 31 December 2016			100
Share capital NOK at 31 December 2016			11 336 500

The Company has two classes of shares. The holders of the preference shares have a preferred right to a cumulative 8% dividend on invested preference capital as well as return of capital from the Company before the holders of ordinary shares will receive any return of capital or dividend. As of December 31, 2016, the total unpaid and undeclared amount of cumulative dividend on preference capital was NOK 8 180 thousand, which becomes payable pursuant to Board's approval. No dividend have been proposed or paid in 2016.

Shareholders, number of shares	Ordinary shares	Preference shares	% Share
Azinor Production Limited	11 810	99 215	97,9 %
Other shareholders (*)	2 340	-	2,1 %
Total	**14 150**	**99 215**	**100,0 %**

(*) Erik Haugane (CEO and Board Member) indirectly controls 0.4 % of the shares through Kørven AS. Ola Borten Moe (Board Member) also indirectly controls 0.4% of the shares through Skjefstad Vestre AS.

Changes in equity

Amounts in NOK '000	Share capital	Share premium	Not registered share capital	Retained earnings	Total equity
Equity at 1 January 2016	1 100	20 900	-	-4 294	17 706
Share issues	10 237	195 225	146 968		352 430
Net profit / loss (-) for the period				-1 202	-1 202
Equity at 31 December 2016	**11 337**	**216 125**	**146 968**	**-5 496**	**368 933**

Note 13. Provisions

Amounts in NOK '000	31.12.2016
2016	
Provision at 1 January 2016	-
Additions	201 873
Changes in Operator's estimate	-
Unwinding of discount	593
Total provisions at 31 December	**202 466**

Asset retirement obligations
Provisions for asset retirement obligations represent the future expected costs for close-down and removal of oil equipment and production facilities. The provision is based on the Operator's best estimate. The net present value of the estimated obligation is calculated using a discount rate. The assumptions are based on the economic environment around the balance sheet date. Actual asset retirement costs will ultimately depend upon future market prices for the necessary works which will reflect market conditions at the relevant time. Furthermore, the timing of the close-down is likely to depend on when the field ceases to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

In addition to the non-current provision in the table above, the Company has a current provison for asset retirement obligation of NOK 78,516 thousand. The current provision is related to the ongoing removal of installations on the Yme field and is covered by a similar receivable held on an escrow account. See note 10.

Note 14. Trade and other payables

Amounts in NOK '000	31.12.2016	31.12.2015
Trade creditors	2 972	1 701
Holiday pay	2 698	691
Working capital, joint venture	18 064	-
Other accrued expenses	2 164	-
Total trade and other payables	**25 899**	**2 392**

The payables all mature within 6 months.

Note 15. Contingent liabilities

The Company has not been involved in any legal or financial disputes in 2016.

Note 16. Related party transactions

Purchases of services from related parties:

Amounts in NOK `000	2016	2015
Kyllingstad, Kleveland Advokatfirma DA (*)	3 843	2 900

* The Managing Partner of Kyllingstad, Kleveland Advokatfirma DA was a Board Member of OKEA through 2016.

Note 17. Events after the balance sheet date

No events have taken place after the balance sheet date that would have affected the financial statements or any assessments carried out.

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To the General Meeting of OKEA AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of OKEA AS showing a loss of NOK 1 202 000. The financial statements comprise the balance sheet as at 31 December 2016, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2016, and its financial performance 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 Board of Directors' 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.

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Independent Auditor's Report - OKEA AS

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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.

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

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audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss 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.

Stavanger, 19 May 2017
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorised Public Accountant (Norway)

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	23.02.2016	29.02.2016
Telefon	Deres referanse	Vår referanse
22078139	Erik Haugane	2016/170074

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Ferjemannsveien 10
7042 TRONDHEIM

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Okea AS, org. nr. 915 419 062

Vi viser til deres brev av 23. februar 2016 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Okea AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Okea AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Okea AS er et nystartet oljeselskap. Selskapets hovedaktivitet er å delta i utbygging og produksjon av olje og naturgass på norsk sokkel. Selskapets hovedaksjonær er Azinor Production Limited. Selskapets arbeidsspråk er engelsk. Selskapet opererer innen oljebransjen, der engelsk er det klart dominerende språket. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal*

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org.nr: 996250316	Telefaks
	E-post: skatteetaten.no/sendepost	22 17 06 60

gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er eid av et utenlandsk selskap. Eierkretsen er begrenset. Selskapet opererer innen oljebransjen, der engelsk er det klart dominerende språket. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer

APPENDIX C:

QUARTER 1 FINANCIAL REPORT 2019

2019Q1

Quarterly Report

okea.no

First quarter 2019 summary

Highlights

- OKEA reported total operating income of NOK 764 (2) million.
- Profit from operating activities of NOK 175 (-18) million for the first quarter 2019.
- Net profit / loss (-) was NOK 3 (0) million.
- The Gjøa license operator, Neptune Energy Norge, submitted development plans for the P1 project. Estimated overall capital expenditure of the Project is NOK 4 732 million, whereas OKEAs part (12%) is NOK 568 million.
- OKEA was awarded four new licenses on the NCS under the Award in Pre-Defined Areas (APA) for 2018, whereof three of them as operator.
- OKEA AS has in the quarter farmed into a 50% working interest and operatorship on PL958. PL958 is located 10 km east of the Draugen Field, where OKEA is operator, and east of PL1001 where OKEA is partner. The acreage is in the exploration phase.

(All amounts in brackets refer to corresponding period previous year)

Financial and operational summary

	Unit	Q1 2019	Q1 2018	Full year 2018
Revenue from crude oil and gas sales	NOKm	748	2	150
EBITDA [1)]	NOKm	413	-13	149
Net profit / loss (-)	NOKm	3	0	-156
Cash flow from operations	NOKm	494	-14	235
Cash flow from investments	NOKm	-266	2	-2,257
Draugen	Boepd [2)]	8,637	N/A	10,898
Gjøa	Boepd [2)]	10,488	N/A	11,108
Ivar Aasen	Boepd [2)]	373	369	363
Total net production	**Boepd [2)]**	**19,498**	**369**	**22,369**
Production expense per boe [3)]	NOK/boe	82.1	72.0	118.7
Realized Liquids price	USD/boe	56.2	46.6	67.8
Realized Gas price	USD/scm	0.24	0.23	0.29

[1)] EBITDA is defined as earnings before interest and other financial items, taxes, depreciation, depletion, amortization and impairments

[2)] Boepd is defined as barrels of oil equivalents per day (Full year 2018 for Draugen and Gjøa includes December figures only)

[3)] Production expense per boe is production expense based on produced volumes divided by number of barrels of oil equivalents produced in the corresponding period

Financial review

Statement of Comprehensive Income

(All amounts in brackets refer to corresponding period previous year)

Q1 2019 is the first quarter that includes activities from Draugen and Gjøa for a full quarter, and all the financial statement line items on operating income and expenses are largely influenced by this fact.

Total operating income for Q1 2019 amounted to NOK 764 (2) million. The accounting principle for over- and underlift was changed in the first quarter 2019 to the traditional Sales Method. Under the new accounting principle, over- and underlift are measured at production cost (including depreciation) and presented as part of “Total operating expenses” under “Changes in over/underlift positions and production inventory”. Changes in other operating income was previously reported as part of “Total operating income”. This principle represents the traditional Sales Method. This change will result in more volatile results in the various quarters, especially on Draugen due to few liftings. In addition, the Company has reclassified change in inventory of petroleum production, see note 16, from production expenses to “Change in over/underlift positions and production inventory”. Figures in comparative periods have been restated. See further details in Note 3 to the interim financial statements.

Other operating income / loss (-) amounted to NOK -6 (0) million related to costs and value adjustments of oil options.

An amount of NOK 22 (0) million was recognised as income on YME compensation for contract breach during Q1 2019 when the partners agreed with the counterparty on the final amount of expense and legal costs to be deducted from the compensation previously recognised in 2018.

Exploration expenses amounted to NOK -12 (-11) million in the quarter, reflecting the activities in the exploration phase, mainly related to field evaluations on Grevling.

Production expenses were NOK 144 (2) million, equating to 82 (72) NOK/ boe.

Impairments amounted to NOK 36 million and is related to technical goodwill as described in note 9.

Employee benefit expenses were NOK 9 (11) million and Other operating expenses amounted to NOK 21 (4) million and both represent OKEA’s share of costs after allocations to license activities.

Net profit for the period was NOK 3 (0) million after net financial expenses of NOK 37 (-5) million and tax expenses of NOK 135 (-13) million. The effective tax rate was 98% (96%). The high tax rate in Q1 2019 was caused by impairment of technical goodwill which does not carry deferred tax and effect of financial items which is taxed at a lower rate than 78%. The effect of uplift resulted in an offsetting effect in Q1 2019. In Q1 2018 the high tax rate was mainly due to the effect of uplift.

Statement of financial position

(All amounts in brackets refer to 31 December 2018)

At the end of first quarter 2019, total assets amounted to NOK 10 301 (10 022) million. The significant increase since the first quarter 2018 is due to the acquisition of the interests in the Draugen and Gjøa assets, as well as investments in the Yme New Development project.

Goodwill amounted to NOK 1 436 (1 472) million and the reduction is caused by impairment of technical goodwill as described in note 9.

Right-of-use assets were recognised for the first time this quarter caused by implementation of IFRS 16, at a net value of NOK 190 million and the corresponding Lease liability under non-current liabilities and current liabilities amounted to NOK 190 million. See further details in Note 3 to the interim financial statements.

Cash and cash equivalents amounted to NOK 586 (395) million. Restricted cash was NOK 142 million and was related to the bond loans as described in the Annual Report 2018. The amount of restricted cash in the first quarter of 2018 was NOK 860 million and relates mainly to proceeds from bond loan to finance YME development.

Spare parts, equipment and inventory amounted to NOK 228 (316) million and the reduction was mainly caused by realization of oil inventory at Draugen in the first quarter that was acquired and measured at fair market value as part of the Shell transaction in 2018.

Provisions for asset retirement obligations amounted to NOK 3 888 (3 859) million increased due to unwinding of discount.

Interest-bearing loans and borrowings were NOK 2 506 (2 529) million and decreased due to movement in the USD/NOK exchange rate.

Lease liability effect from application of the new accounting standard on Leasing, IFRS 16 is split into non-current and current liability NOK 144 (0) million and NOK 46 (0) million, respectively.

Trade and other payables amounted to NOK 1 086 (1 145) million decreased mainly because of reduction in accrued consideration from acquisitions of interests in licenses and other accrued expenses as shown in note 17.

Statement of Cash flows

(All amounts in brackets refer to corresponding period previous year)

Net cash flows from operating activities was NOK 494 (-14) million. The change was mainly caused by the acquired assets Draugen and Gjøa which OKEA had for the first full quarter.

Net cash flows from investment activities was NOK -266 (2) million, of which investments in Oil & Gas Properties amounted to NOK -165 (-46) million for the quarter, mainly related to the Yme New Development and the modification project on Draugen.

Net cash flow from financing activities totalled NOK -36 (104) million, reflecting interest paid in Q1 2019 and net proceeds from share issues in Q1 2018.

Operational review

OKEA produced 1.8 (0.33) mmboe in the first quarter of 2019, corresponding to 19,498 (369) boepd. The average realized liquid price was USD 56.2 (46.6) per barrel, while gas revenues were recognized at market value of USD 0.24 (0.23) per standard cubic metre (scm). The price fluctuation between quarters for liquids is mainly due to change in product mix.

Draugen (Operator, 44.56%)

First quarter production from Draugen was 8,637 boepd net oil to OKEA. This represents an underlying reduction of approximately 8 percent compared to fourth quarter 2018 and was caused by planned shutdown for piping replacement in January and February. The piping replacement project was executed in a safe and efficient matter.

In 2019 Draugen has plans to change out Christmas trees on two wells, and there will be a five days shutdown to upgrade the control system in Q2.

Gjøa (Partner, 12.00%)

The Gjøa license operator, Neptune Energy Norge, submitted development plans for the P1 project during the first quarter. This is a re-development of the P1 segment of the Gjøa field. First production is expected in late 2020/early 2021. Total recoverable resources are estimated to be 32.6 million barrels of oil equivalents (boe). P1 is expected to yield around 24,000 boe/d at maximum production. Estimated overall capital expenditure of the Project is NOK 4 732 million, whereas OKEAs part (12%) is NOK 568 million.

First quarter production from Gjøa was 10,488 boepd net to OKEA. This represents an underlying reduction of approximately 6 percent compared to fourth quarter 2018, and was caused by field decline, as well as an unplanned shutdown on the St.Fergus terminal.

In 2019 there is a planned tie in in August which requires a field shut in. In addition, a light well intervention campaign for well B1 is planned which will cause reduced production.

Ivar Aasen (Partner, 0.554%)

The Ivar Aasen field is developed in coordination with the Edvard Grieg field, which provides Ivar Aasen with power, processing and export solutions. Production from Ivar Aasen reached 373 boepd net to OKEA in the first quarter, representing a decrease of one percent from the previous quarter.

Two new oil producers are planned to be drilled at Ivar Aasen this year. D-18 is a horizontal oil producer with sand screens and fishbones in the Aluvial fan formation and D-15 is a multilateral well with two branches completed with sand screens in the Skagerak 2 formation.

Development projects

Yme (Partner, 15.00%)

The Yme field in the Egersund Basin was discovered by Statoil in 1987 and was put in production in 1996. The field is located, in water depth of 93 meters. Yme ceased production in 2001 after having produced 51 mmboe, as operation was no longer profitable. In 2015, OKEA initiated the “Yme New Development” project and in 2018 a new PDO was approved by the authorities.

The Yme field is being developed with a jack-up MOPU equipped with processing facilities. This will be connected to the existing MOPUSTOR tank, and oil will be exported by tanker.

The PDO was delivered in December 2017 and approved by the authorities in March 2018. The project is on track towards first oil in 1H 2020, and the maximum plateau oil production rate is estimated to be approximately 38.000 boepd.

Exploration licenses

OKEA was awarded four licences in the APA 2018 round, announced by the Norwegian Ministry of Petroleum and Energy on 15. January 2019, three of which as operator. In addition, an operated 50% working interest in PL958, east of the Draugen field, was transferred from Shell to OKEA. There was no consideration, but OKEA covered the costs in the interim period with an amount of NOK 1 million. These new licences strengthen OKEA’s portfolio of potential upcoming development projects, as well as providing significant exploration opportunities near to the existing Draugen production hub.

PL973 is an exploration licence south of Grevling and Storskrymten which can provide future resources to the planned joint development project. PL1001 is operated by ConocoPhillips and lies north of the Draugen field and adjacent to PL958; both licences provide exploration opportunities which can build on OKEA’s knowledge of the Draugen area and provide future resources for the Draugen platform. It is planned to acquire 3D seismic data in all three licences.

PL1003 includes what is interpreted by OKEA and partner company Wellesley Petroleum as a significant missed gas discovery, Mistral, from a 1980s exploration well. 3D seismic data will be acquired.

Grevling / Storskrymten (Operator, 55.00% / 78.57%)

The Grevling discovery has been matured and the licence partnership has concluded to work with a Mobile Offshore Production Unit as the preferred solution. The neighbouring Storskrymten discovery, which was licensed to OKEA as operator in the APA 2018 round, is planned to be jointly developed as part of the Grevling project.

Health, safety and the environment (HSE)

Securing an accident free environment has the highest priority in all OKEA's operations and activities. The company had no serious incidents during the first quarter and has maintained the good HSE records.

Post Draugen operatorship transfer, OKEA works, among other things, to further improve and develop the management system and working processes. The "transfer process" is well passed and OKEA is now in the "transformation process". This includes working towards alignment and standardisation in accordance with common industry practice and regulatory requirements on the Norwegian Continental Shelf.

Sustainable energy and resource management is an integral part of OKEA's HSE objectives. OKEA has during the first quarter established a long-range plan for Draugen, emphasising OKEA's strong HSE engagement, including commitment to reduce and to minimise the impact on the external environment from the Draugen production processes.

Outlook

OKEA prepares for its first drilling operation targeting further upside potential within and surrounding the Draugen field, and the company has secured the semi-submersible rig Deepsea Nordkapp to drill two wells in the Draugen field area. The drilling operation is expected to commence in Q4 2019. The planned drilling program is a step in realizing the ambition of enhanced oil recovery from the Draugen field and prolonged production from the Draugen platform.

On 11 April 2019, OKEA retained Pareto Securities AS, SEB and SpareBank 1 Markets AS as Co-Lead banks in connection with the contemplated listing of the company's shares on the Oslo Stock Exchange. The listing could take place during first half of 2019 and could involve OKEA raising new equity to finance additional growth.

The YME new development project is progressing according to plan and on track for first oil in Q2 2020.

Going forward, the company will continue to pursue selective growth opportunities which will enhance production and grow profitable business.

Financial Statements with notes Q1 2019

Statement of Comprehensive Income

Amounts in NOK `000	Note	Q1 2019 (unaudited)	Q1 2018 (unaudited)	Restated Year 2018
Revenues from crude oil and gas sales	6	748 115	2 314	149 761
YME compensation contract breach	6	22 098	-	115 000
Other operating income / loss (-)	6	-5 985	-	44 326
Total operating income		**764 228**	**2 314**	**309 087**
Production expenses		-144 106	-2 390	-96 714
Changes in over/underlift positions and production inventory		-164 585	14 022	133 318
Exploration expenses		-12 402	-11 211	-74 782
Depreciation, depletion and amortization	8	-201 359	-5 883	-100 066
Impairment	9	-36 354	-	-
Employee benefit expenses		-9 227	-11 033	-34 183
Other operating expenses		-20 924	-4 317	-87 899
Total operating expenses		**-588 958**	**-20 811**	**-260 326**
Profit / loss (-) from operating activities		**175 270**	**-18 498**	**48 761**
Finance income	10	52 894	29 101	17 300
Finance costs	10	-89 838	-23 905	-366 263
Net financial items		**-36 944**	**5 197**	**-348 963**
Profit / loss (-) before income tax		**138 326**	**-13 301**	**-300 202**
Income taxes	7	-134 960	12 815	144 488
Net profit / loss (-)		**3 366**	**-486**	**-155 715**
Other comprehensive income:				
Total other comprehensive income		**-**	**-**	**-**
Total comprehensive income / loss (-)		**3 366**	**-486**	**-155 715**
EBITDA		**412 984**	**-12 615**	**148 827**

Statement of Financial Position

Amounts in NOK `000	Note	31.03.2019 (unaudited)	31.03.2018 (unaudited)	Restated 31.12.2018
ASSETS				
Non-current assets				
Deferred tax assets	7	-	89 456	-
Goodwill	9	1 436 073	8 057	1 472 428
Exploration and evaluation assets		9 320	5 752	6 324
Oil and gas properties	8	3 991 123	716 864	4 022 321
Buildings	8	91 344	-	92 501
Furniture, fixtures and office equipment	8	7 511	216	3 407
Right-of-use assets	3, 8	189 541	-	-
Other non-current assets	11	2 778 951	8 875	2 754 237
Total non-current assets		**8 503 863**	**829 219**	**8 351 218**
Current assets				
Trade and other receivables	13	840 921	132 084	912 159
Spareparts, equipment and inventory	16	228 154	-	315 500
Restricted cash	14	142 123	859 633	48 327
Cash and cash equivalents	14	585 949	121 230	394 670
Total current assets		**1 797 146**	**1 112 946**	**1 670 656**
TOTAL ASSETS		**10 301 010**	**1 942 165**	**10 021 874**
EQUITY AND LIABILITIES				
Equity				
Share capital	12	8 220	3 715	8 220
Share premium		1 624 104	595 991	1 624 104
Other paid in capital		1 754	157	1 361
Accumulated loss		-174 015	-22 153	-177 381
Total equity		**1 460 064**	**577 711**	**1 456 304**
Non-current liabilities				
Provisions	15	3 888 000	321 168	3 859 308
Lease liability	3, 19	144 034	-	-
Deferred tax liabilities	7	886 005	-	861 636
Interest-bearing loans and borrowings	18	2 505 875	918 091	2 528 589
Total non-current liabilities		**7 423 915**	**1 239 259**	**7 249 534**
Current liabilities				
Trade and other payables	17	1 086 437	116 145	1 145 923
Income tax payable	7	265 720	-	155 722
Lease liability - current	3, 19	45 544	-	-
Shareholder loan		1 141	1 141	1 141
Public dues payable		15 311	2 374	9 840
Provisions, current		2 878	5 535	3 410
Total current liabilities		**1 417 031**	**125 195**	**1 316 036**
Total liabilities		**8 840 946**	**1 364 454**	**8 565 570**
TOTAL EQUITY AND LIABILITIES		**10 301 010**	**1 942 165**	**10 021 874**

Statement of Changes in Equity

Amounts in NOK `000	Share capital	Share premium	Other paid in capital	Accumulated loss	Total equity
Equity at 1 January 2018	24 738	470 755	-	-21 667	473 827
Net profit / loss (-) for the year				-155 715	-155 715
Capital reduction (equity restructuring)	-23 300	-452 590			-475 890
Share issues, conversion of debt (equity restructuring)	1 687	474 203			475 890
Share issues, cash	5 095	1 131 736			1 136 831
Share based payment			1 361		1 361
Equity at 31 December 2018	**8 220**	**1 624 104**	**1 361**	**-177 381**	**1 456 304**
Equity at 1 January 2019	8 220	1 624 104	1 361	-177 381	1 456 304
Net profit / loss (-) for the period				3 366	3 366
Share based payment			394		394
Equity at 31 March 2019	**8 220**	**1 624 104**	**1 754**	**-174 015**	**1 460 064**

Statement of Cash Flows

Amounts in NOK `000	Q1 2019 (unaudited)	Q1 2018 (unaudited)	Restated Year 2018
Cash flow from operating activities			
Profit / loss (-) before income tax	138 326	-13 301	-300 202
Income tax paid/received	-	-	20 885
Depreciation, depletion and amortization	201 359	5 883	100 066
Impairment goodwill	36 354	-	-
Accretion ARO	3 977	1 500	10 078
Interest expense	54 417	-	145 082
Change in trade and other receivables, and inventory	158 584	-11 876	-602 224
Change in trade and other payables	-72 157	49 049	693 180
Change in other non-current items	-26 838	-45 221	168 563
Net cash flow from / used in (-) operating activities	**494 024**	**-13 966**	**235 428**
Cash flow from investing activities			
Investment in exploration and evaluation assets	-3 588	-	-573
Business combination, cash paid	-	-	-2 725 220
Investment in oil and gas properties	-164 843	-46 366	-386 526
Investment in buildings	-	-	-1 001
Investment in furniture, fixtures and office machines	-4 105	-	-3 196
Investment in (-)/release of restricted cash	-93 796	48 166	859 472
Net cash flow from / used in (-) investing activities	**-266 332**	**1 800**	**-2 257 043**
Cash flow from financing activities			
Net proceeds from borrowings, bond loan	-	-	1 399 065
Net proceeds from borrowings, exploration loan	-	-	37 650
Repayment of borrowings, exploration loan	-	-	-40 000
Interest paid	-36 413	-	-143 403
Net proceeds from share issues	0	103 787	1 133 365
Net cash flow from / used in (-) financing activities	**-36 413**	**103 787**	**2 386 677**
Net increase/ decrease (-) in cash and cash equivalents	**191 278**	**91 621**	**365 062**
Cash and cash equivalents at the beginning of the period	394 670	29 609	29 609
Cash and cash equivalents at the end of the period	**585 949**	**121 230**	**394 670**
Restricted cash at the end of the period	142 123	859 633	48 327
Restricted and unrestricted cash at the end of the period	**728 071**	**980 862**	**442 997**

Notes to the interim financial statements

Note 1 General and corporate information

These financial statements are the unaudited interim condensed financial statements of OKEA AS for the first quarter of 2019. OKEA AS ("OKEA" or "the Company") is a limited liability company incorporated and domiciled in Norway, with its main office located in Trondheim.

The Company's aim is to contribute to the value creation on the Norwegian Continental Shelf with cost effective development and operating systems.

In the 2018 Application in Predefined Areas Licensing round announced in January 2019 the company was awarded the following interests:
- PL972: 30% as operator
- PL974: 78.57% as operator
- PL1001: 20% as partner
- PL1003: 60% as operator

Note 2 Basis of preparation

The interim accounts have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim accounts do not include all the information required in the annual accounts and should therefore be read in conjunction with the annual accounts for 2018. The annual accounts for 2018 were prepared in accordance with the EU`s approved IFRS.

The interim financial statements were approved for issue by the company's Board of Directors on 6 May 2019.

Note 3 Accounting policies

The accounting policies adopted in the preparation of the interim accounts are consistent with those followed in the preparation of the annual accounts for 2018. In addition the Company has adopted the IFRS 16 Leases effective from 1 January 2019.

IFRS 16
As described in the company's annual financial statements for 2018, IFRS 16 Leases entered into force from 1 January 2019. The implementation resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Company adopted the standard using the modified retrospective approach. The implementation had no impact on net equity and resulted in an increase of NOK 198.4 million in property, plant and equipment with a corresponding increase in liabilities, of which NOK 152.9 million is classified as non-current liabilities and NOK 45.5 million is classified as current liabilities.

The Company has applied a gross presentation related to leasing contracts entered into as licence operator.

Change in accounting principle for valuation and presentation of overlift and underlift
The company has previously used a variant of the sales method where changes in overlift and underlift balances have been valued at its net realizable value and the change in over/underlift has been included as "other income". Due to recent development in IFRIC discussions, the company has decided to change to the traditional sales method from 1 January 2019. This means that changes in over/underlift balances are measured at production cost including depreciation and presented as an adjustment to cost. There was no impact on the restatement due to change in the accounting principle recorded for Q1 2018.

The following table shows the effects for the YTD 2018 figures.

Amounts in NOK `000	Audited 2018	Restated 2018	Change
Accounting line			
Other operating income	88 747	44 326	-44 421
Production expenses	-18 347	-96 714	-78 366
Changes in over/underlift positions and production inv.	0	133 318	133 318
Depreciation, depletion and amortization	-57 297	-100 066	-42 769
Trade and other receivables	944 397	912 159	-32 238
Income taxes	119 342	144 488	25 146
Deferred tax liabilities	886 782	861 636	-25 146
Accumulated loss	-170 289	-177 381	-7 092

Other accounting principles
Except for the changes described above, the accounting policies applied in the preparation of the interim accounts are consistent with those followed in the preparation of the annual accounts for 2018.

Note 4 Critical accounting estimates and judgements

The preparation of the interim accounts entails the use of judgements, estimates and assumptions that affect the application of accounting policies and the amounts recognised as assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances. The actual results may deviate from these estimates. The material assessments underlying the application of the company's accounting policies and the main sources of uncertainty are the same for the interim accounts as for the annual accounts for 2018.

Note 5 Business segments

The Company's only business segment is development and production of oil and gas on the Norwegian Continental Shelf.

Note 6 Income

Brekdown of petrolemum revenues

Amounts in NOK `000	Q1 2019	Q1 2018	Year 2018
Sale of liquids	570 161	24	58 550
Sale of gas	177 954	2 290	91 211
Total petroleum revenues	**748 115**	**2 314**	**149 761**
Sale of liquids (barrels of oil equivalent)	1 259 259	1 113	171 939
Sale of gas (barrels of oil equivalent)	584 954	7 877	232 701

Other operating income

YME compensation contract breach*	22 098	-	115 000
Gain / loss (-) from put options, oil	-5 985	-	37 212
Sale of licenses	-	-	7 114
Total other operating income/loss (-)	**16 113**	**-**	**159 326**

* The compensation recognized in Q1 is based on the final amount received in Q1 2019. For further information refer to the 2018 Annual Report.

Note 7 Taxes

Income taxes recognised in the income statement

Amounts in NOK `000	Q1 2019	Q1 2018	Year 2018
Change in deferred taxes	-24 369	3 940	-494 048
Taxes payable	-110 591	-	638 370
Tax refund current year	-	8 875	-
Tax refund adjustment previous year	-	-	166
Total income taxes recognised in the income statement	**-134 960**	**12 815**	**144 488**

Reconciliation of income taxes

Amounts in NOK `000	Q1 2019	Q1 2018	Year 2018
Profit / loss (-) before income taxes	**138 326**	**-13 301**	**-300 202**
Expected income tax at nominal tax rate, 22% (2018: 23%)	-30 432	3 192	69 047
Expected petroleum tax, 56% (2018: 55%)	-77 463	7 183	165 111
Permanent differences, inclusive impairment of goodwill	-26 651	-215	-965
Effect of uplift	6 314	2 740	24 699
Financial and onshore items	-6 729	-85	-115 606
Effect of new tax rates	-	-	1 138
Adjustments previous year and other	-	-	1 064
Total income taxes recognised in the income statement	**-134 960**	**12 815**	**144 488**
Effective income tax rate	**98 %**	**96 %**	**48 %**

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

Amounts in NOK `000	31.03.2019	31.03.2018	31.12.2018
Tangible and intangible non-current assets	-1 954 515	-345 543	-1 777 715
Provisions (net ARO), lease liability and gain/loss account	1 160 580	247 028	1 020 694
Interest-bearing loans and borrowings	-30 197	-20 462	-39 409
Current items	-99 328	-12 124	-116 307
Tax losses carried forward, onshore 22%	449	-	-
Tax losses carried forward, offshore 22%	-	68 516	-
Tax losses carried forward, offshore 56%	-	119 455	-
Uplift carried forward, offshore 56%	37 006	32 587	51 100
Valuation allowance (uncapitalised deferred tax asset)	-	-	-
Total deferred tax assets / liabilities (-) recognised	**-886 005**	**89 456**	**-861 636**

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.

There is no time limit on the right to carry tax losses forward in Norway.

Note 8 Tangible assets and right-of-use assets

Amounts in NOK `000	Oil and gas properties in production	Oil and gas properties under development	Buildings	Furniture, fixtures and office machines	Right-of-use assets	Total
Cost at 1 January 2019	3 217 488	923 081	92 501	3 428	-	4 236 499
Additions	36 930	127 913		4 105	198 400	367 348
Removal and decommissioning asset	-	-	-	-		-
Cost at 31 March 2019	**3 254 418**	**1 050 994**	**92 501**	**7 534**	**198 400**	**4 603 847**
Accumulated depreciation and impairment at 1 January 2019	-118 249	-	-	-22	-	-118 270
Depreciation year to date	-196 041	-	-1 156	-1	-4 161	-201 359
Additional depreciation of IFRS 16 Right-of-use assets presented gross related to leasing contracts entered into as licence operator	-	-	-	-	-4 698	-4 698
Accumulated depreciation and impairment at 31 March 2019	**-314 290**	**-**	**-1 156**	**-22**	**-8 859**	**-324 328**
Carrying amount at 31 March 2019	**2 940 128**	**1 050 994**	**91 344**	**7 511**	**189 541**	**4 279 519**

Note 9 Impairment

Impairment tests of goodwill is performed annually or when impairment triggers are identified. In Q1 2019, technical goodwill has been tested for impairment. Technical goodwill arises as an offsetting account to the deferred tax recognized in business combinations and is allocated to each Cash Generating Unit (CGU). When deferred tax from the initial recognition decreases, more goodwill is as such exposed for impairments.

Below is an overview of the key assumptions applied in the impairment test as of 31 March 2019:

Year	Oil USD/BOE	Gas GBP/therm	Currency rates USD/NOK
2019	65.7	0.45	8.60
2020	65.4	0.48	8.48
2021	63.0	0.50	8.35
2022	61.3	0.52	8.23
2023	64.1	0.54	8.11
From 2024	60.0*	0.50*	7.99

* Prices in real terms

Other assumptions
For oil and gas reserves future cash flows are calculated on the basis of expected production profiles and estimated proven and probable remaining reserves.

Future capex, opex and abandonment cost are calculated based on the expected production profiles and the best estimate of the related cost. For fair value testing the discount rate applied is 10.0% post tax.

The long-term inflation rate is assumed to be 2.0%.

Impairment testing of technical goodwill
For the CGUs Draugen and Ivar Aasen, no impairment is recognized in Q1. For the Gjøa CGU the impairment has been calculated as follows:

Amounts in NOK `000	**Gjøa**
Net carrying amount	1 068 602
Recoverable amount	1 032 248
Impairment Q1 2019	**36 354**

The impairment loss of NOK 36.4 million has been recognized to reduce the carrying amount of "technical" goodwill related to the Gjøa acquisition in November 2018. In Q1 2019, the reduced deferred tax and lower gas prices are the main reasons for the impairment.

Sensitivity analysis
The below table shows the effect on the impairment of goodwill when changing various assumptions, given that the remaining assumptions are constant. The total figures shown are combined impairment for both CGU Gjøa and Draugen.

		Total impairment of CGUs	
Assumptions (NOK '000)	**Change**	**Increase in assumption**	**Decrease in assumption**
Oil and gas price	+/- 10%	-	182 069
Currency rate USD/NOK	+/- 1.0 NOK	9 329	70 305
Discount rate	+/- 1% point	55 767	16 188
Inflation rate	+/- 1% point	22 990	49 119

Note 10 Financial items

Amounts in NOK `000	**Q1 2019**	**Q1 2018**	**Year 2018**
Interest income	333	733	9 062
Unwinding of discount asset retirement receivable	24 714	-	8 238
Put options, foreign exchange	3 514	-	-
Exchange rate gain	38 469	28 368	-
Total finance income	**67 030**	**29 101**	**17 300**
Interest expense bond loan	-59 093	-19 250	-157 088
Other interest expense	-89	-2	-3 844
Put options, foreign exchange	-	-	-28 164
Exchange rate loss	-14 136	-	-156 246
Unwinding of discount asset retirement obligations	-28 691	-1 500	-18 316
Other financial expense	-1 964	-3 152	-2 605
Total finance costs	**-103 974**	**-23 905**	**-366 263**
Net financial items	**-36 944**	**5 197**	**-348 963**

Note 11 Other non-current assets

Amounts in NOK `000	
Other non-current assets at 1 January 2019 (Indemnification asset)	2 754 237
Additions and adjustments	-
Unwinding of discount	24 714
Total other non-current assets at 31 March 2019	**2 778 951**

The amount consist of a receivable from seller Shell. The parties have agreed that Shell should cover 80% of the costs of decommissioning the acquired oilfields Draugen and Gjøa limited to an agreed cap. The net present value of the receivable is calculated using a discount rate of 3.6%.

Note 12 Share capital

Number of shares	Ordinary shares	A ordinary shares	Total shares
Outstanding shares at 1.1.2019	7 319 389	901 061	8 220 450
New shares issued during 2019	-	-	-
Number of outstanding shares at 31 March 2019	**7 319 389**	**901 061**	**8 220 450**
Nominal value NOK per share at 31 March 2019			1
Share capital NOK at 31 March 2019			8 220 450

Note 13 Trade and other receivables

Amounts in NOK `000	31.03.2019	31.03.2018	31.12.2018
Accounts receivable and receivables from operated licences	108 544	16 157	125 072
Accrued Yme compensation	-	-	115 000
Accrued revenue	178 024	2 611	89 960
Prepayments	53 304	1 805	10 127
Working capital and overcall, joint operations/licences	142 392	10 507	156 306
Escrow receivable, Yme removal	-1 316	59 488	901
Underlift of petroleum products	323 140	19 523	398 526
Other short term receivables	30 035	-	-
VAT receivable	6 797	1 274	16 266
Tax refund	-	20 719	-
Total trade and other receivables	**840 921**	**132 084**	**912 159**

Note 14 Restricted cash, Cash and cash equivalents

Restricted cash:

Amounts in NOK `000	31.03.2019	31.03.2018	31.12.2018
Bank deposit, restricted, escrow account	142 123	859 633	48 327
Total restricted cash	**142 123**	**859 633**	**48 327**

Cash and cash equivalents:

Amounts in NOK `000	31.03.2019	31.03.2018	31.12.2018
Bank deposits, unrestricted	577 511	119 946	388 887
Bank deposit, employee taxes	8 437	1 283	5 784
Total cash and cash equivalents	**585 949**	**121 230**	**394 670**

Note 15 Provisions

Amounts in NOK `000	Total non-current
Provision at 1 January 2019	3 859 308
Additions and adjustments	-
Changes in Operator's estimate	-
Unwinding of discount	28 691
Total provisions at 31 March 2019	**3 888 000**

Asset retirement obligations
Provisions for asset retirement obligations represent the future expected costs for close-down and removal of oil equipment and production facilities. The provision is based on the Operator's best estimate. The net present value of the estimated obligation is calculated using a discount rate of 3%. The assumptions are based on the economic environment around the balance sheet date. Actual asset retirement costs will ultimately depend upon future market prices for the necessary works which will reflect market conditions at the relevant time. Furthermore, the timing of the close-down is likely to depend on when the field ceases to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

Note 16 Spareparts, equipment and inventory

Amounts in NOK `000	31.03.2019	31.03.2018	31.12.2018
Inventory of petroleum products	99 549	-	188 748
Spare parts and equipment	128 605	-	126 752
Total spareparts, equipment and inventory	**228 154**	**-**	**315 500**

Note 17 Trade and other payables

Amounts in NOK `000	31.03.2019	31.03.2018	31.12.2018
Trade creditors	34 721	7 191	76 871
Accrued holiday pay and other employee benefits	32 012	4 827	18 965
Working capital, joint operations/licences	471 100	54 617	446 961
Accrued interest bond loans	28 921	26 771	10 917
Accrued consideration from acquisitions of interests in licenses*	164 782	8 940	204 782
Prepayments from customers	183 769	13 799	96 353
Fair value put options, foreign exchange	12 050	-	15 564
Other accrued expenses	159 083	-	275 509
Total trade and other payables	**1 086 437**	**116 145**	**1 145 923**

* The amount is related to the acquisition of a 44.56% interest in Draugen and a 12% interest in Gjøa with A/S Norske Shell in 2018. The review of the final completion statement prepared by seller is still ongoing. There is uncertainty associated with this estimate, but the company does not expect the amount to increase.

Note 18 Interest-bearing loans and borrowings

Amounts in NOK `000	
Interest bearing loans and borrowings at 1 January 2019, bond loans (OKEA01 and OKEA02)	2 528 589
Amortization of transaction costs, bond loans (OKEA01 and OKEA02)	4 676
Foreign exchange movement, bond loans (OKEA01 and OKEA02)	-27 390
Interest bearing loans and borrowings at 31 March 2019	**2 505 875**

Note 19 Leasing

The Company has entered into operating leases for office facilities. In addition the Company has entered into operating leases as an operator of the Draugen field for platform supply vessel and associated Remote Operated Vechicle (ROV) upgrade, together with office and warehouse Draugen

Amounts in NOK `000	
Lease debt 01.01.2019	198 400
Accretion lease liability	2 490
Payments of lease debt	-11 311
Total lease debt at 31 March 2019	**189 578**

Break down of lease debt	
Short-term	45 544
Long-term	144 034
Total lease debt	**189 578**

Future minimum lease payments under non-cancellable lease agreements

Amounts in NOK `000	31.03.2019
Within 1 year	33 934
1 to 5 years	131 439
After 5 years	107 469
Total	**272 842**

Future lease payments related to leasing contracts entered into as an operator of the Draugen field are presented gross.

Note 20 Derivatives

Amounts in NOK `000	31.03.2019	31.03.2018	31.12.2018
Premium commodity contracts	5 528	-	-
Unrealized loss commodity contracts	-1 938	-	-
Short-term derivatives included in assets	3 590	-	-
Unrealized loss currency contracts	12 050	-	15 564
Short-term derivatives included in liabilities	12 050	-	15 564

Note 21 Events after the balance sheet date

There are no subsequent events with significant accounting impacts that have occurred between the end of the reporting period and the date of this report that are not already reflected or disclosed in these financial statements.

OKEA is an oil company contributing to the value creation on the Norwegian Continental Shelf with cost effective development and operation systems.

OKEA AS

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7042 Trondheim

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APPENDIX D:

REPORT ON COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN THE PROSPECTUS

To the Board of Directors of OKEA ASA

Report on Review of interim financial information

Introduction

We have reviewed the accompanying interim statement of financial position of OKEA ASA as of 31 March 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISAs), and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of the entity as at 31 March 2019, and its financial performance and its cash flows for the three-month period then ended in accordance with IAS 34 Interim Financial Reporting.

Stavanger, 7 May 2019
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorised Public Accountant

pwc

To the Board of Directors of OKEA ASA

Ferjemannsveien 10
7042 Trondheim

Independent practitioner's assurance report on the compilation of pro forma financial information included in the Prospectus

We have completed our assurance engagement to report on the compilation of pro forma financial information of OKEA ASA (the "Company" or "OKEA") by the directors of OKEA (the "Directors"). The pro forma financial information consists of the pro forma income statement for the year ended 31 December 2018, and related notes as set out in Section 12 of the Prospectus issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are specified in Annex II to Commission Regulation (EC) 809/2004 (the 'PD Regulation') and described in Section 12 of the Prospectus (the 'applicable criteria').

The pro forma financial information has been compiled by the Directors to illustrate the impact of the transactions as set out in Section 12 of the Prospectus ("the Transaction") on the Company's financial performance for the year ended 31 December 2018 as if the Transaction had taken place at 1 January 2018. As part of this process, information about the Company's financial performance has been extracted by the Directors from the Company's financial statements for the year ended 31 December 2018, on which an audit report has been published.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Directors' responsibility for the pro forma financial information

The Directors are responsible for compiling the pro forma financial information on the basis of the applicable criteria.

Practitioner's responsibilities

Our responsibility is to express an opinion, as required by item 7 of Annex II to the PD Regulation, about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance engagements to report on the compilation of pro forma financial information included in a prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or Transaction as at and for the period ended 31 December 2018 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the Company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion

a. the pro forma financial information has been properly compiled on the basis stated; and
b. such basis is consistent with the accounting policies of the Company.

This report is issued for the sole purpose of showing how the Transaction might have affected the Company's consolidated statement of profit of loss for purposes of this Prospectus. Our work has not been carried out in accordance with auditing, assurance or other standards and practises generally accepted in the United States and accordingly should not be used or relied upon as it had been carried out in accordance with those standard practises. Therefore, this report is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than for this Prospectus as described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any other transactions than the Transaction.

Stavanger, 27 May 2019
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorised Public Accountant

APPENDIX E:

ANNUAL STATEMENT OF RESERVES AND RESOURCES FOR FINANCIAL YEAR 2018 AND PER 31 MARCH 2019

OKEA Annual Statement of Reserves and Resources 2019 – Status 01.03.2019

Revision No.:	0
Date:	01.03.2019
Issuing Organisation:	OKEA AS
Project:	Annual Statement of Reserves and Resources
Originator:	VP Reservoir and Production Technology
QC (Checked):	SVP Subsurface
Approved:	SVP Finance

TABLE OF CONTENTS

1 Introduction

The Annual Statement of Reserves and Resources (ASR) is a full overview of the hydrocarbon volumes entitled to OKEA AS and is prepared for both internal and external stakeholders. The reserves calculations and reporting are in line with the *Listing and Disclosure Requirements for Oil and Natural Gas Companies* as stated by the Oslo Stock Exchange, which again is based the *SPE Guidelines for the reserves and resources reporting, SPE 2007.*

The overview in this document is an early version of the ASR 2019, with cut-off date 01.03.2019. It represents a status update to the ASR 2018 (cut-off date 31.12.2018), taking into account changes to the resource base since that date, including effects of production in January & February 2019.

2 Classification of Reserves and Contingent Resources

OKEA's reserve and contingent resource volumes have been classified in accordance with the Society of Petroleum Engineer's (SPE's) Petroleum Resources Management System (PRMS). This classification system is consistent with Oslo Stock Exchange's requirements for the disclosure of hydrocarbon reserves and contingent resources. The framework of the classification system is illustrated in

Table 1.

The reserves and resources estimates are for most cases in line with the RNB (Revised National Budget) reporting to the Norwegian Authorities, which uses the classification system of the Norwegian Petroleum Directorate. A comparison between this and the SPE PRMS is shown in Table 2.

For completeness, OKEA also reports the contingent and prospective resource estimates. Both categories are reported in line with the SPE PRMS.

Table 1: SPE reserves and resources classification system

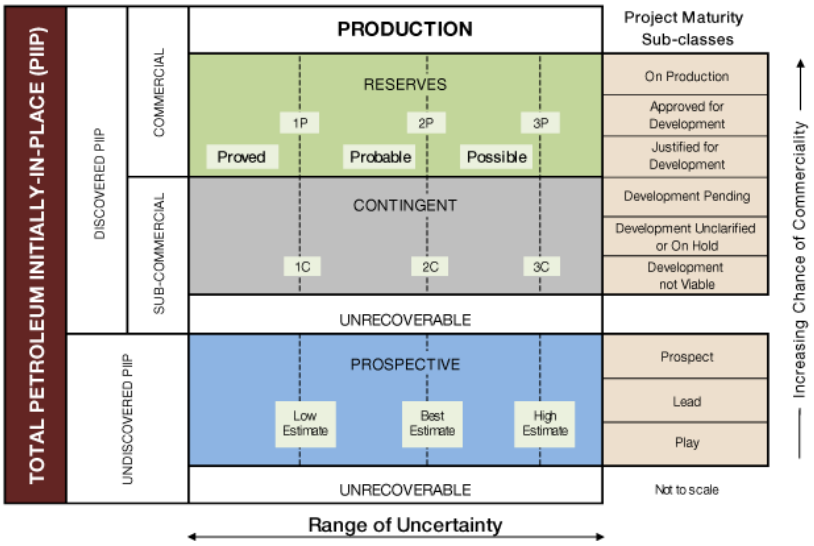

Table 2: SPE and NPD classification systems compared

SPE PRMS 2007	
	Project Maturity sub-classes
Production	
RESERVES	On Production
	Approved for Development
	Justified for Development
CONTINGENT RESOURCES	Development Pending
	Development unclarified or on Hold
	Development not Viable
Unrecoverable	
PROSPECTIVE RESOURCES	Prospect
	Lead
	Play

NPD 2001		
Resource class	Project status category	
Production	S	Sold and delivered
RESERVES	1	In production
	2 F/A	Approved PDO
	3 F/A	Licencees have decided to recover
CONTINGENT RESOURCES	4 F/A	In the planning phase
	5 F/A	Recovery likely but undecided
	7 F/A	Not yet evaluated
	6	Recovery not very likely
UNDISCOVERED RESOURCES	8	Prospect
	9	Lead and Play

3 Reserves

OKEA AS has reserves distributed in 4 fields, listed in Table 3. The Project Status Category describes the maturity for each of the fields and projects. Reserves are essentially volumes in producing assets or sanctioned projects in proven accumulations, i.e. "Approved for development" indicates field developments for which the Plan for Development and Operations (PDO) is approved by the Ministry of Petroleum and Energy.

Table 3: OKEA asset portfolio with reserves

Field/Project	Interest (%)	Operator	Project Status Category	Comment
Draugen field	44.56%	OKEA	On production	Main proportion of OKEA reserves
Gjøa field	12.00 %	Neptune	On production	
Ivar Aasen field	0.554%	Aker BP	On production	
Yme field	15.00 %	Repsol	Approved for development	First oil Q2 2020

The reserves estimates are based on all technical data available including production data, logs, seismic data, cores, models, decline curve analysis etc. The production numbers and costs are for the most part in line with the 2019 RNB.

For economic evaluations, the average future oil price assumption is $70/bbl, with a long-term currency rate of 7.50 NOK/USD. Gas price and NGL prices are set to 60% and 80% of oil price on oil equivalent basis, respectively. A 2% annual inflation rate is used.

Note that the gas reserves are reported as sales gas, given the actual Gross Calorific Value (GCV), and not converted to 40 MJ/ Sm^3.

The following conversion factors are used:

Oil - 1 Sm^3 = 6.29 bbl

1 Sm^3 = 1 Sm^3 o.e.

Gas - 1000 Sm^3 gas = 1 Sm^3 o.e.

1 Sm^3 = 35.3 Scf

NGL - 1 tonne NGL = 1.9 Sm^3 o.e.

1 Sm^3 o.e. = 6.29 boe

3.1. TOTAL RESERVES ESTIMATES

OKEA's net proven reserves (1P/P90) as of 01.03.2019 are estimated at 45.6 million barrels of oil equivalents. Total net proven plus probable reserves (2P/P50) are estimated at 54.6 million barrels of oil equivalents. The reserves figures are adjusted for the effects of production in January and February 2019. The split between liquid and gas and between the different subcategories are given in Table 4. The reserves numbers are verified by a third party reserves certification performed by AGR Petroleum Services.

Table 4: OKEA AS 1P and 2P reserves as of 01.03.2018

Asset	Interest (%)	1P/P90 (Low estimate)					2P/P50 (Base estimate)				
		Gross Oil	Gross NGL	Gross Gas	Gross oe	Net oe	Gross Oil	Gross NGL	Gross Gas	Gross oe	Net oe
		(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)
Reserves – On Production											
Draugen	44.56%	58.3	0.9	0.0	59.3	26.4	66.0	1.1	0.0	67.1	29.9
Gjøa	12.00%	4.2	20.9	48.4	73.5	8.8	7.3	28.3	65.6	101.1	12.1
Ivar Aasen	0.554 %	73.8	3.8	12.5	90.1	0.5	103.9	4.9	16.4	125.2	0.7
Total Net oe (as of 31.12.2018)						35.7					42.7
Production						-1.0					-1.0
Total Net oe (as of 01.03.2019)						34.7					41.7
Reserves – Approved for Development											
Yme	15.00%	51.9	0.0	0.0	51.9	7.8	63.8	0.0	0.0	63.8	9.6
Gjøa - P1	12.00%	8.2	5.1	12.0	25.4	3.0	8.8	5.4	12.6	26.9	3.2
Total Net oe (as of 01.03.2019)						10.8					12.8
Reserves – Justified for Development											
IAA - infill	0.554%	6.0	0.3	1.0	7.3	0.0	11.9	0.5	2.1	14.5	0.1
Total Net oe (as of 01.03.2019)						0.0					0.1
Reserves –Total											
OKEA Net oe (as of 31.12.2018)						46.5					55.6
OKEA Net oe (as of 01.03.2019)						45.5					54.6

For completeness, the corresponding 3P/P10 estimate of net OKEA reserves is 66.6 mmboe.

Production effects that were accounted for are i) difference between prognosed and actual production in 2018, ii) production in January and February 2019. These corrections amount to 0.02 mmboe, 0.33 mmboe and 0.66 mmboe for Ivar Aasen, Draugen and Gjøa, respectively.

3.2. DEVELOPMENT OF RESERVES

OKEA's reserves and resources are continually matured through field development work, improvement of technical subsurface models, acquisitions and production. Table 5 shows how the volumes have changed since ASR 2018 (31.12.2018). Production stems from the Ivar Aasen, Gjøa and Draugen assets. The project maturation is related to Gjøa P1.

Table 5: Reserves Development 31.12.2018 to 01.03.2019

Reserves Development								
Net attribute mmboe	Developed Asset		Under Development		Non-developed		Total	
	1P / P90	2P / P50	1P / P90	2P / P50	1P / P90	2P / P50	1P / P90	2P / P50
Balance year end 2018	35.7	42.8	7.8	9.6			43.5	52.4
Production	-1.0	-1.0					-1.0	-1.0
Acquisition / disposals								
Extensions and discoveries								
New developments								
Revisions of previous estimates								
Projects matured			3.1	3.2			3.1	3.2
Balance as of 01.03.2019	34.7	41.8	10.9	12.8			45.6	54.6

3.3. DESCRIPTION OF RESERVES

The following chapter describes fields on production and fields approved / justified for development where OKEA holds a working interest.

3.3.1. Draugen (PL093)

The Draugen field is located in the Norwegian Sea at 250 meters water depth, approximately 140 km Northwest of Kristiansund, and 30 km east of the Njord field (Figure 1).

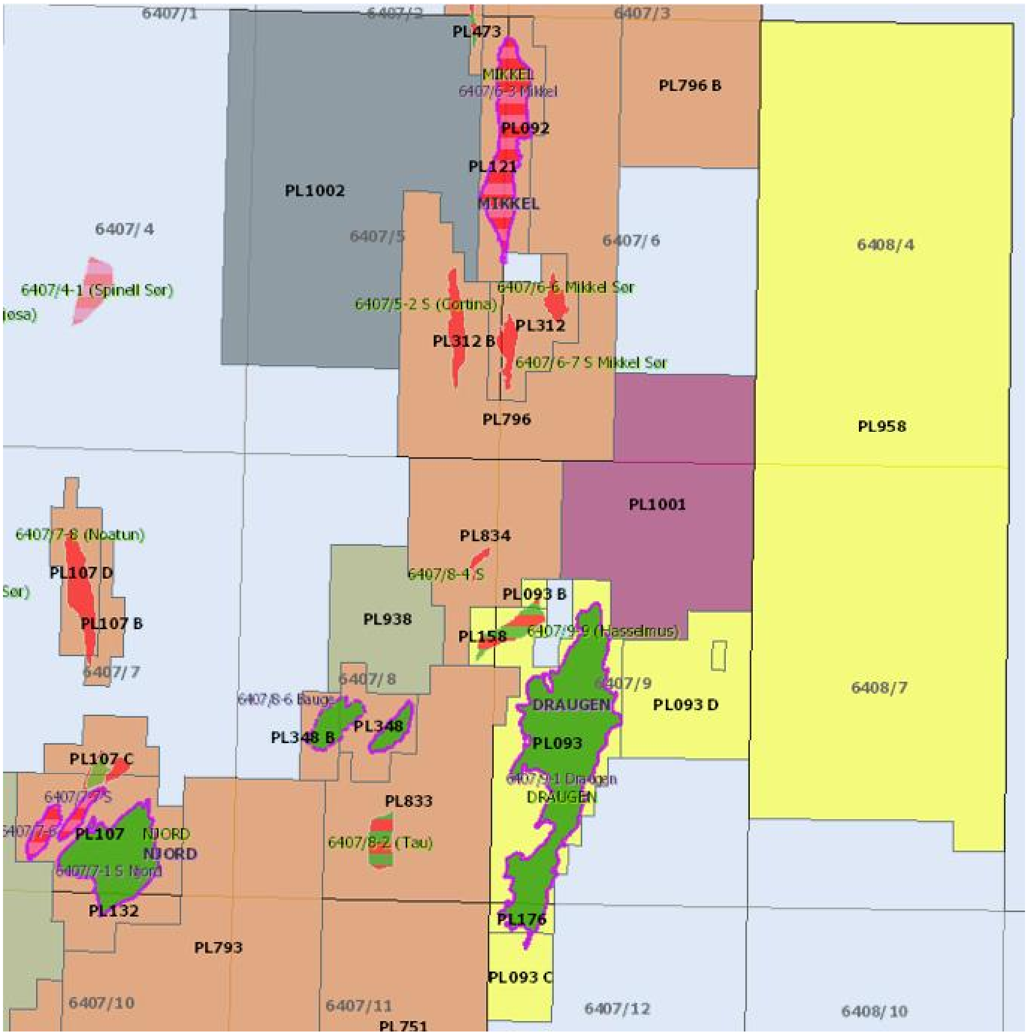

Figure 1: Draugen field location and adjacent area (Norwegian Sea). OKEA operates licences highlighted in yellow and is partner in PL1001

Discovery

The field was discovered with discovery well 6407/9-1 in 1984, proving oil in the Rogn Formation. This was the first discovery in Rogn on the Haltenbanken terrace, and initial testing confirmed an oil rate of more than 8 000 bbl/d.

Reservoir

The oil is located in the Garn and Rogn formations, of which the latter holds approximately 90% of the reserves. The reservoir quality is extremely good, with average permeability of more than 2 Darcy. The best well, A-4 A, has the offshore world record oil production rate of 77 000 bbl/d.

Development

The field is developed with a concrete gravity-based structure (GBS), with full oil stabilization and storage capabilities. Oil is exported by shuttle tankers, and gas is exported through an export pipeline connected to the Åsgard Transport System (ÅTS).

The drainage strategy is centrally located production wells, supported by downflank water injectors. The field was initially developed with 6 platform wells and 1 subsea well and was later supplemented by a number of subsea wells. Currently 5 platform and 11 subsea are in operation, in addition to 2 subsea water injectors. The platform wells are gas lifted, while the subsea wells are produced with a subsea booster pump to lower the tubing head pressure.

Status

The current production on Draugen is in the order of 23 000 bbl of oil and nearly 180 000 bbl of water per day. 110 000 bbls of water is reinjected to the reservoir, while the rest is discharged to sea with an oil in water of approximately 20 ppm.

All platform wells are producing except A-5, which is shut in due to high water cut. All subsea wells are producing, but mostly on cyclic production in order to reduce water cut of the system. Currently, a campaign to change out the Christmas trees on A-2 and A-3 is planned for the first half of 2019. Production is continuously analysed and optimized by a production management team.

The reserves estimates are based on the RNB 2019 submission by the former operator, Shell. Production from mid-2021 onwards, however, was classified as contingent to sanction of a long-term power project in RNB 2019 (2C resources) which would justify a field lifetime extension to 2027. As the licence has now taken an FID for this project, these volumes are now included in the 2P reserves. In a similar fashion, production from economic field lifetime extension to 2035, enabled by cost-cutting initiatives on Draugen and a feasibility study by Shell in 2018, were included in the 2P reserves.

The OKEA working interest on Draugen is 44.56% and the net OKEA P2/P50 reserves are 29.6 mmboe. The other licencees are Petoro AS (47.88%) and Neptune Energy Norge AS (7.56%). OKEA has the ambition to extend the field lifetime to at least 2040, which would add further reserves and allow tie-in of more resources. Contingent resources on Draugen are related to the Hasselmus discovery and two infill targets, as described in Section 0.

3.3.2. Gjøa (PL153)

The Gjøa field lies is a field in the northern part of the North Sea, 50 kilometres northeast of the Troll field (Figure 18). The water depth in the area is 360 meters.

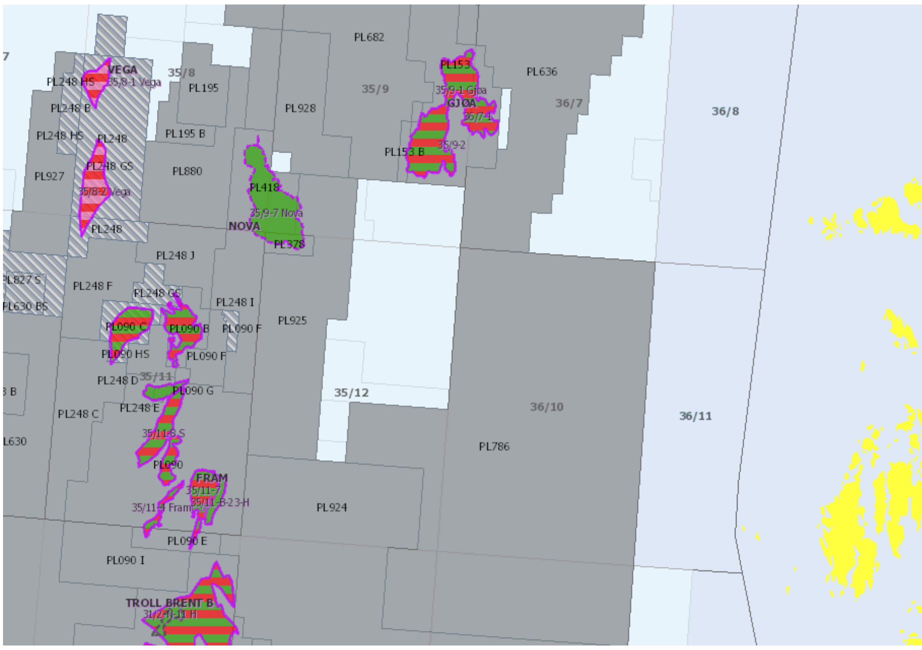

Figure 2: Gjøa field location (North Sea)

Discovery

The field was discovered by exploration well 35/9-1 / 35/9-1 R in 1989, confirming gas in the Viking and Brent groups, and oil in the Dunlin Group. Testing confirmed an oil rate of 5 680 bbl/d (Dunlin Fm) and gas rates of 21.1 and 32.2 MScf/d (Brent and Viking).

Reservoir

The Gjøa reservoir is comprised of the Upper Jurassic Viking Group, and the middle Jurassic Brent and Dunlin groups. The oil column of 35-45m and the gas column of approximately 200m both have local variations. The reservoir is compartmentalised in 7 segments, with heterogenous properties caused by alternating layers of good and poor reservoir sands, silts and shales. As a result, the porosity ranges from 10 to 27% and the permeability from hundreds of mD to multi-Darcy.

Development

The drainage strategy is managed pressure depletion with concurrent oil rim production. The field is developed with 11 subsea wells, connected to 5 templates and directed back to a semi-submersible unit with full oil stabilization capacities. Advanced well technology with branches and zonal control is implemented, and all wells have multiphase meters and permanent downhole gauges. The oil is exported through a pipeline to the Mongstad terminal, and the gas is exported though the FLAGS pipeline to the St. Fergus terminal. In 2017, the production plant was upgraded to handle low pressure production to boost the reserves on Gjøa. The field is also the first floating platform with power from shore, reducing the CO_2 emissions by 200 000 tons per year.

Status

The current production has a relatively stable gas rate of more than 0.4 bcf/d and a declining oil rate, currently at 19 000 bbl/d. All wells are on stream except the C-2 oil well, which has unresolved lift problems. The main deferment in 2018 was related to St. Fergus terminal maintenance in September. However, the uptime is high, with an average of 92% in 2018.

The reserves estimate for Gjøa is based on the RNB 2019 submitted by the operator, Neptune Energy, plus reserves related to the P1 redevelopment project which was sanctioned by the licensees in February 2019. The OKEA working interest on Gjøa is 12% and the net OKEA 2P/P50 reserves from Gjøa and P1 are 14.7 mmboe. The other licensees on Gjøa are Neptune Energy Norge AS (operator, 30%), Petoro AS (30%), Wintershall Norge AS (20%) and DEA Norge AS (8%). Contingent resources on Gjøa are related to the B1 and the recent Agat discovery in 35/9-3, as discussed in Section 4.

Appraisal of the Agat discovery is being planned (Hamlet); the prospective volumes are addressed in chapter 5.

Gjøa is already host for the Vega field, and tie-in activities for the Nova field are planned during 2019-2020.

3.3.3. Ivar Aasen Unit (PL338BS)

Ivar Aasen Field is located in the North Sea, 8 km north of the Edvard Grieg Field and around 30 km south of Grane and Balder (Figure 3), at a water depth of 110 meters. The Ivar Aasen Field includes two accumulations; Ivar Aasen and West Cable. The accumulations cover several licences and have been unitized into the Ivar Aasen Unit.

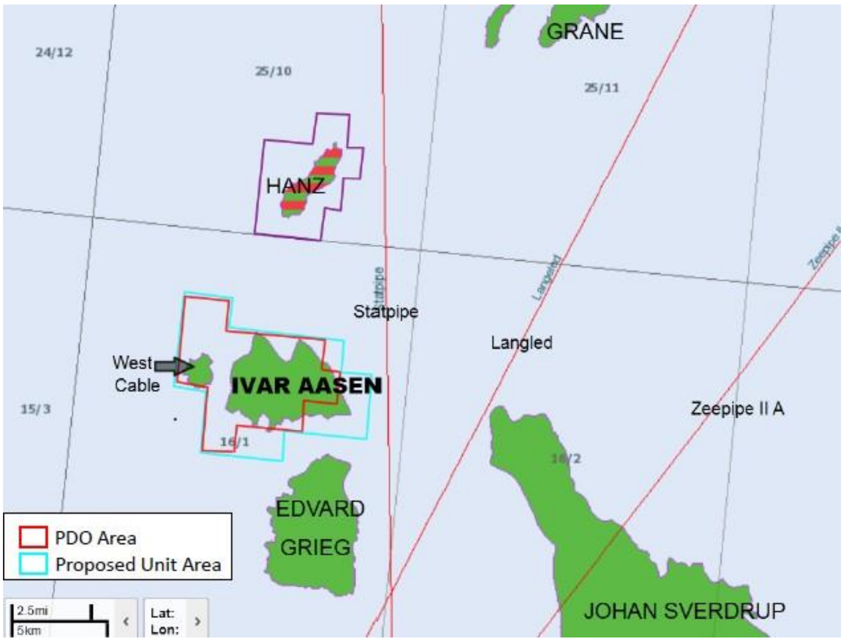

Figure 3: Ivar Aasen and West Cable location map, North Sea

Discovery

Ivar Aasen was discovered with well 16/1-9 in 2008, proving oil and gas in Jurassic and Triassic sandstones.

Reservoir

The two accumulations are located on the Gudrun Terrace between the Southern Viking Graben and the Utsira High. The reservoir consists of shallow marine sandstones in the Hugin Formation and fluvial sandstones in the Sleipner and Skagerrak formations, and is of Jurassic and Triassic age. The reservoir depth is approximately 2400 meters. The Ivar Aasen reservoir has a small overlying gas cap. The West Cable reservoir is in Sleipner fluvial sandstone of Middle Jurassic age, and is located at 2950 meters depth.

Development

The Ivar Aasen unit development plan (Ivar Aasen and West Cable discoveries) also includes production of the reserves from the Hanz (PL028B) discovery. The approved PDO sets out that Ivar Aasen and West Cable (Ivar Aasen Unit) will be developed in the first phase and Hanz in the second phase. OKEA has no ownership interest in the Hanz field.

The Ivar Aasen and West Cable discoveries are developed with a steel jacket platform, with living quarters and processing facilities. Drilling and completion operations are performed from a separate jack-up rig adjacent to the Ivar Aasen platform. Water is removed from the well stream on the platform and oil and gas rates are measured before transportation through multiphase pipelines to the Edvard Grieg installation for stabilization and export. Edward Grieg will also cover Ivar Aasen power demand until a joint solution for power from shore is established.

The drainage strategy for Ivar Aasen assumes water injection for pressure maintenance. West Cable will be produced through natural pressure support where the major driving force will be natural water influx and formation of a secondary gas cap.

Status

Production from Ivar Aasen started in late 2016, and the current production rate is approximately 50 000 bbl/d, together with some associated gas. 2018 production was slightly lower than expected, mainly due to reduced gas turbine capacity at Edvard Grieg in March-April. Challenges related to water injection in the eastern part of the field have been mitigated by introducing two additional injectors, D-6 and D-7, which came on stream in the summer of 2018. In general, the field reserves are slightly increased since the PDO, although the West Cable resources have been significantly reduced.

The reserves estimate for Ivar Aasen are based on RNB 2019. OKEA AS holds a 0.554% working interest in the licence and the net OKEA 2P/P50 reserves from Ivar Aasen and Infill drilling are 0.75 mmboe. The other licensees are Aker BP (34.7862%), Equinor Energy AS (41.4730%), Spirit Energy Norway AS (12.3173%), Wintershall Norge AS (6.4615%), Neptune Energy Norge AS (3.0230%) and Lundin Norway AS (1.3850%).

3.3.4. Yme (PL316)

The Yme field in the Egersund Basin was discovered by Statoil in 1987 and was put in production in 1996. The field is located 160 km northeast of the Ekofisk field (Figure 4), in water depth of 93 meters. Yme ceased production in 2001 after having produced 51 mmboe, as operation was no longer profitable. However, there were significant volumes left in the field, and in 2007 a redevelopment plan submitted by the new operator, Talisman, was approved. In 2013, after drilling 9 new development wells and 2 appraisal wells, the redevelopment project was abandoned due to structural deficiencies in the mobile offshore production unit. In 2015, OKEA initiated the "Yme New Development" project and in 2018 a new PDO was approved by the authorities.

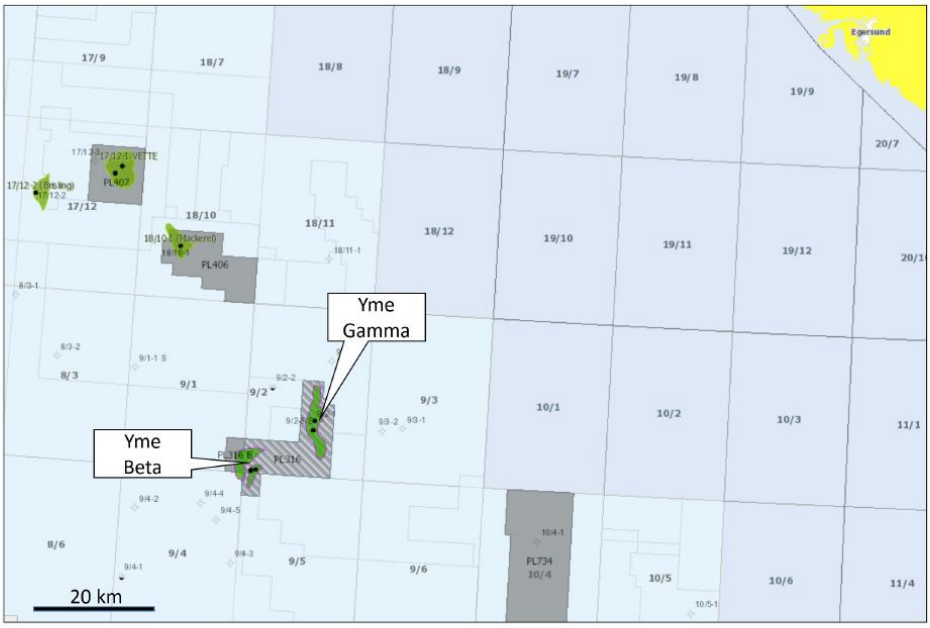

Figure 4: Yme Gamma and Beta location map, North Sea

Discovery

The Yme field was discovered in 1987 by the 9/2-1 well in the Gamma structure, with test oil rate of 4 145 bbl/d oil and gas rate of 0.65 MScf/d. In 1990, oil another discovery was made by the 9/2-3 well in the Beta structure, 12 km west of the Gamma structure.

Reservoir

The reservoir in Yme is the Middle Jurassic to Upper Jurassic Sandnes Fm at a depth of approximately 3200 meters. Vertically, the reservoir is heterogeneous, and the permeability varies from <1 mD to 2D. The sands are however laterally extensive and continuous. The two main structures, Gamma and Beta, located in the Egersund basin, are each subdivided in three segments separated by faults. All these segments except Beta West will be redeveloped.

Development

The Yme field will be developed with a jack-up MOPU equipped with processing facilities. This will be connected to the existing MOPUSTOR tank, left by the previous operator, and oil will be exported by tanker.

The field will produce from 12 horizontal production wells, supported by 2 WAG (Water Alternating Gas) injectors and 3 water injectors. Produced water reinjection, in combination with a regional aquifer, will maintain the reservoir pressure, and provide significant sweep towards the producers. Production wells will be artificially lifted by ESPs and gas lift.

Status

The PDO was delivered in December 2017 and approved by the authorities in March 2018. First oil is expected in Q2 2020, and the maximum plateau oil production rate is estimated to approximately 38,000 bbl/d.

Current offshore work is on the caisson structure, as preparation for the support structure installation. Onshore work includes the well head module fabrication and piping fabrication. The wellhead module will be installed in October 2019, while the production unit Maersk Inspirer will start hook-up and commissioning in December 2019.

The subsurface and well engineering teams are performing final modelling and detailed well planning of the new wells on both Gamma and Beta structures. Drilling of the Gamma wells is scheduled for 2020 while Beta wells are planned for 2021-22.

The reserves on Yme are based on RNB 2019, which again are based on the DG3 / FID profiles for the field. OKEA AS holds 15 percent in Yme and the net OKEA 2P/P50 reserves are 9.6 mmboe. The remaining interests are held by Repsol (55%), Lotos (20%) and KUFPEC (10%).

Contingent resources on Yme are related to a lifetime extension, see Section 4.

4 Contingent Resources

Contingent resources are by definition potentially recoverable volumes from proven accumulations, but not currently considered commercially viable. This essentially includes projects that are being matured but that have not passed FID (Final Investment Decision). OKEA holds contingent resources in several licences. Table 6 shows the total overview of the contingent resources, and the following chapter gives a brief introduction to the Grevling and Storskrymten fields and the other contingent resources.

Table 6: Total contingent resources

As of 01.03.2019	Interest	Gross Oil equivalents (mmboe)			Net Oil equivalents (mmboe)		
		Low	Base	High	Low	Base	High
Hasselmus	44.56%	12.6	14.7	16.7	5.6	6.5	7.5
Hasselmus - Lifetime to 2038	44.56%	6.5	8.0	9.3	2.9	3.6	4.2
Draugen - Infill Ø	44.56%	1.7	4.1	6.2	0.7	1.8	2.7
Draugen - Infill Æ	44.56%	2.2	5.6	8.3	1.0	2.5	3.7
Gjøa - B1 and Agat	12.00%	0.1	2.4	3.6	0.0	0.3	0.4
Grevling	55.00%	21.5	32.6	47.5	11.8	17.9	26.1
Storskrymten	78.57%	2.5	9.4	16.3	2.0	7.4	12.8
Yme - 5 year life extension	15.00%	7.1	8.8	11.1	1.1	1.3	1.7
Total Contingent Volumes (current WI)					**25.1**	**41.3**	**59.1**
Grevling - reduced WI *	35.00%	21.5	32.6	47.5	7.5	11.4	16.6
Storskrymten - reduced WI *	50.00%	2.5	9.4	16.3	1.2	4.7	8.1
Total Contingent Volumes (reduced WI)					**20.1**	**32.1**	**44.9**

*Chrysaor has the right to acquire an additional 20% of OKEA's participating interest in PL038 D and 28.57% of OKEA's participating interest in PL974, in the event that the PL 038D management committee decides to submit a BOV Decision. Option to be exercised within the earliest of i) 1 June 2019, or ii) 14 days after notice of BOV Decision has been submitted to the MPE.

4.1. GREVLING (PL038D) AND STORSKRYMTEN (PL974)

The Grevling field was discovered by Talisman in 2009. The licence then was transferred to Repsol when they acquired the company. In 2017, operator Repsol relinquished their ownership in the licence and supported the transfer of operatorship to OKEA AS. The field is located approximately 20 km south of the Sleipner field (Figure 5), at water depth of 86 meters. The Grevling discovery has now been matured towards selection of a single development concept and a BoV (decision to continue) is expected by the end of 2019, based on a standalone development concept. The neighbouring Storskrymten discovery, which was licensed to OKEA as operator in the APA 2018 round, is planned to be developed as part of the Grevling project. The PL973 exploration licence, directly to the south, is also operated by OKEA.

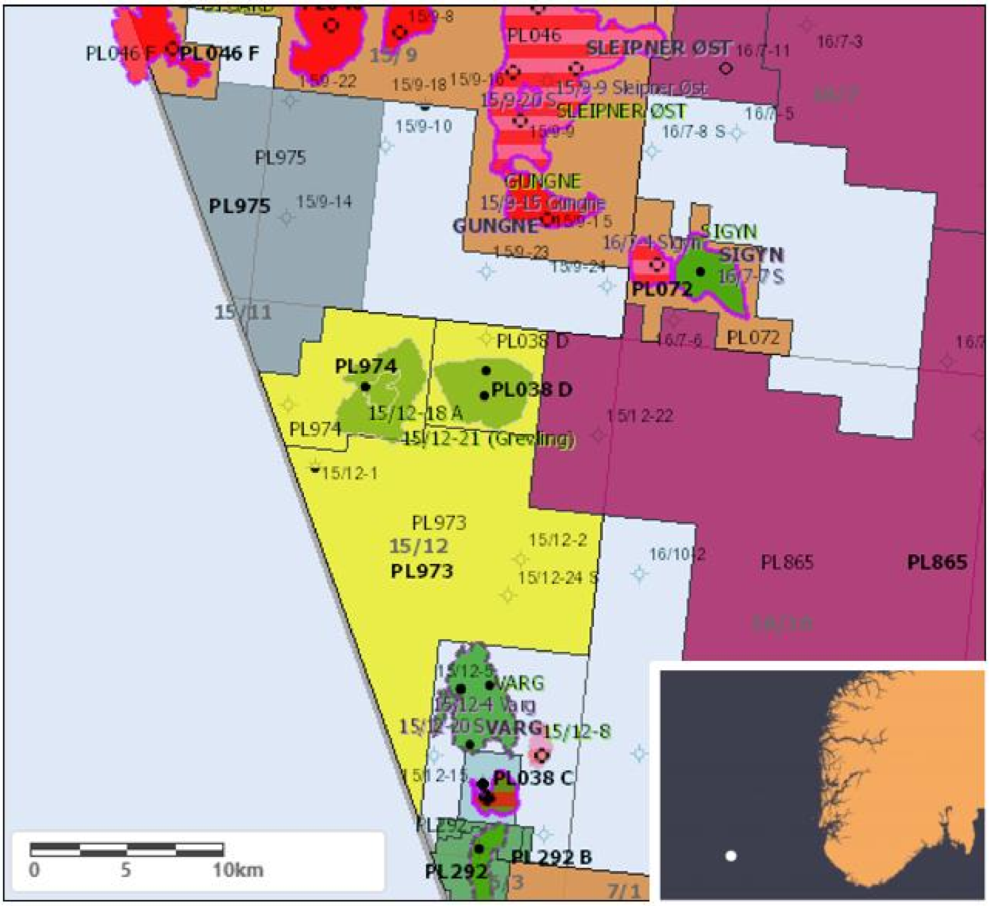

Figure 5: Grevling and Storskrymten location map, North Sea

Discovery

The Grevling field was discovered in 2009 by the 15/12-21 well. The total oil column was 67 meters, and the well tested at rates of up to 780 bbl/d. The discovery was later appraised by a side-track in 15/12-21 A, a new well 15/12-23 and a side-track 15/12-23 A. Storskrymten was discovered in 2007 by the 15/12-18 S well, with a 16m oil column.

Reservoir

The reservoir in Grevling is the Middle Jurassic Hugin and Sleipner fms, and the Triassic Skagerrak Fm. The Sleipner coal Fm separates the Hugin from the Bryne/Skagerrak fms and the accumulation is further subdivided in an eastern and a western segment by a large north-south trending fault. Storskrymten has reservoir in the Paleocene Ty Formation.

Development

The licensees have decided that a standalone development with a mobile production unit (MOPU), as illustrated in Figure 6, is the preferred concept.

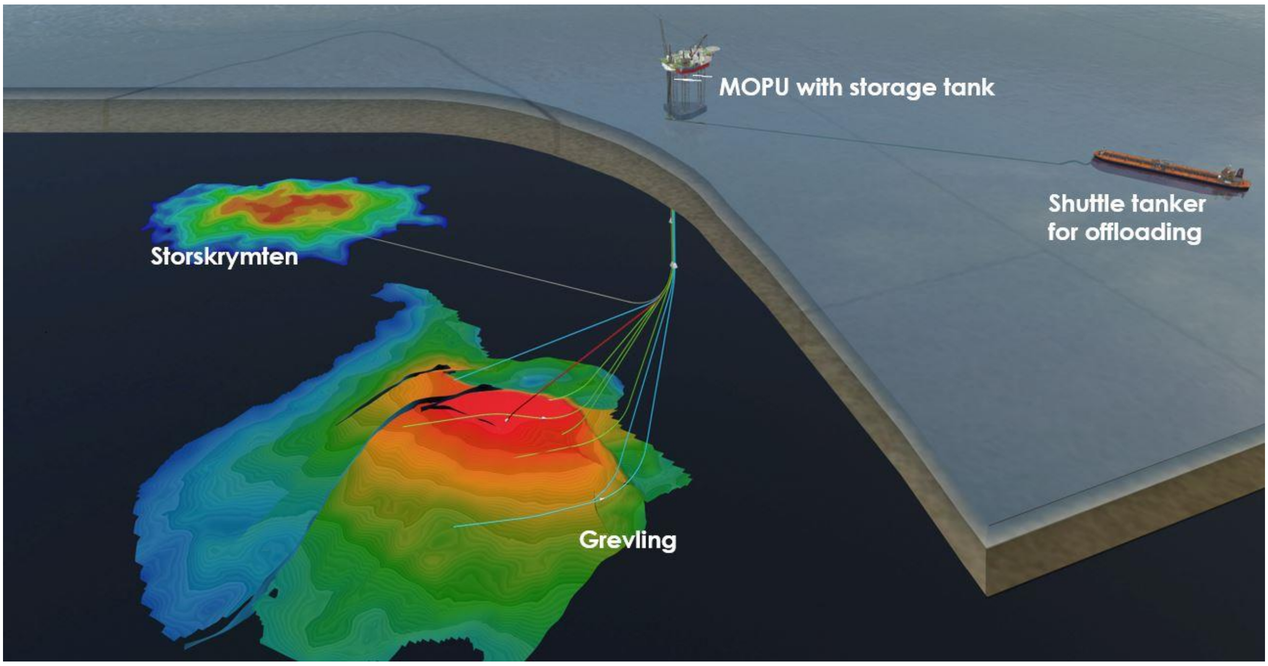

Figure 6: Sketch of MOPU concept

Status

The Grevling project is moving towards a BoV (decision to continue) in Q4 2019, and planned production start-up late 2022/early 2023. Storkrymten will be included in a joint development project. The contingent resource volumes for Grevling are based on preliminary BoV documentation. Storskrymten resources are based on work regarding the APA2018, but risked down as result of a recent seismic inversion study. A thorough subsurface assessment of the Storskrymten discovery is part of the scope of work for the project.

OKEA is the operator for Grevling and holds a 55% working interest in the field, with Petoro (30%) and Chrysaor Norge (15%) as licence partners. As part of the 2018 SPA with OKEA, Chrysaor has the right to increase their working interest to 35%, reducing OKEA's share to 35% in the event that the PL 038D management committee decides to submit a BOV Decision (option to be exercised within the earliest of i) 1 June 2019, or ii) 14 days after notice of BOV Decision has been submitted to the MPE). OKEA also operates Storskrymten with a 78.57% working interest, together with Chrysaor Norge (21.43%) as partner. Here, Chrysaor has a similar right to increase their working interest to 50%, reducing OKEA's share to 50%.

4.2. DRAUGEN INFILL DRILLING

Infill drilling locations are being evaluated to increase recovery from the main Draugen field; two infill well locations are included as contingent resources, one of which is planned to be evaluated by a pilot well in 2019-20.

4.3. DRAUGEN HASSELMUS

The main contingent resources on Draugen are located in the Hasselmus discovery. This includes both gas and oil, of which the gas is being evaluated for development. This gas will replace the planned gas import for fuel, and potentially also imply export of gas. The reduced OPEX from this gas source can extend the economic lifetime of the Draugen platform for at least three years; resources related to this are included as contingent resources.

4.4. GJØA - B1 WELL AND AGAT

A change-out of the gas lift valve by LWI is planned for the B-1 well in April 2019. If successful, the measure is expected to increase the net OKEA volumes by 0.13 mmboe.

Neptune reported in May 2018 estimated in-place volumes related to the Agat discovery (well 35/9-3T2). Assuming a recovery factor of 10%, net volume to OKEA is 0.15 mmboe.

4.5. YME LIFETIME EXTENSION

Yme lifetime extension is associated with extending the lifetime of the Maersk Inspirer rig. Current classing approval period extends for 10 years, and contingent volumes are associated with a 5-year extension. Net volumes range from 1.1 – 1.7 mmboe.

5 Prospective resources

Prospective resources are defined as potentially recoverable from undiscovered accumulations. Table 7 shows the total overview of these resources. One of the major prospects is located in the PL958 licence which was transferred from A/S Norske Shell to OKEA AS on 31 January 2019. Four other licences were awarded in the APA 2018 round in January 2019. There has therefore been an increase from 174 to 352 mmboe unrisked prospective resources since ASR2018.

Table 7: Prospective Resources

PL	Prospect	OKEA WI%	Prob. of Discovery	Net unrisked resources (mmboe)			Net base risked resources (mmboe)	Possible first well	Main HC phase
				Low	Base	High			
PL093*	Skumnisse	44.56%	30%	1	11	27	3	2019	Oil
	Springmus E	44.56%	37%	0	3	8	1	2020	Oil
	Springmus W	44.56%	33%	0	1	4	0	2020	Oil
	East Flank	44.56%	35%	0	1	3	0	2020	Oil
PL1001	Draugen NE	20.00%	22%	5	24	66	5	2021	Oil
PL958*	Rialto	50.00%	12%	47	158	303	19	2022	Oil
PL1003*	Mistral N	60.00%	70%	15	49	79	34	2020	Gas-C
	Mistral S	60.00%	40%	15	49	117	20	2021	Gas-C
PL910	Kathryn	16.67%	27%	1	4	8	1	2019	Oil
PL153	Hamlet	12.00%	56%	1	2	4	1	2020	Oil
PL973*	Jerv	30.00%	57%	10	18	26	10	2020	Oil
	Ilder	30.00%	34%	6	12	17	4	2021	Oil
	Mår	30.00%	18%	9	21	35	4	2020	Oil
	Total prospective volumes				**352**		**103**		

5.1. PL093 – SKUMNISSE, SPRINGMUS, EAST FLANK

Several exploration targets exist in the Draugen licence. The targets include the already defined Springmus, East Flank and Skumnisse prospects identified by Shell. The main differentiator from Shell's work is the incorporation of the 2016 depth conversion and further geophysical analysis, which improved the definition of all prospects.

5.2. PL1001 – DRAUGEN NE

PL1001 contains the Draugen NE prospect, in the same Rogn Formation play as the Draugen field. The licence, awarded as part of the APA 2018 round and operated by ConocoPhillips, has a "Drill or Drop" decision by March 2021.

5.3. PL958 - RIALTO

The PL958 licence to the east of Draugen on the Trøndelag Platform contains several prospects. The most promising is the Rialto prospect, identified by a typical sand signature with significant lateral extent in the seismic data. The play is the same as on Draugen, with reservoir in the Late Jurassic Rogn Formation. The source is likely the Spekk Formation, charging Rialto via spill from Draugen. Charge is the main risk. The licence, awarded as part of the APA 2018 round, has an "Acquire 3D seismic or drop" decision in June 2019.

5.4. PL1003 - MISTRAL

The PL1003 licence in the Norwegian Sea was awarded to OKEA (60%, operator) and Wellesley Petroleum (40%) in the APA 2018 round, based on the applicants' interpretation that the 6406/3-1 discovered gas condensate in the Jurassic Garn Formation in the Mistral N horst block west of the Tyrihans Field. Interpretation of logs and a DST from the well indicate a significant in-place volume upflank of the well with a high expected recoverability. The Mistral S prospect is based on a similar hydrocarbon column being also present in the southern part of the horst block. The licensees have a one-year 'Drill or Drop' decision deadline.

5.5. PL910 - KATHRYN

The Kathryn prospect is planned to be drilled in the neighbouring licence to Yme in Q2-3 2019. A discovery in this structure would be developed through the Yme infrastructure. The prospect lies a few kilometres East of Yme Gamma. It is the same play as Yme, with reservoir in the Mid Jurassic Sandnes Formation, sourced by the Tau Formation. The main risk is timing between trap formation and migration.

5.6. PL153 - HAMLET

The Hamlet prospect, within the Gjøa licence, is a Cretaceous prospect, similar to the nearby Cara discovery. The reservoir consists of turbidite flows originating from the southeast. The well has been sanctioned by the Gjøa licensees, and the site survey will be acquired in 2019 with drilling subject to rig availability. Most likely, Hamlet is drilled in 2020. Hamlet is believed to be connected with the Agat (35/9-3 T2) discovery to the north by a saddle. Hence, a high COS is assumed.

5.7. PL973 – JERV, ILDER, MÅR

The prospects in PL973, awarded in the APA 2018 round, are being evaluated towards a Drill or Drop decision within two years. Jerv and Ilder, prospects in the Paleocene Ty Formation and Mid-Upper Jurasic Hugin Formation respectively, have been fully assessed and the Jerv prospect is considered mature enough to drill. Mår is also a Hugin Formation prospect.

6 Management Discussion and Analysis

The reported 2P/P50 reserves include volumes which are believed to be recoverable based on reasonable assumptions about future economical, fiscal and financial conditions. Discounted future cash flows after tax are calculated for the various fields on the basis of expected production profiles and estimated proven and probable reserves. Cut-off time for the reserves is set at zero cash flow or when facility lease expires. The company has used a long-term inflation assumption of 2 percent, a long-term exchange rate of 7.50 NOK/USD, and a long-term oil price of 70 USD/bbl (real 2019 terms).

The calculations of recoverable volumes are however associated with significant uncertainties. The 2P/P50 estimate represents our best estimate of reserves/resources while the 1P/P90 figures reflect our high confidence estimates. The methods used for subsurface mapping do not fully clarify all essential parameters for either the actual hydrocarbons in place or the producibility of the hydrocarbons. Thus, there is a remaining risk that actual results may be lower than the 1P/P90. A significant change in oil prices may also impact the reserves. Low oil prices may force the licensees to close down producing fields early and lead to lower production. Similarly, better-than-expected reservoir performance or higher oil prices may extend the lifetime of the fields beyond what is currently assumed.

Erik Haugane

CEO

APPENDIX F:

COMPETENT PERSONS REPORT DATED 9 MAY 2019

AGR Petroleum Services AS

Reservoir Management Division

Oslo

Reserves Certification Report 01.03.2019

For OKEA AS
May 2019

AGR Petroleum Services Technical Report

Reserves Certification Report 1.3.2019

Approval			
	Name	*Position*	*Date*
Prepared by	Stein E. Haugen Ole Wahl John Erick Battie	Project Manager Reservoir Engineer Geologist	09.05.2019
Reviewed by	Mahmood Akbar	Advisor Reservoir Engineer	09.05.2019
Accepted By	André Sæthern	AGR VP Reservoir Management	09.05.2019

Document Control			
Copy No.	1	*Issued to:*	OKEA AS
File	OKEA Reserves Certification_01.03.2019_Final.pdf		
Rev. No.	*Date*	*Modification Details*	
00	26.04.2019	Draft	
01	06.05.2019	Final V1	
02	09.05.2019	Final V2	

Qualifications

AGR is an independent consultancy specializing in amongst others petroleum reservoir evaluation, reserves auditing and economic analysis. AGR has conducted evaluations for numerous energy companies and financial institutions. Except for the provision of professional services on a fee basis, AGR does not have any commercial arrangement with any other persons or companies involved in the assets that are the subject of this report.

The audit was managed by Stein-Egil Haugen (BSc in Petroleum Engineering), AGR Advisor Reservoir Engineering. Mr. Haugen, a Reservoir Engineer, has 30+ years of experience, and is an expert on reserves and resource reporting. The report was reviewed and signed off by André Sæthern (MSc in Petroleum/Reservoir Engineering), AGR Vice President Reservoir Management. Mr. Sæthern, has 10+ years of international and NCS experience.

Evaluation Standard

In the audit of reserves, AGR has applied the standard petroleum engineering techniques. This audit is based on the joint definitions of the US Securities and Exchange Commission (SEC) and the Petroleum Resources Management System (SPE PRMS) sponsored by the Society of Petroleum Engineers, the World Petroleum Council, the Society of Exploration Geophysicists, the American Association of Petroleum Geologists, the European Association of Geoscientists & Engineers and the Society of Petroleum Evaluation Engineers from 2018.

Basis of Opinion

The evaluation presented in this report reflects our qualified judgment based on accepted standards of professional investigation but is subject to generally recognized uncertainties associated with the interpretation of geological, geophysical and subsurface reservoir data. It should be understood that any evaluation, particularly one involving exploration and future petroleum developments, may be subject to significant variations over short periods of time as new information becomes available.

Disclaimer

This report relates specifically and solely to the subject petroleum licence interests and is conditional upon the assumptions made therein. This report must therefore be read in its entirety. Hydrocarbon reserves and resources should be regarded as estimates only, that may change as production history and additional information become available. Not only are reserves and resource estimates based on the information currently available, these are also subject to uncertainties inherent in the application of judgmental factors in interpreting such information. AGR Petroleum Services AS shall have no liability arising out of, or related to, the use of the report.

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1 Summary and conclusions

AGR has conducted a certification of reserves and contingent resources as of 1.03.2019 for OKEA AS in accordance with the Petroleum Resources Management System (PRMS) of SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE. Four assets contain reserves, endorsed by AGR, as summarized in Table 1.1.

Table 1.1 Net OKEA reserves as of 01.03.2019 according to PRMS

		(MSm³ o.e.)			(mmboe)		
Asset/Operator	**OKEA interest (%)**	**1P**	**2P**	**3P**	**1P**	**2P**	**3P**
Ivar Aasen / Aker BP	0.554	0.08	0.12	0.15	0.49	0.75	0.93
Yme / Repsol	15.000	1.24	1.52	1.92	7.78	9.59	12.07
Draugen / OKEA	44.560	4.14	4.70	5.18	26.07	29.58	32.61
Gjøa / Neptune	12.000	1.78	2.33	3.33	11.19	14.68	20.96
Total		**7.24**	**8.68**	**10.58**	**45.53**	**54.60**	**66.57**

A discounted cash-flow model with an oil price of 70.0 USD/bbl has been used to determine the economic life for all cases, and hence the net 1P, 2P and 3P reserves attributable to OKEA.

The following OKEA un-risked contingent resources are endorsed by AGR and listed in Table 1.2.

Table 1.2 Net OKEA contingent resources as of 01.03.2019 according to PRMS

		(MSm³ o.e.)			(mmboe)		
Asset	**OKEA interest (%)**	**1C**	**2C**	**3C**	**1C**	**2C**	**3C**
Yme - Life Extension	15.000	0.17	0.21	0.26	1.07	1.32	1.66
Draugen - Hasselmus + Life Extension	44.560	1.63	2.29	2.87	10.25	14.38	18.06
Gjøa - B1 + 35/9-3 discovery	12.000	0.00	0.05	0.07	0.01	0.29	0.43
Grevling	55.000	1.88	2.85	4.15	11.80	17.92	26.12
Storskrymten	78.570	0.31	1.17	2.03	1.98	7.36	12.80
Total		**3.99**	**6.56**	**9.39**	**25.10**	**41.27**	**59.07**

2 Introduction and Objectives

AGR has conducted a certification of OKEA AS reserves and contingent resources as of 01.03.2019 in accordance with the Petroleum Resources Management System (PRMS) of SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE.

This report covers:

- Re-certification of of 1P, 2P and 3P reserves for the following assets (see Fig. 2.1, Fig. 2.2 and Fig. 2.3 for locations):
  - Ivar Aasen (Aker BP is the operator and OKEA owns a 0.554 % share)
  - Yme (Repsol is the operator and OKEA owns a 15.0 % share)
  - Gjøa (Neptune is the operator and OKEA owns a 12 % share)
  - Draugen (OKEA is the operator with a 44.56 % share)
- Re-certification of of 1C, 2C and 3C contingent resources in:
  - Draugen
  - Yme
  - Gjøa
  - Grevling (OKEA is the operator with 55 % share)
- First time certification of 1C, 2C and 3C contingent resources in:
  - Storskrymten (OKEA is the operator with a 78.57 % share)

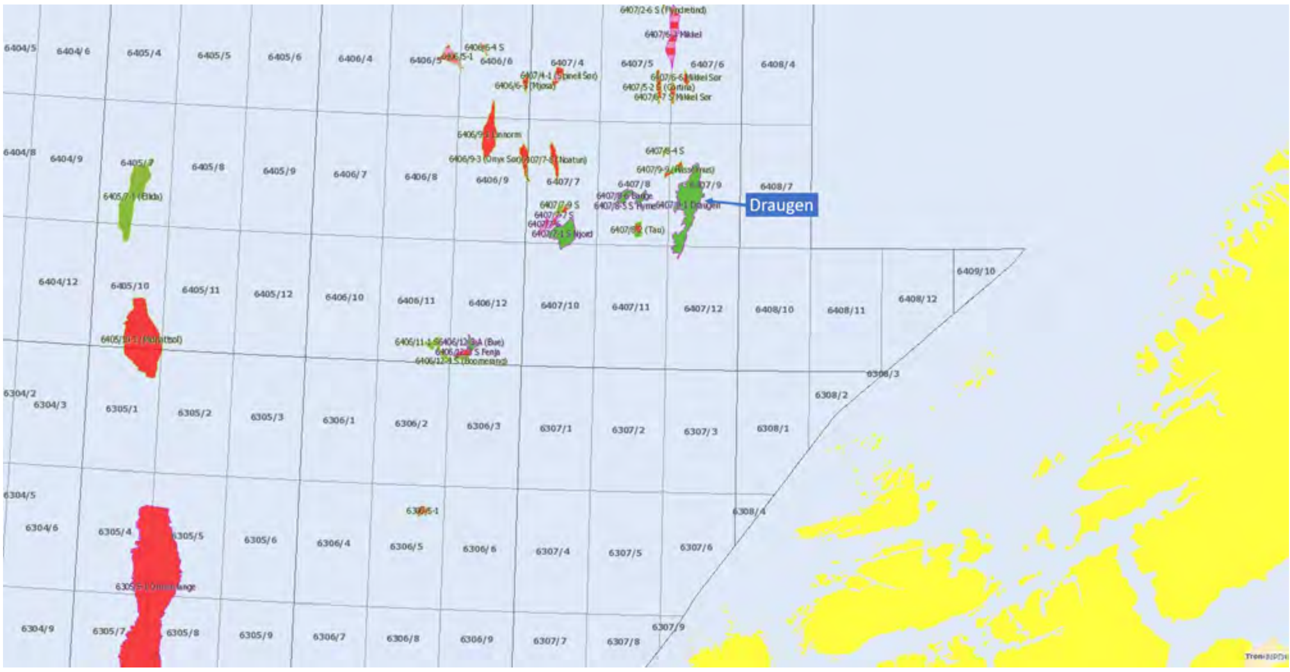

Fig. 2.1 Draugen Location Map
Source NPD

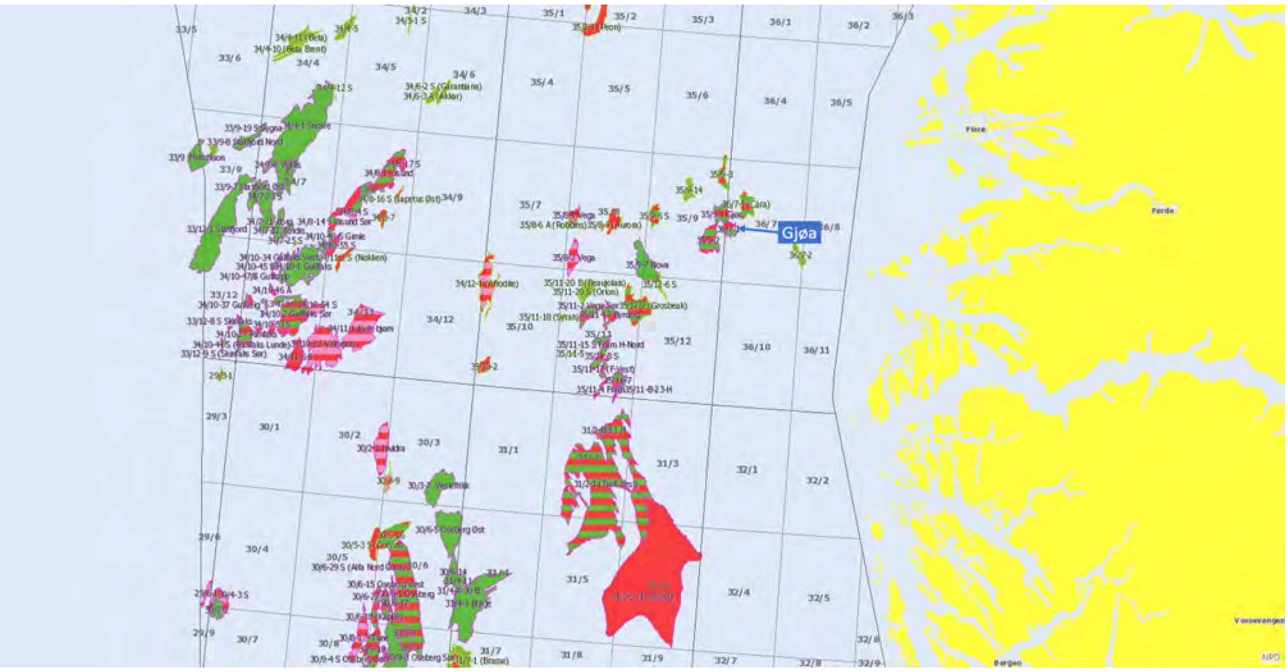

Fig. 2.2 Gjøa Location Map
Source NPD

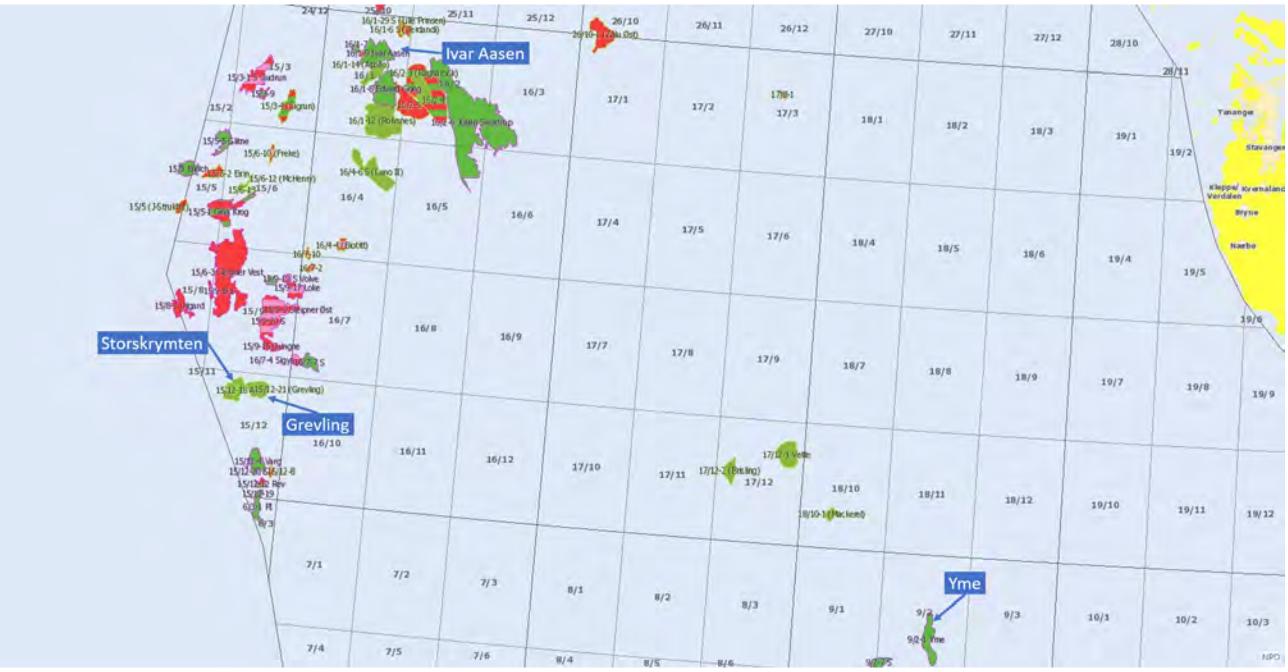

Fig. 2.3 Ivar Aasen, Yme, Grevling and Storskrympten Location Map
Source NPD

All hydrocarbon volumes received from OKEA and certified by AGR, are expressed in SI units (Sm^3). The combined volumes (oil equivalents) are also expressed in mmboe. The oil price is quoted in USD/bbl and the cost profiles are reported in MNOK (million Norwegian Kroner).

Whenever the term "technical" is used with production volumes or profiles, it refers to the estimates before the economic evaluation, i.e. before an economic cut-off has been applied to determine reserves.

3 Methodology

The methodology applied in this report was (assuming relevant data/information was available):

- Review of the available data, interpretations and resulting models and reports.
- The critical parameters were checked in terms of origin of the data, the interpretation and application thereof.
- Review of uncertainty evaluations and how key uncertainties impact the project.
- Review and analysis of the available Petrel™ and Eclipse™ models. However, no new modelling has been performed except using existing models to enhance understanding and to verify results.
- Determine economic cut-offs with resulting reserves.
- Classify the reserves according to the PRMS (SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE). This classification system recommends that no reserves are booked beyond licence expiry date. However, it is a common practice on the Norwegian Continental Shelf that licence period extensions are granted. It is, therefore, assumed that licence periods will be extended and reserves may be recovered beyond the existing licence expiry dates.
- For most assets the RNB2019 submission is the basis for the reserves and cost profiles to be certified. The RNB low case is assumed to represent the P90 case, the base case is assumed to be close to and practically equal to the P50 case and the high case represent the P10 case.
- The gas reserves are reported as sales gas given the actual Gross Calorific Value (GCV) and not converted to 40 MJ/Sm^3.
- RF in this report is defined as the reserves divided by the initially in place volumes. Note that with this definition gas recovery factor may not represent the actual recovery of gas from a field.
- The January and February 2019 produced volumes reported herein are actual production as reported by OKEA. An adjustment of the 2018 volumes, which in the 31.12.2018 report were based on estimates for the three last months, is entered in the balance sheets under "Revisions". These volumes are used for assessment of reserves as of 01.03.2019.

Conversion factors
The following conversion factors are applied in the report:

- Oil and condensate
  - 1 Sm^3 = 6.29 bbl
  - 1 Sm^3 = 1 Sm^3 o.e.
- Gas
  - 1000 Sm^3 gas = 1 Sm^3 o.e.
- NGL
  - 1 tonne NGL = 1.9 Sm^3 o.e.
  - 1 Sm^3 o.e. = 6.29 boe

4 Certification

4.1 Ivar Aasen

Asset overview
The Ivar Aasen Field is located in block 16/1 in the North Sea, 8 km north of the Edvard Grieg field, and around 30 km south of Grane and Balder. The field contains both oil and free gas. The Ivar Aasen field includes two accumulations; Ivar Aasen and West Cable (Fig. 4.1). The accumulations cover several licences and have been unitized into the Ivar Aasen Unit (Table 4.1). Ivar Aasen commenced production on 24.12.2016. The water depth in the area is approximately 110 m and the main reservoir in Ivar Aasen is found at about 2400 m TVD MSL.

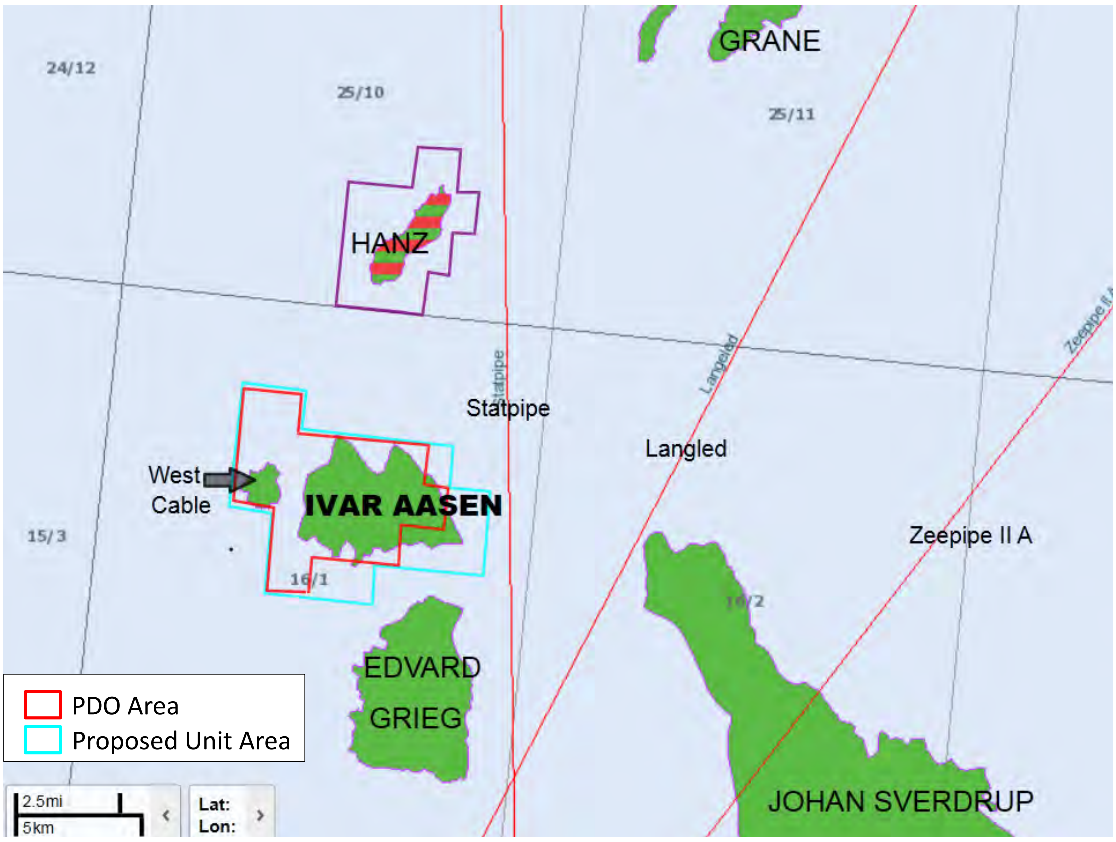

Fig. 4.1 Ivar Aasen Field location map
Unit boundaries are shown.

Table 4.1 Ivar Aasen field licence shares (%). The field covers PL001B, PL242, PL457 and PL338BS.

Licence	OKEA	Aker BP (Op.)	Equinor	Spirit Energy	Wintershall	Neptune E&P	Lundin
Ivar Aasen	0.5540	34.7862	41.4730	12.3173	6.4615	3.0230	1.3850

Discovery
Ivar Aasen was discovered with well 16/1-9 in 2008, proving oil and gas in Jurassic and Triassic sandstones. An earlier exploration well 16/1-2 in 1976 within the structural closure was initially classified as dry, but was after a re-examination re-classified as an oil discovery. West Cable was discovered with well 16/1-7 in 2004, proving oil in Jurassic sandstones.

Reservoir
The two accumulations are located at the Gudrun Terrace between the southern Viking Graben and the Utsira High. The main reservoirs are fluvial and shallow marine deposits of late Triassic to late Jurassic age. The reservoir sands in the Ivar Aasen structure are complex and heterogeneous while the reservoir at West Cable is more homogeneous. The main reservoir units belong to the Hugin/Sleipner and Skagerrak 2 Formations. Middle/Late Triassic reservoirs contain additional minor reserves (Statfjord, Skagerrak1). Early

Triassic deposits of alluvial origin containing a heterogeneous mix of pebbly sandstones and muddy/silty beds is a secondary reservoir, the "Alluvial Fan". The reservoir properties in Alluvial Fan are relatively poor.

The Ivar Aasen structure contains saturated oil and three small gas caps, while the West Cable structure contains undersaturated oil.

Development
The drainage strategy for the Ivar Aasen structure is water injection for pressure maintenance. West Cable will be produced by natural depletion, where the major driving force is aquifer drive. In total seven producers (six targeting the Ivar Aasen structure and one in West Cable) and eight water injectors (in the Ivar Aasen structure) have been drilled in the Ivar Aasen field. The horizontal production wells are completed with mechanical sand control and ICD completions while the vertical injectors have cemented perforated liners. In Phase 2 (Q4 2021) of the development, the Hanz discovery will be developed with two subsea wells tied-back to the Ivar Aasen platform. Hanz is not part of this audit as OKEA has no stake in the reservoir.

The field is located approx 8 km north of the Edvard Grieg Field and is developed with a jacket platform including living quarters, process facilities and a wellhead area (20 slots) on the topside. The wells are drilled from a jack-up rig. The well stream is partly processed on the platform before transportation through pipelines to the Edvard Grieg installation for final stabilization and oil export to the Grane pipeline and gas export to the SAGE pipeline system. Edvard Grieg also covers Ivar Aasen power demand until a joint solution for power from shore is established.

Status
All initially planned plus two additional water injection wells have been drilled in the Ivar Aasen (6OP+8WI) and West Cable (1OP) structures. The development wells on Ivar Aasen main field came in roughly as expected. The first development well in West Cable was disappointing as top reservoir came in deeper than expected. The side track on West Cable was successful with penetration of oil filled reservoir sands. In the PDO West Cable was expected to contain around 13% of the total field in place volume.

Oil production on Ivar Aasen was slightly lower than expected for 2018, mainly due to reduced gas turbine capacity at Edvard Grieg in March-April. Challenges related to injecting voidage replacement in the eastern part of the Ivar Aasen Main Field, have been mitigated by the two new injection wells, D-6 and D-7, which came on stream during the summer of 2018. Successful pressure support from water injection and positive water cross-flow from well D-12, gave lower than foretasted gas-oil-ratio and thus less gas production than expected. The field is producing with good efficiency, but due to reduced efficiency on the host (Edvard Grieg), estimated regularity is reduced for the next two years.

In general, the Ivar Aasen main field has proven larger and better than that estimated in the PDO. However, the reserves on West Cable have been reduced significantly. The 2018 estimated oil equivalents initial in place volumes in West Cable are 1.2 MSm^3 o.e., only approximately 2% of the total field volumes.

The recoverable volumes of Ivar Aasen are classified as "Reserves / On production" (SPE's classification system), except minor volumes in Alluvial Fan which should be classified as "Reserves / Approved for Development".

Volumes presented by OKEA
The Initially In-Place Volumes (IIPV) estimates as of 31.12.2018 and 01.03.2019 are given in the RNB2019, and are listed in the table below.

Table 4.2 IIPV for Ivar Aasen. The numbers include Ivar Aasen, West Cable and "Alluvial Fan" (Discovery 16/1-22A in 2015).

	IIPV, 31.12.2018			IIPV, 01.03.2019		
	Low	Base	High	Low	Base	High
Oil/condensate, MSm^3	36.08	45.48	55.42	36.08	45.48	55.42
Gas, GSm^3	7.51	9.52	11.51	7.51	9.52	11.51

<u>AGR comments to IIPV</u>

- *General*
  - The IIPV as of 01.03.2019 are consistent with those of the RNB2019 submission for Ivar Aasen.
  - The numbers for IIPV, 31.12.2017 in Table 4.2 included Ivar Aasen main field and West Cable.
  - The numbers for IIPV, 01.03.2019 include Ivar Aasen main field, West Cable and Alluvial fan in Ivar Aasen.
  - Base STOIIP for West Cable is 0.5 MSm^3. This number was significantly reduced after the results from the production drilling in 2017.
  - Base STOIIP for Alluvial Fan is 1.0 MSm^3. A recent evaluation and rebuilt geomodel indicates a slightly higher STOIIP in the target area for an infill well.
  - Low and high numbers are arithmetic sums of the three accumulations

- Changes since AGR certification 31.12.2018
  - None

- *Conclusion*
  - In AGR's opinion the IIPV figures are reasonable.
  - As in the reserves certification 31.12.2018, the P90 value for Ivar Aasen Main Field is assumed to be equal to the P50 less 20%. The ± 20% range is similar to the range used in the Reservoir Management Plan (RMP) 2014 study. AGR is in the opinion that a ± 20% range is reasonable.

The Ivar Aasen reserves balance sheet is shown in Table 4.3. There are no contingent resources reported for Ivar Aasen.

Table 4.3 Ivar Aasen Reserves Balance Sheet

Gross reserves balance, 1.1.2019 - 1.3.2019, for:						**Ivar Aasen 100%**	
Reserves class	**Status 31.12.2018**	**Production (Positive)**	**Revisions**	**Aquisitions or sales**	**IOR**	**Discoveries/ New Projects**	**Status 01.03.2019**
Oil and condensate, MSm3							
1P	12.01	0.52	0.00				11.48
2P	18.41	0.52	0.00				17.88
3P	22.40	0.52	0.00				21.88
Gas, GSm3							
1P	2.07	0.09	0.00				1.98
2P	2.93	0.09	0.00				2.84
3P	3.75	0.09	0.00				3.66
NGL, MSm3 o.e.							
1P	0.62	0.03	0.00				0.59
2P	0.88	0.03	0.00				0.84
3P	1.12	0.03	0.00				1.09
Oil equivalents, MSm3 o.e.							
1P	14.69	0.64	0.00				14.05
2P	22.21	0.64	0.00				21.57
3P	27.27	0.64	0.00				26.63

<u>AGR comments to reserves</u>

- *General*
  - The reserves as of 01.03.2019 are consistent with those of the RNB2019 submission, adjusted for final production numbers for 2018 and January and February 2019.
  - The production profiles are based on decline analysis up to end 2019 and the latest simulation model of the Ivar Aasen deposit for following years. The simulation model is history matched up to September 2018. The two new water injectors, D-6 and D-7, which came on stream during the summer of 2018, are included in this simulation.
  - The gas reserves are adjusted manually based on the gas recovery in the base case simulation model.
  - Gas is reported at 43.2 MJ/Sm3 gross calorific value.
  - The Ivar Aasen reserves are a combined contribution from the Ivar Aasen main field and the West Cable structure. The reserves from West Cable constitutes less than 0.5 % of the total reserves from the unit.

  - RNB2019 includes minor volumes (0.3 MSm³ gross oil) for one infill well (IOR 08), classified as NPD resource class 3 (RC3). Approval for expenditure for these wells are taken mid March 2019, which is after data cut-off of this report, and is thus not currently included as reserves.
  - Estimated total regularity for Ivar Aasen is reduced from 94.4 % to 91 % for 2019 and 92 % for 2020, based on 2018 experience. The host Edvard Grieg is expected to increase uptime from 1.1.2023 when power from shore is planned to be in operation, and the long term estimate for total regularity is 94 %.

- Changes since AGR certification 31.12.2018
  - The reserves numbers are adjusted for production 2018 and in January and February 2019.

- *Conclusion*
  - The 1P oil volume is 35 % less than the 2P oil reserves. This reflects relatively large uncertainties related to the future performance of existing wells and the field's economic cut-off date.
  - Nearly 45 % of oil reserves as of 01.03.2019 are allocated to well D-11. This well has been producing below expectations. Production from Ivar Aasen is very vulnerable to performance of this well, and it seems quite likely that additional investments in well capacity will be required to produce the reserves reported.
  - The 3P oil volume is 22 % higher than the 2P oil reserves.
  - The P50 recovery factors at EUR shown in Table 4.5 are reasonable when compared to NCS fields with similar drainage strategies.
  - The numbers reported by OKEA are reasonable.

Reserves and Contingent Resources certified by AGR
Economic evaluations have been carried out for the Ivar Aasen field based on the costs and production profiles originally supplied by OKEA and reviewed by AGR.

The economic evaluations have confirmed that the P90, P50 and P10 cases are economically robust under the base oil price. The economic cut-off is reached at the end of technical production profiles for P50 and P10. P90 has an economic cut-off six years earlier than technical production profile. Table 4.4 shows the net 1P, 2P and 3P reserves for the Ivar Aasen field. The key results are summarised below. More details on the estimation of the economic cut-offs together with the production profiles are given in Section A.1 Ivar Aasen Economic Summary and Production Profiles.

OKEA has not reported any contingent resources connected to the Ivar Aasen assets.

Table 4.4 Net Ivar Aasen reserves as of 01.03.2019

Reserves	1P	2P	3P
Oil/condensate, MSm³	0.06	0.10	0.12
Gas, GSm³	0.01	0.02	0.02
NGL, MSm3 o.e.	0.00	0.00	0.01
Total, MSm³o.e.	**0.08**	**0.12**	**0.15**
Total, mmboe	**0.49**	**0.75**	**0.93**

The above reserves are based on sound industry practice and are endorsed.

Table 4.5 Ivar Aasen recovery factors

	Oil RF by 01.03.2019	Oil RF at EUR	Gas RF by 01.03.2019	Gas RF at EUR
Ivar Aasen	13 %	52 %	14 %	44 %

References
The main references provided were:

- Ivar Aasen_ RNB2019.xlsm
- Ivar Aasen_ RNB2018.xlsm

- Ivar Aasen LRP 2018.pdf, Aker BP 2018
- Ivar Aasen PUD.pdf, Det Norske 2013
- Reservoir Committee meeting_21.11.17_post meeting handout.pdf, OKEA
- Reservoir Management Plan - 2018.pdf, OKEA
- Handouts from IOR meeting 30.08.2018, Aker BP
- OKEA AS, Annual Statement of Reserves 2018
- Various power points supplied by OKEA
- Answers in Q&A.

4.2 Yme

Asset Overview
The Yme field is located 160 km north-east of the Ekofisk field, see Fig. 4.2, in water depth of 93 m in the Norwegian part of the Norwegian Danish Basin. It was discovered by Statoil in 1987 and was put on production in 1996. Yme ceased production in 2001 after having produced 8.1 MSm^{3}o.e. (51 mmboe) as operation was no longer profitable. However, there were significant volumes left in the field, and in 2007 a redevelopment plan submitted by the new operator, Talisman, was approved. In 2013, after drilling 9 new development wells and 2 appraisal wells, the redevelopment project was abandoned due to structural deficiencies in the mobile offshore production unit. In 2015 "Yme New Development", was initiated, and in March 2018 a PDO for this development was approved by the authorities with first oil planned for 2020.

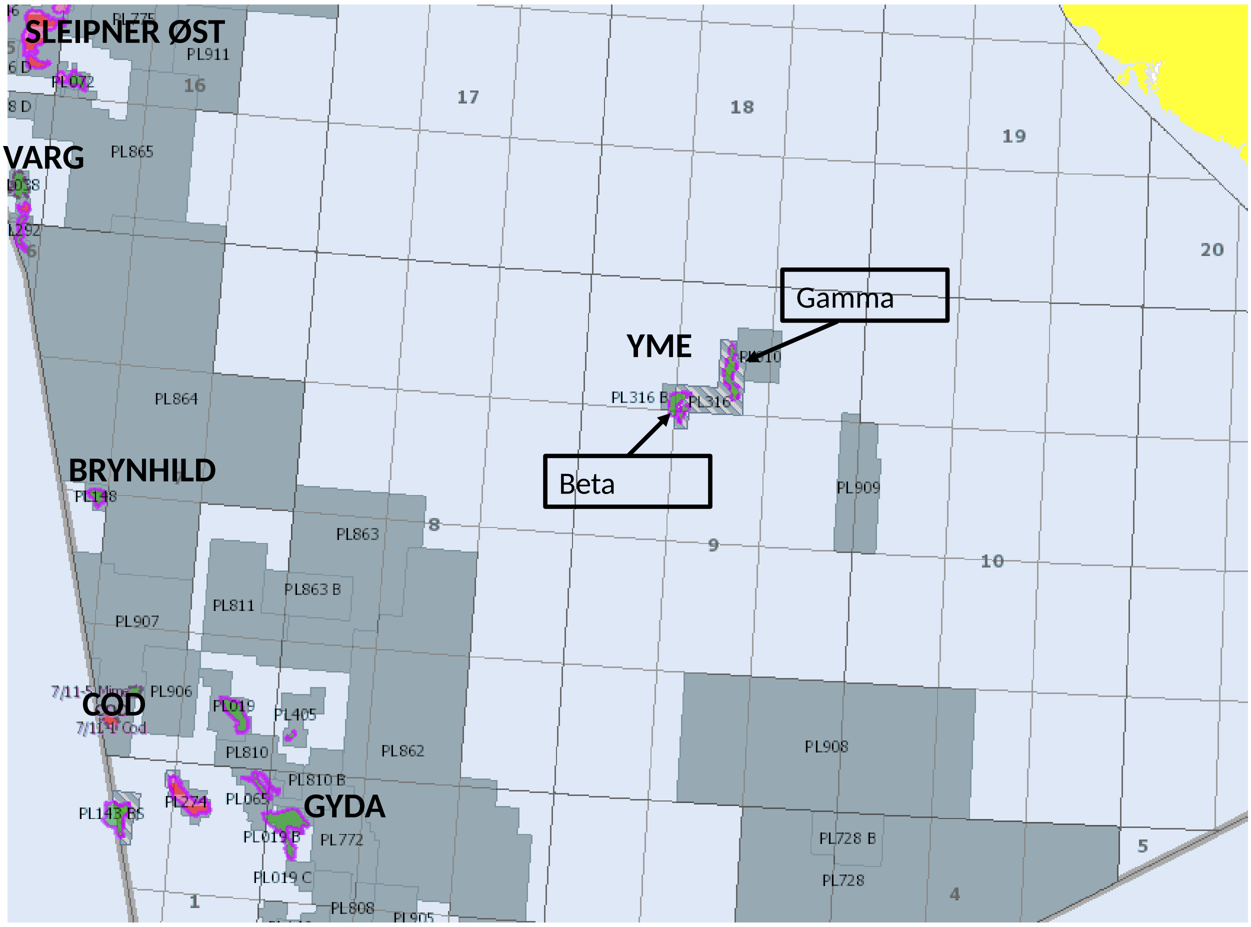

Fig. 4.2 Location of the Yme field in the southern part of the Norwegian North Sea

The licence shares are shown in the table below.

Table 4.6 The licence shares for the Yme field (%).

Licence	Repsol (Op.)	Lotos	OKEA	Kufpec
PL 316 (Yme)	55	20	15	10

Discovery
The Yme field was discovered in 1987 by the 9/2-1 well in the Gamma structure. In 1990, another oil discovery was made by the 9/2-3 well in the Beta structure, 12 km west of the Gamma structure. The Sandnes formation is the productive reservoir, and is covered by Upper Jurassic shales from the Egersund, Tau and Sauda formations. The primary source rock is the highly organic shale from the Tau Formation and the sealing is provided by the Egersund, Tau and Sauda formations.

Reservoir
The reservoir in Yme is the Middle to Upper Jurassic Sandnes formation at a depth of approximately 3200 m. The two main structures, Gamma and Beta, are each subdivided into three segments separated by faults. All of these segments, except Beta West, will be redeveloped. The reservoir model has been updated after the recent drilling, and the current understanding is that the Sandnes formation was deposited in a period of transgression with shore face sediments in a sandy delta. Channel belt complexes associated with this delta correspond to main feeder channel systems and have the best reservoir properties. The thickness of the Sandnes formation in the area surrounding PL 316 is up to 180 m. The average thickness is 150 m for Gamma and 115 m for Beta. The Sandnes formation is divided into 10 zones, numbered from 1 to 10: YS1 (oldest) to YS10 (youngest).

Development
The Yme New Development (YND) includes a leased jack-up rig equipped with drilling and production facilities. The jack-up will be installed on the Gamma location and re-use existing facilities on the field. The oil will be exported by tankers and gas will be used for power generation, gas-lift and WAG.

The facilities currently installed on the field (according to PDO 2007) that will be reused, are as follows:

- Storage tank
- Caisson with risers and wells
- Pipelines, umbilicals and subsea facilities at the Beta location
- Submerged Loading System (SLS)

Existing facilities and equipment to be reused have been subjected to a verification program. A regular maintenance, functionality and integrity program is implemented to ensure compliance with regulations and safeguard of installations for the entire expected lifetime.

Changes and new equipment compared with PDO 2007 are comprised of the following:

- A drilling rig with processing facilities will be installed on the field
- A new wellhead module (WHM) will be installed on top of the existing caisson
- A new support structure for the caisson
- Beta North: A new subsea template with three wells tied in to the existing Beta manifold (on stream from 2022).

The field will be producing from 12 horizontal production wells supported by 2 WAG injectors on Gamma and 3 water injectors; one on Gamma and two on Beta. Nine of these wells are pre drilled wells on Yme Beta and Gamma that were completed during the 2009-2010 period.

Produced water re-injection in combination with a regional aquifer will maintain the reservoir pressure, and provide significant sweep towards the producers. Artificial lift for the production wells will primarily be provided by gas lift, but Gamma East wells will utilise ESP.

Status
DG3 for the Yme New Development was passed in October 2017. An amended PDO for the redevelopment of Yme was submitted In December 2017. The PDO was approved by the authorities in March 2018. First oil is expected in second quarter 2020.

The Yme Life Extension project is a 5 year extension of the Yme New Development profile conditioned on a 5 year extension of the current facility lifetime of 10 years.

The recoverable volumes of Yme are classified as "Reserves / Approved for Development" for Yme New Development and "Contingent Resources / Development Pending" for Yme Life Extension project (SPE's PRMS classification system).

Volumes presented by OKEA
The Initially In-Place Volumes (IIPV) estimates as of 31.12.2017 and 31.12.2018 are listed in the table below.

Table 4.7 IIPV for Yme for 31.12.2018 and 01.03.2019

	IIPV, 31.12.2018			IIPV, 01.03.2019		
	Low	Base	High	Low	Base	High
Oil/Condensate, MSm^3	49.0	54.8	61.1	49.0	54.8	61.1
Gas, GSm^3	2.9	3.3	3.7	2.9	3.3	3.7

AGR comments to IIPV

- *General*
  - In 2017 two new geological models, one for Beta and one for Gamma, were produced based on new wells in 2009-2010, new 3D interpretation, revised sedimentological model, revised structural understanding and new petrophysical evaluation.
  - The new wells show that there is still considerable uncertainty regarding depth conversion and interpretation of top reservoir. This has been addressed in the Changed Plan for Development and Operation, where variance parameters were used in order to limit the uncertainty range before the STOIIP numbers were compared in the history matching process
  - Free water levels of the different segments in the two structures are contributors to the uncertainty in the STOIIP Numbers. Low case, Base case and High case for free water levels have been used separately for each segment in order to take care of the variations.
  - An integrated static uncertainty analysis, described in the Yme New Development "Changed Plan for Development and Operation" gives ranges in STOIIP.
  - The Yme New Development "Changed plan for Development and Operation" have performed several important updates on the modelling. The numbers are slightly down from Yme PDO 2017: Subsurface Support Document, but are still consistent. The P90 value for Yme is assumed to be equal to the P50 less 10,5%. This is reasonable keeping in mind the long production history on Yme, and a total of 37 wells on the field.

- *Changes since certification 31.12.2018*
  - There are no changes since last update.

- *Conclusions*
  - In AGR's opinion the IIPV figures are reasonable.

The Yme reserves balance sheet is given in Table 4.8. The 3P reserves was not certified by AGR last year which results in a large increase in 3P revisions. The Yme contingent resources balance sheet is given in Table 4.9. The contingent resources were not certified by AGR last year.

Table 4.8 Yme Reserves Balance Sheet

Gross reserves balance, 1.1.2019 - 1.3.2019, for:						Yme 100%	
Reserves class	Status 31.12.2018	Production (Positive)	Revisions	Aquisitions or sales	IOR	Discoveries/ New Projects	Status 01.03.2019
Oil and condensate, MSm3							
1P	8.25						8.25
2P	10.17						10.17
3P	12.79						12.79
Gas, GSm3							
1P							
2P							
3P							
NGL, MSm3 o.e.							
1P							
2P							
3P							
Oil equivalents, MSm3 o.e.							
1P	8.25						8.25
2P	10.17						10.17
3P	12.79						12.79

Table 4.9 Yme Contingent Resources Balance Sheet

Gross contingent resources balance, 1.1.2019 - 1.3.2019, for:				Yme 100%			
Reserves class	Status 31.12.2018	Production (Positive)	Revisions	Aquisitions or sales	IOR	Discoveries/ New Projects	Status 01.03.2019
Oil and condensate, MSm3							
1C	1.13						1.13
2C	1.40						1.40
3C	1.76						1.76
Gas, GSm3							
1C							
2C							
3C							
NGL, MSm3 o.e.							
1C							
2C							
3C							
Oil equivalents, MSm3 o.e.							
1C	1.13						1.13
2C	1.40						1.40
3C	1.76						1.76

AGR comments to reserves and contingent resources

- *General*
  - The reserves are consistent with the RNB2019 submission.
  - The Yme New Development is categorized as reserves and the Yme Life Extension project is categorized as contingent resources.
  - Two independent simulation models (Gamma and Beta) were built directly from the geomodels, with no up-scaling. Five relative permeability regions were defined based on permeability classes. The SCAL data are derived from core plugs and PVT is derived from fluid samples. The models were initialised using a set of capillary pressure curves varying with the permeability.
  - A lot of emphasis have been made to history matching the models from the five years of production history (1996 - 2001). Static and dynamic model uncertainties were combined to make hundreds of equally probable models. The results were compared to the production history and filtered. The process was repeated in several iterations. A reference model for both Gamma and Beta were then selected. Each well has been history matched on individual level. The history match on well level looks satisfactory.
  - The most important parameters used in the history matching are aquifer size, pore volume multipliers, fault communication, critical water saturation and static model (property distribution and channel direction).
  - The models have been adjusted to match the following parameters:
    - Oil and water rate
    - Static and dynamic well pressures
    - Formation pressures obtained by Statoil and Talisman in conjunction with drilling
  - The allocated historic production data is of good quality for most Gamma wells. There is considerable uncertainty associated with the allocation of historic production between the Beta wells as they shared the same production line, and the wells were never tested alone.
  - The 9 pre drilled wells on Yme Beta and Gamma were completed during the 2009-2010 period. The uncertainty associated with further use of these wells will be related to the removal of barrier plugs and the initial flow of the wells. In the new development plan, these 9 wells will be re-completed using gas lift, i.e. the uncertainty related to the ESP's will no longer be relevant.

- *Changes since certification 31.12.2018*
  - No changes

- *Conclusions*
  - The production history helps reducing the reserves uncertainty. However, the field is heterogeneous and compartmentalized, and there is still uncertainty about the water cut evolution and drainage of the low permeability zones.

- The reserves uncertainty range of -20 % / + 25 % is acceptable.
- The contingent resources linked to the Yme Life Extension project are conditioned on a 5 year extension of the current facility lifetime of 10 years.
- The P50 recovery factors at EUR shown in Table 4.12 is reasonable.
- In AGR's opinion the figures reported by OKEA are reasonable and are endorsed.

Reserves and Contingent Resources certified by AGR
Economic evaluations have been carried out for the Yme field based on the costs and production profiles originally supplied by OKEA and reviewed by AGR.

The economic evaluations have confirmed that the P90, P50 and P10 cases are economically robust under the base oil price. The economic cut-off is reached at the end of technical production profiles for P90, P50 and P10. The key results are summarised below. More details on the estimation of the economic cut-offs together with the production profiles are given in Section A.2 Yme Economic Summary and Production Profiles.

Table 4.10 Net Yme reserves as of 01.03.2019

Reserves, AGR review	1P	2P	3P
Oil, MSm^3	1.24	1.52	1.92
Gas, GSm^3	-	-	-
NGL, GSm^3	-	-	-
Total, MSm^3 o.e.	**1.24**	**1.52**	**1.92**
Total, mmboe	**7.78**	**9.59**	**12.07**

The above reserves are based on sound industry practice and are endorsed.

Table 4.11 Net Yme resources as of 01.03.2019

Resources, AGR review	1C	2C	3C
Oil, MSm^3	0.17	0.21	0.26
Gas, GSm^3	-	-	-
NGL, GSm^3	-	-	-
Total, MSm^3 o.e.	**0.17**	**0.21**	**0.26**
Total, mmboe	**1.07**	**1.32**	**1.66**

The above resources are based on sound industry practice and are endorsed.

Table 4.12 Yme 2P Recovery Factors

	Oil RF by 01.03.2019	Oil RF at EUR	Gas RF by 01.03.2019	Gas RF at EUR
Yme	14 %	33 %	-	-

References
The main reference provided were:

- OKEA Annual Statement of Reserves 2018 (March 2018), OKEA
- RNB2018 and RNB2019, OKEA
- Yme New Development - Changed Plan for Development and Operation, December 2017, Repsol
- Yme New Development - Yme PDO 2017: Subsurface Support Document, Revision 01, Repsol

4.3 Draugen

The Asset overview
Draugen is an oil field in the southern part of the Norwegian Sea in production licenses (PL) 093 and 176 and blocks 6407/9 and 6407/12, see Fig. 4.3, in a water depth of 240 - 300 m. Draugen was discovered in 1984, and the plan for development and operation (PDO) was approved in 1988. Production started in 1993. The field contains oil and associated gas with a field-wide common OWC at 1640 m TVD MSL.

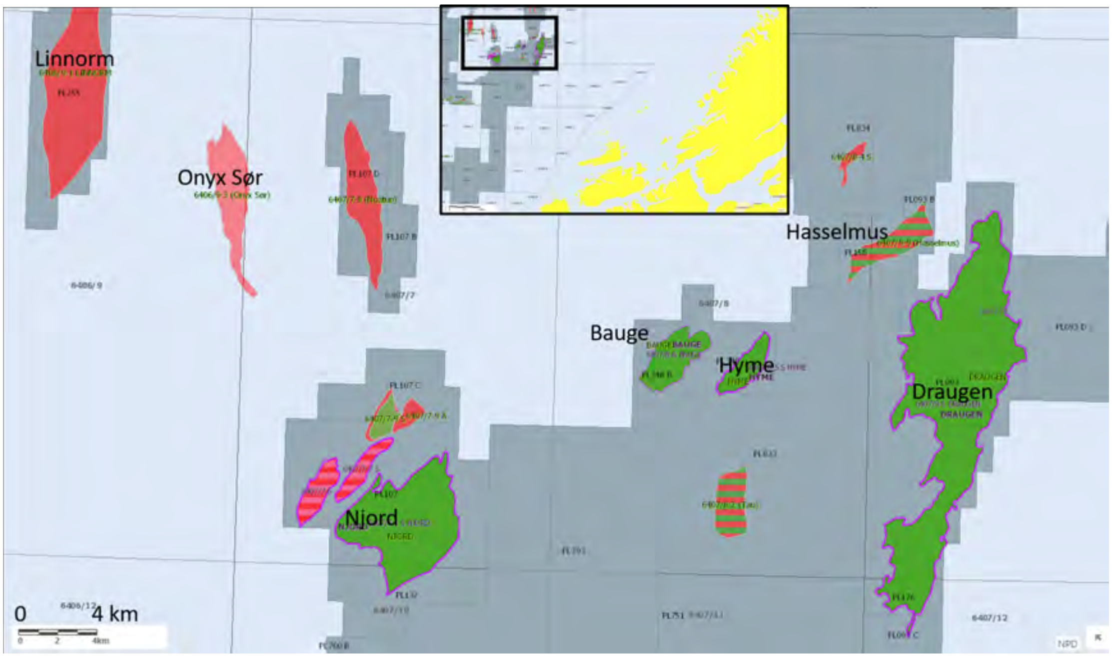

Fig. 4.3 Draugen location map
Source NPD

The production strategy is oil production with pressure maintenance by water injection and aquifer support.

Several licenses in the area have the same ownership as the Draugen field including PL 093 B, PL 093 C, PL 093 D and PL 158. The area includes the Hasselmus and Dansemus discoveries and several small structures (prospects).

The company shares in the Draugen Field (the licences mentioned above) are listed in the table below.

Table 4.13 Draugen field licence shares (%). The field covers PL 093 and PL 176.

Licence	Petoro	OKEA (Op.)	Neptune
PL 093, PL 093 B, PL 093 C, PL 093 D	47.88	44.56	7.56
PL 176	47.88	44.56	7.56
PL 158	47.88	44.56	7.56

Discovery
The Draugen field was discovered with well 6407/9-1 in 1984. The well found sandstones in Rogn Fm filled with light oil and an OWC. Later wells confirmed a field-wide common OWC at 1640 m TVD MSL.

Reservoir
Draugen produces oil from two formations. The main reservoir is in sandstone of Late Jurassic age in the Rogn Formation. The western part of the field also produces from sandstones of Middle Jurassic age in the Garn Formation. The reservoirs are relatively homogeneous with good reservoir quality.

Development
The field has been developed with a concrete fixed platform with integrated topside, and has both platform- and subsea wells. Stabilised oil is stored in tanks at the base of the facility. Two pipelines connect the facility to a floating loading-buoy where the oil is exported by tankers. Excess associated gas is transported through the Åsgard Transport System (ÅTS) to Kårstø.

Three production areas are developed; the platform area with six original platform producers in the main Rogn reservoir, Rogn South, and Garn West with subsea production wells. Pressure is maintained by water injection in the North (NWIT) and South (SWIT). Except from the six platform producers all wells are subsea. Infill drilling has included four wells during 2001-2002, and most recently five wells during 2013-2015. The infill drilling has targeted by-passed and attic oil.

Status
The recovery efficiency at Draugen is extremely high, and the best producers on the field are historically among the best producers on the NCS. The initial production period was practically without water production. However, a massive water break through in late 2001 resulted in a sharp reduction in oil production, and a long tail followed with a slow decline. The field is now on tail end of production and has as of 01.03.2019 recovered about 63 % of the expected STOIIP.

Recently several projects have been planned and executed to extend field life, reduce costs and improve recovery. The infill drilling program adding five subsea producers and a subsea pump station has been executed. The subsea pump contributes to increased production from the subsea wells, however, the production through the booster station has until recently been limited by an integrity issue of the Garn West production riser. The riser was replaced in 2018.

Associated gas has been used as fuel for power generation. With declining oil production, sufficient gas volumes are no longer available and alternative solutions are needed. The current solution is to make use of diesel together with the associated gas to cover the fuel requirements on Draugen. A long term solution is to import gas. A concept for gas import has been chosen and the project was sanctioned in January 2019. Going forward smaller projects linked to integrity issues will be the focus. The result of all the project activity is that the End of Field Life (EoFL) has been extended to mid-to-late 2030's.

Production experience from the infill drilling has generally been below expectations, and the EUR of these wells have been reduced in recent years. The main reason is that the oil in place appears to be less than expected in the infill locations. Production has generally also been below the target due to under-performance of infill wells, and lower uptime than stipulated.

The recoverable volumes of Draugen are classified as "Reserves / On production" (SPE's classification system). The Hasselmus development, extended lifetime as well the two infill wells are classified as "Contingent Resources" (SPE's classification system).

AGR is not aware of any other pending decisions for extending field life to 2035.

Hasselmus
Hasselmus is a discovery located north-west of Draugen. The well 6407/9-9 drilled a horst block and found a 7 m oil column overlain by a gas cap within Middle Jurassic Ile and Ror Formation in 1999. The reservoir quality is very good, with permeabilities up to a few Darcy and porosity averaging 34%. The development of Hasselmus with the purpose of delivering gas to Draugen for fuel gas was studied by Shell at an earlier stage (2009-2013). At that time oil rim development was also evaluated. The project was halted and no investment decision for this development has been taken so far. As of current, OKEA has restarted the studies with the aim of producing the gas accumulation on Hasselmus, partly to secure gas for fuel, partly for export. Production from the oil rim on Hasselmus is not considered as of present.

Infill Wells Æ and Ø.
OKEA are currently maturing several infill targets in the Draugen accumulation. Infill well Æ is targeting a local high in the northernmost extent of the Draugen reservoir in Rogn. The well is situated in an area far from oil producers, but relatively close to injection well B5. Infill well Ø is slightly further to the south, but still north of the Draugen platform. Bearing in mind the disappointing results from the last infill well campaign OKEA is proposing an appraisal program where current injection well B5 is used as a data point for

gathering of information to firm up the view of the existing oil column height in the infill Æ location. For the Ø location the proposal is to drill an appraisal well to tag top reservoir, top reservoir properties and remaining oil column height.

Volumes presented by OKEA

The Initially In-Place Volumes (IIPV) estimates as of 01.03.2019 are given in the RNB2019, and are listed in the table below.

Table 4.14 IIPV for Draugen as of 01.03.2019

	IIPV, 01.03.2019		
	Low	**Base**	**High**
Oil/Condensate, MSm³	202.4	224.4	237.7
Gas, GSm³	11.3	11.8	13.6

AGR comments to IIPV

- *General*
  - The IIPV as of 01.03.2019 are consistent with those of the RNB2019 submission for Draugen.
  - The Rogn Fm holds the majority of the STOIIP with 196.7 MSm³, while Garn Fm has 27.7 MSm³.
  - A full-field geomodel for Draugen constructed in 2008 has a lower STOIIP, ~202 MSm³. The model was updated with the latest in-fill wells drilled in 2013-2015, but this had only minor impact on the volumes.
  - The simulation model has been history matched and the pore volume from FFM2008 geomodel has been increased. STOIIP in this model corresponds to the RNB2019 numbers
  - The uncertainty ranges are quite narrow, -10/+6% for Rogn and -11/+3% for Garn, which is logical considering the late life of the field.
  - Remaining uncertainties are related to reservoir properties at the flanks, Top Rogn map (seismic pick and velocity model), Top Garn surface and Rogn/Garn communication.

- *Conclusions*
  - In AGR's opinion the IIPV figures are reasonable.

Table 4.15 IIPV for Hasselmus as of 01.03.2019

	IIPV, 01.03.2019		
	Low	**Base**	**High**
Oil/Condensate, MSm³	2.1	3.3	4.4
Gas, GSm³	1.4	2.7	3.9

AGR comments to IIPV

- *General*
  - The IIPV for Hasselmus as given by OKEA is taken from the current subsurface study related to a development study of fuel gas to Draugen.
  - A geomodel in Petrel was built and an uncertainty study were performed in 2008 and updated in 2014, which gave the IIPV in Table 4.15. Top reservoir and facies distribution are the largest uncertainty factors. The range in GIIP of -48%/+45% is quite large.
  - IIPV is not in accordance with RNB 2014. The GIIP in the RNB 2014 is lower compared to that of the study and geomodels provided.
  - Note that even though STOIIP is reported, the discovery is not planned to be produced.

- *Conclusions*
  - In AGR's opinion the IIPV figures are reasonable even though they are not consistent with the RNB 2014 submission. Our conclusions are based on the Hasselmus study from 2008.

The Draugen reserves balance sheet is shown in Table 4.16 and the contingent resources balance sheet is presented in Table 4.17.

Table 4.16 Draugen Reserves Balance Sheet

Gross reserves balance, 1.1.2019 - 1.3.2019, for:						**Draugen 100%**	
Reserves class	Status 31.12.2018	Production (Positive)	Revisions	Aquisitions or sales	IOR	Discoveries/ New Projects	Status 01.03.2019
Oil and condensate, MSm3							
1P	9.27	0.15					9.11
2P	10.50	0.15	0.00				10.35
3P	11.56	0.15					11.41
Gas, GSm3							
1P	0.00	0.01					0.00
2P	0.00	0.01					0.00
3P	0.00	0.01					0.00
NGL, MSm3 o.e.							
1P	0.15	-0.04	0.00				0.19
2P	0.17	-0.04	0.00				0.21
3P	0.19	-0.04					0.22
Oil equivalents, MSm3 o.e.							
1P	9.42	0.12	0.00				9.30
2P	10.67	0.12	0.00				10.55
3P	11.76	0.12					11.64

Table 4.17 Draugen Contingent Resources Balance Sheet

Gross contingent resources balance, 1.1.2019 - 1.3.2019, for:						**Draugen 100%**	
Reserves class	Status 31.12.2018	Production (Positive)	Revisions	Aquisitions or sales	IOR	Discoveries/ New Projects	Status 01.03.2019
Oil and condensate, MSm3							
1C	0.78		0.56				1.34
2C	1.43		1.06				2.49
3C	1.92		1.56				3.47
Gas, GSm3							
1C	0.80		0.81				1.62
2C	1.70		0.24				1.94
3C	2.41		-0.14				2.27
NGL, MSm3 o.e.							
1C	0.65		0.05				0.70
2C	0.74		-0.04				0.70
3C	0.81		-0.12				0.70
Oil equivalents, MSm3 o.e.							
1C	2.24		1.42				3.66
2C	3.87		1.26				5.13
3C	5.14		1.31				6.44

AGR comments to reserves and contingent resources

- *General*
  - OKEA has included reserves in the Draugen field in accordance with RNB 2019, but adjusted for final production numbers for 2018 and January and February 2019. Two projects are included in the reserves; the base production and Draugen Upgrade including gas import for fuel and extending production to 2035.
  - The Draugen Upgrade project is reported as Contingent Resources in RNB 2019 since it is not formally sanctioned. However, several projects have been initiated to extend production and the concept for fuel using imported gas has now been sanctioned. AGR considers it to be very likely and with "reasonable certainty" that this project will be sanctioned.
  - The production experience and recent under-performance has been taken into account in the history matched models. This and the new riser for the subsea wells should give a better confidence at reaching the target production going forward.
  - The production profiles are generated using a history matched simulation model. AGR has checked the model and concluded that the history match is good and the predictions follow logically after the historical data. Recent updates include water injection in the northern template (NWIT) from 2021 and putting the shut-in producer E1 back on stream. Other adjustments are related to availability and gas lift.
  - The Hasselmus resources have been matured to concept selection including using the gas for fuel at Draugen. However, the selected option for Draugen fuel gas is now to import gas. It is

considered technically feasible to produce Hasselmus, both the gas and the oil rim, although the thin oil zone is expected to have low recovery efficiency and is thus not currently evaluated for production by OKEA. If Hasselmus is developed and used for fuel on Draugen, the gas export pipeline will still be available for export. This scenario will potentially result in gas export, dependent on producible volumes. It will however lead to the possibility of NGL export. The reason is that NGL reported for Draugen is the components that the Draugen processing facility is unable to stabilise in the oil phase. These components can be exported through this, even if no gas is exported as long as the pipeline is available. The NGL profile suggested by OKEA is constructed by extrapolating the current NGL production relative to oil production. Note that the assumption of no fuel gas import is unlikely since this is a sanctioned project, although a sanctioned gas import case does not rule out Hasselmus development at a later point in time. The volumes from Hasselmus are planned to be produced through a single gas production well and thereafter be transported via pipeline to Draugen platform for processing. The current base case assumes a 65 % recovery rate of gas in the base case, which is considered reasonable. However the uncertainty span of only $\pm$19 % is very low considering the -48 % / +45 % uncertainty on in place volumes and current maturity.

- The NGL export for Draugen made possible from the Hasselmus development is included in the Hasselmus volumes tabulated in Table 4.19. Any NGL from the Hasselmus field production is not included at this point in time.
- The infill well resources are identified potential targets that is matured using the data available in an industry standard manner. Both targets have identified data gathering projects to further firm up the volumes before the final investment decision is taken. NGL export for these volumes given Hasselmus project sanction is not taken into account. The combined net Contingent Resources is tabulated in Table 4.20.
- Given Hasselmus and Infill well volumes coming on stream the Draugen facility will have a 3 year longer economic lifetime until 2038. The 3 years of production is reported as Contingent Resources in Table 4.21.

- Changes since certification 31.12.2018
  - Draugen production for last 3 months of 2018 have been finally allocated, and January and February 2019 production have been taken into account in the reserves on Draugen.
  - Dansemus have been removed from the contingent resources due to decreasing probability of success.
  - Infill wells Æ and Ø have been included as contingent resources as they have been matured.
  - Hasselmus have a decreased volume span for the gas contingent resources and a small change in NGL export due to different Hasselmus start up time. Furthermore the oil volumes have been taken out.

- *Conclusions*
  - The reserves are consistent with the RNB 2019 reporting, based on sound industry practice and are reasonable.
  - The contingent resources for Hasselmus are based on sound industry practice.
  - The contingent resources for the infill wells are uncertain, but indicate a potential for further infill well drilling on Draugen.
  - The P50 recovery factors at EUR shown in Table 4.22 are high but reasonable given the excellent reservoir properties and long production history.

Reserves and Contingent Resources certified by AGR
Economic evaluations have been carried out for the Draugen Field based on the costs and production profiles originally supplied by OKEA and reviewed by AGR.

The economic evaluations have confirmed that the P90, P50 and P10 cases are economically robust under the base oil price. The economic cut-off is reached at the end of technical production profiles for all outcomes, P90, P50 and P10. The key results are summarised below. More details on the estimation of the economic cut-offs together with the production profiles are given in Section A.3 Draugen Economic Summary and Production Profiles.

Table 4.18 Net Draugen reserves as of 01.03.2019

Reserves	1P	2P	3P
Oil/condensate, MSm³	4.06	4.61	5.09
Gas, GSm³	0.00	0.00	0.00
NGL, MSm³ o.e.	0.08	0.09	0.10
Total, MSm³o.e.	**4.14**	**4.70**	**5.18**
Total, mmboe	**26.07**	**29.58**	**32.61**

Table 4.19 Net Hasselmus contingent resources as of 01.03.2019

Contingent Resources	1C	2C	3C
Oil/condensate, MSm³	-	-	-
Gas, GSm³	0.61	0.76	0.90
NGL, MSm³ o.e.	0.28	0.28	0.28
Total, MSm³ o.e.	**0.89**	**1.04**	**1.18**
Total, mmboe	**5,61**	**6.53**	**7.45**

Table 4.20 Net Draugen infill projects contingent resources as of 1.3.2019

Contingent Resources	1C	2C	3C
Oil/condensate, MSm³	0.27	0.69	1.03
Gas, GSm³	-	-	-
NGL, MSm³ o.e.	-	-	-
Total, MSm³ o.e.	**0.27**	**0.69**	**1.03**
Total, mmboe	**1.72**	**4.31**	**6.47**

Table 4.21 Net Draugen extended lifetime until 2038 as of 1.3.2019

Contingent Resources	1C	2C	3C
Oil/condensate, MSm³	0.32	0.42	0.52
Gas, GSm³	0.11	0.11	0.11
NGL, MSm³ o.e.	0.03	0.03	0.03
Total, MSm³ o.e.	**0.46**	**0.56**	**0.66**
Total, mmboe	**2.92**	**3.55**	**4.15**

Table 4.22 Draugen recovery factors

	Oil RF by 01.03.2019	Oil RF at EUR	Gas RF by 01.03.2019	Gas RF at EUR
Draugen	63 %	67 %	14 %	14 %
Hasselmus	-	-	-	63 %

References

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- Draugen status working.pptx, Shell, from OKEA
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- Hasselmus Business Opportunity Statement.docx from OKEA
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- 20190412 Draugen Profiler.xlsx from OKEA
- Draugen_RC Q2 2019 - full.pdf from OKEA
- RC_Deck_STOOIP_ÆandØ.pptx from OKEA
- Draugen memo.docx from OKEA
- Hasselmus_RNB2014.xlsm, Shell, from OKEA
- 02-1 Draugen MCM Operations (23Nov2018).pptx, Shell, from OKEA

4.4 Gjøa

Asset overview
Gjøa is a field in the northern part of the North Sea, 50 km north-east of the Troll Field (Fig. 4.4). The water depth in the area is 360 m. Gjøa is a host platform for the Vega and Nova is currently being developed as an additional tie-back. Gjøa is also being considered as host for other resources in the area. A final investment decision for the Gjøa P1 segment re-development project, was made in February 2019, increasing IIPV and reserves in the licence. A prospective area identified as Hamlet is south of a discovery well 35/9-3T2.

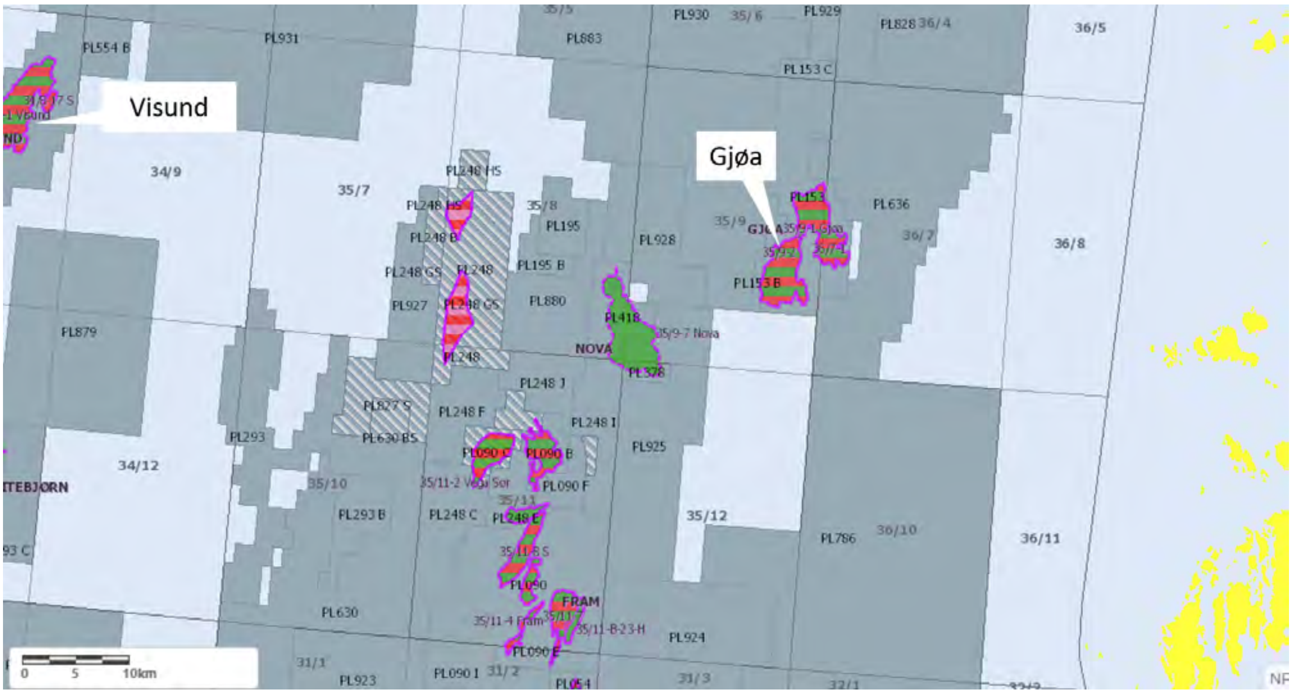

Fig. 4.4 Gjøa location map

Table 4.23 Gjøa field licence shares (%).

Licence	OKEA	Neptune (Op.)	Petoro	Wintershall	DEA
PL 153 (Gjøa)	12	30	30	20	8

Discovery
Gjøa was discovered in 1989 by well 35/9-1, followed by two appraisal wells, 35/9-2 and 36/7-1.

Reservoir
The reservoir contains gas above a relatively thin oil zone in sandstone of Jurassic age in the Dunlin, Brent and Viking Groups. The field comprises several tilted fault segments with partly uncertain communication and variable reservoir quality. The reservoir depth is 2200 m.

The P1 segment of the Gjøa Field consists of three separate hydrocarbon accumulations in Viking Gp., Brent Gp. and Dunlin Gp. reservoir sands. Viking Gp. gas is presently being drained by well 35/9-F-1AH.

Development
The field is developed with four subsea templates and one satellite well tied-back to a semi-submersible production and processing facility. Un-drained Brent Gp. and Dunlin Gp. hydrocarbons in the P1 segment are planned to be produced via a subsea tie-back re-development of the P1 segment from a new 4-slot template connected to existing E and F templates.

Production from Gjøa started in 2010. The field is produced by pressure depletion. In the southern segments, oil production was prioritised in the first years. Gas blow-down, production of the gas cap, started in 2015. Low pressure production was implemented in 2017.

Gjøa is the first floating production platform operated with power from shore – through a 100 km long submarine cable from Mongstad, on the west coast of Norway. The electrification of the Gjøa field reduces CO_2 emissions by 200000 tons a year.

Stabilised oil is exported by pipeline connected to Troll Oil Pipeline II, for further transport to the Mongstad terminal. Rich gas is exported via the Far North Liquids and Associated Gas System (FLAGS) on the UK continental shelf, for further processing at the St Fergus terminal in the UK.

Status
All initially planned production wells have been drilled in the Gjøa Field, but the re-development project of the P1 segment is currently starting up. A DG2, Concept Select, report was presented in August 2018, and a final investment decision (FID) was made in the licence in February 2019. The recommended concept is production by depletion from two oil producers and one gas producer, drilled from a 4-slot template connected to Gjøa F- and E-templates. The P1 North segment and P1 South Etive Fm. oil will be appraised by dedicated pilots prior to drilling the development wells.

The recoverable volumes of Gjøa are classified as "Reserves / On production" for existing wells. The P1 re-development, which is matured from "Contingent Resources" to "Reserves / Approved for Development". The 35/9-3 discovery is classified as "Contingent Resources" (SPE's classification system).

Volumes presented by OKEA
The Initially In-Place Volumes (IIPV) estimates as of 01.03.2019 are given in the RNB2019, and are listed in the table below.

Table 4.24 IIPV for the Gjøa field

	IIPV, 31.12.2018			IIPV, 01.03.2019		
	Low	Base	High	Low	Base	High
Oil/condensate, MSm³	60.06	65.01	72.95	60.06	65.01	72.95
Gas, GSm³	58.81	63.60	69.47	58.81	63.60	69.47

Table 4.25 IIPV for the 35/9-3 discovery

	IIPV, 31.12.2018			IIPV, 01.03.2019		
	Low	Base	High	Low	Base	High
Oil/condensate, MSm³	1.05	1.50	1.95	1.05	1.50	1.95
Gas, GSm³	0.35	0.50	0.65	0.35	0.50	0.65

<u>AGR comments to IIPV</u>

- *General*
  - The IIPV for the Gjøa field as of 31.12.2018 are from the RNB2019 submission
  - IIPV for the Gjøa field includes volumes in P1, also in the un-proven P1 North segment
  - IIPV for the 35/9-3 discovery are based on the operator's work connected to planning for drilling of the adjacent Hamlet prospect. OKEA assumes a spread of ±30 % for high/low numbers

- *Conclusions*
  - In AGR's opinion the IIPV figures are reasonable though there are some uncertainties as to the reservoir distribution and associated parameters.

The Gjøa reserves balance sheet is presented in Table 4.26 and the contingent resources balance sheet is presented in Table 4.27.

Table 4.26 Gjøa Reserves Balance Sheet

Gross reserves balance, 1.1.2019 - 1.3.2019, for:						**Gjøa 100%**	
Reserves class	**Status 31.12.2018**	**Production (Positive)**	**Revisions**	**Aquisitions or sales**	**IOR**	**Discoveries/ New Projects**	**Status 01.03.2019**
Oil and condensate, MSm3							
1P	0.67	0.10	0.00			1.31	1.87
2P	1.15	0.10	-0.25			1.66	2.46
3P	2.43	0.10	0.01			2.43	4.77
Gas, GSm3							
1P	7.70	0.57	0.19			1.72	9.04
2P	10.43	0.57	0.00			2.01	11.87
3P	14.29	0.57	0.00			2.36	16.08
NGL, MSm3 o.e.							
1P	3.30	0.21	0.82				3.91
2P	4.47	0.21	0.00			0.86	5.12
3P	6.12	0.21	0.00			1.01	6.93
Oil equivalents, MSm3 o.e.							
1P	11.67	0.88	1.00			3.03	14.82
2P	16.05	0.88	-0.25			4.53	19.45
3P	22.84	0.88	0.01			5.80	27.77

Table 4.27 Gjøa Contingent Resources Balance Sheet

Gross contingent resources balance, 1.1.2019 - 1.3.2019, for:						**Gjøa 100%**	
Reserves class	**Status 31.12.2018**	**Production (Positive)**	**Revisions**	**Aquisitions or sales**	**IOR**	**Discoveries/ New Projects**	**Status 01.03.2019**
Oil and condensate, MSm3							
1C	1.21		-1.10				0.11
2C	2.27		-2.07				0.20
3C	2.96		-2.68				0.28
Gas, GSm3							
1C	3.17		-3.13				0.04
2C	4.41		-4.27				0.14
3C	5.25		-5.03				0.22
NGL, MSm3 o.e.							
1C	1.33		-1.33				
2C	1.86		-1.82				0.04
3C	2.22		-2.15				0.08
Oil equivalents, MSm3 o.e.							
1C	5.70		-5.56				0.14
2C	8.54		-8.16				0.38
3C	10.42		-9.86				0.57

AGR comments to Reserves and Contingent Resources

- *General*
  - The reserves as of 01.03.2019 are consistent with those of the RNB2019 submission, adjusted for final production numbers for 2018 and January and February 2019.
  - The reserves reported by the Operator are based on a full field simulation model where IIPV are in accordance with numbers reported in Table 4.24, and history matched to production data until end May 2018.
  - Volumes which are planned produced by new wells in the P1 re-development project, are now included as reserves. A final investment decision was for the project was made February 2019. Reported volumes are based on the uncertainty analysis presented in the report. Volumes in the northern segments of P1 are regarded as uncertain and are risked (81% probability of success) in the uncertainty study.
  - Contingent volumes include additional volumes from well B-1 for a change of gas lift valve planned April 2019, which will extend well lifetime and increase reserves if successful; ref. Table 4.29.
  - Contingent volumes also include volumes for the 35/9-3 discovery which may be produced in conjunction with a discovery and development of the Hamlet prospect. The 35/9-3 discovery is marginal in size, and is interpreted to contain sands of relatively poor lateral extension, thus a low recovery factor (10 %) is assumed for both oil and gas.Table 4.30

- Changes since AGR certification 31.12.2018
  - The reserves numbers are adjusted for production 2018 and in January and February 2019.
  - The P1 re-development project is moved from Contingent Resources to Reserves (Approved for Development)

- *Conclusions*
  - The 1P gas is 24 % less than and the 3P gas is 35% higher than the 2P gas. This represents a relatively large uncertainty span for such a mature field as Gjøa. Part of this is due to the uncertainty in economic lifetime, which may be extended with tie-in of nearby discoveries.
  - The P50 recovery factors at EUR shown in Table 4.31 are relatively low, but seem reasonable when compared to NCS fields with similar complexity and drainage strategies.
  - The numbers reported by OKEA are reasonable.

Reserves and Contingent Resources certified by AGR
Economic evaluations have been carried out for the Gjøa field based on the costs and production profiles supplied by OKEA and reviewed by AGR.

The economic evaluations have confirmed that the P90, P50 and P10 cases are economically robust under the base oil and gas prices. No economic cut-offs are applied; all cases show positive cash-flow throughout the technical life (P90 and P50 until end 2027, P10 until end 2029). The key results are summarised in Table 4.28 showing the net 1P, 2P and 3P reserves for the Gjøa Field, as certified by AGR. More details on the estimation of the economic cut-offs together with the production profiles are given in Section A.4 Gjøa Economic Summary and Production Profiles.

Table 4.28 Net Gjøa reserves as of 01.03.2019

Reserves	1P	2P	3P
Oil/condensate, MSm^3	0.22	0.29	0.57
Gas, GSm^3	1.08	1.42	1.93
NGL, MSm^3 o.e.	0.47	0.61	0.83
Total, MSm^3o.e.	**1.78**	**2.33**	**3.33**
Total, mmboe	**11.19**	**14.68**	**20.96**

Table 4.29 Net Gjøa contingent resources due to B1 intervention as of 01.03.2019

Contingent Resources	1C	2C	3C
Oil/condensate, MSm^3	0.00	0.01	0.01
Gas, GSm^3	0.00	0.01	0.02
NGL, MSm^3 o.e.	0.00	0.00	0.01
Total, MSm^3o.e.	**0.00**	**0.02**	**0.04**
Total, mmboe	**0.00**	**0.13**	**0.23**

Table 4.30 Net Gjøa contingent resources due to 35/9-3 discovery as of 01.03.2019

Contingent Resources	1C	2C	3C
Oil/condensate, MSm^3	0.00	0.02	0.02
Gas, GSm^3	0.00	0.01	0.01
NGL, MSm^3 o.e.	0.00	0.00	0.00
Total, MSm^3o.e.	**0.00**	**0.02**	**0.03**
Total, mmboe	**0.01**	**0.15**	**0.20**

The above reserves are based on sound industry practice and are endorsed.

Table 4.31 Gjøa recovery factors

	Oil RF by 01.03.2019	Oil RF at EUR	Gas RF by 01.03.2019	Gas RF at EUR
Gjøa	20 %	24 %	45 %	63 %

References
The main references provided were:

- Gjøa_RNB2019.xlsm, OKEA
- PL153 EC Hamlet workshop Oct. 18, 2018, OKEA
- Gjoa_simulation_models_Nov2018, OKEA/Neptune
- October_16th_workshopGeoModel, Neptune
- P1 re-development Concept Select Report, Neptune
- P1-NEP-F-R-1218887 - Subsurface FID Support Document - Neptune
- Various power points supplied by OKEA
- NPD fact pages
- Answers to Q&A

4.5 Grevling

Asset overview

Grevling lies south of Sleipner Øst and north of the Varg field and east for the Storskrymten discovery (Fig. 4.5). The water depth for the area is 86 m. The Grevling structure is divided into three segments: West, East, and North East.

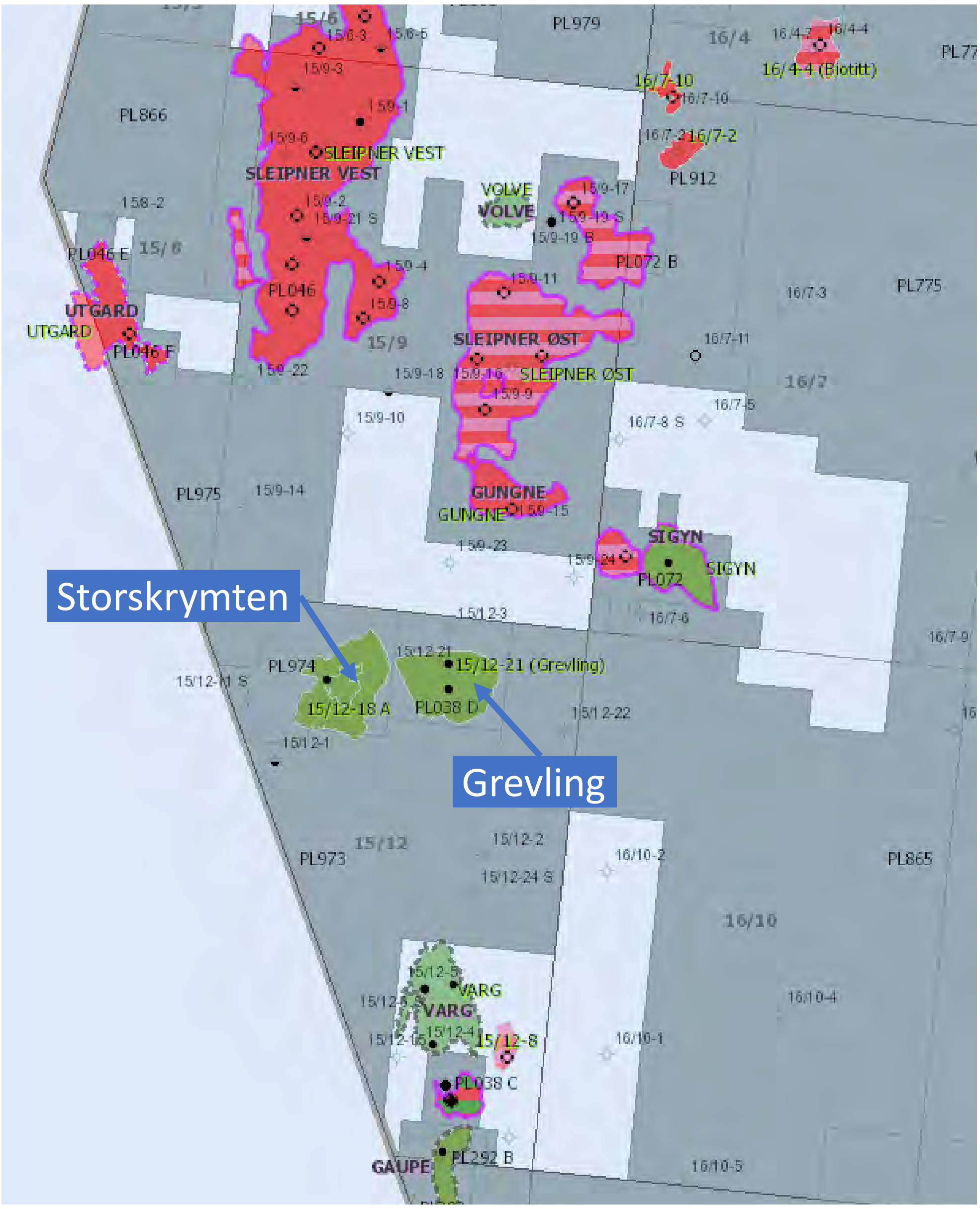

Fig. 4.5 Grevling and Storskryten location map

Table 4.32 Grevling discovery licence shares (%).

Licence	OKEA (OP)	Petoro	Chrysaor Norge AS
PL038D (Grevling)	55 %*	30 %	15 %

** Chrysaor has the right to increase its WI by 20%, reducing OKEA's WI accordingly.*

Discovery

Grevling discovery well 15/12-21 with sidetrack 15/12-21A, was drilled in 2009 by Talisman. Appraisal well 15/12-23 with sidetrack 15/12-23A was drilled in 2010. Oil was discovered in Middle Jurassic Hugin Fm, Bryne Fm. as well as Late Triassic Skagerrak Fm.

Reservoir
The Grevling reservoir consists of Triassic Skagerrak, Jurassic Bryne and late Jurassic Hugin Fms. The Hugin formation sands were deposited in shallow seas as barrier sands. The Bryne Fm is subdivided into three sub-zones depositionally: Marine, Fluvial and Terrestrial. The Skagerrak is subdivided into two sub-zones; Fluvial and Aeolian. The Hugin Fm reservoir is separated from the Bryne by Sleipner coals and there does not appear to be any communication between the two. The Hugin Fm reservoir ranges in thickness between 28 m and 35 m. The Sleipner coal varies in thickness between 14 m in the east and 55 m in the western segment. The Bryne Fm. has a fairly constant thickness of about 20 m (as observed in the wells).

A common Bryne and Skagerrak free water level is defined at 3225.7 mTVD SS in Grevling East. In Grevling West, a similar common Bryne and Skagerrak free water level is defined at 3296 mTVD SS.

Development
The operator passed the concept selection gate (DG2) internally in March 2019. The Licence owners are expected to approve the DG2 in April 2019. The concept evaluation report screened three main concepts; a) Redeployment of a FPSO, b) New-build MOPU Jack-up and c) Subsea tie-back to a host platform. The recommendation was to continue with concept b), a new-build MOPU Jack-up.

The Grevling and the Storskrymten discoveries (see 4.6 Storskrymten for further details on Storskrymten) are aiming for a joint development. Storskrymten was awarded 01.03.2019 as a result of an APA2018 application. The underlying subsurface assessment of the Storskrymten discovery is substantially less mature than that for the Grevling discovery. This is also true for the drainage strategy and development concept. Consequently, the maturation of the Storskrymten development will be given high priority in the next project phases to be aligned with the Grevling development for a combined PDO submission.

The current Grevling drainage strategy is based on a two-staged field development reducing the technical risk and minimising the initial development investments and economical downside. A staged development facilitates data acquisition in stage 1 allowing improved well positioning and increased ultimate recovery of the field and project value in stage 2.

Stage 1 assumes one producer and water injector pair in Skagerrak and Hugin formations respectively in the Eastern block. In addition, a co-mingled Bryne/Skagerrak producer is planned in the Western block. An oil producer in the Storskrymten field is also assumed as part of Stage 1. The associated gas production will to a large extent be utilized as fuel, however a minor volume of gas might need to be injected to the reservoir through a dedicated gas injection well located on the Hugin crest. Due to significant risks of sulphate scales in the well-bore and topsides associated with raw seawater injection, water from the shallow Utsira formation is planned to be provided from a dedicated well.

Stage 2 assumes one additional Skagerrak crest producer that will be converted to an injector after one year production to support the mid-point producer in Stage 1. In addition, A Bryne producer and Storskrymten water injector is planned as part of Stage 2 to be implemented 3 years after Stage 1 start-up.

Grevling main subsurface risk are associated to lateral connectivity and low permeability. To achieve economical production rate and recovery, long horizontal sections are planned to maximise reservoir exposure. Gas lift will be installed in all producers.

Status
Assuming the DG2 (concept select) is approved by the Licence owners in April 2019, final investment decision (FID) and PDO submission (DG3) is scheduled in June/July 2020. The corresponding first oil (DG4) is expected in Q4 2022 (production profiles start in January 2023).

The recoverable volumes of Grevling are classified as "Contingent Resources / Development On Hold" for the Grevling Development project (SPE's PRMS classification system). The "Development On Hold" classification is linked to the dependency of the Grevling development on a successful maturation of the Storskrymten discovery (joint development of Grevling and Storskrymten).

Volumes presented by OKEA
The IIPV presented in Table 4.33 are defined by the NPD Resource Classification 5F.

Table 4.33 IIPV volumes from RNB2019 for Grevling.

Grevling	**IIPV, 31.01.2018**		
	Low	**Base**	**High**
Oil/condensate, MSm^3	24.1	27.8	29.7
Gas, GSm^3	-	-	-

Table 4.34 IIPV volumes from DG2 report for Grevling.

Grevling	**IIPV, 01.03.2019**		
	Low	**Base**	**High**
Oil/condensate, MSm^3	18.20	30.44	40.24
Gas, GSm^3	-	-	-

<u>AGR comments to IIPV</u>

- *General*
  - The IIPV and associated resources are presented by OKEA RNB2019 in its DG1 report.
  - The revised IIPV and associated resources are presented by OKEA in their DG2 report.
  - Storskrymten which is to be developed at the same time as Grevling is not included in these IIPV volumes.
  - The revised volumes presented are based on the current understanding of the field and the reduction of uncertainties through the DG2 work.
  - Several factors have lead to the generally higher STOIIP and the broader range
    - Finer layered model improves the geocellular grid quality
    - The area and bulk volume has been increased by more than 10% (change in interpretation)
    - FWL in the west block moved down
    - Changes to the facies with two net reservoir facies
    - Cell based algotithms in property simulation
    - A lower PHIE cut-off fo the best sand and the higher cut-off for the poorer sands
  - According to the Operator the main subsurface risk is related to the recoverable volumes not the hydrocarbons in place.

- *Conclusions*
  - In general the volumes presented by OKEA are acceptable and represent a more realistic spread from low to high.
  - The main factors are all related to creating greater Pore Volume (larger Bulk volume, increasing the number of net reservoirs, change in FWL and changes to the PHIE cut-offs).

There are no reserves on Grevling. The Grevling contingent resources balance sheet are given in Table 4.35.

Table 4.35 Grevling Contingent Resources Balance Sheet (Gross)

Gross contingent resources balance, 1.1.2019 - 1.3.2019, for:					Grevling 100%		
Reserves class	Status 31.12.2018	Production (Positive)	Revisions	Aquisitions or sales	IOR	Discoveries/ New Projects	Status 01.03.2019
Oil and condensate, MSm3							
1C	4.32		-0.91				3.41
2C	6.83		-1.65				5.18
3C	10.08		-2.53				7.55
Gas, GSm3							
1C							
2C							
3C							
NGL, MSm3 o.e.							
1C							
2C							
3C							
Oil equivalents, MSm3 o.e.							
1C	4.32		-0.91				3.41
2C	6.83		-1.65				5.18
3C	10.08		-2.53				7.55

AGR comments to contingent resources

- *General*
  - The reduction in contingent resources ("Revisions") is due to project maturation from DG1/ RNB2019 to DG2 as a result of static and dynamic model update, change in reservoir targets for production, drainage optimization and change of development concept from subsea tie-back to MOPU.
  - Grevling is an oil discovery with no gas cap and little aquifer support.
  - All intra-reservoir faults er expected to be leaking modelled with a transmissibility of 0.2 in base case.
  - There is a significant mismatch between a) the permeability from core data and petrophysical analysis and b) the results from the well test (DST) pressure test analysis (PTA). Global permeability multipliers in the range of 0.25 to 0.32 were introduced in the full field simulation model to scale down the permeability from core data and petrophysical analysis to match the results from the PTA.
  - The producers are long horizontal wells penetrating as much pay zone as possible to ensure efficient drainage of the reservoir.
  - Full voidage replacement will be ensured through injecting produced water combined with water from the Utsira formation to avoid sulphate scaling.
  - Artificial lift by use of gas lift is included in all producers to maximize recovery.
  - A static and dynamic sensitivity analysis has been carried out to identify and highlight the critical parameters and key subsurface risks. Net-to-gross cut-off (NTG), free water level/water saturation (FWL/Sw) and global permeability multipliers are the top three ranking variables with maximum impact on total oil recovery. The highest impact is NTG cut-off variable which is related to reservoir connectivity. A discontinuous and poorly connected sand could potentially severely reduce the effect of water injection, reservoir sweep and ultimate recovery.
  - The Grevling development is contingent on a joint development with the Storskrymten discovery. The maturity level of the Storskrymten discovery is substantially lower than that to the Grevling discovery. Hence, the combined development is pending on a successful maturation of the Storskrymten discovery.

- *Changes since certification 31.12.2018*
  - The end of year 2018 certification was based on the Feasibility Evaluation Report (DG1) and RNB2019. This certification is based on the Concept Evaluation Report (DG2).
  - The development concept has changed from a subsea tie-back to nearby existing facility (one option during feasibility evaluation) to a new-build MOPU Jack-up.
  - Target reservoir zones for production is now Hugin, Skagerrak and Bryne formations. Previously, only Skagerrak and Bryne was assumed drained.

- First oil has been postponed from 2021 to end 2022 as a result of concept selected.
- Grevling is now a joint development with Storskrymten discovery.
- ESP has been replaced by gas lift (more reliable).

- *Conclusions*
  - The contingent resources are based on sound industry practice.
  - A resource uncertainty range of -35 % for 1C and +45 % for 3C compared to 2C resources is reasonable for a project with a DG2 concept select decision in place.
  - The Base recovery factor at EUR shown in Table 4.37 is reasonable, but conservative. In AGR's view, there is an upside potential as the permeability seems to be conservatively scaled down in the simulation model.
  - In AGR's opinion the figures reported by OKEA are reasonable and on the conservative side.

Volumes certified by AGR
The contingent resources for Grevling supplied by OKEA and reviewed by AGR have not been subject to an economic evaluation. The key results are summarised below. The technical production profiles are given in Section A.5 Grevling Technical Production Profiles.

Table 4.36 Net Grevling contingent resources as of 01.03.2019

Contingent Resources	1C	2C	3C
Oil, MSm^3	1.88	2.85	4.15
Gas, GSm^3		-	-
NGL, GSm^3	-	-	-
Total, MSm^3 o.e.	**1.88**	**2.85**	**4.15**
Total, mmboe	**11.8**	**17.9**	**26.1**

The above contingent resources are based on sound industry practice and are endorsed.

Table 4.37 Grevling 2C Recovery Factors

	Oil RF by 01.03.2019	Oil RF at EUR	Gas RF by 01.03.2019	Gas RF at EUR
Grevling	0 %	17 %	-	-

References
The main references are:

- GDP Concept Evaluation Report (11.03.2019), OKEA.
- GDP Subsurface Support Document for DG2 (01.03.2019), OKEA.
- GDP plan DG2-DG4, OKEA
- OKEA Annual Statement of Reserves and Resources - 2019 status Q1 (24.04.2019), OKEA
- GRV-STO - memo.docx (09.04.2019), OKEA
- NPD fact pages

4.6 Storskrymten

Asset overview
Storskrymten oil and gas discovery lies south of Sleipner Øst and north of the Varg Field and east for the Grevling discovery Fig. 4.5. The water depth for the area is 86 m. The Storskrymten licence was granted 01.03.2019 and is valid to 01.03.2021 for the initial phase. Work program includes geological and geophysical studies and with the delivery of the PDO by 01.30.2021.

Table 4.38 Storskrymten discovery licence shares (%).

Licence	OKEA (OP)	Chrysaor Norge AS
PL974 (Storskrymten)	78.57%	21.43%

Discovery
Storskrymten discovery well 15/12-18S with sidetrack 15/12-18A, was drilled in 2007 by Det norske oljeselskap ASA. The Paleocene Ty Formation at 2670 m (2589 m TVD RKB) was found hydrocarbon bearing in the discovery well 15/12-18S while oil was proven in Heimdal Fm. reservoir while the Ty Fm sand was found to be water bearing in the appraisal well 15/12-18A.

Reservoir
The Storskrymten reservoir consists of Paleocene Maureen/Ty Fm. The Maureen/Ty sand was deposited in a deep marine fan system which built out from the west and pinches out in the area between Storskrymten and Grevling discoveries. The sandstones are generally massive and clear to light grey in colour. Distally, the sandstones are interbedded with dark grey shales, but the sandstone bodies tend to be clean. In the Storskrymten wells 15/12-18 S and 15/12-18 A the Maureen/Ty is 42 m and 12 m MD, respectively. No cores were taken in either discovery or appraisal well.

The average log porosity of the Maureen/Ty net reservoir in the Storskrymten discovery is evaluated to be 23 % in 15/12-18 S and 24 % in 15/12-18 A. The Heimdal sands have an average value of about 22% with a range from 15 % to about 25%.

The FWL was from pressure data set to 2687.5 m (2602.5 m TVD RKB). From the resistivity logs, however, the OWC would be set at 2691 m (2605.8 m TVD RKB). This gives a vertical oil column of 16.8 m. Shows were recorded down to 2722 m TVD RKB.

Development
Storskrymten and Grevling discoveries are aiming for a joint development (see 4.5 Grevling for further details on Grevling). The selected concept for the Grevling development is a new-build MOPU Jack-up.

The current Storskrymten base case drainage strategy includes one horizontal oil producer and one water injector drilled from the Grevling Field Centre. The start-up of water injection for pressure support and displacement is delayed by 2 years after production start-up. For the low case, the development is limited to one production well.

The requirement for artificial lift has not been considered, but the operator has recommended to study this at a later stage.

Status
Storskrymten was awarded 01.03.2019 as a result of an APA2018 application. The underlying subsurface assessment of the Storskrymten discovery is substantially less mature than that for the Grevling discovery. This is also true for the drainage strategy and development concept. Consequently, the maturation of the Storskrymten development will be given high priority in the next project phases to be aligned with the Grevling development for a combined final investment decision (FID) and PDO submission (DG3) scheduled in June/July 2020.

The recoverable volumes of Storskrymten are classified as "Contingent Resources / Development Unclarified" (SPE's PRMS classification system).

Volumes presented by OKEA
The IIPV presented below are defined by the NPD Resource Classification 5F.

Table 4.39 IIPV volumes from 2018 APA application for Storskrymten.

Storskrymten	IIPV, 01.03.2019		
	Low	Base	High
Ty Fm Oil/condensate, MSm³	1.17	2.77	4.81
Ty Fm Gas, GSm³	0.013	0.031	0.053
Heimdal Fm Oil/Condensate, MSm³		1.7	

AGR comments to IIPV

- General
  - The IIPV and associated resources are presented by OKEA in its Storskrymten Memo 09/04/19.
  - The APA work was quite thorough, though the reporting does not appear to be completed. The Storskrymten Memo elaborates on the revision of the IIPV volumes.
  - Sensitivities do not appear to have been performed.
  - OKEA has recognized that the APA 2018 application report is a somewhat optimistic assessment of the in-place volumes, and therefore likely to change when a detailed assessment is made. The IIPV and associated resources presented by OKEA in Table 4.39 above is reflecting this by reporting lower IIPV volumes compared to the APA 2018 application report.
  - High case in Table 4.39 above is equivalent to the Base case in the APA application.

- Conclusions
  - In general the volumes presented by OKEA are acceptable especially in light of the Storskrymten Memo 09/04/19.

There are no reserves on Storskrymten. The Storskrymten contingent resources balance sheet is given in Table 4.40. The contingent resources were not certified by AGR last year as the Licence was issued early 2019.

Table 4.40 Storskrymten Contingent Resources Balance Sheet (Gross)

Gross contingent resources balance, 1.1.2019 - 1.3.2019, for:						Storskrymten 100%	
Reserves class	Status 31.12.2018	Production (Positive)	Revisions	Aquisitions or sales	IOR	Discoveries/ New Projects	Status 01.03.2019
Oil and condensate, MSm3							
1C						0.40	0.40
2C						1.49	1.49
3C						2.59	2.59
Gas, GSm3							
1C							
2C							
3C							
NGL, MSm3 o.e.							
1C							
2C							
3C							
Oil equivalents, MSm3 o.e.							
1C						0.40	0.40
2C						1.49	1.49
3C						2.59	2.59

AGR comments to contingent resources

- General
  - The APA application focused on the discovery in the Ty formation due to the largest economical potential. The Heimdal is treated as an upside potential, but not included in the resource potential.
  - The Ty reservoir presence and thickness towards the south-east on the structure is regarded as

the main overall uncertainty. The Top Ty in not easily interpreted on the seismic but is interpretable on the Extended Elastic Impedance Chi 40 (EEI). On this volume, the interpretation is generally high based on the well to seismic correlation. Additionally the quality of the EEI seismic is fairly poor.

- The Low/Base/High volume cases are therefore expressed only as a function of the presence and distribution of the Ty Formation reservoir, as this is considered to be the main sensitivity to volumes for Storskrymten.
- Three different static and dynamic models are built to generate in-place and recoverable oil volume potential for the Low, Base and High cases respectively. The models have different reservoir shapes and extent (parameters such as top, area, column height and gross rock), whereas the input reservoir property parameters (N/G, Poro, Perm, Sw, Bo, GOR) are kept constant in the three models.
- The recovery factors are demonstrated by dynamic simulations and is a result of good reservoir properties and effective drainage. However, a recovery factor of 54% in Base Case seems optimistic at this early stage in a reservoir with thin oil column, low GOR (11 Sm^3/Sm^3) and high oil viscosity (3.23 cP). The estimated ultimate recovery will also be very sensitive to the performance of a single producer.
- A complete uncertainty study is part of the work program following the Licence award.
- The produced gas will be used for fuel or disposed in the Grevling gas injector, i.e. gas is not reported as contingent resources.
- The producer and injector are long horizontal wells penetrating as much pay zone as possible to ensure efficient reservoir drainage, sweep and displacement.

- Conclusions
  - The contingent resources are based on sound industry practice.
  - A relatively large resource uncertainty range of ±70 % for 1C and 3C compared to 2C resources is reasonable for a project at this early stage.
  - The Base recovery factors at EUR shown in Table 4.42 seems optimistic in AGR's view.
  - In AGR's opinion the figures reported by OKEA are reasonable.

Volumes certified by AGR
The contingent resources for Storskrymten supplied by OKEA and reviewed by AGR have not been subject to an economic evaluation. The key results are summarised below. The technical production profiles are given in Section A.6 Storskrymten Technical Production Profiles.

Table 4.41 Net Storskrymten contingent resources as of 01.03.2019

Resources, AGR review	**1C**	**2C**	**3C**
Oil, MSm^3	0.31	1.17	2.03
Gas, GSm^3	-	-	-
NGL, GSm^3	-	-	-
Total, MSm3 o.e.	**0.31**	**1.17**	**2.03**
Total, mmboe	**1.98**	**7.36**	**12.80**

The above contingent resources are based on sound industry practice and are endorsed.

Table 4.42 Storskrymten 2C Recovery Factors

	Oil RF by 01.03.2019	**Oil RF at EUR**	**Gas RF by 01.03.2019**	**Gas RF at EUR**
Storskrymten	0 %	54 %	-	-

References
The main references are:

- APA 2018 Block 15/12 (Storskrymten)
- DGP plan DG2,DG4
- OKEA Annual Statement of Reserves and Resources - 2019 status Q1 (24.04.2019), OKEA

- GRV-STO - memo.docx (09.04.2019), OKEA
- NPD fact pages

Appendix A - Economics and production profiles

Economic evaluations have been carried out for the all fields based on the costs and production profiles supplied by OKEA and reviewed by AGR. These evaluations are forward looking from 01.01.2019, thus any historic costs prior to that date have been ignored. All cost profiles have been provided by OKEA and are based on RNB2019. The following general assumptions were made.

- PV Reference date: 01.01.2019

The price assumptions were provided by OKEA. The base oil price profile for certification is listed below, and later referred to as Base.

Table A.1 Price assumptions

Price assumptions	
Oil Price, USD/bbl	70
Gas Price, NOK/Sm^3	2.0 (60% of oil price)
NGL Price USD/boe	56 (80% of oil price)
Exchange Rate, NOK/USD	7.50

A.1 Ivar Aasen Economic Summary and Production Profiles

A.1.1 Technical production profiles

The notional P90, P50 and P10 production profiles for oil, sales gas, and NGLs are listed in the tables below, and are shown on a 100% basis. The daily production has been derived by dividing the annual production volumes with the number of days shown, which take into account the leap-years. 2019 is listed as a full year of production. Reserve numbers are adjusted for production in January and February to reflect volumes attributable at 1.3.2019.

Table A.2 Ivar Aasen P90 technical production profiles (100 %)

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
		Sm3/d	kSm3/d	Sm3/d	MSm3	GSm3	MSm3 o.e.	MSm3 o.e.	mmboe
2019	365	7556	1225	366	2.76	0.45	0.13	3.34	21.00
2020	366	6231	1061	317	2.28	0.39	0.12	2.78	17.52
2021	365	5140	861	257	1.88	0.31	0.09	2.28	14.37
2022	365	3692	624	186	1.35	0.23	0.07	1.64	10.34
2023	365	2928	574	171	1.07	0.21	0.06	1.34	8.43
2024	366	2176	416	124	0.80	0.15	0.05	0.99	6.25
2025	365	1666	306	91	0.61	0.11	0.03	0.75	4.74
2026	365	1215	216	65	0.44	0.08	0.02	0.55	3.43
2027	365	945	162	48	0.35	0.06	0.02	0.42	2.65
2028	366	734	121	36	0.27	0.04	0.01	0.33	2.05
2029	365	587	92	28	0.21	0.03	0.01	0.26	1.62
2030	365	438	66	20	0.16	0.02	0.01	0.19	1.20
2031	365	379	54	16	0.14	0.02	0.01	0.16	1.03
2032	366	320	43	13	0.12	0.02	0.00	0.14	0.87
2033	365	274	34	10	0.10	0.01	0.00	0.12	0.73
2034	365	229	26	8	0.08	0.01	0.00	0.10	0.60
2035	365	208	22	7	0.08	0.01	0.00	0.09	0.54
Total					**12.68**	**2.16**	**0.64**	**15.48**	**97.38**

Table A.3 Ivar Aasen P50 technical production profiles (100 %)

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
		Sm3/d	kSm3/d	Sm3/d	MSm3	GSm3	MSm3 o.e.	MSm3 o.e.	mmboe
2019	365	8123	1323	395	2.96	0.48	0.14	3.59	22.59
2020	366	7833	1334	399	2.87	0.49	0.15	3.50	22.02
2021	365	6865	1099	329	2.51	0.40	0.12	3.03	19.04
2022	365	4891	763	228	1.79	0.28	0.08	2.15	13.51
2023	365	4048	713	213	1.48	0.26	0.08	1.82	11.42
2024	366	3263	559	167	1.19	0.20	0.06	1.46	9.18
2025	365	2668	436	130	0.97	0.16	0.05	1.18	7.43
2026	365	2165	343	103	0.79	0.13	0.04	0.95	5.99
2027	365	1914	295	88	0.70	0.11	0.03	0.84	5.27
2028	366	1650	246	74	0.60	0.09	0.03	0.72	4.53
2029	365	1436	208	62	0.52	0.08	0.02	0.62	3.92
2030	365	1167	162	49	0.43	0.06	0.02	0.50	3.16

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
2031	365	1077	145	43	0.39	0.05	0.02	0.46	2.90
2032	366	962	124	37	0.35	0.05	0.01	0.41	2.59
2033	365	865	107	32	0.32	0.04	0.01	0.37	2.31
2034	365	752	89	27	0.27	0.03	0.01	0.32	1.99
2035	365	710	80	24	0.26	0.03	0.01	0.30	1.87
Total					**18.41**	**2.93**	**0.88**	**22.21**	**139.73**

Table A.4 Ivar Aasen P10 technical production profiles (100 %)

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
		Sm3/d	kSm3/d	Sm3/d	MSm3	GSm3	MSm3 o.e.	MSm3 o.e.	mmboe
2019	365	8626	1409	421	3.15	0.51	0.15	3.82	24.01
2020	366	9673	1696	507	3.54	0.62	0.19	4.35	27.34
2021	365	8817	1511	452	3.22	0.55	0.16	3.93	24.75
2022	365	6274	1061	317	2.29	0.39	0.12	2.79	17.57
2023	365	5111	946	283	1.87	0.35	0.10	2.31	14.55
2024	366	3994	722	216	1.46	0.26	0.08	1.80	11.35
2025	365	3174	547	163	1.16	0.20	0.06	1.42	8.92
2026	365	2571	432	129	0.94	0.16	0.05	1.14	7.19
2027	365	2307	378	113	0.84	0.14	0.04	1.02	6.42
2028	366	2014	321	96	0.74	0.12	0.04	0.89	5.60
2029	365	1775	274	82	0.65	0.10	0.03	0.78	4.89
2030	365	1445	217	65	0.53	0.08	0.02	0.63	3.97
2031	365	1347	196	59	0.49	0.07	0.02	0.58	3.68
2032	366	1215	170	51	0.44	0.06	0.02	0.53	3.31
2033	365	1101	149	45	0.40	0.05	0.02	0.47	2.97
2034	365	965	125	37	0.35	0.05	0.01	0.41	2.59
2035	365	917	115	34	0.33	0.04	0.01	0.39	2.45
Total					**22.40**	**3.75**	**1.12**	**27.27**	**171.54**

A.1.2 Cost estimates

The cost profiles listed in the table below (100% figures) are applied for cases P90, P50 and P90. Note that only a part of the total Ivar Aasen tariffs are included in the RNB2019, and this listed in the table below.

Table A.5 Ivar Aasen Cost Profiles (100 %)

Cost Profiles (100%), R.T. MNOK 01.01.2019					
Year	**CAPEX**	**OPEX**	**Other Cost**	**Tariff**	**Aband.Costs**
2019	1435	611	175	105	
2020	230	650	149	185	
2021		598	136	170	
2022		655	112	131	
2023		649	51	116	
2024		675	52	95	
2025		643	52	86	
2026		639	53	61	

Cost Profiles (100%), R.T. MNOK 01.01.2019					
2027		632	52	56	
2028		656	52	49	
2029		636	52	44	
2030		615	51	16	
2031		579	49	14	
2032		603	49	12	
2033		545	48	11	
2034		486	46	10	
2035		484	46	9	
2036					1214
2037					1413
2038					682
Sum	**1665**	**10356**	**1225**	**1168**	**3309**

A.1.3 Economic results

The key results are summarised in the tables below for cases P90, P50 and P10. Note that the economic evaluations are forward-looking from 01.03.2019.

Table A.6 Summary of economic results for Ivar Aasen P90 case

OKEA net: 0.554%	**Technical profile Resources net**	**Reserves net**
1st Production	24/12/2016	24/12/2016
Cut-off	31/12/2035	31/12/2029
Oil/condensate, MSm3	0.07	0.06
Gas, GSm3	0.01	0.01
NGL, MSm3 o.e.	0.00	0.00
Total, MSm3 o.e.	**0.08**	**0.08**
Total, mmboe	**0.52**	**0.49**

Table A.7 Summary of economic results for Ivar Aasen P50 case

OKEA net: 0.554%	**Technical profile Resources net**	**Reserves net**
1st Production	24/12/2016	24/12/2016
Cut-off	31/12/2035	31/12/2035
Oil/condensate, MSm3	0.10	0.10
Gas, GSm3	0.02	0.02
NGL, MSm3 o.e.	0.00	0.00
Total, MSm3 o.e.	**0.12**	**0.12**
Total, mmboe	**0.75**	**0.75**

Table A.8 Summary of economic results for Ivar Aasen P10 case

OKEA net: 0.554%	**Technical profile Resources net**	**Reserves net**
1st Production	24/12/2016	24/12/2016
Cut-off	31/12/2035	31/12/2035
Oil/condensate, MSm3	0.12	0.12
Gas, GSm3	0.02	0.02
NGL, MSm3 o.e.	0.01	0.01
Total, MSm3 o.e.	**0.15**	**0.15**
Total, mmboe	**0.93**	**0.93**

A.2 Yme Economic Summary and Production Profiles

A.2.1 Technical production profiles

The notional P90, P50 and P10 production profiles for oil, are listed in the tables below, and are shown on a 100% basis. The daily production has been derived by dividing the annual production volumes with the number of days shown, which take into account the leap-years. No sales gas, and NGLs are reported in RNB2019.

Table A.9 Yme P90 forward technical production profiles (100 %)

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
		Sm3/d	kSm3/d	Sm3/d	MSm3	GSm3	MSm3 o.e.	MSm3 o.e.	mmboe
2019	365	0	0	0	0.00	0.00	0.00	0.00	0.00
2020	366	3983	0	0	1.46	0.00	0.00	1.46	9.17
2021	365	4036	0	0	1.47	0.00	0.00	1.47	9.27
2022	365	3258	0	0	1.19	0.00	0.00	1.19	7.48
2023	365	2647	0	0	0.97	0.00	0.00	0.97	6.08
2024	366	2132	0	0	0.78	0.00	0.00	0.78	4.91
2025	365	1710	0	0	0.62	0.00	0.00	0.62	3.93
2026	365	1488	0	0	0.54	0.00	0.00	0.54	3.42
2027	365	1266	0	0	0.46	0.00	0.00	0.46	2.91
2028	366	1090	0	0	0.40	0.00	0.00	0.40	2.51
2029	365	976	0	0	0.36	0.00	0.00	0.36	2.24
Total					**8.25**	**0.00**	**0.00**	**8.25**	**51.90**

Table A.10 Yme P50 forward technical production profiles (100 %)

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
		Sm3/d	kSm3/d	Sm3/d	MSm3	GSm3	MSm3 o.e.	MSm3 o.e.	mmboe
2019	365	0	0	0	0.00	0.00	0.00	0.00	0.00
2020	366	4983	0	0	1.82	0.00	0.00	1.82	11.47
2021	365	5117	0	0	1.87	0.00	0.00	1.87	11.75
2022	365	3982	0	0	1.45	0.00	0.00	1.45	9.14
2023	365	3229	0	0	1.18	0.00	0.00	1.18	7.41
2024	366	2601	0	0	0.95	0.00	0.00	0.95	5.99
2025	365	2146	0	0	0.78	0.00	0.00	0.78	4.93
2026	365	1841	0	0	0.67	0.00	0.00	0.67	4.23
2027	365	1537	0	0	0.56	0.00	0.00	0.56	3.53
2028	366	1291	0	0	0.47	0.00	0.00	0.47	2.97
2029	365	1098	0	0	0.40	0.00	0.00	0.40	2.52
Total					**10.17**	**0.00**	**0.00**	**10.17**	**63.94**

Table A.11 Yme P10 forward technical production profiles (100 %)

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
		Sm3/d	kSm3/d	Sm3/d	MSm3	GSm3	MSm3 o.e.	MSm3 o.e.	mmboe

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
2019	365	0	0	0	0.00	0.00	0.00	0.00	0.00
2020	366	5375	0	0	1.97	0.00	0.00	1.97	12.37
2021	365	6594	0	0	2.41	0.00	0.00	2.41	15.14
2022	365	5068	0	0	1.85	0.00	0.00	1.85	11.64
2023	365	4074	0	0	1.49	0.00	0.00	1.49	9.35
2024	366	3511	0	0	1.29	0.00	0.00	1.29	8.08
2025	365	2795	0	0	1.02	0.00	0.00	1.02	6.42
2026	365	2336	0	0	0.85	0.00	0.00	0.85	5.36
2027	365	1946	0	0	0.71	0.00	0.00	0.71	4.47
2028	366	1727	0	0	0.63	0.00	0.00	0.63	3.97
2029	365	1585	0	0	0.58	0.00	0.00	0.58	3.64
Total					**12.79**	**0.00**	**0.00**	**12.79**	**80.45**

A.2.2 Cost estimates

The cost profiles listed in the table below (100 % figures) are applied for all cases P90, P50 and P10. No tariff costs are listed in the RNB2019.

Table A.12 Yme cost profiles (100 %)

Cost Profiles (100%), R.T. MNOK 01.01.2019					
Year	**CAPEX**	**OPEX**	**Other Cost**	**Tariff Cost**	**Aband.Costs**
2019	3398		17		
2020	1250	984	49		
2021	1069	942	66		
2022	85	914	65		
2023	170	1045	70		
2024		883	72		
2025		870	75		
2026		1008	79		
2027		850	82		
2028		843	84		
2029		982	63		54
2030		185			133
2031					1511
2032					911
2033					369
Sum	**5972**	**9508**	**723**		**2978**

A.2.3 Economic results

The key results are summarised in the three tables below for P90, P50 and P10 cases. Note that the economic evaluations are forward-looking from 01.01.2019.

Table A.13 Summary of economic results for Yme P90 case

OKEA net: 15%	Technical profile Resources net	Reserves net
1st Production	01/04/2020	01/04/2020
Cut-off	31/12/2029	31/12/2029
Oil/condensate, MSm3	1.24	1.24
Gas, GSm3	0.00	0.00

OKEA net: 15%	Technical profile Resources net	Reserves net
NGL, MSm3o.e.	0.00	0.00
Total, MSm3o.e.	**1.24**	**1.24**
Total, mmboe	**7.78**	**7.78**

Table A.14 Summary of economic results for Yme P50 case

OKEA net: 15%	Technical profile Resources net	Reserves net
1st Production	01/04/2020	01/04/2020
Cut-off	31/12/2029	31/12/2029
Oil/condensate, MSm3	1.52	1.52
Gas, GSm3	0.00	0.00
NGL, MSm3o.e.	0.00	0.00
Total, MSm3o.e.	**1.52**	**1.52**
Total, mmboe	**9.59**	**9.59**

Table A.15 Summary of economic results for Yme P10 case

OKEA net: 15%	Technical profile Resources net	Reserves net
1st Production	01/04/2020	01/04/2020
Cut-off	31/12/2029	31/12/2029
Oil/condensate, MSm3	1.92	1.92
Gas, GSm3	0.00	0.00
NGL, MSm3o.e.	0.00	0.00
Total, MSm3o.e.	**1.92**	**1.92**
Total, mmboe	**12.07**	**12.07**

A.3 Draugen Economic Summary and Production Profiles

A.3.1 Technical production profiles

The notional P90, P50 and P10 production profiles for oil, sales gas, and NGLs are listed in the tables below, and are shown on a 100% basis. The daily production has been derived by dividing the annual production volumes with the number of days shown, which take into account the leap-years. 2019 is listed as a full year of production. Reserve numbers are adjusted for production in January and February to reflect volumes attributable at 1.3.2019.

Table A.16 Draugen P90 technical production profiles (100 %)

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
		Sm3/d	kSm3/d	Sm3/d	MSm3	GSm3	MSm3 o.e.	MSm3 o.e.	mmboe
2019	365	2701	5	214	0.99	0.00	0.08	1.07	6.70
2020	366	2435	4	197	0.89	0.00	0.07	0.97	6.07
2021	365	2340	0	0	0.85	0.00	0.00	0.85	5.37
2022	365	2072	0	0	0.76	0.00	0.00	0.76	4.76
2023	365	1948	0	0	0.71	0.00	0.00	0.71	4.47
2024	366	1738	0	0	0.64	0.00	0.00	0.64	4.00
2025	365	1621	0	0	0.59	0.00	0.00	0.59	3.72
2026	365	1460	0	0	0.53	0.00	0.00	0.53	3.35
2027	365	1318	0	0	0.48	0.00	0.00	0.48	3.03
2028	366	1227	0	0	0.45	0.00	0.00	0.45	2.82
2029	365	1144	0	0	0.42	0.00	0.00	0.42	2.63
2030	365	1068	0	0	0.39	0.00	0.00	0.39	2.45
2031	365	997	0	0	0.36	0.00	0.00	0.36	2.29
2032	366	900	0	0	0.33	0.00	0.00	0.33	2.07
2033	365	846	0	0	0.31	0.00	0.00	0.31	1.94
2034	365	798	0	0	0.29	0.00	0.00	0.29	1.83
2035	365	756	0	0	0.28	0.00	0.00	0.28	1.74
Total					**9.27**	**0.00**	**0.15**	**9.42**	**59.25**

Table A.17 Draugen P50 technical production profiles (100 %)

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
		Sm3/d	kSm3/d	Sm3/d	MSm3	GSm3	MSm3 o.e.	MSm3 o.e.	mmboe
2019	365	3073	6	243	1.12	0.00	0.09	1.21	7.62
2020	366	2764	5	223	1.01	0.00	0.08	1.10	6.89
2021	365	2653	0	0	0.97	0.00	0.00	0.97	6.09
2022	365	2347	0	0	0.86	0.00	0.00	0.86	5.39
2023	365	2197	0	0	0.80	0.00	0.00	0.80	5.04
2024	366	1957	0	0	0.72	0.00	0.00	0.72	4.50
2025	365	1820	0	0	0.66	0.00	0.00	0.66	4.18
2026	365	1636	0	0	0.60	0.00	0.00	0.60	3.76
2027	365	1484	0	0	0.54	0.00	0.00	0.54	3.41
2028	366	1395	0	0	0.51	0.00	0.00	0.51	3.21
2029	365	1300	0	0	0.47	0.00	0.00	0.47	2.99
2030	365	1215	0	0	0.44	0.00	0.00	0.44	2.79

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
2031	365	1138	0	0	0.42	0.00	0.00	0.42	2.61
2032	366	1028	0	0	0.38	0.00	0.00	0.38	2.37
2033	365	966	0	0	0.35	0.00	0.00	0.35	2.22
2034	365	909	0	0	0.33	0.00	0.00	0.33	2.09
2035	365	860	0	0	0.31	0.00	0.00	0.31	1.97
Total					**10.50**	**0.00**	**0.17**	**10.67**	**67.13**

Table A.18 Draugen P10 technical production profiles (100 %)

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
		Sm3/d	kSm3/d	Sm3/d	MSm3	GSm3	MSm3 o.e.	MSm3 o.e.	mmboe
2019	365	3390	7	268	1.24	0.00	0.10	1.34	8.41
2020	366	3057	6	246	1.12	0.00	0.09	1.21	7.62
2021	365	2933	0	0	1.07	0.00	0.00	1.07	6.73
2022	365	2588	0	0	0.94	0.00	0.00	0.94	5.94
2023	365	2414	0	0	0.88	0.00	0.00	0.88	5.54
2024	366	2152	0	0	0.79	0.00	0.00	0.79	4.95
2025	365	2002	0	0	0.73	0.00	0.00	0.73	4.60
2026	365	1796	0	0	0.66	0.00	0.00	0.66	4.12
2027	365	1631	0	0	0.60	0.00	0.00	0.60	3.74
2028	366	1525	0	0	0.56	0.00	0.00	0.56	3.51
2029	365	1428	0	0	0.52	0.00	0.00	0.52	3.28
2030	365	1337	0	0	0.49	0.00	0.00	0.49	3.07
2031	365	1252	0	0	0.46	0.00	0.00	0.46	2.88
2032	366	1133	0	0	0.41	0.00	0.00	0.41	2.61
2033	365	1066	0	0	0.39	0.00	0.00	0.39	2.45
2034	365	1005	0	0	0.37	0.00	0.00	0.37	2.31
2035	365	949	0	0	0.35	0.00	0.00	0.35	2.18
Total					**11.56**	**0.00**	**0.19**	**11.76**	**73.94**

A.3.2 Cost estimates

The cost profiles listed in the table below (100% figures) are applied for cases P90, P50 and P10. No tariff costs are listed in the RNB2019.

Table A.19 Draugen Cost Profiles (100 %)

Cost Profiles (100%), R.T. MNOK 01.01.2019					
Year	**CAPEX**	**OPEX**	**Other Cost**	**Tariff**	**Aband.Costs**
2019	552	845	196		
2020	404	833	190		
2021	123	773	196		
2022	106	789	207		
2023	225	770	208		
2024	225	777	205		
2025	390	785	198		
2026	565	746	169		

Cost Profiles (100%), R.T. MNOK 01.01.2019					
2027	425	743	164		
2028	150	744	157		
2029	75	730	152		
2030	325	706	146		
2031	75	704	144		52
2032	60	691	142		53
2033	45	687	140		53
2034	30	674	138		487
2035		677	137		1378
2036					2689
2037					2390
2038					318
2039					152
2040					152
Sum	**3774**	**12673**	**2891**		**7723**

A.3.3 Economic results

The key results are summarised in the tables below for cases P90, P50 and P10. Note that the economic evaluations are forward-looking from 01.01.2019.

Table A.20 Summary of economic results for Draugen P90 case

OKEA net: 44.56%	Technical profile Resources net	Reserves net
1st Production	19/10/1993	19/10/1993
Cut-off	31/12/2035	31/12/2035
Oil/condensate, MSm3	4.06	4.06
Gas, GSm3	0.00	0.00
NGL, MSm3 o.e.	0.08	0.08
Total, MSm3 o.e.	**4.14**	**4.14**
Total, mmboe	**26.07**	**26.07**

Table A.21 Summary of economic results for Draugen P50 case

OKEA net: 44.56%	Technical profile Resources net	Reserves net
1st Production	19/10/1993	19/10/1993
Cut-off	31/12/2035	31/12/2035
Oil/condensate, MSm3	4.61	4.61
Gas, GSm3	0.00	0.00
NGL, MSm3 o.e.	0.09	0.09
Total, MSm3 o.e.	**4.70**	**4.70**
Total, mmboe	**29.58**	**29.58**

Table A.22 Summary of economic results for Draugen P10 case

OKEA net: 44.56%	Technical profile Resources net	Reserves net
1st Production	19/10/1993	19/10/1993
Cut-off	31/12/2035	31/12/2035
Oil/condensate, MSm3	5.09	5.09
Gas, GSm3	0.00	0.00
NGL, MSm3 o.e.	0.10	0.10

OKEA net: 44.56%	Technical profile Resources net	Reserves net
Total, MSm3 o.e.	5.18	5.18
Total, mmboe	32.61	32.61

A.4 Gjøa Economic Summary and Production Profiles

A.4.1 Technical production profiles

The notional P90, P50 and P10 production profiles for oil, sales gas, and NGLs are listed in the tables below, and are shown on a 100% basis. The daily production has been derived by dividing the annual production volumes with the number of days shown, which take into account the leap-years. 2019 is listed as a full year of production. Reserve numbers are adjusted for production in January and February to reflect volumes attributable at 1.3.2019.

Table A.23 Gjøa P90 forward technical production profiles (100 %)

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
		Sm3/d	kSm3/d	Sm3/d	MSm3	GSm3	MSm3 o.e.	MSm3 o.e.	mmboe
2019	365	1261	6661	2854	0.46	2.43	1.04	3.93	24.74
2020	366	310	5042	2160	0.11	1.85	0.79	2.75	17.30
2021	365	2071	4473	1916	0.76	1.63	0.70	3.09	19.42
2022	365	869	2881	1234	0.32	1.05	0.45	1.82	11.44
2023	365	510	3112	1333	0.19	1.14	0.49	1.81	11.38
2024	366	192	2042	875	0.07	0.75	0.32	1.14	7.16
2025	365	103	956	409	0.04	0.35	0.15	0.54	3.37
2026	365	81	803	344	0.03	0.29	0.13	0.45	2.82
2027	365	16	335	144	0.01	0.12	0.05	0.18	1.14
2028	366	0	0	0	0.00	0.00	0.00	0.00	0.00
2029	365	0	0	0	0.00	0.00	0.00	0.00	0.00
2030	365	0	0	0	0.00	0.00	0.00	0.00	0.00
Total					**1.98**	**9.61**	**4.12**	**15.70**	**98.76**

Table A.24 Gjøa P50 forward technical production profiles (100 %)

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
		Sm3/d	kSm3/d	Sm3/d	MSm3	GSm3	MSm3 o.e.	MSm3 o.e.	mmboe
2019	365	1485	7920	3394	0.54	2.89	1.24	4.67	29.38
2020	366	626	5768	2471	0.23	2.11	0.90	3.24	20.41
2021	365	2358	5219	2236	0.86	1.91	0.82	3.58	22.53
2022	365	1190	4262	1826	0.43	1.56	0.67	2.66	16.71
2023	365	727	4198	1799	0.27	1.53	0.66	2.45	15.44
2024	366	287	3008	1289	0.11	1.10	0.47	1.68	10.55
2025	365	164	1765	756	0.06	0.64	0.28	0.98	6.16
2026	365	119	1200	514	0.04	0.44	0.19	0.67	4.21
2027	365	49	717	307	0.02	0.26	0.11	0.39	2.47
2028	366	0	0	0	0.00	0.00	0.00	0.00	0.00
2029	365	0	0	0	0.00	0.00	0.00	0.00	0.00
2030	365	0	0	0	0.00	0.00	0.00	0.00	0.00
Total					**2.56**	**12.44**	**5.33**	**20.33**	**127.86**

Table A.25 Gjøa P10 forward technical production profiles (100 %)

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
		Sm3/d	kSm3/d	Sm3/d	MSm3	GSm3	MSm3 o. e.	MSm3 o.e.	mmboe
2019	365	1761	8558	3667	0.64	3.12	1.34	5.10	32.11
2020	366	1451	8667	3713	0.53	3.17	1.36	5.06	31.84
2021	365	3334	6214	2662	1.22	2.27	0.97	4.46	28.03
2022	365	3026	5334	2285	1.10	1.95	0.83	3.89	24.44
2023	365	1842	5612	2404	0.67	2.05	0.88	3.60	22.63
2024	366	744	4462	1912	0.27	1.63	0.70	2.61	16.39
2025	365	472	2589	1109	0.17	0.95	0.40	1.52	9.58
2026	365	290	1788	766	0.11	0.65	0.28	1.04	6.53
2027	365	185	1242	532	0.07	0.45	0.19	0.72	4.50
2028	366	120	641	275	0.04	0.23	0.10	0.38	2.38
2029	365	105	465	199	0.04	0.17	0.07	0.28	1.77
2030	365	0	0	0	0.00	0.00	0.00	0.00	0.00
Total					**4.87**	**16.65**	**7.13**	**28.65**	**180.19**

A.4.2 Cost estimates

The cost profiles listed in the table below (100% figures) are applied for all cases P90, P50 and P10. Only cost for use of foreign installations are included in tariff costs. Tariff income, as listed in the RNB2019 from Vega and Nova, is included as negative tariff costs.

Table A.26 Gjøa cost profiles (100 %)

Cost Profiles (100%), R.T. MNOK 01.01.2019					
Year	**CAPEX**	**OPEX**	**Other Cost**	**Tariff Cost**	**Aband.Costs**
2019	862	1038	123	-402	
2020	2562	1093	122	-478	
2021	1113	1376	122	-592	
2022	9	1372	114	-784	
2023	9	1558	114	-765	
2024	9	1388	114	-731	
2025	9	1389	114	-896	
2026		1445	114	-962	
2027		1287	114	-1048	
2028					4555
Sum	**4574**	**11947**	**1053**	**-6658**	**4555**

A.4.3 Economic results

The key results are summarised in the three tables below for P90, P50 and P10 cases. Note that the economic evaluations are forward-looking from 01.01.2019.

Table A.27 Summary of economic results for Gjøa P90 case

OKEA net: 12%	Technical profile Resources net	Reserves net
1st Production	07/11/2010	07/11/2010
Cut-off	31/12/2027	31/12/2027
Oil/condensate, MSm3	0.22	0.22
Gas, GSm3	1.08	1.08

OKEA net: 12%	Technical profile Resources net	Reserves net
NGL, MSm3o.e.	0.47	0.47
Total, MSm3o.e.	**1.78**	**1.78**
Total, mmboe	**11.19**	**11.19**

Table A.28 Summary of economic results for Gjøa P50 case

OKEA net: 12%	Technical profile Resources net	Reserves net
1st Production	07/11/2010	07/11/2010
Cut-off	31/12/2027	31/12/2027
Oil/condensate, MSm3	0.29	0.29
Gas, GSm3	1.42	1.42
NGL, MSm3o.e.	0.61	0.61
Total, MSm3o.e.	**2.33**	**2.33**
Total, mmboe	**14.68**	**14.68**

Table A.29 Summary of economic results for Gjøa P10 case

OKEA net: 12%	Technical profile Resources net	Reserves net
1st Production	07/11/2010	07/11/2010
Cut-off	31/12/2029	31/12/2029
Oil/condensate, MSm3	0.57	0.57
Gas, GSm3	1.93	1.93
NGL, MSm3o.e.	0.83	0.83
Total, MSm3o.e.	**3.33**	**3.33**
Total, mmboe	**20.96**	**20.96**

A.5 Grevling Technical Production Profiles

A.5.1 Technical production profiles

The notional P90, P50 and P10 production profiles for oil are listed in the tables below, and are shown on a 100% basis. The daily production has been derived by dividing the annual production volumes with the number of days shown, which take into account the leap-years.

Table A.30 Grevling P90 forward technical production profiles (100 %)

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
		Sm3/d	kSm3/d	Sm3/d	MSm3	GSm3	MSm3 o.e.	MSm3 o.e.	mmboe
2019	365	0	0	0	0.00	0.00	0.00	0.00	0.00
2020	366	0	0	0	0.00	0.00	0.00	0.00	0.00
2021	365	0	0	0	0.00	0.00	0.00	0.00	0.00
2022	365	0	0	0	0.00	0.00	0.00	0.00	0.00
2023	365	2212	0	0	0.81	0.00	0.00	0.81	5.08
2024	366	1193	0	0	0.44	0.00	0.00	0.44	2.75
2025	365	929	0	0	0.34	0.00	0.00	0.34	2.13
2026	365	901	0	0	0.33	0.00	0.00	0.33	2.07
2027	365	620	0	0	0.23	0.00	0.00	0.23	1.42
2028	366	560	0	0	0.20	0.00	0.00	0.20	1.29
2029	365	478	0	0	0.17	0.00	0.00	0.17	1.10
2030	365	432	0	0	0.16	0.00	0.00	0.16	0.99
2031	365	387	0	0	0.14	0.00	0.00	0.14	0.89
2032	366	342	0	0	0.13	0.00	0.00	0.13	0.79
2033	365	307	0	0	0.11	0.00	0.00	0.11	0.70
2034	365	277	0	0	0.10	0.00	0.00	0.10	0.64
2035	365	252	0	0	0.09	0.00	0.00	0.09	0.58
2036	366	231	0	0	0.08	0.00	0.00	0.08	0.53
2037	365	215	0	0	0.08	0.00	0.00	0.08	0.49
Total					**3.41**	**0.00**	**0.00**	**3.41**	**21.46**

Table A.31 Grevling P50 forward technical production profiles (100 %)

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
		Sm3/d	kSm3/d	Sm3/d	MSm3	GSm3	MSm3 o.e.	MSm3 o.e.	mmboe
2019	365	-	-	-	0.00	0.00	0.00	0.00	0.00
2020	366	-	-	-	0.00	0.00	0.00	0.00	0.00
2021	365	-	-	-	0.00	0.00	0.00	0.00	0.00
2022	365	-	-	-	0.00	0.00	0.00	0.00	0.00
2023	365	2783	0	0	1.02	0.00	0.00	1.02	6.39
2024	366	1611	0	0	0.59	0.00	0.00	0.59	3.71
2025	365	1336	0	0	0.49	0.00	0.00	0.49	3.07
2026	365	1429	0	0	0.52	0.00	0.00	0.52	3.28
2027	365	976	0	0	0.36	0.00	0.00	0.36	2.24
2028	366	958	0	0	0.35	0.00	0.00	0.35	2.21
2029	365	861	0	0	0.31	0.00	0.00	0.31	1.98

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
2030	365	758	0	0	0.28	0.00	0.00	0.28	1.74
2031	365	677	0	0	0.25	0.00	0.00	0.25	1.56
2032	366	600	0	0	0.22	0.00	0.00	0.22	1.38
2033	365	538	0	0	0.20	0.00	0.00	0.20	1.24
2034	365	470	0	0	0.17	0.00	0.00	0.17	1.08
2035	365	428	0	0	0.16	0.00	0.00	0.16	0.98
2036	366	394	0	0	0.14	0.00	0.00	0.14	0.91
2037	365	370	0	0	0.13	0.00	0.00	0.13	0.85
Total					**5.18**	**0.00**	**0.00**	**5.18**	**32.62**

Table A.32 Grevling P10 forward technical production profiles (100 %)

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
		Sm3/d	kSm3/d	Sm3/d	MSm3	GSm3	MSm3 o.e.	MSm3 o.e.	mmboe
2019	365	-	-	-	0.00	0.00	0.00	0.00	0.00
2020	366	-	-	-	0.00	0.00	0.00	0.00	0.00
2021	365	-	-	-	0.00	0.00	0.00	0.00	0.00
2022	365	-	-	-	0.00	0.00	0.00	0.00	0.00
2023	365	3470	0	0	1.27	0.00	0.00	1.27	7.97
2024	366	2320	0	0	0.85	0.00	0.00	0.85	5.34
2025	365	1859	0	0	0.68	0.00	0.00	0.68	4.27
2026	365	2225	0	0	0.81	0.00	0.00	0.81	5.11
2027	365	1439	0	0	0.53	0.00	0.00	0.53	3.30
2028	366	1388	0	0	0.51	0.00	0.00	0.51	3.20
2029	365	1259	0	0	0.46	0.00	0.00	0.46	2.89
2030	365	1144	0	0	0.42	0.00	0.00	0.42	2.63
2031	365	1033	0	0	0.38	0.00	0.00	0.38	2.37
2032	366	912	0	0	0.33	0.00	0.00	0.33	2.10
2033	365	837	0	0	0.31	0.00	0.00	0.31	1.92
2034	365	772	0	0	0.28	0.00	0.00	0.28	1.77
2035	365	719	0	0	0.26	0.00	0.00	0.26	1.65
2036	366	666	0	0	0.24	0.00	0.00	0.24	1.53
2037	365	619	0	0	0.23	0.00	0.00	0.23	1.42
Total					**7.55**	**0.00**	**0.00**	**7.55**	**47.49**

A.6 Storskrymten Technical Production Profiles

A.6.1 Technical production profiles

The notional P90, P50 and P10 production profiles for oil are listed in the tables below, and are shown on a 100% basis. The daily production has been derived by dividing the annual production volumes with the number of days shown, which take into account the leap-years.

Table A.33 Storskrymten P90 forward technical production profiles (100 %)

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
		Sm3/d	kSm3/d	Sm3/d	MSm3	GSm3	MSm3 o.e.	MSm3 o.e.	mmboe
2019	365	-	-	-	-	-	-	-	-
2020	366	-	-	-	-	-	-	-	-
2021	365	-	-	-	-	-	-	-	-
2022	365	-	-	-	-	-	-	-	-
2023	365	661	0	0	0.24	0.00	0.00	0.24	1.52
2024	366	215	0	0	0.08	0.00	0.00	0.08	0.50
2025	365	149	0	0	0.05	0.00	0.00	0.05	0.34
2026	365	44	0	0	0.02	0.00	0.00	0.02	0.10
2027	365	14	0	0	0.01	0.00	0.00	0.01	0.03
2028	366	-	-	-					
2029	365	-	-	-					
2030	365	-	-	-					
2031	365	-	-	-					
2032	366	-	-	-					
2033	365	-	-	-					
2034	365	-	-	-					
Total					**0.40**	**0.00**	**0.00**	**0.40**	**2.49**

Table A.34 Storskrymten P50 forward technical production profiles (100 %)

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
		Sm3/d	kSm3/d	Sm3/d	MSm3	GSm3	MSm3 o.e.	MSm3 o.e.	mmboe
2019	365	-	-	-	0.00	0.00	0.00	0.00	0.00
2020	366	-	-	-	0.00	0.00	0.00	0.00	0.00
2021	365	-	-	-	0.00	0.00	0.00	0.00	0.00
2022	365	-	-	-	0.00	0.00	0.00	0.00	0.00
2023	365	1230	0	0	0.45	0.00	0.00	0.45	2.83
2024	366	981	0	0	0.36	0.00	0.00	0.36	2.26
2025	365	605	0	0	0.22	0.00	0.00	0.22	1.39
2026	365	330	0	0	0.12	0.00	0.00	0.12	0.76
2027	365	222	0	0	0.08	0.00	0.00	0.08	0.51
2028	366	171	0	0	0.06	0.00	0.00	0.06	0.39
2029	365	144	0	0	0.05	0.00	0.00	0.05	0.33
2030	365	120	0	0	0.04	0.00	0.00	0.04	0.28
2031	365	101	0	0	0.04	0.00	0.00	0.04	0.23
2032	366	94	0	0	0.03	0.00	0.00	0.03	0.22

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
2033	365	85	0	0	0.03	0.00	0.00	0.03	0.20
2034	365	2	0	0	0.00	0.00	0.00	0.00	0.01
Total					**1.49**	**0.00**	**0.00**	**1.49**	**9.39**

Table A.35 Storskrymten P10 forward technical production profiles (100 %)

Year	Days	Oil (Rate)	Dry Gas (Rate)	NGL (Rate)	Oil (Volume)	Dry Gas (Volume)	NGL (Volume)	Annual Total (Volume)	Annual Total (Volume)
		Sm3/d	kSm3/d	Sm3/d	MSm3	GSm3	MSm3 o. e.	MSm3 o.e.	mmboe
2019	365	-	-	-	0.00	0.00	0.00	0.00	0.00
2020	366	-	-	-	0.00	0.00	0.00	0.00	0.00
2021	365	-	-	-	0.00	0.00	0.00	0.00	0.00
2022	365	-	-	-	0.00	0.00	0.00	0.00	0.00
2023	365	1800	0	0	0.66	0.00	0.00	0.66	4.13
2024	366	1746	0	0	0.64	0.00	0.00	0.64	4.02
2025	365	1060	0	0	0.39	0.00	0.00	0.39	2.44
2026	365	617	0	0	0.23	0.00	0.00	0.23	1.42
2027	365	429	0	0	0.16	0.00	0.00	0.16	0.99
2028	366	343	0	0	0.13	0.00	0.00	0.13	0.79
2029	365	287	0	0	0.10	0.00	0.00	0.10	0.66
2030	365	240	0	0	0.09	0.00	0.00	0.09	0.55
2031	365	201	0	0	0.07	0.00	0.00	0.07	0.46
2032	366	188	0	0	0.07	0.00	0.00	0.07	0.43
2033	365	171	0	0	0.06	0.00	0.00	0.06	0.39
2034	365	5	0	0	0.00	0.00	0.00	0.00	0.01
Total					**2.59**	**0.00**	**0.00**	**2.59**	**16.29**

Appendix B Abbreviations and definitions

Abbreviation	Definition
1C	Low estimate scenario for Contingent Resources.
1P	Proved Reserves; denotes low estimate scenario for Reserves
2C	Best estimate scenario for Contingent Resources.
2P	Proved plus Probable Reserves; denotes best estimate scenario for Reserves
3C	High estimate scenario for Contingent Resources.
3P	Proved plus Probable plus Possible Reserves; denotes high estimate scenario for Reserves
4D	Four Dimensional (time lapse seismic)
AAPG	American Association of Petroleum Geologists
AVO	Amplitude Versus Offsets
bbl	Volume unit, 1 barrel = 42 US gallons ≈ 159 L
BCU	Base Cretaceous Unconformity
Bo	Formation volume factor for oil
BOK	"Beslutning Om Konkretisering". Feasibility decision gate.
BOV	"Beslutning Om Videreføring". Concept selection gate
BRV	Bulk Rock Volume
CAPEX	CAPital EXpenditures
CBM	Controlled Beam Migration
CCA	Conventional Core Analysis, identical to RCA
CGR	Condensate Gas Ratio
CMR	Combinable Magnetic Resonance Tool™ (Schlumberger); nuclear magnetic resonance (NMR) for down-hole fluid measurements
CoS	Chance of success
CPI	Computer Processed Interpretation
D	Darcy
DC	Depth Conversion
DCA	Decline Curve Analysis
DG1	Decision Gate 1; At least one technical concept is demonstrated economical
DG2	Decision Gate 2; Concept selection
DG3	Decision Gate 3; Project sanction; deliver PDO
DST	Drill Stem Test
EC	Engineering Committee
EOS	Equation Of State
ESP	Electrical Submergible Pump
EUR	Estimated Ultimate Recovery; the sum of reserves and historic production
Fm	Formation
FMT	Formation Multi-Tester™ (Weatherford); formation pressure data, also MDT, RCI, RFT
FOL	Free Oil Level
FPSO	Floating Production Storage and Offloading vessel
FWL	Free Water Level
GCV	Gross Calorific Value
GDT	Gas Down To
GIIP	Gas Initially In Place
GOC	Gas-Oil Contact
Gp	Group
G	billion (Giga) SI unit multiplier = 109
GWC	Gas-Water Contact
HCPV	Hydrocarbon Pore Volume
HM	History Match

Abbreviation	Definition
IIPV	Initially In-Place Volumes (at the discovery time)
IPV	In-Place Volumes at a specified time after the discovery
km	Kilometre
LQ	Living Quarters
LWD	Logging While Drilling
m	meter
mm	million; oilfield unit multiplier
mmbbl	million barrels of stock tank oil
mmboe	million barrels of oil equivalent
mmbtu	million British thermal units
mmrbbl	million reservoir barrels
mD	millidarcy, permeability unit
M	million (Mega) SI unit multiplier = 106
MBAL	Material Balance (software)
MC	Management Committee
MD	Measured Depth
MDT	Modular Formation Dynamics Tester™ (Schlumberger); formation pressure data, also FMT, RCI, RFT
MJ	megajoule (million joules)
MNOK	Million NOrwegian Kroner
MOD	Money Of the Day
MOPU	Mobil Offshore Production Unit
MSL	Mean Sea Level
Mt	Million tonnes
MUSD	Million US Dollars
MWD	Measurement While Drilling
NGL	Natural Gas Liquids
NOK	NOrwegian Kroner
NPD	Norwegian Petroleum Directorate
NPV	Net Present Value
o.e.	Oil Equivalent. 1 Sm3 o.e. = 1 Sm3 oil =1000 Sm3 gas
ODT	Oil Down To
Op.	Operator
OPEX	OPerating EXpenditures
OWC	Oil-Water Contact, identical to WOC
PDO	Plan for Development and Operations
PDQ	Processing Drilling and Quarter
PRMS	Petroleum Resources Management System
PSDM	Pre-Stack Depth Migration
PVT	Pressure Volume Temperature; fluid properties
PV	Present Value
QC	Quality Control (Quality Check)
rbbl	Reservoir barrel
RC	Resource Class (in the NPD's resources classification system)
RCA	Routine Core Analysis, identical to CCA
RCI	Reservoir Characterization Instrument™ (Baker Hughes); formation pressure data, also FMT, MDT, RFT
RF	Recovery Factor
RFT	Repeat Formation Tester™ (Schlumberger); formation pressure data, also FMT, MDT, RCI
RKB	Rotary Kelly Bushing

Abbreviation	Definition
RMP	Reservoir Managemant Plan
rm3	Reservoir cubic metre
RNB	Revised National Budget; sheets/forms (NPD)
RT	Real Terms
Sm3, Sm^3	Standard cubic meter
Sw	Water Saturation
SWAG	Simultaneous Water And Gas injection
SCAL	Special Core Analysis
SOF	Structurally Oriented Filter
SPE	Society of Petroleum Engineers
SPEE	Society of Petroleum Evaluation Engineers
SS	Subsea
SSIV	Subsea Isolation Valve
STOIIP	Stock Tank Oil Initially In Place (at the discovery time)
STOIP	Stock Tank Oil In Place at a specified time after the discovery
SWE	Effective Water Saturation
Technical	Used with volumes. Refers to values calculated without economic cut-off
TRR	Technically Recoverable Resources. Quantities producible using currently available technology and industry practices, regardless of commercial considerations.
TVD	True Vertical Depth
VSH	Volume of Shale
USD	US Dollar
WCT	Water Cut
WOC	Water-Oil Contact, identical to OWC
WAG	Water Alternating Gas
WPC	World Petroleum Congress
WUT	Water Up To

APPENDIX G:

APPLICATION FORM FOR THE RETAIL OFFERING

APPLICATION FORM FOR THE RETAIL OFFERING

General information: The terms and conditions for the Retail Offering are set out in the prospectus dated 27 May 2019 (the "**Prospectus**"), which has been issued by OKEA ASA ("**OKEA**" or the "**Company**") in connection with the initial public offering (the "**Offering**") of new shares to be issued by the Company and the sale of existing shares in the Company by the Selling Shareholders, and the listing of the Company's Shares on Oslo Børs. All capitalised terms not defined herein shall have the meaning as assigned to them in the Prospectus.

Application procedure: Norwegian applicants in the Retail Offering who are residents of Norway with a Norwegian personal identification number may apply for Offer Shares through the VPS online application system by following the link to such online application system on the following websites: www.paretosec.com, www.seb.no and www.sb1markets.no. Applications in the Retail Offering can also be made by using this Retail Application Form. Retail Application Forms must be correctly completed and submitted by the expiry of the Application Period to one of the following application offices:

Pareto Securities	SEB	SpareBank 1 Markets
P.O. Box 1411 Vika	P.O. Box 1843 Vika	P.O. Box 1398 Vika
N-0115 Oslo	N-0123 Oslo	N-0114 Oslo
Norway	Norway	Norway
Tel: +47 22 87 87 00	Tel: +47 22 82 70 00	Tel: + 47 24 14 74 00
E-mail: subscription@paretosec.com	E-mail: subscriptions@seb.no	E-mail: subscription@sb1markets.no
www.paretosec.com	www.seb.no	www.sb1markets.no

The applicant is responsible for the correctness of the information filled in on this Retail Application Form. Retail Application Forms that are incomplete or incorrectly completed, electronically or physically, or that are received after the expiry of the Application Period, and any application that may be unlawful, may be disregarded without further notice to the applicant. **Subject to any shortening or extension of the Application Period, applications made through the VPS online application system must be duly registered, and applications made on Retail Application Forms must be received, by one of the application offices by 12:00 hours (CET) on 6 June 2019**. None of the Company or any of the Managers may be held responsible for postal delays, unavailable internet lines or servers or other logistical or technical matters that may result in applications not being received in time or at all by any of the application offices. All applications made in the Retail Offering will be irrevocable and binding upon receipt of a duly completed Retail Application Form, or in the case of applications through the VPS online application system, upon registration of the application, irrespective of any shortening or extension of the Application Period, and cannot be withdrawn, cancelled or modified by the applicant after having been received by the application office, or in the case of applications through the VPS online application system, upon registration of the application.

Price of Offer Shares: The Company has, together with the Managers, set an Indicative Price Range for the Offering from NOK 25 to NOK 33 per Offer Share. The Company will, in consultation with the Managers, determine the final number of Offer Shares and the final Offer Price on the basis of the applications received and not withdrawn in the Institutional Offering during the Bookbuilding Period and the number of applications received in the Retail Offering. The Offer Price will be determined on or about 6 June 2019 and announced through Oslo Børs' information system on or about the same date under the ticker code "OKEA". The Indicative Price Range is non-binding and the Offer Price may be set within, below or above the Indicative Price Range. Each applicant in the Retail Offering will be permitted, but not required, to indicate when ordering through the VPS online application system or on the Retail Application Form that the applicant does not wish to be allocated Offer Shares should the Offer Price be set above the highest price in the Indicative Price Range (i.e. NOK 33 per Offer Share). If the applicant does so, the applicant will not be allocated any Offer Shares in the event that the Offer Price is set above the highest price in the Indicative Price Range. If the applicant does not expressly stipulate such reservation when ordering through the VPS online application system or on the Retail Application Form, the application will be binding regardless of whether the Offer Price is set within or above (or below) the Indicative Price Range.

Allocation, payment and delivery of Offer Shares: Pareto Securities, acting as settlement agent for the Retail Offering, expects to issue notifications of allocation of Offer Shares in the Retail Offering on or about 7 June 2019, by issuing allocation notes to the applicants by mail or otherwise. Any applicant wishing to know the precise number of Offer Shares allocated to it may contact one of the application offices listed above from on or about 7 June 2019 during business hours. Applicants who have access to investor services through an institution that operates the applicant's account with the VPS for the registration of holdings of securities ("**VPS account**") should be able to see how many Offer Shares they have been allocated from on or about 7 June 2019. In registering an application through the VPS online application system or by completing a Retail Application Form, each applicant in the Retail Offering will grant Pareto Securities (on behalf of the Managers) an irrevocable authorisation to debit the applicant's Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. The applicant's bank account number must be stipulated on the VPS online application or on the Retail Application Form. Accounts will be debited on or about 11 June 2019 (the "**Payment Date**"), and there must be sufficient funds in the stated bank account from and including 7 June 2019. Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before the Payment Date. Further details and instructions will be set out in the allocation notes to the applicant to be issued on or about 7 June 2019, or can be obtained by contacting the Managers. Pareto Securities (on behalf of the Managers) reserves the right (but has no obligation) to make up to three debit attempts through 19 June 2019 if there are insufficient funds on the account on the Payment Date. Should any applicant have insufficient funds on its account, or should payment be delayed for any reason, or if it is not possible to debit the account, overdue interest will accrue and other terms will apply as set out under the heading "Overdue and missing payment" below. Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Retail Offering is expected to take place on or about 12 June 2019 (or such later date upon the successful debit of the relevant account).

Guidelines for the applicant: Please refer to the second page of this Retail Application Form for further application guidelines.

Applicant's VPS account (12 digits):	**I/we apply for Offer Shares for a total of NOK (minimum NOK 10,500 and maximum NOK 1,999,999):**	**Applicant's bank account to be debited (11 digits):**

OFFER PRICE: My/our application is conditional upon the final Offer Price not being set above the Indicative Price Range (insert cross) **(must only be completed if the application is conditional upon the final Offer Price not being set above the Indicative Price Range):**	

I/we hereby irrevocably (i) apply for the number of Offer Shares allocated to me/us, at the Offer Price, up to the aggregate application amount as specified above subject to the terms and conditions set out in this Retail Application Form and in the Prospectus, (ii) authorise and instruct each of the Managers (or someone appointed by any of them) acting jointly or severally to take all actions required to purchase and/or subscribe the Offer Shares allocated to me/us on my/our behalf, to take all other actions deemed required by them to give effect to the transactions contemplated by this Retail Application Form, and to ensure delivery of such Offer Shares to me/us in the VPS, (iii) authorise Pareto Securities to debit my/our bank account as set out in this Retail Application Form for the amount payable for the Offer Shares allocated to me/us, and (iv) confirm and warrant to have read the Prospectus and that I/we are aware of the risks associated with an investment in the Offer Shares and that I/we are eligible to apply for and purchase Offer Shares under the terms set forth therein.

Date and place*:	**Binding signature****:

* Must be dated during the Application Period.
** The applicant must be of legal age. If the Retail Application Form is signed by proxy, documentary evidence of authority to sign must be attached in the form of a power of attorney or company registration certificate.

DETAILS OF THE APPLICANT — ALL FIELDS MUST BE COMPLETED	
First name	Surname/Family name/Company name
Home address (for companies: registered business address)	Zip code and town
Identity number (11 digits) / business registration number (9 digits)	Nationality
National Client Identifier ("NCI") / Legal Entity Identifier ("LEI")	
Telephone number (daytime)	E-mail address

Please note: If the application form is sent to the Managers by e-mail, the e-mail will be unsecured unless the applicant takes measures to secure it. The Managers recommend the applicant to secure all e-mails with application forms attached.

GUIDELINES FOR THE APPLICANT

THIS RETAIL APPLICATION FORM IS NOT FOR DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, SWITZERLAND, CANADA, HONG KONG, SINGAPORE OR ANY OTHER JURISDICTION IN WHICH THE DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL. OTHER RESTRICTIONS ARE APPLICABLE. PLEASE SEE "SELLING RESTRICTIONS" BELOW.

Customer categorisation: Legislation passed throughout the European Economic Area (the "**EEA**") pursuant to the EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID**"), implemented in the Norwegian Securities Trading Act, imposes requirements in relation to business investment. In this respect, the Managers must categorise all new clients in one of three categories: Eligible counterparties, Professional clients and Non-professional clients. All applicants applying for Offer Shares in the Offering who/which are not existing clients of one of the Managers will be categorised as Non-professional clients. The applicant can by written request to the Managers request to be categorised as a Professional client if the applicant fulfils the provisions of the Norwegian Securities Trading Act and ancillary regulations. For further information about the categorisation, the applicant may contact one of the Managers. The applicant represents that it has sufficient knowledge, sophistication and experience in financial and business matters to be capable of evaluating the merits and risks of an investment decision to invest in the Company by applying for Offer Shares, and the applicant is able to bear the economic risk, and to withstand a complete loss of an investment in the Company.

Target Market: Solely for the purpose of the product governance requirements contained within: (a) MiFID II; (b)Article 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, which any "manufacturer" for the purpose of the MiFID II Product Governance Requirements may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process, which among others, has determined that they each are compatible with an end target market including retail investors (and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II) (the "**Positive Target Market**") and eligible for distribution through all distribution channels. Investors should note that the price of the Offer Shares may decline and investors could lose all or part of their investment; the Offer Shares offer no guaranteed income and no capital protection; and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Offer Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the "**Negative Target Market**" and, together with the Positive Target Market, the "**Target Market Assessment**"). The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Retail Offering. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purpose of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer Shares.

Execution only: As the Managers are not in the position to determine whether the application for Offer Shares is appropriate for the applicant, the Managers will treat the application as an execution only instruction from the applicant to apply for Offer Shares in the Offering. Hence, the applicant will not benefit from the corresponding protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

Information Exchange: The applicant acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Financial Undertakings Act and foreign legislation applicable to the Managers, there is a duty of secrecy between the different units of the Managers as well as between the Managers and the other entities in the Managers' respective groups. This may entail that other employees of the Managers or the Managers' respective groups may have information that may be relevant to the subscriber, but which the Managers will not have access to in their capacity as Managers for the Retail Offering.

Information barriers: The Managers are securities firms offering a broad range of investment services. In order to ensure that assignments undertaken in the Managers' corporate finance departments are kept confidential, the Managers' other activities, including analysis and stock broking, are separated from their corporate finance departments by information barriers known as "Chinese walls". The applicant acknowledges that the Managers' analysis and stock broking activity may act in conflict with the applicant's interests with regard to transactions in the Offer Shares as a consequence of such Chinese walls.

VPS account and anti-money laundering procedures: The Retail Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 1 June March 2018 no. 23 and the Norwegian Money Laundering Regulation of 14 September 2018 no. 1324 (collectively, the "**Anti-Money Laundering Legislation**"). Applicants who are not registered as existing customers of one of the Managers must verify their identity to one of the Managers in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who have designated an existing Norwegian bank account and an existing VPS account on the Retail Application Form are exempted, unless verification of identity is requested by a Manager. Applicants who have not completed the required verification of identity prior to the expiry of the Application Period will not be allocated Offer Shares. Participation in the Retail Offering is conditional upon the applicant holding a VPS account. The VPS account number must be stated in the Retail Application Form. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised investment firms in Norway and Norwegian branches of credit institutions established within the EEA. Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian Ministry of Finance.

Selling restrictions: The Offering is subject to specific legal or regulatory restrictions in certain jurisdictions, see Section 19 "Selling and Transfer Restrictions" in the Prospectus. The Company does not assume any responsibility in the event there is a violation by any person of such restrictions. The Offer Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or under any securities laws of any state or other jurisdiction of the United States and may not be taken up, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer in the United States. The Offer Shares will, and may, not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from any jurisdiction where the offer or sale of the Offer Shares is not permitted, or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any jurisdiction where the offer or sale is not permitted, except pursuant to an applicable exemption. In the Retail Offering, the Offer Shares are being offered and sold to certain persons outside the United States in offshore transactions within the meaning of and in compliance with Rule 903 of Regulation S under the U.S. Securities Act.

The Company has not authorised any offer to the public of its securities in any Member State of the EEA other than Norway. With respect to each Member State of the EEA other than Norway which has implemented the EU Prospectus Directive (each, a "**Member State**"), no action has been undertaken or will be undertaken to make an offer to the public of the Offer Shares requiring a publication of a prospectus in any Member State. Any offers outside Norway will only be made in circumstances where there is no obligation to publish a prospectus.

Stabilisation: In connection with the Offering, Pareto Securities (as the "**Stabilisation Manager**"), or its agents, on behalf of the Managers, may, upon exercise of the Over-allotment Option, from the first day of the Listing engage in transactions that stabilise, maintain or otherwise affect the price of the Shares for up to 30 days from the first day of the Listing. Specifically, the Stabilisation Manager may effect transactions with a view to supporting the market price of the Shares at a level higher than what might otherwise prevail, through buying Shares in the open market at prices equal to or lower than the Offer Price. There is no obligation on the Stabilisation Manager and its agents to conduct stabilisation activities and there is no assurance that stabilisation activities will be undertaken. Such stabilisation activities, if commenced, may be discontinued at any time, and will be brought to an end at the latest 30 calendar days after the first day of the Listing.

Investment decisions based on full Prospectus: Investors must neither accept any offer for, nor acquire any Offer Shares, on any other basis than on the complete Prospectus.

Terms and conditions for payment by direct debiting - securities trading: Payment by direct debiting is a service provided by cooperating banks in Norway. In the relationship between the payer and the payer's bank the following standard terms and conditions apply.

1. The service "Payment by direct debiting — securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.
2. Costs related to the use of "Payment by direct debiting — securities trading" appear from the bank's prevailing price list, account information and/or information is given by other appropriate manner. The bank will charge the indicated account for incurred costs.
3. The authorisation for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank who in turn will charge the payer's bank account.
4. In case of withdrawal of the authorisation for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Financial Contracts Act, the payer's bank shall assist if payer withdraws a payment instruction which has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
5. The payer cannot authorise for payment a higher amount than the funds available at the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall be covered by the payer immediately.
6. The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorisation for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorisation has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.
7. If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Financial Contracts Act.

Overdue and missing payments: Overdue payments will be charged with interest at the applicable rate under the Norwegian Act on Interest on Overdue Payments of 17 December 1976 no. 100, which at the date of the Prospectus is 8.75% per annum. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicant, and the Managers reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allot or, from the third day after the Payment Date, otherwise dispose of or assume ownership to the allocated Offer Shares, on such terms and in such manner as the Managers may decide (and the applicant will not be entitled to any profit therefrom). The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Company and/or the Managers may enforce payment of any such amount outstanding.

In order to provide for prompt registration of the New Shares with the Norwegian Register of Business Enterprises, the Managers are expected to, on behalf of the applicants, pre-fund payment for New Shares allocated in the Offering at a total subscription price equal to the Offer Price multiplied by the aggregate number of allocated New Shares.

OKEA ASA
Ferjemannsveien 10
N-7042 Trondheim
Norway

Joint Global Coordinators

Pareto Securities	SEB	Sparebank 1 Markets
Dronning Mauds gate 3	Filipstad Brygge 1	Olav V's gate 5
N-0250 Oslo	N-0252 Oslo	N-0161 Oslo
Norway	Norway	Norway

Legal Adviser to the Company
(as to Norwegian law)

Advokatfirmaet Schjødt AS
Ruseløkkveien 14-16
N-0251 Oslo
Norway

Legal Adviser to the Joint Global Coordinators
(as to Norwegian law)

Arntzen de Besche Advokatfirma AS
Bygdøy allé 2
N-0257 Oslo
Norway