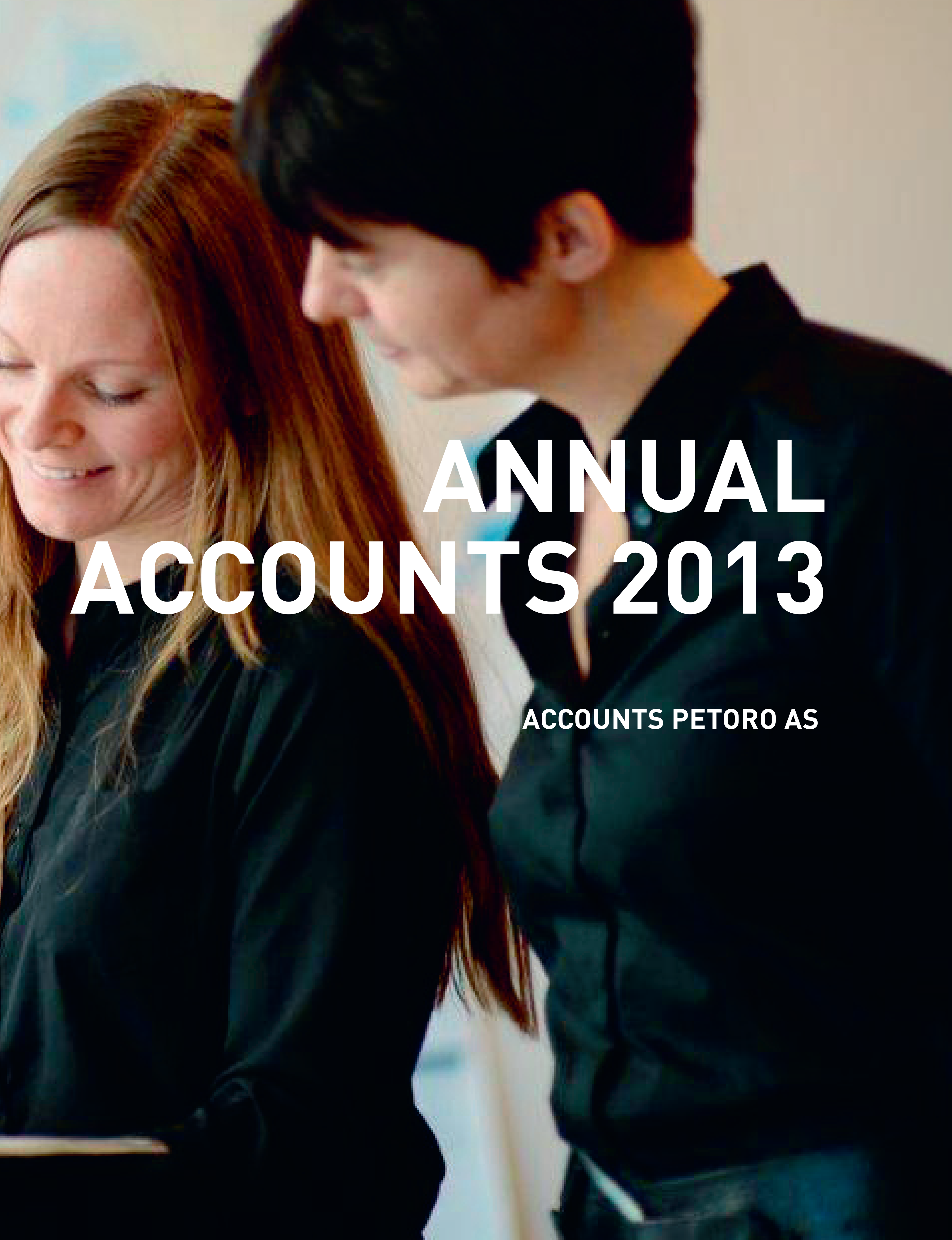

ANNUAL ACCOUNTS 2013

ACCOUNTS PETORO AS

PETORO AS INCOME STATEMENT

PARENT COMPANY				GROUP	
2012	**2013**	**NOTES**	All figures in NOK 1 000	**NOTES**	**2013**
244 496	**260 654**	1	Invoiced government contribution	1	**264 995**
1 472	**4 338**	1,18	Other revenue	1,18	**1 313**
(490)	**1 378**	2	Net deferred revenue recorded	2	**1 378**
245 478	**266 370**		**Total operating revenue**		**267 686**
133 007	**135 395**	3,11	Payroll expenses	3,11	**135 395**
3 252	**2 722**	4	Depreciation	4	**2 722**
18 075	**16 180**	14,16,17	Accounting and business management fees	14,16,17	**16 180**
8 834	**9 268**	15	Office expenses	15	**9 268**
17 280	**21 463**	16	ICT expenses	16	**21 463**
76 241	**85 349**	13,17	Other operating expenses	13,17,19	**86 666**
256 688	**270 377**		**Total operating expenses**		**271 694**
(11 210)	**(4 007)**		**Operating loss**		**(4 008)**
3 511	**3 790**	5	Financial income	5	**3 860**
(355)	**(366)**	5	Financial expenses	5	**(371)**
3 156	**3 424**		**Net financial result**		**3 489**
			Loss before tax expense		**(519)**
			Tax expense on ordinary loss	20	**(18)**
(8 054)	**(584)**		**NET LOSS**		**(537)**
			TRANSFERS		
(8 054)	**(584)**		Transferred from other equity		
(8 054)	**(584)**		**Total transfers**		

PETORO AS BALANCE SHEET

PARENT COMPANY				GROUP	
2012	**2013**	**NOTES**	All figures in NOK 1 000	**NOTES**	**2013**
			ASSETS		
			Fixed assets		
			Tangible fixed assets		
4 810	**3 432**	4	Operating equipment, fixtures, etc	4	**3 432**
4 810	**3 432**		**Total tangible fixed assets**		**3 432**
			Financial assets		
0	**0**	6	Shares in subsidiaries		**0**
0	**0**		**Total financial assets**		**0**
4 810	**3 432**		**Total fixed assets**		**3 432**
			Current assets		
7 987	**1 435**		Trade debtors		**1 322**
13 107	**9 836**	7	Other debtors	7	**9 844**
154 684	**171 411**	8	Bank deposits	8	**177 864**
175 778	**182 682**		**Total current assets**		**189 030**
180 588	**186 113**		**TOTAL ASSETS**		**192 462**
			EQUITY AND LIABILITIES		
			Equity		
			Paid-in capital		
10 000	**10 000**	9	Share capital (10 000 shares at NOK 1 000)	9	**10 000**
			Retained earnings		
13 348	**12 764**	10	Other equity	10	**14 829**
23 348	**22 764**		**Total equity**		**24 829**
			Liabilities		
			Provisions		
92 904	**103 886**	11	Pension liabilities	11	**103 886**
4 810	**3 432**	2	Deferred revenue government contribution	2	**3 432**
97 713	**107 318**		**Total provisions**		**107 318**
			Current liabilities		
20 363	**21 122**		Trade creditors		**22 416**
8 366	**8 719**		Withheld taxes and social security		**8 719**
30 797	**26 191**	12	Other current liabilities	12	**29 180**
59 527	**56 032**		**Total current liabilities**		**60 315**
157 240	**163 349**		**Total liabilities**		**167 633**
180 588	**186 113**		**TOTAL EQUITY AND LIABILITIES**		**192 462**

Stavanger, 21 February 2014

Gunnar Berge Chair	**Hilde Myrberg** Deputy chair	**Nils-Henrik M. von der Fehr** Director	**Per Arvid Schøyen** Director
Gunn Wærsted Director	**Ragnar Sandvik** Director *	**Anniken Teigen Gravem** Director *	**Grethe K. Moen** President and CEO

* Elected by the employees

PETORO AS CASH FLOW STATEMENT

PARENT COMPANY				GROUP
2012	**2013**		All figures in NOK 1 000	**2013**
			LIQUID ASSETS PROVIDED BY/USED IN OPERATING ACTIVITIES	
(4 802)	**2 138**		Provided by operations for the year*	**2 203**
(4 405)	**6 552**	+/-	Change in trade debtors	**6 664**
5 620	**759**	+/-	Change in trade creditors	**2 053**
23 719	**8 622**	+/-	Change in accrued items	**11 578**
20 132	**18 071**		**Net change in liquidity from operating activities**	**22 498**
			LIQUID ASSETS PROVIDED BY/USED IN INVESTING ACTIVITIES	
(3 742)	**(1 344)**	-	Invested in tangible fixed assets	**(1 344)**
(3 742)	**(1 344)**		**Net change in liquidity from investing activities**	**(1 344)**
			LIQUID ASSETS PROVIDED BY/USED IN FINANCING ACTIVITIES	
0	**0**	+	Proceeds from share issue	**0**
0	**0**		**Net change in liquidity from financing activities**	**0**
16 391	**16 727**		Net change in liquid assets	**21 154**
138 294	**154 684**	+	Cash and cash equivalents at 1 January	**156 710**
154 684	**171 411**		**Cash and cash equivalents at 31 December**	**177 864**
		*)	This figure is obtained as follows:	
(8 054)	**(584)**		Loss before tax expense	**(519)**
3 252	**2 722**	+	Ordinary depreciation and impairment	**2 722**
(4 802)	**2 138**		**Provided by operations for the year**	**2 203**

PETORO AS NOTES

ACCOUNTING PRINCIPLES

Description of the company's business
Petoro AS was established by the Ministry of Petroleum and Energy on behalf of the Norwegian government on 9 May 2001. The company's object is to be responsible, on behalf of the government, for managing the commercial aspects of the State's Direct Financial Interest (SDFI) in petroleum activities on the Norwegian continental shelf, and activities related hereto.

The state is the majority shareholder in Statoil ASA and the owner of the SDFI. On that basis, Statoil handles marketing and sales of the government's petroleum. Petoro is responsible for monitoring that Statoil discharges its responsibilities under the applicable marketing and sale instruction.

Petoro is also responsible for presenting separate annual accounts for the SDFI portfolio. The cash flow for the SDFI is accordingly excluded from the limited company's annual accounts.

Petoro Iceland AS was established in December 2013 as a wholly owned subsidiary of Petoro AS. The company's purpose is, on behalf of the state and at the government's expense and risk, to be responsible for managing the commercial aspects related to the Norwegian state's participation in petroleum operations on the Icelandic continental shelf and associated activities. The company has no employees. A management contract has been entered into with Petoro AS.

Consolidated accounts have been prepared for the first time in 2013.

Group and consolidation
The consolidated accounts include the parent company, Petoro AS, and the Petoro Iceland AS subsidiary. They have been prepared as if the group was a single financial unit. Transactions and accounts between the companies in the group have been eliminated. The consolidated accounts have been prepared on the basis of uniform principles in that the subsidiary applies the same accounting principles as the parent company.

Classification of assets and liabilities
Assets intended for ownership or use in the business for a longer period are classified as fixed assets. Other assets are classed as current assets. Debtors due within one year are classified as current assets. Similar criteria are applied for classification of current and long-term liabilities.

Fixed assets
Fixed assets are carried at historical cost with a deduction for planned depreciation. Should the fair value of a fixed asset be lower than the book value, and this decline is not expected to be temporary, the asset will be written down to its fair value. Fixed assets with a limited economic lifetime are depreciated on a straight-line basis over their economic lifetime.

Shares in subsidiaries
Investment in subsidiaries is assessed in accordance with the cost method.

Debtors
Trade debtors and other debtors are carried at face value.

Bank deposits
Bank deposits include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

Pensions
The company's pension scheme for employees is a defined benefit plan. The capitalised obligation relating to the defined benefit plan is the present value of the defined obligation at 31 December less the fair value of the plan assets, adjusted for unrecorded change in estimates. The pension obligation is calculated annually by an independent actuary on the basis of a linear earnings method and expected final pay. The pension plan is valued at its expected fair value. The net book obligation includes payroll tax.

Net pension expense is included in payroll expenses and comprises pension rights earned over the period, interest charges on the estimated pension obligation, expected return on pension plan assets, the recorded effect of estimate changes and accrued payroll tax. Payment of earned pension rights in the event of early retirement is reported as pension.

Changes made to estimates as a result of new information or changes in actuarial assumptions in excess of the larger of 10 per cent of the value of the pension plan assets or 10 per cent of the pension obligations are recorded in the income statement over a period which corresponds to the employees' expected average remaining period of employment.

Current liabilities
Current liabilities are assessed at their face value.

Income taxes
The company is exempt from tax with regard to Petoro AS pursuant to section 2-30 of the Taxation Act. Tax expense in the consolidated accounts applies to Petoro Iceland AS.

Operating revenue
The company receives an operating grant from the government for services provided to the Ministry of Petroleum and Energy in accordance with the company's object. This operating contribution is appropriated annually by the Storting (parliament). The operating contribution is presented in the accounts as operating revenue.

Contributions for special projects are recorded as income in line with the progress of the projects.

The contribution applied to investment for the year is accrued as deferred revenue and specified as a liability in the balance sheet. The deferred contribution is recorded as income in line with the depreciation of the investments and specified as deferred revenue in the income statement.

Foreign currencies
Transactions in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction. Receivables and liabilities in foreign currencies are recorded at the exchange rate prevailing at 31 December.

Cash flow statement
The cash flow statement is prepared in accordance with the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid instruments.

NOTE 1 GOVERNMENT CONTRIBUTION AND OTHER INCOME

The company recorded an operating contribution from the Norwegian government totalling NOK 260.7 million excluding VAT as income in 2013. For the group, the amount was NOK 265 million. The appropriation for the year, excluding VAT and additional funding for Johan Sverdrup, was NOK 232.6 million for Petoro AS and NOK 6 million for Petoro Iceland AS, giving a total amount of NOK 238.6 million for the group. The difference between the operating contribution recorded as income and the appropriation for the year reflects accruals between fiscal years. The invoiced contribution for Johan Sverdrup totalled NOK 21.6 million excluding VAT for 2013.

Other revenue primarily relates to invoicing of services provided to operators of joint ventures and other joint venture partners.

NOTE 2 DEFERRED REVENUE

The change in deferred revenue recorded in the income statement comprises deferred revenue related to NOK 1.4 million in investment made during 2013 as well as NOK 2.7 million in depreciation of investments made during the year and in earlier years.

NOTE 3 PAYROLL EXPENSES, NUMBER OF EMPLOYEES, BENEFITS, ETC

Payroll expenses (all figures in NOK 1 000)	**2013**	**2012**
Pay	**93 505**	85 347
Payroll taxes	**11 488**	12 918
Pensions (note 11)	**26 356**	30 864
Other benefits	**4 046**	3 878
Total	**135 395**	**133 007**

Employees at 31 Dec	64	65
Employees with a signed contract who had not started work at 31 Dec	4	1
Average number of work-years employed	64	65

Remuneration of senior executives (all figures in NOK 1 000)	**Pay**	**Other benefits**	**Total benefits**	**Recorded pension**
Kjell Pedersen, president until 11 Jun 13	2 223	95	2 318	3 284
Grethe Moen, president from 12 Jun 13	1 520	96	1 617	984
Rest of the management team (seven people)				
Olav Boye Sivertsen	1 592	123	1 715	464
Marion Svihus	1 973	145	2 117	840
Tor Rasmus Skjærpe	2 411	146	2 557	1 373
Laurits Haga	2 100	141	2 241	1 194
Jan Rosnes	1 931	141	2 072	572
Roy Tore Ruså	2 010	144	2 153	724
Jan Terje Mathisen, from 12 Jun 13	1 071	71	1 141	372
Grethe Moen, to 12 Jun 13	1 265	72	1 337	(everything included above)

Recorded pension liabilities represent the current year's estimated cost of the overall pension liability for the president plus the rest of the management team. Pay includes payments from the credit balance in the loyalty scheme.

Breakdown of directors' fees (all figures in NOK 1 000)	**Directors' fees**
Gunnar Berge, chair	378
Hilde Myrberg, deputy chair	264
Nils-Henrik M von der Fehr, director	198
Per Arvid Schøyen, director	218
Gunn Wærsted, director from Sep	64
Mari Thjømøe, director until Sep	134
Ragnar Sandvik, director, elected by the employees	195
Anniken Gravem, director, elected by the employees	195
Tore Wiig Jonsbråten, director, elected by the employees, alternate	5
Back payment, employee-elected directors, 2012	7

DECLARATION ON SENIOR EXECUTIVE PAY FOR PETORO AS

The declaration on remuneration for the president and other senior executives is in line with the provisions of the Norwegian Act on Public Limited Companies and the guidelines for state ownership, including the revised guidelines on conditions of employment for executives in state-owned undertakings and companies of 1 April 2011. These replaced the earlier guidelines for state ownership – attitude to executive pay, which dated from 2006.

Guidelines on remuneration

Petoro's remuneration guidelines are entrenched in the company's vision, goals and values. The relationship between the level of performance, demonstrated leadership/collegiality and reward will be predictable, motivational, clear and easy to communicate. Petoro has an integrated pay policy and system for the whole company, and aims to pay a competitive rate without being a pacesetter on remuneration in relation to the relevant market for the petroleum industry.

Decision-making process

The board determines compensation arrangements for the president, who in turn determines the compensation arrangements for the other members of the company's senior management. The board has appointed a compensation sub-committee comprising the deputy chair and another director. The human resources manager provides the secretariat function for this committee, which prepares proposals and recommendations for the board on compensation issues.

Main principles for remuneration in the coming fiscal year

The compensation package for the president and the other senior executives will reflect the responsibilities and complexity of the role in question, the company's values and culture, the relevant executive's behaviour and performance, and the need to attract and retain key personnel. The arrangements are transparent and accord with the principles for good corporate governance.

Basic pay is the main component in Petoro's compensation scheme. Senior executives are also entitled to benefits on the same lines as others in the company, including car allowance as well as pension and insurance benefits, but with a somewhat wider entitlement to communication allowance. Members of the management team other than the president also have a loyalty scheme which comprises an annual payment determined by the board. The scheme accords with the calendar year and was amended from 1 January 2013 to include other employees as well. The management team now participates in a new scheme, whereby a sum equivalent to five per cent of their annual pay at 1 January is allocated annually up to a maximum of 24 times the National Insurance base rate (G). The calculation is based on the value of G at 1 January.

One-third of the credit balance at 31 December is first paid out after a minimum qualifying period of three years. Payment will be made together with regular salary in January. Thereafter, one-third of the credit balance at any given time will be paid annually. The accumulated sum is lost if the person concerned resigns from the company or is under notice at the due date for payment. In the event of retirement, the credit balance will be paid in its entirety on departure. The sum paid is reported as a payroll expense.

Petoro does not have a bonus programme. Share programmes, options and other option-like arrangements are not used by the company.

Pay levels in a reference market comprising relevant companies in the upstream and supplies industries for oil and gas provide the basic guidelines for the company's remuneration profile. Basic pay is primarily fixed on the basis of the responsibilities and complexity of the position. Basic pay is subject to an annual assessment.

Petoro has a defined benefit pension scheme. The new president took office on 12 June 2013. She has a retirement age of 67. Her employment contract stipulates a mutual six-month period of notice. Agreement has been entered into on a pay guarantee scheme of 12 months in addition to the period of notice. One member of the management team has the opportunity to retire on a full pension upon reaching the age of 62. Two members of the management team can opt to retire upon reaching the age of 65 on a reduced pension. The remaining executives retire at 67. The pension benefit is calculated as about 66 per cent of the pension basis, less an estimated National Insurance benefit. For competitive reasons, Petoro has an unfunded defined benefit plan for personnel earning more than 12 times G. This pension agreement was established before the revised guidelines on employment terms for senior executives in state-owned undertakings and companies came into force. It embraces all employees of the company earning more than 12G, and is not confined to senior executives.

Petoro has begun work on an overall review of the company's pension schemes and has established a project to assess the options, taking account of the legal framework and the terms of union-management agreements, relevant pension projects available on the market and Petoro's competitive position in the industry. New legislation on occupational and contributory pensions will occupy a key place in this work.

Remuneration principles and their implementation in the preceding year
The annual evaluation of the basic pay of the president and other senior executives is conducted with effect from 1 July. The new president took office in 12 June 2013 and had no new pay assessment during the year. The assessment of other senior executives for 2013 was carried out in the second quarter.

NOTE 4 TANGIBLE FIXED ASSETS

All figures in NOK 1 000	**Fixed fittings**	**Equipment, etc**	**ICT**	**Total**
Purchase cost 1 Jan 13	4 021	7 440	23 818	35 279
Addition fixed assets	358	522	464	1 344
Disposal/obsolescence fixed assets	-	-	-	-
Purchase cost 31 Dec 13	4 380	7 962	24 282	36 623
Accumulated depreciation 1 Jan 13	3 309	7 358	19 803	30 470
Reversed accumulated depreciation				-
Depreciation for the year	418	151	2 153	2 722
Accumulated depreciation 31 Dec 13	3 727	7 509	21 956	33 192
Book value at 31 Dec 13	**653**	**453**	**2 326**	**3 432**
Economic life	Until lease expires in 2014	3-5 years	3 years	
Depreciation plan	Linear	Linear	Linear	

Operational leasing contracts include the hire of a car as well as office equipment and machines. The initial hire period is three-five years.

NOTE 5 FINANCIAL ITEMS

Financial items (all figures in NOK 1 000)	**2013**	**2012**
Financial income		
Interest income	3 770	3 474
Currency gain	20	37
Other financial income		
Financial expenses		
Interest expenses	78	190
Currency loss	287	164
Other financial expenses		
Net financial items Petoro AS	**3 424**	**3 156**
Net financial items Petoro Iceland AS	**65**	**1**
Net financial items group	**3 489**	

NOTE 6 INVESTMENT IN SUBSIDIARY

Company	Acquisition date	Business office	Interest	Voting share	Equity 31 Dec	Profit 2013
Petoro Iceland AS	Dec 2012	Stavanger	100 %	100 %	NOK 2 mill	65

Petoro AS received a contribution of NOK 2 million in 2012 which was earmarked as share capital for Petoro Iceland AS. This contribution has been offset against the acquisition price of the shares. For that reason, investment in Petoro Iceland has been recorded as NOK 0 in the balance sheet.

Petoro Iceland receives its own appropriations over the central government budget to fund its operations. It has also entered into an agreement with the parent company, Petoro AS, on an overdraft facility of NOK 3 million. This agreement has been established on the arm's-length principle and is based on normal commercial terms and principles, and is thereby considered to accord with the pricing of corresponding financial services in the market.

NOTE 7 OTHER DEBTORS

Other debtors consist in their entirety of pre-paid costs relating primarily to rent, insurance, licences, subscriptions for market information and VAT credits.

NOTE 8 BANK DEPOSITS

Of consolidated bank deposits totalling NOK 177.9 million, Petoro AS accounts for NOK 171.4 million. That includes NOK 118 million in withheld tax and pension plan assets.

NOTE 9 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital of the company at 31 December 2013 comprised 10 000 shares with a nominal value of NOK 1 000 each. All the shares are owned by the Ministry of Petroleum and Energy on behalf of the Norwegian government, and all have the same rights.

NOTE 10 EQUITY

Petoro AS (All figures in NOK 1 000)	Share capital	Other equity	Total
Equity at 1 Jan 13	**10 000**	13 348	23 348
Change in equity for the year			
Net income		(584)	(584)
Equity at 31 Dec 13	**10 000**	**12 764**	**22 764**

Group (All figures in NOK 1 000)	Share capital	Other equity	Total
Equity at 1 Jan 13	**10 000**	15 348	25 348
Change in equity for the year			
Net income		(519)	(519)
Equity at 31 Dec 13	**10 000**	**14 829**	**24 829**

Other equity at 1 January 2013 includes a contribution of NOK 2 million from the Norwegian government in connection with the establishment of Petoro Iceland AS.

NOTE 11 PENSION COSTS, ASSETS AND LIABILITIES

The company is legally obliged to have an occupational pension plan pursuant to the Act on Mandatory Occupational Pensions. The company's pension plan complies with the requirements of this Act.

The company has pension plans covering all its employees, which give the right to defined future benefits. These depend primarily on the number of years of pensionable earnings, the level of pay at retirement and the size of national insurance benefits.

Net pension cost (Figures in NOK 1 000)	**2013**	**2012**
Present value of benefits earned during the year	**21 799**	23 432
Interest expense on pension obligation	**8 056**	7 309
Return on pension plan assets	**(3 775)**	(4 155)
Recorded change in estimates	**(2 726)**	1 023
Payroll tax	**3 002**	3 255
Net pension cost	**26 356**	**30 864**

Capitalised pension obligation	**2013**	**2012**
Estimated pension obligation at 31 Dec	**203 561**	179 553
Pension plan assets (market value)	**(90 255)**	(88 545)
Net pension obligations before payroll tax	**113 306**	91 008
Unrecorded change in estimates	**(22 374)**	(9 585)
Payroll tax	**12 954**	11 481
Capitalised pension obligation	**103 886**	**92 904**

The following financial assumptions have been applied in calculating net pension cost and obligation:

	2013	**2012**
Discount rate	**4.1%**	4.2 %
Expected return on plan assets	**4.4 %**	4.0 %
Expected increase in pay	**3.75 %**	3.5 %
Expected increase in pensions	**0.6 %**	0.2 %
Expected change in NI base rate	**3.5 %**	3.25 %

The actuarial assumptions are based on common assumptions made in the insurance business for demographic factors.

NOTE 12 OTHER CURRENT LIABILITIES

Other current liabilities relate almost entirely to provision for costs incurred, pay outstanding and holiday pay.

NOTE 13 AUDITOR'S FEES

Erga Revisjon AS is the group's elected auditor. Fees charged by Erga Revisjon to Petoro for external auditing in 2013 totalled NOK 0.37 million, while other assistance amounted to NOK 0.024 million for 2013. These figures were NOK 0.26 million and NOK 0.015 million respectively for Petoro AS.

In accordance with the Act on Government Auditing of 7 May 2004, the Auditor General is the external auditor for the SDFI. Deloitte AS has also been engaged to conduct a financial audit of the SDFI as part of the company's internal audit function. Deloitte charged NOK 1.7 million for this service in 2013. Deloitte has also executed internal audit projects and delivered services related to partner audits totalling NOK 2.1 million.

NOTE 14 ACCOUNTING AND BUSINESS MANAGEMENT FEES

The system of existing business management agreements was discontinued in 2013 when the contracts expired. Day-to-day administrative follow-up of these production licences has been taken over by the company itself. Prioritisation of its commitment in the various joint ventures is based on the significance of each joint venture to the overall value of the portfolio and risk assessments related to the various phases in a joint venture (exploration, development and production).

NOTE 15 LEASES

Petoro AS entered into a lease with Smedvig Eiendom AS for office premises in the autumn of 2003. The remaining term of the lease is one year, with options for a further two periods of five years each. Rent for the year was NOK 8.6 million, which included all management and shared expenses.

NOTE 16 SIGNIFICANT CONTRACTS

Petoro has entered into an agreement with Upstream Accounting Excellence (Upax) on the delivery of accounting and associated ICT services related to the SDFI accounts. This five-year agreement was entered into in 2008, with delivery starting on 1 March 2009. Evry is the sub-contractor for ICT services. The contract for delivering accounting and associated ICT services for the SDFI was put out to tender anew in the market during 2013. This tendering process resulted in the award of a new contract to Upax for a further five-year period. Evry remains the sub-contractor for ICT services. The recorded accounting fee for Upax in 2013 was NOK 16.2 million. Other services purchased from the contractor totalled NOK 1 million.

NOTE 17 CLOSE ASSOCIATES

Statoil ASA and Petoro AS have the same owner in the Ministry of Petroleum and Energy, and are accordingly close associates. Petoro purchased services in 2013 relating to business management agreements, cost sharing for the audit of licence accounts, insurance services for the Norwegian Government Petroleum Insurance Fund and other minor services. NOK 0.9 million was recorded in 2013 for the purchase of services from Statoil ASA. These were purchased at market price on the basis of hours worked. NOK 3 million has been invoiced for services rendered to Statoil ASA under the arm's-length principle, based on hours worked by Petoro personnel and contract staff.

NOTE 18 INTERNAL GROUP TRANSACTIONS

Petoro Iceland AS has entered into a management agreement with Petoro AS. Its purpose is that Petoro AS will manage the operations of Petoro Iceland AS on the terms and conditions specified in the agreement. NOK 1.4 million was invoiced in 2013 for the purchase of hours and services, including NOK 0.08 million for travel. These services are purchased at market price, based on hours worked and the government's scale for travel expenses. The amounts have been eliminated in the accounts.

NOTE 19 LICENCES/INTERESTS GROUP

The Icelandic government awarded two licences on 4 January 2013 for exploring for and producing hydrocarbons on the Icelandic continental shelf. The Norwegian government has resolved that Petoro Iceland AS, through its branch office in Iceland, will manage the Norwegian participatory interest of 25 per cent in these two licences. The work programme in the licences is divided into three phases, and the licensees can opt to relinquish the licences at the end of each phase. The first of these phases lasts until 31 December 2014 and 31 December 2016 respectively for the two licences. A third licence was also awarded in January 2014, again with a Norwegian participatory interest of 25 per cent managed by Petoro Iceland AS.

NOTE 20 TAX

Tax expense for the year breaks down as	**2013**
Tax payable	18
Change in deferred tax	0
Total tax expense	**18**

Calculation of tax base for the year	
Profit before tax expense	65
Permanent differences	0
Change in temporary differences	0
Tax base for the year	65
Tax payable	**18**

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Autorisert regnskapsfører

To the general meeting for Petoro AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Petoro AS, which comprise the financial statements of the parent company, showing a loss of NOK 584 000, and the financial statements of the group, showing a loss of NOK 537 000 . The financial statements of the parent company and the financial statements of the group comprise the balance sheet as at December 31, 2013, and the income statement, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements
The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and the Managing Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion
In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of parent company and the group Petoro AS as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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, 21 February 2014

Sven Erga
State Authorised PublicAccountant (Norway)

[Translation has been made for information purposes only]