Board of Directors' report & Financial Statements 2017

Point Resources Holding AS

Board of Directors' report 2017

The purpose of Point Resources Holding AS is to invest, own shares and develop companies in which it has an interest. The Company's wholly owned subsidary, Point Resources AS, took in 2017 major steps toward becoming a leading, independent E&P company on the Norwegian Continental Shelf.

Operations and location

Point Resources Holding AS (the "Group", the "Company" or "Point Resources"), located in Grundingen 3, 0250 Oslo, is a limited liability company.

The Company's subsidiary, Point Resources AS, is an independent exploration and production (E&P) company with a diverse portfolio of production, development and exploration assets on the Norwegian Continental Shelf (NCS). The head office of its' subsidiary is located in Grenseveien 6, 4313 Sandnes. The annual report of Point Resources AS provides further details on financial and operational aspects of the key assets of the Company.

On 1 November 2017, the subsidiary completed the acquisition of ExxonMobil's operated upstream business in Norway from ExxonMobil Exploration and Production Norway AS. The acquisition included a transfer of the majority of ExxonMobil's offshore and onshore E&P staff in Norway; a significant package of operated producing assets (Balder, Ringhorne, Ringhorne Øst and Jotun) on the Norwegian Continental Shelf; field assets such as platforms and Floating Production Storage and Offloading vessels (FPSOs); as well as the Company's office building in Sandnes.

Entering 2018, Point Resources has a robust balance sheet with a strong liquidity position and a diversified debt funding mix. The Company follows a conservative and active risk management policy with hedging and extensive insurance cover to protect downside, and cash flow from the producing fields is expected to enable growth in the coming years.

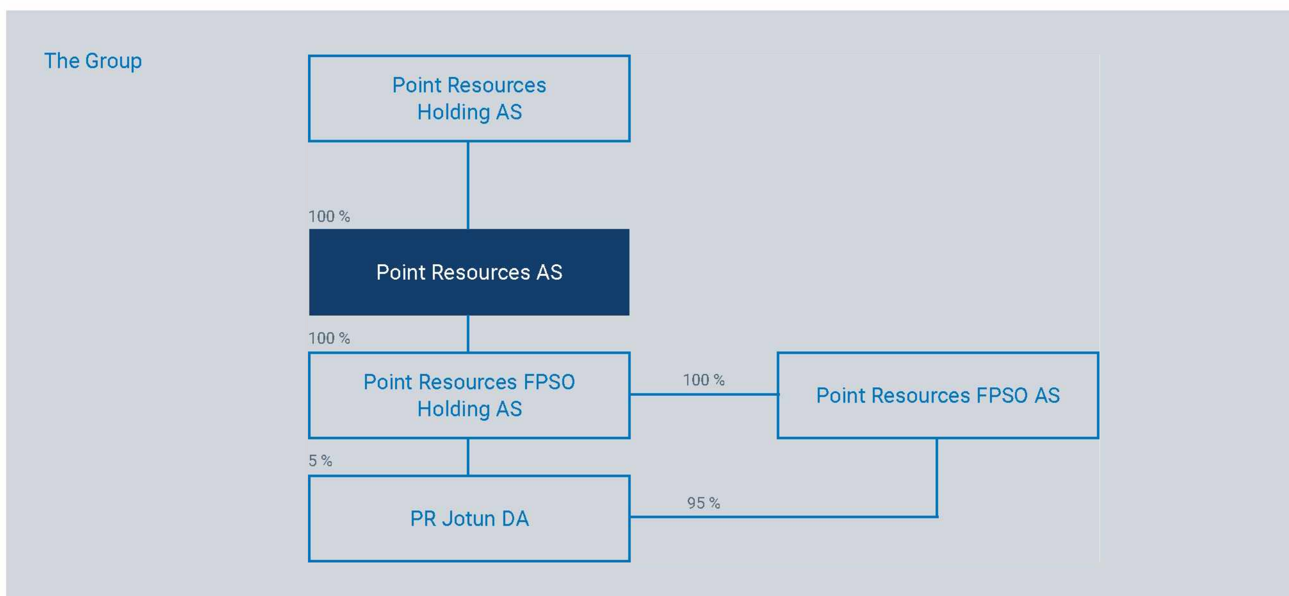
The Company has identified additional growth potential in the current production portfolio, and it has several projects under development and is actively evaluating M&A and optimisation opportunities. In total, Point Resources targets a production level above 150,000 boepd in the mid of the next decade. The Company has in 2017 taken significant steps towards realising this target.

Going concern

The Board of Directors confirms that the financial statements of the Company have been prepared under the going concern assumption, in accordance with the Norwegian Accounting Act section 3-3 a.

2017 highlights from the consolidated financial statements

- The Group has a solid cash position of USD 282.6 million at year end, compared to USD 108.7 million in 2016 providing the required liquidity to seek material business opportunities
- The equity ratio of 22 percent year-end 2017 provides a solid



basis for further growth. The corresponding equity ratio year-end 2016 was 36 percent
- Revenues increased from USD 94.0 million in 2016 to USD 192.3 million in 2017, the increase is largely attributed to the two months of production from the assets acquired in the ExxonMobil transaction
- EBIT ended at USD -31.5 million compared to EBIT of USD -126.4 million in 2016
- Net cash flows from operating activities increased to USD 129.6 million in 2017. The corresponding number for 2016 was USD 71.2 million in 2016
- Net cash used in investing activities in 2017 increased to USD 747.1 million, up from 11.1 million in 2016
- Net cash from financing activities increased to USD 791.5 million in 2017, up from USD -9.0 million in 2016

2017 highlights from the parent company's financial statements

The Company has changed presentation currency from NOK to USD, and it has been applied for comparative periods in the financial statements.

- The parent company has a cash position of USD 159.6 million at year end, compared to USD 32.0 million in 2016
- The equity ratio of the parent company was 98 percent year-end 2017 compared to 99 percent year-end 2016
- The parent company had no revenues in 2017 and 2016
- EBIT ended at USD -0.09 million compared to EBIT of USD -0.01 million in 2016
- Net financial items amounted to USD 16.1 million in 2017. The corresponding number for 2016 was USD 1.5 million
- Net cash flows from operating activities amounted to USD -0.4 million in 2017. The corresponding number for 2016 was USD -0.3 million
- Net cash used in investing activities in 2017 increased to USD 293.9 million, up from USD 67.7 million in 2016
- Net cash from financing activities was USD 421.8 million in 2017. The corresponding number for 2016 was USD 100.0 million

The parent company's profit for the year for 2017 was USD 12.3 million. The Board proposes that the profit for the year is transferred to other equity.

Financial risk

The financial results are dependent on several factors, of which fluctuations in commodity prices and the NOK/USD exchange rates are the most significant. As experienced in 2017, shifting commodity prices and foreign exchange rates can have significant impact on financial results. Revenues are mainly denominated in USD, while a significant amount of operating expenses and income taxes largely are nominated in NOK. Revenues are directly affected by the oil price and the Company has partly mitigated this risk by entering into hedge structures related to the oil price. Derivatives are categorised as held for trading in the financial statement as the Company does not apply hedge accounting in 2017. For further detail refer to note 5.1 in the financial statements.

The working environment and the employees

The Group's Board of Directors consists of two men and one woman.

The Group's employees are hired in the Group's subsidiary, Point Resources AS. As of 31 December 2017, the Company had 354 permanent employees, whereof female employees accounted for 21 percent, and nine nationalities were represented.

The sick leave rate is subject to monitoring and follow-up. The sick leave rate in the Groups subsidiary, Point Resources was 1.9 percent for 2017, which is considered low. The subsidiary seeks to have a good gender balance and to be an equal opportunity employer. Recruitment of personnel is based on ability without reference to any personal characteristic.

To monitor and coordinate initiatives and ensure alignment with relevant laws and regulations, a central work environment committee has been established for the Group's subsidiary, along with additional work environment subcommittees for all onshore and offshore locations.

External environment

The Group is exposed to a variety of operational risks. The Group is committed to creating a safe and healthy work environment for employees in the Group's subsidiary and to minimise the environmental and social impact of its business. The Board of Director is pleased to report no serious injuries, no actual or potential high consequence incidents in the Group's operations in 2017.

Efforts to create a Corporate Social Responsibility program has commenced. A dedicated program for sponsorships, contributions and similar initiatives was not part of the Company's business in 2017 but will be operational in 2018 and accounted for in next year's annual report.

Subsequent events

In January 2018, the Company was awarded ten new licences in the APA 2017 licensing round. In two of the licences Point Resources was appointed operatorship. On 2 March 2018, the Norwegian Petroleum Directorate announced an oil discovery in the Frosk well (PL 340). Preliminary estimates indicate that the size of the discovery is between 5 and 10 million standard cubic metres (Sm3) of recoverable oil. Point Resources has a 20 percent participating interest in the Frosk prospect. On 13 March 2018, Point Resources successfully completed a senior unsecured bond issue of USD 250 million, with maturity in September 2024. On 5 April 2018, the Ministry of Petroleum and Energy approved the Plan for Development and Operation (PDO) of the Fenja field (PL 586) in the Norwegian Sea. The Company has a 45 percent ownership interest in the field.

Oslo, 27 April 2018
The Board of Directors of Point Resources Holding AS

Liv Marit Lundby
Chairman

Thomas Bjørgo
CEO

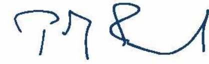
Ole Ertvaag
Board member

Pål Magnus Reed
Board member

Responsibility statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2017 and the comparative figures presented for the period 1 January to 31 December 2016 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the Board of Directors' report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Oslo, 27 April 2018
The Board of Directors of Point Resources Holding AS



Liv Marit Lundby	Thomas Bjørgo	Ole Ertvaag	Pål Magnus Reed
Chairman	CEO	Board member	Board member

Financial Statements

Consolidated Financial Statements

Content

Consolidated statements of comprehensive income 7

Consolidated statements of financial position 8

Consolidated statements of financial position 9

Consolidated statements of equity 10

Consolidated statements of cash flow 11

Section 1 Background information 12

1.1. Corporate information 12
1.2 Basis for preparation 13
1.3. General accounting principles 13
1.4. Changes in accounting principles and disclosures 14
1.5. Standards and amendments issued but not yet effective 15

Section 2 Operating performance 16

2.1. Business combinations 16
2.2. Segment information 18
2.3. Revenues and other income 18
2.4. Production cost/inventory 20
2.5. General and administrative expenses 21
2.6. Exploration expenses 21

Section 3 Asset base 22

3.1. Exploration and evaluation assets 22
3.2. Oil and gas properties 24
3.3. Other property, plant and equipment 27
3.4. Goodwill and other intangible assets 28

Section 4 Special items and provisions 30

4.1. Provisions for other liabilities 30
4.2. Decommissioning provision 31
4.3. Commitments and contingencies 32
4.4. Deferred revenue 34

Section 5 Financial instruments, capital structure and equity 35

5.1. Financial instruments 35
5.2. Financial risk management 36
5.3. Capital management 38
5.4. Share capital 38
5.5. Financial liabilities and borrowings 39
5.6. Changes in liabilities arising from financing activities 41
5.7. Accounts and other payables 41
5.8. Cash and cash equivalents 42
5.9. Trade and other receivables 42
5.10. Financial income and financial expenses 43
5.11. Fair Value measurement 43

Section 6 Tax 45

6.1. Tax 45

Section 7 Staff costs and remuneration 48

7.1. Staff costs and remuneration 48
7.2. Management remuneration 48

Section 8 Other disclosure 50

8.1. Subsequent events 50
8.2. Reserves (un-audited) 50
8.3. Related parties 51
8.4. Licences and joint arrangements 52
8.5. Earnings per share 53
8.6. Net profit Interest 54

Consolidated statements of comprehensive income

1 January - 31 December

USD 1 000	NOTES	2017	2016
Petroleum revenues	1.4, 2.2, 2.3	192 324	94 044
Production cost	2.4	-44 828	-33 739
Other income and expenses including results from hedging activities	2.3	-40 136	3 296
General and administrative expenses	2.5	-13 489	-2 550
EBITDAX		93 871	61 051
Exploration expenses	2.6	-56 476	-120 777
Depreciation, depletion, amortisation and impairment	3.2, 3.3, 3.4	-68 855	-66 709
Operating profit/(loss) (EBIT)		-31 461	-126 435
Finance income	5.10	14 724	9 335
Finance costs	5.10	-23 969	-30 654
Profit/(loss) before net profit interest and income taxes		-40 705	-147 754
Net profit interest	8.6	-2 510	-
Profit/(loss) before income taxes		-43 215	-147 754
Income tax expenses	6.1	23 679	104 441
Profit/(loss) for the year		-19 535	-43 313
Items that may be reclassified subsequently to income statement:			
Currency translation differences		26 115	-8 340
Income tax relating to items that may be reclassified		-	-
Total comprehensive income/(loss)		6 580	-51 653
Earnings per share	8.5		
Basic, profit for the year attributable to ordinary equity holders of the parent		-0.44	-6.44
Diluted, profit for the year attributable to ordinary equity holders of the parent		-0.44	-6.44

Consolidated statements of financial position

USD 1 000	NOTES	31.12.2017	31.12.2016
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	3.4	562 946	14 894
Other intangible assets	3.4	36 856	-
Deferred tax assets	6.1	809	-
Exploration and evaluation assets	3.1	196 905	234 180
Tangible fixed assets			-
Oil and gas properties	3.2	1 450 735	222 856
Other property, plant and equipment	3.3	25 450	563
Financial assets			-
Other non-current assets	2.1, 4.2, 8.3	143 898	-
Total non-current assets		2 417 598	472 493
Current assets			
Inventories	2.4	63 819	9 085
Trade and other receivables	5.9	237 478	108 009
Other current financial assets	5.1, 5.11	9 343	4 180
Cash and short-term deposits	5.8	282 631	108 699
Total current assets		593 271	229 974
TOTAL ASSETS		3 010 869	702 467

Consolidated statements of financial position

USD 1 000	NOTES	31.12.2017	31.12.2016
EQUITY AND LIABILITIES			
Equity			
Share capital	5.4	2 010	1 263
Share premium		687 158	291 500
Other equity		-32 918	-39 394
Total equity		656 251	253 369
Non-current liabilities			
Interest-bearing loans and borrowings	5.1, 5.5, 5.11	783 377	98 120
Deferred tax liabilities	6.1	238 685	127 808
Non-current abandonment provision	4.2	965 230	91 925
Other non-current liabilities	4.1	103 565	12 000
Total non-current liabilities		2 090 857	329 854
Current liabilities			
Current abandonment provision	4.2	97 744	-
Accounts payable and accrued liabilities	5.7	79 032	39 815
Taxes payable	6.1	24 079	375
Interest-bearing loans and borrowings	5.1, 5.5, 5.11	-	79 055
Other current liabilities	4.1	30 430	-
Other current financial liabilities	5.1, 5.11	32 476	-
Total current liabilities		263 761	119 245
Total liabilities		2 354 618	449 098
TOTAL EQUITY AND LIABILITIES		3 010 869	702 467

Oslo, 27 April 2018
The Board of Directors of Point Resources Holding AS

Liv Marit Lundby
Chairman

Thomas Bjørgo
CEO

Ole Ertvaag
Board member

Pål Magnus Reed
Board member

Consolidated statements of equity

USD 1 000	NOTES	SHARE CAPITAL	SHARE PREMIUM	OTHER EQUITY	TRANSLATION DIFFERENCES	RETAINED EARNINGS (LOSS)	TOTAL EQUITY
Balance at 1 January 2016		3	-	-	-	0	**3**
Profit/(loss) for the year		-	-	-	-	-43 313	**-43 313**
Other comprehensive income/(loss)		-	-	-	-8 340	-	**-8 340**
Total comprehensive income (loss)		-	-	-	-8 340	-43 313	**-51 653**
Issue of share capital	5.4	1 260	291 500	-499	-	-	**292 261**
Other [1)]		-	-	12 758	-	-	**12 758**
Balance at 31 December 2016		1 263	291 500	12 259	-8 340	-43 313	**253 369**
Balance at 1 January 2017		1 263	291 500	12 259	-8 340	-43 313	**253 369**
Profit/(loss) for the year		-	-	-	-	-19 535	**-19 535**
Other comprehensive income/(loss)		-	-	-	26 115	-	**26 115**
Total comprehensive income/(loss)		-	-	-	26 115	-19 535	**6 580**
Issue of share capital	5.4	747	395 658	-	-	-	**396 405**
Group contribution received		-	-	-	-	-	**-**
Other		-	-	-103	-	-	**-103**
Dividends paid		-	-	-	-	-	**-**
Balance at 31 December 2017		2 010	687 158	12 155	17 775	-62 848	**656 251**

1) Other consist of debt conversion against prior direct parent company

Consolidated statements of cash flow

1 January - 31 December

USD 1 000	NOTES	2017	2016
Cash flows from operating activities			
Profit/(Loss) before income taxes		-43 215	-147 753
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation, depletion and amortisation	3.2, 3.3, 3.4	68 855	66 709
Unsuccessful exploration and evaluation expenditures	3.1	7 941	8 217
(Gain)/loss on sale of exploration and evaluation assets	3.1	-	-5 718
Utilisation of decommissioning provision	4.2	-16 178	-
Other non-cash income and expenses		-79 120	-11 701
Accretion expenses (asset retirement obligation)		10 781	-
Finance expense (disclosed in financing activities)		20 873	13 608
Finance income (disclosed in investing activities)		-8 371	-1 111
Working capital adjustments:			
Change in trade and other receivables	5.9	-29 329	41 629
Change in inventories	2.4	1 775	-2 331
Change in accounts and other payables	5.7	95 277	-9 937
Change in provisions		12 128	-744
Income tax received/(paid)	6.1	88 166	120 304
Net cash flows from operating activities		129 584	71 172
Cash flows used in investing activities			
Expenditures on exploration and evaluation assets	3.1	-27 223	-13 691
Expenditures on oil and gas assets	3.2	-50 832	-4 296
Expenditures on other property, plant and equipment	3.3	-1 524	-24
Expenditures on goodwill and other intangible assets	3.4	-3 792	-
Proceeds on disposal of exploration and evaluation assets	3.1	-	5 748
Investment in subsidiaries		-	-
Business combination	2.1	-672 136	-
Interest received	5.10	8 371	1 111
Net cash used in investing activities		-747 136	-11 152
Cash flow from financing activities			
Proceeds from issuance of shares	5.4	423 000	100 000
Proceeds from loans and borrowings	5.5	432 999	324 223
Payments of loan and borrowings	5.5	-80 236	-419 595
Cash acquired in business acquisitions	2.1	36 594	-
Interest paid	5.10	-20 873	-13 608
Net cash from financing activities		791 484	-8 980
Increase/(decrease) in cash	5.8	173 932	51 040
Cash and cash equivalents, beginning of period		108 699	57 658
Cash and cash equivalents, end of period	5.8	282 631	108 699

Section 1 Background information

1.1. Corporate information

The consolidated financial statements of Point Resources Holding AS and its subsidiaries (collectively, "the Group", "the Company" or "Point Resources") for the year ended 31 December 2017 were authorised for issue in accordance with a Board resolution on 27 April 2018. Point Resources Holding AS is a limited liability company incorporated and domiciled in Norway and the Company's shares are privately held. The Group's head office is located at Grundingen 3, 0250 Oslo, Norway.

Point Resources is a mid-sized, independent exploration and production (E&P) company with a diverse portfolio of production, development and exploration assets on the Norwegian Continental Shelf (NCS).

On 1 November 2017, Point Resources AS acquired ExxonMobil's operated upstream business in Norway from ExxonMobil Exploration and Production Norway AS. The acquisition included a transfer of the majority of ExxonMobil's offshore and onshore E&P staff in Norway; a significant package of operated producing assets on the Norwegian Continental Shelf; field assets such as platforms and Floating Production Storage and Offloading vessels (FPSOs); as well as the Company's office building in Sandnes. More detailed information is included in note 2.1.

Group structure

The consolidated financial statements of the Group include:

Shares in subsidiaries

NAME	BUSINESS LOCATION	VOTING / OWNERSHIP	
		2017	2016
Point Resources AS	Sandnes, Norway	100 %	-

Shares in subsidiaries indirectly owned

NAME	BUSINESS LOCATION	VOTING / OWNERSHIP	
		2017	2016
Point Resources FPSO Holding AS	Sandnes, Norway	100 %	-
Point Resources FPSO AS	Sandnes, Norway	100 %	-
PR Jotun DA	Sandnes, Norway	100 %	-

Accounting policy - Basis of consolidation

Control is deemed to exist when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights results in control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

1.2 Basis for preparation

The Group's financial statements consist of consolidated statements of comprehensive income, consolidated statements of financial position, consolidated statements of cash flow, consolidated statements of changes in equity, and related notes. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by The European Union (EU).

Point Resources Holding AS ("PRH") was acquired by Pure E&P AS ("Pure") and Spike Exploration AS ("Spike") as a shelf company from Bahr. At 23 May 2016, the Company had NOK 30 thousand in equity, and through a series of transactions the Company became the ultimate owner of Point Resources AS ("PRAS"). The first transaction was a capital reduction where the NOK 30 thousand in equity was repaid to the owners, which subsequently was followed up by a capital increase (contribution in kind), where Pure, Spike and Core Energy Holding AS ("Core") contributed its shares in PRAS against consideration shares in PRH.

The transaction was not considered to be a business combination and the pooling of interest method was applied. As a consequence of this historical figures from PRAS are recorded at continuity in the consolidated financial statement as if the Company had owned PRAS from January 1, 2016. Historical financial information is prepared using the same presentation and accounting principles for the period prior to contribution in kind. Valuation and recognition have been carried out in accordance with current IFRS standards.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. Further, the financial statements are prepared based on the going concern assumption.

The consolidated financial statements are presented in USD and all values are rounded to the nearest thousand (000) except when otherwise indicated. The parent Company's functional currency is NOK. The Group has chosen to present its financial statements in USD, as this a commonly used presentation currency among oil and gas companies.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using spot rates of exchange at the reporting date. Items within total comprehensive income are translated from functional currency to presentation currency by use of average exchange rates for each month.

1.3. General accounting principles

Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affecting future periods. The Group bases its assumptions and estimates on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions as they occur.

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below and are also discussed in the individual notes of the related financial statement line items.

SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS	NOTE	AMOUNT (USD 1 000)
Goodwill	3.4	562 946
Oil and gas properties	3.2	1 450 735
Deferred tax liability	6.1	238 685
Exploration prospect	3.1	196 905
Long-term abandonment provision	4.2	965 230
Short-term abandonment provision	4.2	97 744

Current versus non-current classification

The Group presents assets and liabilities in the statements of financial position based on a current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Borrowing costs are only capitalized during the development phase. Qualifying assets are generally those that are subject to major development or construction projects. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1.4. Changes in accounting principles and disclosures

Recognition of revenue from production of oil and gas
In conjunction with the business combination, the Group re-assessed its accounting principle for recognition of revenue from production of oil and gas. The Group previously recognised all revenues based on its net working interest (the entitlement method). Lifting imbalances, which represents the difference between lifted volumes and the Group's share of produced volumes, was presented as current assets or current liabilities. Such assets and liabilities were initially recognised and subsequently measured at net realisable value.

For the year ended 31 December 2017, the Group decided to change the method of accounting for revenues from production of oil and gas in which the Group has an interest to align Point Resources and the acquired business from ExxonMobil Exploration and Production Norway AS. In addition, current standards do not regulate lifting imbalances, and in practice, entities use either the sales method or the entitlements method. Under the new standard for recognition of revenue, IFRS 15, the entitlement method is not expected to be in scope as revenue as determined under IFRS 15 only can arise from transactions with customers, and the overlifter will probably not be considered as a customer.

As of 2017 the Group has recognised revenue based on the actual lifted amount of production (sales method) and will record a lifting imbalance when actual sales/lifted amount differ from the share of production. Such assets and liabilities are initially recognised and subsequently measured to production cost. If the market price is lower than production cost an underlift asset would be measured to current market value.

The effect of changing accounting policy to the sales method has been analysed and summarized in the table below:

USD 1 000

1 JANUARY 2016		1 JANUARY 2017	
Equity	159 (understated)	Equity	196 (understated)
Tax liability	579 (understated)	Tax liability	717 (understated)
Underlift (asset)	738 (understated)	Overlift (liability)	913 (overstated)

The total effect for comparative periods is considered to be immaterial for the financial statement and the change in accounting policies has not been applied retrospectively for comparative periods.

For more details on the revenue recognition accounting policy, refer to note 2.3.

New and amended standards and interpretations
The Group applied for the first time certain amendments to the IFRSs, which are effective for annual periods beginning on or after 1 January 2017. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective. The nature and the impact of each amendment is described below:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the information for the current period in note 5.6.

1.5. Standards and amendments issued but not yet effective

The standards and interpretations that are issued, but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

The IASB has issued three new standards that are particularly relevant for the Group, IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*.

Based on its current sales contracts and a to a limited extent financial instruments, the Group does not expect significant effects from IFRS 15 and IFRS 9 with respect to recognition and measurement. The Group does however expect to prepare additional disclosures on revenue from contracts with customers and financial instruments when the standards become effective. The Group may choose to implement hedge accounting when adopting IFRS 9, however, the effects of such a change will rather be a result of new application of accounting principles than an isolated effect from IFRS 9, as the Group has not chosen to implement hedge accounting under current IFRS regime (IAS 39).

The Group has assessed the revenue recognition accounting policy in 2017 and changed from the entitlement method to the sales method, see note 1.4.

The effects from implementing IFRS 16 will be assessed during 2018. The Company expects that it will have to recognise several leases on their balance sheet that will result in:

- Annual lease expenses recognised as operational expenses under IAS 17 will impact the EBITDA positively
- Annual depreciation of leased assets will increase and affect EBITDA positively.

In addition, the Group has to prepare additional disclosure information as required.

Below are the new standards described in more detail:

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. During 2016 and 2017, the Group performed a high-level impact assessment of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to Point Resources in the future. Overall, the Group expects no significant impact of IFRS 9, except from different disclosures being required.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Section 2 Operating performance

2.1. Business combinations

Accounting policy - Business combinations

A business combination is as a transaction or other event in which an acquirer obtains control of one or more businesses. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Determining whether a particular set of assets and activities is a business should be based on whether the integrated set is capable of being conducted and managed as a business by a market participant.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as consideration transferred representing acquisition date fair value. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

Goodwill is initially measured at cost (being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Acquisition of ExxonMobil's operated upstream business in Norway

On 1 November, 2017, the Group acquired ExxonMobil's operated upstream business in Norway from ExxonMobil Exploration and Production Norway AS. The acquisition included a transfer of the majority of ExxonMobil's offshore and onshore E&P staff in Norway; a significant package of operated producing assets (Balder, Ringhorne, Ringhorne Øst and Jotun) on the Norwegian Continental Shelf; field assets such as platforms and Floating Production Storage and Offloading vessels (FPSOs); as well as the Company's office building in Sandnes.

The business was acquired by and combined with Point Resources AS to create a strong, new mid-sized Norwegian E&P company. With an asset portfolio that includes several fields in the development phase, the combined Company has the potential to grow its production base organically to over 90 000 boepd by 2022, and has proven and probable reserves and contingent resources of about 369 million barrels of oil equivalent at year-end 2017.

As part of the transaction the Group acquired 100 percent of the shares in in Standard Marine Nordsjø AS and in ExxonMobil Property Norway (2) AS. In addition, the Group acquired the remaining 5 percent of the interest in PR Jotun DA.

Standard Marine Nordsjø AS later changed name to Point Resources FPSO AS. Shares in Point Resources FSPO AS and PR Jotun DA were incorporated in the new company Point Resources FPSO Holding AS.

The shares in ExxonMobil Property Norway (2) AS (later changed name to Grenseveien 6 AS) were sold to ABP Holdco AS immediately after the acquisition and the Group entered a lease agreement with the new owner. For more information on the transaction see note 4.3 and 4.4.

The transaction with ExxonMobil Exploration and Production Norway AS is recorded as a business combination in accordance with IFRS 3. The acquisition date for accounting purposes corresponds to the completion date of the transaction on 1 November 2017. For tax and economic purposes, the effective date was 1 January 2017.

USD 1 000

Purchase consideration	
Cash consideration	672 136
Deferred payment [1]	254 302
Contingent consideration (oil price dependent) [1]	22 876
Contingent Forseti consideration [1]	33 718
Payment for acquired assets and liabilities	983 032

1) Described in the next section

Deferred payments
A part of the purchase price is to be paid over four instalments (2018 - 2020) and another part is due in 2020. All outstanding payments are subject to interest.

Contingent consideration
As part of the purchase agreement with the previous owner, the following contingent considerations have been agreed:

a) An annual contingent consideration the following 5 years if the yearly average oil price exceeds a certain threshold. The maximum contingent consideration each year is USD 25 million. As at the acquisition date, the fair value of the contingent consideration was estimated with option pricing methodology to USD 22.9 million.

b) A fixed amount and an additional amount per barrel of oil equivalent, that exceeds a threshold of oil equivalents, if the Group utilize their option to develop the Forseti structure. As at the acquisition date, the fair value of the contingent consideration was estimated with a DCF method to USD 33.7 million.

Assets acquired and liabilities assumed
The fair values of the identifiable assets and liabilities of ExxonMobil's operated upstream business in Norway as at the date of acquisition were:

USD 1 000

ASSETS	
Non-current assets	
Oil and gas properties	1 136 724
Other property, plant and equipment	24 713
Exploration prospects	54 000
Other intangible assets	34 890
Other non-current assets	250 602
Deferred tax asset	3 119
Total non-current assets	1 504 047
Current assets	
Inventories	56 508
Trade and other receivables	93
Other current assets	290
Cash and short-term deposits	36 594
Total current assets	93 485
Total assets	1 597 532
Non-current liabilities	
Deferred tax liabilities	-
Provision for abandonment	911 331
Total non-current liabilities	911 331
Current liabilities	
Taxes payable	160 298
Provision for abandonment	88 436
Provisions, current	8 631
Total current liabilities	257 365
Total liabilities	1 168 696
Total identifiable net assets at fair value	428 836
Consideration paid on acquisition	983 032
Goodwill arising on acquisition	554 196
Goodwill as a result of deferred tax - technical goodwill	473 576
Goodwill related to synergies - residual goodwill	80 620
Net goodwill from acquisition	554 196

According to § 10 in the Norwegian Petroleum Tax Act transaction shall be done after tax and the buyer is therefore not entitled to claim tax deduction for the part of consideration that exceeds the tax position acquired from the seller. Provision for deferred tax is made for the difference between acquisition cost and acquired tax base in accordance with IAS 12. Offsetting entry of this non-cash deferred tax is technical goodwill.

The remaining goodwill of USD 80.6 million comprises the value of expected synergies arising from the acquisition and assembled workforce, which is not separately recognised. Goodwill is allocated entirely to operations on the Norwegian Continental Shelf (NCS).

None of the goodwill recognised is expected to be deductible for income tax purposes.

The valuation is based on currently available information on fair values as of the acquisition date. If new information becomes available within 12 months from the acquisition date, the Group may change the fair value assessment in the purchase price allocation, in accordance with guidance in IFRS 3. Any adjustments will result in a corresponding adjustment of goodwill.

NET CASH FLOW FROM ACQUISITION

Net cash acquired	36 594
Cash paid	672 136
Net cash flow on acquisition	-635 541

From the date of acquisition, ExxonMobil's operated upstream business in Norway has contributed USD 131 million of revenue and USD 49 million to the net profit before tax. If the acquisition had taken place at the beginning of the year, revenue would have been USD 812 million and the profit before tax for the period would have been USD 119 million.

2.2. Segment information

Accounting policy - Segment information

Since the establishment of Point Resources in May 2016, its operations have been fully focused on exploration and production of petroleum on NCS, which is also the level used by executive management in monitoring the operating results for the purpose of making decisions.

The Group's activities are considered to have a homogeneous risk and return profile (same geographical area and activities). Hence, all of Point Resources' activities are focused within one single operation segment (NCS). Segment figures are therefore similar to the income statements.

Significant customers

In 2017 and 2016 revenues from sale of oil and gas to ExxonMobil, Statoil and Shell each amounted to more than 10 percent of total revenues. Total revenues from those customers were USD 131,6 million, USD 35,3 million (2016: USD 42,7 million) and USD 21,0 million (2016: USD 51,8 million) respectively.

2.3. Revenues and other income

Accounting policy - Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Point Resources has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to over- and underlift and credit risks.

Revenues from production of oil and gas

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, customs duties and sales taxes.

Revenues from production of oil and gas in which the Group has an interest is recognised based on the Group's actual lifted amount of production (the sales method). The Group records an overlift liability when actual sales/lifted amount exceeds the Group's share of actual production in the period. Similarly, the Group would record an underlift asset when share of production exceeds actual lifted volumes. The over- or underlift is adjusted to production costs.

Lifting imbalances are initially recognised and subsequently measured to production costs. If the market price is lower than production cost, an underlift asset would be measured to current market value if the lifting imbalance will be settled by future lifting. Imbalances which are expected to be settled in cash are to be measured at net realisable value.

The Group has changed accounting principle for recognising revenues from production of oil and gas from assets in which the Group has an interest, from the Group's net working interest (the entitlement method) to the sales method for the year ended 31 December 2017. See more information in note 1.4.

Rendering of services
Revenues from sales of services are recorded when the services are performed.

Gains from put options
Realised and unrealised gains from put options used for hedging oil price are presented as other income and expenses including results from hedging activities.

Reference to note 5.1 and 5.2 for accounting principles concerning treatment and purpose of options.

USD 1 000	NOTE	31.12.2017	31.12.2016
Revenue from crude oil sales		188 970	86 953
Revenue from gas sales		3 331	4 408
Revenue from ngl sales		23	2 682
Total petroleum revenues		192 324	94 044

USD 1 000	NOTE	31.12.2017	31.12.2016
Unrealised Brent Crude put options		-26 297	-22 385
Realised Brent Crude put options		-15 112	17 571
Other income		1 155	8 111
Deferred revenue	4.4	118	-
Other income and expenses including results from hedging activities		-40 136	3 296

Deferred revenue is related to the sale-leaseback transaction of the Forus office building, for more information see note 2.1, 4.3 and 4.4.

Key operational figures

USD	2017	2016
Production (boe [1])	3 605 851	2 352 302
Average production per day (boe)	9 879	6 428
Average price USD/boe [2]	57.01	39.98
Volumes sold (boe)	3 373 439	2 417 867
FX USD/NOK	8.26	8.40

1) boe = Barrel of Oil Equivalent
2) Average price is calculated based on sold volume.

If the transaction with ExxonMobil had occurred 1 January 2017, total production would have been 16 969 401 boe and average production per day would have been 46 492 boe.

2.4. Production cost/inventory

Accounting policy - Inventories

Inventories 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 and tariffs and transportation. Net realisable value is determined by reference to prices existing at the balance sheet date less selling costs. Net realisable value is adjusted where the sale of inventories after the reporting period gives evidence about their net realisable value at the end of the period.

USD 1 000	31.12.2017	31.12.2016
Direct production cost (excl DD&A)	31 188	15 540
Tariffs and transportation cost	3 115	5 421
Direct production taxes	2 691	160
General and administrative expenses	7 834	12 618
Total production cost (excl DD&A)	44 828	33 739

Key operational figures

		31.12.2017	31.12.2016
Total production cost (excl DD&A) [1)]	USD/boe	12.4	14.3

1) Calculated using produced volume as denominator

Corresponding figures for 2017 when using pro-forma production cost and production figures for whole of 2017: USD/boe 12.2.

USD 1 000	31.12.2017	31.12.2016
Spare parts and consumables	35 247	9 085
Drilling equipment	28 571	-
Total inventories	63 819	9 085

2.5. General and administrative expenses

USD 1 000	NOTE	31.12.2017	31.12.2016
Salaries and social expenses	7.1, 7.2	25 569	22 719
Lease expenses	4.3	2 672	1 815
Consulting, legal and audit fees		12 659	8 171
IT expenses		8 311	2 680
Other general and administrative expenses		1 793	1 318
Total general and administrative expenses before reclassification		51 003	36 703
G&A expenses reclassified to exploration	2.6	-17 417	-29 855
G&A expenses reclassified to development		-1 381	-
G&A expenses reclassified to production cost	2.4	-18 717	-4 298
Total general and administrative expenses		13 489	2 550

Acquisition-related costs of USD 2.5 million related the acquisition of ExxonMobil's operated upstream business in Norway is included in consulting, legal and audit fees in 2017.

USD 1 000	31.12.2017	31.12.2016
Audit fee	133	211
Tax advisory services	-	-
Attestation services	-	-
Other advisory services	286	62
Total auditor's fees	419	273

Auditor fees are presented net of VAT.

2.6. Exploration expenses

Accounting policy - Exploration and evaluation expenses

For accounting principles related to exploration and evaluation expenses, reference is made to note 3.1.

Exploration costs capitalized in 2016 and 2017 carried to cost relate to dry wells. In addition, the costs are related to field studies and geological work.

USD 1 000	31.12.2017	31.12.2016
Exploration costs	17 799	32 310
Seismic costs	12 602	12 081
G&G costs	-	824
G&A expenses allocated to exploration	17 417	29 855
Other exploration costs	347	-511
Exploration costs capitalized in previous years, expensed	511	8 218
Exploration costs capitalized this year, expensed	7 800	37 999
Total exploration expenses	56 476	120 777

Section 3 Asset base

3.1. Exploration and evaluation assets

Accounting policy – Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditures are accounted for using the successful efforts method of accounting.

(i) Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred.

(ii) Licence and property acquisition costs

Exploration licence and property acquisition costs are capitalised as intangible assets. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised in intangible assets.

Licence and acquisition costs are reviewed at each reporting date to confirm that there are no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations and that sufficient progress is being made on establishing development plans and timing.

When exploration efforts lead to commercial discoveries and internal approval for development is sanctioned, the relevant expenditure is transferred to oil and gas properties. If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence and property acquisition costs are written off through the statement of comprehensive income.

(iii) Exploration and evaluation costs

Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors.

Geological and geophysical costs are expensed as exploration costs through the statement of comprehensive income as incurred.

	NOTE	EXPLORATION AND EVALUATION ASSETS
Cost as at 1 January 2016		223 944
Additions		11 718
Acquisitions		1 974
Farm-out of interest		-
Unsuccessful exploration expenditure derecognised		-8 217
Currency translation effects		4 797
Transfer to oil and gas properties		-36
Cost as at 31 December 2016		234 180
Additions		27 223
Additions through business combinations	2.1	54 000
Acquisitions		-
Farm-out of interest		-
Unsuccessful exploration expenditure derecognised		-7 941
Currency translation effects		9 906
Reclassified to oil and gas properties		-120 462
Cost as at 31 December 2017		196 905
Provision for impairment as at 1 January 2016		-
Impairment charge for the year		-
Reversal of previously recognised impairments		-
Previously recognised impairments, derecognised during the year		-
Provision for impairment as at 31 December 2016		-
Impairment charge for the year		-
Reversal of previously recognised impairments		-
Previously recognised impairments, derecognised during the year		-
Provision for impairment as at 31 December 2017		-
Net book value as at 31 December 2016		234 180
Net book value as at 31 December 2017		196 905

There was no significant reclassification to the statement of comprehensive income during 2017.

If no potentially commercial hydrocarbons are discovered, the exploration asset is written off through the statements of comprehensive income as a dry hole. If extractable hydrocarbons are found and are subject to further appraisal activity (e.g., the drilling of additional wells), it is probable that they can be commercially developed, and the costs are capitalised. The costs continue to be carried as an intangible asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as an intangible asset.

All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through the statement of comprehensive income .

When proved reserves of oil are determined and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to oil and gas properties. Other than for licence costs, no amortisation is charged during the exploration and evaluation phase.

For exchanges/swaps or parts of exchanges/swaps that involve only exploration and evaluation assets, the exchange is accounted for at the carrying value of the asset given up and no gain or loss is recognised.

(iv) Farm-outs — in the exploration and evaluation phase

The Group does not record any expenditure made by the farmee on its account. It neither recognise any gain or loss on its exploration and evaluation farm-out arrangements, but re-designates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

(v) Development costs

Expenditures on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, are capitalised within oil and gas properties.

Significant judgements, estimates and assumptions

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in the statement of comprehensive income in the period when the new information becomes available.

3.2. Oil and gas properties

Accounting policy - Oil and gas properties

(i) Initial recognition

Oil and gas properties are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property, plant and equipment.

When a development project moves into the production phase, the capitalisation of certain construction/ development costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to oil and gas property asset additions, improvements or new developments.

(ii) Depreciation/amortisation

Oil and gas properties are depreciated/amortised on a unit-of-production basis over the total proved developed, proved undeveloped and probable reserves expected to be recovered from the relevant fields. The depletion rate takes into account expenditures incurred to date, together with estimated future capital expenditures.

The estimated reserves, asset's residual values and methods of depreciation/amortisation are reviewed annually and adjusted prospectively, if appropriate.

Jotun FPSO A is depreciated over the lease period which ends 30 June 2020.

(iii) Major maintenance, inspection and repairs

Where an asset, or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

	NOTE	OIL AND GAS PROPERTIES	FPSO JOTUN	TOTAL
Cost as at 1 January 2016		477 371	-	**477 371**
Additions		4 296	-	**4 296**
Transferred from exploration and evaluation assets		36	-	**36**
Change in decommissioning provision	4.2	-3 694	-	**-3 694**
Disposals		-	-	**-**
Depletions		-	-	**-**
Currency translation effects		10 441	-	**10 441**
Cost as at 31 December 2016		488 449	-	**488 449**
				-
Additions		50 832	-	**50 832**
Additions through business combinations	2.1	1 056 340	80 383	**1 136 724**
Transferred from exploration and evaluation assets	3.1	120 462	-	**120 462**
Change in decommissioning provision	4.2	-20 698	-	**-20 698**
Disposals		-	-	**-**
Depletions		-	-	**-**
Currency translation effects		21 635	-562	**21 073**
Cost as at 31 December 2017		1 717 020	79 822	**1 796 842**
				-
Depletion and impairment as at 1 January 2016		-201 319	-	**-201 319**
Depreciation		-61 280	-	**-61 280**
Provision for impairment		-	-	**-**
Disposals		-	-	**-**
Depletions		-	-	**-**
Currency translation effects		-2 994	-	**-2 994**
Depletion and impairment as at 31 December 2016		-265 593	-	**-265 593**
				-
Depreciation		-63 057	-3 514	**-66 571**
Provision for impairment		-	-	**-**
Disposals		-	-	**-**
Depletions		-	-	**-**
Currency translation effects		-13 923	-20	**-13 943**
Depletion and impairment as at 31 December 2017		-342 573	-3 534	**-346 107**
Net book value as at 31 December 2016		222 856	-	**222 856**
Net book value as at 31 December 2017		1 374 447	76 288	**1 450 735**

Accounting policy - Impairment losses (non-financial assets excluding goodwill)

The Group assesses at each reporting date whether there is an indication that an asset or Cash Generating Unit (CGU) may be impaired. Management has assessed its CGU's as being an individual field, which is the lowest level for which cash inflows are largely independent of those of other assets. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's or CGU's recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal (FVLCD) and value-in use (VIU). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU to which it belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount.

In calculating VIU, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. The Group bases its impairment calculation on detailed budgets and forecasts, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

Impairment losses of continuing operations, including impairment of inventories, are recognised in the statements of comprehensive income.

For assets/CGUs excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's/CGU's recoverable amount since the last impairment loss was recognised. The reversal is limited so that

the carrying amount of the asset/CGU does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of depreciation/amortisation, had no impairment loss been recognised for the asset/CGU in prior years. Such a reversal is recognised in the statement of comprehensive income.

Estimates and assumptions

The useful life of each asset, which is assessed at least annually, has both physical life limitations and present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves, decommissioning costs, discount rate, exchange rates and estimates of future capital expenditure.

Future estimated cash flow for assets or CGU's

Changes in expected cash flow associated with asset or Cash Generating Unit (CGU) may result in an impairment of the carrying amount of individual assets to estimated recoverable value. Impairment assessments require long-term assumptions regarding economic factors, oil price, the Group's long-term oil price assumptions, oil production, exchange rates, discount rates, cost estimates (capex and opex) and residual value of assets.

Total proved developed, proved undeveloped and probable reserves

Annual estimates of oil and gas reserves and resources are generated internally by the Group's reservoir engineers. Standard recognised evaluation techniques are used to estimate the proved and probable reserves and the contingent resources based on quantities of crude oil, natural gas and economic and operational conditions. The estimates are based on prices from today's market, with the exception of already contractual price changes. Changes in proved developed, proved undeveloped and probable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including commodity prices and future capital expenditure. An independent reserves auditor reviews the reserve estimates annually and results are reported to the Board along with an externally generated Reserves Audit Report.

Changes in future oil prices and future capital expenditure estimates can change reserves estimates, and hence the time when fields become unprofitable, which affects the time of shutdown and decommissioning activities. For more information on decommissioning cost see note 4.2.

Unit-of-production rate of depreciation/amortisation

The calculation of the unit-of-production rate of depreciation/amortisation will be impacted by revision of proven and probable reserves and future capital expenditure estimate changes.

Discount rate

The Group's discount rate is derived from the Group's post-tax weighted average cost of capital (WACC). The WACC takes into account both the cost of debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on interest-bearing borrowings the Group is obliged to service. Segment specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Cost profiles

Cost profiles used in the calculation of value in use are based on operator budgets and general market assessments done by the Group's facility and operations engineers. Cost profiles consists of operating expenses and capital expenditures. Operating expenses comprises variable elements such as processing tariffs, pipeline tariffs, and lease rates and fixed elements such as platform costs and operator overheads. Capital expenditures can relate to investments made to develop a field, or to already producing fields to maintain/ increase production or prolong the field life.

Impairments

The Group has not recognised any impairments of oil and gas properties in 2016 or 2017.

Value in use is calculated by discounting future cash flows after tax. Below is an overview of key assumptions used in the impairment tests as at 31 December 2017.

Economic assumptions

The Group uses available market information to regularly assess the short- and long-term outlook for commodity prices. Assumptions regarding commodity prices are continually reviewed and updated by management. According to the above methodology the Group has used the following future quality adjusted oil prices and forward exchange rates in the calculation of the recoverable amount for oil and gas properties.

YEAR	USD/BOE
2018	60.90
2019	58.25
2020	55.13
2021	51.80
2022	51.00
2023	55.60
From 2024 -	60.00

YEAR	USD/NOK
2018	8.02
2019	7.96
2020	7.90
2021	7.83
From 2022 -	7.75

Based on the description above, discount rate used in the calculation is post-tax weighted average cost of capital (2017: 8 percent). The long-term inflation rate is assumed to be 2 percent as of 31 December 2017.

3.3. Other property, plant and equipment

Accounting policy - Other property, plant and equipment

(i) Initial recognition

Equivalent to oil and gas properties, see note 3.2.

The carrying value of property, plant and machinery held under finance leases at 31 December 2017 was USD 23.9 million. Additions during the year include USD 24.2 million of property under finance leases. For more information on the lease see note 4.3 and 4.4.

(ii) Depreciation/amortisation

Other property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives. Property, plant and equipment held under finance leases are depreciated over the shorter of lease term and estimated useful life.

Asset's residual values, useful lives and methods of depreciation/amortisation are reviewed annually and adjusted prospectively, if appropriate.

(iii) Major maintenance, inspection and repairs

Equivalent to oil and gas properties, see note 3.2.

Impairment losses (non-financial assets)

Equivalent to oil and gas properties, see note 3.2.

Estimates and assumptions

Equivalent to oil and gas properties, see note 3.2.

Impairments

There has been no indication that an asset may be impaired or indication that previously recognised impairment losses may no longer exist related to other property, plant and equipment.

	NOTE	BUILDINGS	OFFICE EQUIPMENT	TOTAL
Cost as at 1 January 2016		-	4 761	**4 761**
Additions		-	24	**24**
Disposals		-	-	**-**
Depletions		-	-1 331	**-1 331**
Currency translation effects		-	163	**163**
Cost as at 31 December 2016		-	3 617	**3 617**
Additions	4.3	24 232	1 524	**25 756**
Additions through business combinations	2.1	24 713	-	**24 713**
Disposals	2.1	-24 713	-	**-24 713**
Depletions		-	-	**-**
Currency translation effects		-170	151	**-18**
Cost as at 31 December 2017		24 063	5 292	**29 355**
Depletion and impairment as at 1 January 2016		-	-3 422	**-3 422**
Depreciation		-	-849	**-849**
Provision for impairment		-	-	**-**
Disposals		-	-	**-**
Depletions		-	1 331	**1 331**
Currency translation effects		-	-114	**-114**
Depletion and impairment as at 31 December 2016		-	-3 053	**-3 053**
Depreciation		-199	-493	**-692**
Provision for impairment		-	-	**-**
Disposals		-	-	**-**
Depletions		-	-	**-**
Currency translation effects		-1	-158	**-159**
Depletion and impairment as at 31 December 2017		-201	-3 704	**-3 904**
Net book value as at 31 December 2016		-	563	**563**
Net book value as at 31 December 2017		23 862	1 588	**25 450**

Useful lives

The useful lives of the assets are estimated as follows:

Buildings 20 years
Office equipment 3 to 5 years

3.4. Goodwill and other intangible assets

Accounting policy - Other intangible assets and goodwill

Goodwill

Goodwill arises principally because of the following factors:

- The ability to capture unique synergies that can be realised from managing a portfolio of both acquired and existing fields
- The requirement to recognise deferred tax assets and liabilities for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in a business combination at amounts that do not reflect fair value (more information in note 2.1)

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets with definite lives are carried at cost less any accumulated amortisation (generally depreciated on a straight-line basis over their estimated useful lives) and accumulated impairment losses, if any. Indefinite lived intangibles are not amortised, instead they are tested for impairment at least annually. Internally generated intangible assets, excluding capitalised development costs and E&E assets, are not capitalised. Instead, the

related expenditure is recognised in the statement of comprehensive income in the period in which the expenditure is incurred.

In relation to the acquisition of ExxonMobil's operated upstream business in Norway, seismic and other technical data of USD 34.9 million was capitalized as other intangible assets. Seismic data was related to the Balder, Ringhorne and Forseti fields. If the Group's business activity in the area ceases, the seismic is impaired immediately.

There are no intangible assets with indefinite lives in the Group.

Useful lives

The useful lives of the assets are estimated as follows:

Seismic and other technical data 4 years

	NOTE	GOODWILL	OTHER INTANGIBLE ASSETS	TOTAL
Cost as at 1 January 2016		21 610	9 019	**30 629**
Additions		-	-	**-**
Disposals		-	-	**-**
Currency translation effects		474	198	**672**
Cost as at 31 December 2016		22 084	9 217	**31 301**
Additions		-	3 792	**3 792**
Additions through business combinations	2.1	554 196	34 890	**589 086**
Disposals	2.1, 4.4	-3 501	-	**-3 501**
Currency translation effects		-2 644	-223	**-2 868**
Cost as at 31 December 2017		570 134	47 676	**617 810**
Amortisation and impairment as at 1 January 2016		-5 084	-6 518	**-11 602**
Amortisation charge for the year		-	-	**-**
Impairment charge for the year		-2 007	-2 573	**-4 580**
Currency translation effects		-97	-126	**-223**
Amortisation and impairment as at 31 December 2016		-7 188	-9 217	**-16 405**
Amortisation charge for the year		-	-1 592	**-1 592**
Impairment charge for the year		-	-	**-**
Currency translation effects		-	-10	**-10**
Amortisation and impairment as at 31 December 2017		-7 188	-10 819	**-18 008**
Net book value as at 31 December 2016		14 894	-	**14 895**
Net book value as at 31 December 2017		562 946	36 856	**599 802**

Impairment testing of goodwill

For impairment testing purposes, all acquired goodwill has been allocated to the Group's assets on the NCS.

Accounting policy - Impairment losses goodwill

Goodwill is tested for impairment annually. Impairment is determined for goodwill by assessing the recoverable amount of each Cash Generating Unit (CGU) or group of CGU's to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount of the asset including goodwill, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. For more information on accounting policies, estimates and assumptions see note 3.2.

When assessing impairment of technical goodwill, recognised deferred tax related to a business combination (see more information in note 2.1) will reduce net book value before impairment assessment. Going forward depreciation of excess values from the acquisition analysis will lead to a reduction in deferred tax liability, hence more technical goodwill will be exposed to impairment.

Impairment testing ordinary goodwill

Goodwill of USD 95.7 million has been allocated to the Group's operations on the Norwegian Continental Shelf (NCS). The recoverable amount of the CGU has been determined based on a value in use calculation as described above and outlined in note 3.2. As a result of the analysis, no impairment was required for this CGU.

Impairment testing technical goodwill

Technical goodwill of USD 467 million is related to the Group's acquisition of ExxonMobil's operated upstream business in Norway from ExxonMobil Exploration and Production Norway AS that was completed 1 November 2017 and is allocated to the Groups operations on the Norwegian Continental Shelf (NCS). The recoverable amount of CGU has been determined based on a value in use calculation as described above and outlined in note 3.2. As a result of the analysis, no impairment was required for this CGU.

Section 4 Special items and provisions

4.1. Provisions for other liabilities

Accounting policy – Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable 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.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in the statement of comprehensive income.

Other provisions

Other provisions comprise provision on a total of USD 12 million where USD 9 million is payable 1 January 2019 and USD 3 million is payable 1 January 2020. The provision relates to decommissioning costs on the Athena field in connection with former Spike Exploration AS' sale of Spike UK to Verus Petroleum Holding Limited.

Deferred payments

Related to the contingent Forseti consideration from the acquisition of ExxonMobil's operated upstream business in Norway from ExxonMobil Exploration and Production Norway AS, see note 2.1 and 4.3 for more information.

Contingent consideration

Related to the Contingent consideration (oil price dependent) from the acquisition of ExxonMobil's operated upstream business in Norway from ExxonMobil Exploration and Production Norway AS, see note 2.1 and 4.3 for more information.

USD 1 000	NOTE	31.12.2017	31.12.2016
Other provisions		12 000	12 000
Deferred payments	2.1, 4.3	33 675	-
Contingent consideration	2.1, 4.3	22 716	-
Deferred revenue	4.4	13 388	-
Lease commitment Forus office	4.3	21 785	-
Total other long-term liabilities		103 564	12 000

USD 1 000	NOTE	31.12.2017	31.12.2016
Overlift oil		598	-
Working capital, accruals, joint operations		9 218	-
Other accrued expenses		17 626	-
Lease commitment Forus office	4.3	2 278	-
Deferred revenue	4.4	711	-
Total other current liabilities		30 430	-

4.2. Decommissioning provision

Accounting policy – Provisions
Equivalent to provisions for other liabilities, see note 4.1.

Accounting policy – Decommissioning provision
The obligation generally arises when the asset is installed, or the ground/environment is altered at the field location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas assets.

Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to oil and gas assets.

Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of comprehensive income.

If the change in an estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature fields, the estimate for the revised value of oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of comprehensive income as a finance cost.

Decommissioning provision
The Group makes full provision for the future cost of decommissioning oil production facilities on a discounted basis on the installation of those facilities. The decommissioning provision represents the present value of decommissioning costs relating to oil and gas properties, which are expected to be incurred up to 2030 - 2040 which is when the producing oil and gas properties are expected to cease operations.

USD 1 000	NOTE	TOTAL
Provision at 1 January 2016		89 605
Additions		-
Changes in Operator's estimate		-3 526
Unwinding of discount		4 063
Currency translation effects		1 784
Total provisions at 31 December 2016		91 925
Additions		-
Additions through business combinations	2.1	999 768
Changes in Operator's estimate		-20 698
Unwinding of discount		10 781
Amounts used		-16 178
Unused reversed		-
Currency translation effects		-2 624
Total provisions at 31 December 2017		1 062 974
Expected maturity year:		2030-2040

USD 1 000	31.12.2017	31.12.2016
Non-current abandonment provision	965 230	91 925
Current abandonment provision	97 744	-
Total provisions	1 062 974	91 925

Estimates and assumptions
The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs 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 of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain. The same assumptions as described in note 3.2 are valid for decommissioning provision in addition to changes in laws and regulations or their interpretation.

The discount rate used in the calculation of the provision as at 31 December 2017 is equal to estimated future U.S. government bond rates and standard premium.

Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established

which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

Compensation of decommissioning costs for Jotun

As part of the transaction with ExxonMobil in 2017, the seller has in the sale and purchase agreement agreed to pay parts of the decommissioning costs for Jotun and the Group has recorded a receivable against ExxonMobil to cover those costs that are within compensation threshold. The Group expects that all decommissioning costs within the compensation threshold will be refunded from the seller.

USD 1 000	31.12.2017	31.12.2016
Additions through business combinations	250 602	-
Amounts used	-1 227	-
Unwinding of discount	1 808	-
Currency translation effects	-1 745	-
Total receivables related to decommissioning costs for Jotun	249 438	-

The discount rate used in the calculation of the indemnification asset is the same as for decommissioning cost.

USD 1 000	31.12.2017	31.12.2016
Non-current receivables related to decommissioning costs for Jotun	143 880	-
Current receivables related to decommissioning costs for Jotun	105 558	-
Total receivables related to decommissioning costs for Jotun	249 438	-

4.3. Commitments and contingencies

Accounting policy - Capital commitments and other contingencies

(i) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that right is not explicitly specified in an arrangement.

Group as a lessee

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight line basis over the lease term.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statements of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease commitments - Group as lessee

The Group has entered into operating leases for buildings, and various items of plant and machinery. These leases have an average life of two years (2016: three years), with renewal terms at the option of the lessee whereby the Group can extend at lease terms based on market prices at the time of renewal. There are no restrictions placed upon the Group as a result of entering into these leases. Future minimum lease payments under non-cancellable operating leases as at 31 December explained in the table below.

Operational lease commitments (Group as a lessee)

USD 1 000	31.12.2017	31.12.2016
Within one year	809	749
After one year but not more than five years	579	1 039
More than five years		
Total operating lease commitments	1 388	1 789

Finance lease commitments - Group as lessee

After the Group sold the shares in ExxonMobil Property Norway (2) AS it immediately entered a finance lease for the office building located in Grenseveien 6, 4313 Sandnes. The rent is adjusted annually in accordance with the Norwegian consumer price index. Future minimum lease payments, together with the present value of the net minimum lease payments are as follows:

	2017	
USD 1 000	MINIMUM PAYMENTS	PRESENT VALUE OF PAYMENTS
Within one year	2 278	2 149
After one year but not more than five years	9 695	7 259
More than five years	45 605	14 653
Total minimum lease payments	57 579	24 062
Less amounts representing finance charges	-33 516	-
Present value of minimum lease payments	24 062	24 062

Other contractual obligations

Minimum work programs

The Group is required to participate in the approved work programs for the licences.

Liability for damages/insurance
The Group's operations involve risk for damages, including pollution. Installations and operations are covered by an operations insurance policy.

Guarantees

The Group has provided guarantees with USD 0.35 million in favour of Hess Norge AS and USD 0.03 million in favour of Gassco.

Other obligations

Related to the decommissioning of Jotun B, there is a cancellation fee of USD 2.2 million in the contract with Heerema. The Group is committed to CHC Helikopter Service AS for 12 months with a standing charge of USD 6.45 million.

Contingencies

As part of the acquisition of ExxonMobil's operated upstream business in Norway, the Group has agreed to pay the seller an annual contingent consideration the following 5 years (2017 - 2021) if the yearly average oil price exceeds a certain threshold. As at 31 December 2017, the fair value of the contingent consideration was estimated with option pricing methodology to be USD 22.9 million.

The Group also has to pay a fixed amount and an additional amount per barrel of oil equivalent, that exceeds a threshold of oil equivalents, if the Group utilize their option to develop the Forseti structure. As at 31 December 2017, the fair value of the contingent consideration was estimated with a DCF method to USD 33.7 million.

Point Resources Holding AS has an obligation to hold Pure E&P AS (previously Rocksource ASA) harmless from any claim against it resulting from alleged obligations under a farm-out agreement entered into with ONGC in relation to a block offshore India. Relating to this, ONGC has issued cash calls for the drilling of 3 dry wells, amounting to USD 20.3m (excluding any interest), which Pure E&P AS considers it is not obliged to and has consequently refused to pay. ONGC is pursuing its claim through arbitration proceedings in India.

Based on certain historic events involving Pure E&P Norway AS (previously Rocksource Exploration Norway AS) (one of the companies involved in the merger creating Point Resources AS), the Oil Taxation Office has issued notifications of disagreement with some of the historic tax filings for Pure E&P Norway AS. Ongoing cases where the tax authorities have issued such notifications of disagreement involve a maximum possible tax exposure for Point Resources Holding AS of approximately NOK 20m.

Future deposit requirements

As part of the Sale and Purchase Agreement(SPA) with ExxonMobil, the Group shall deposit to the seller a post-tax amount of USD 127 million 1 January 2022. According to the Norwegian Petroleum Act Section 5-3(3) ExxonMobil is secondarily financially responsible for the asset retirement obligation related to interest in the oil fields acquired by the Group. ExxonMobil is in accordance with the SPA required to repay (without any delay) Point Resources the entire deposit in an event where the sellers liability do not materialize (i.e. Point Resources fulfils the assets retirement commitments for the acquired licences according to plan).

The Post Completion Payment does not satisfy the definition of a liability under IFRS as the future payment is not an obligation at the acquisition date from past events for Point Resources. The deposit is considered only to be a part of the agreement due to the requirements in the Petroleum Act Section 5-3(3) and not part of the pricing and valuation of the transaction between the parties. The Post Completion Payment is not expected to materialize and Point Resources' obligation is already indirectly included under the ARO liability related to the acquired licences at fair value in accordance with IFRS 3.

As the Post Completion Payment does not satisfy the definition of a liability and is not considered to be a part of the transaction, the liability should not be recorded as part of the purchase price allocation based on the general principles in IFRS 3. The recognition criteria under IAS 37 are not fulfilled either, but will be continuously assessed at future reporting periods.

Significant judgements, estimates and assumptions

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

4.4. Deferred revenue

Accounting policy - Sale-and-leaseback transaction

When a sale-and-leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount should not be recognised immediately as income by a seller/lessee. Instead, the excess is deferred and amortized over the lease term.

After the Group sold the shares in ExxonMobil Property Norway (2) AS, the Group immediately entered into a finance lease for the office building located in Grenseveien 6, 4313 Sandnes. The excess of sales proceeds is deferred and amortized over the lease term (20 years).

USD 1 000	31.12.2017	31.12.2016
Deferred revenue	14 099	-
Total deferred revenue	14 099	-

Section 5 Financial instruments, capital structure and equity

5.1. Financial instruments

Accounting policy - Financial instruments

Classification of financial instruments

The Group's financial instruments are classified in the following categories:

- fair value with changes in value through profit or loss (FVPL)
- loans and receivables
- other financial liabilities

Derivatives are classified as FVPL financial instruments as the Group does not apply hedge accounting. Thus, the FVPL instruments as held for trading from an accounting perspective.

Loans and receivables are non-derivative financial assets with fixed or determinable cash flows that are not quoted in an active market. Other financial liabilities are generally the main category for loans and borrowings.

Initial recognition and subsequent measurement

FVPL: Financial derivatives that are not designated as hedging instruments are categorized as held for trading and initially measured at their fair value. Subsequent changes in the fair value are recognised in income statements. The Group has entered into Brent crude oil put options and the changes in fair value is presented as other income.

Fair value of unlisted shares is estimated by using standard valuation techniques or is measured at cost if the investment does not have a quoted market price in an active market and the fair value cannot be reliably measured.

Loans and receivables and Other financial liabilities are initially recognised at fair value plus directly attributable transaction expenses. Subsequently, these instruments are measured at their amortized cost.

		FINANCIAL ASSETS AT FAIR VALUE		FINANCIAL LIABILITIES AT FAIR VALUE		
USD 1 000 31.12.2017	NOTE	HELD FOR TRADING ACCORDING TO IAS 39	LOANS AND RECEIVABLES	HELD FOR TRADING ACCORDING TO IAS 39	OTHER FINANCIAL LIABILITIES	TOTAL
Assets						
Derivatives	2.3, 5.11	7 335	-	-	-	**7 335**
Investment in shares	8.3	2 008	-	-	-	**2 008**
Trade receivables	5.9	-	80 822	-	-	**80 822**
Other receivables	5.9 , 4.2 , 8.3	-	300 553	-	-	**300 553**
Cash and cash equivalents	5.8	282 631	-	-	-	**282 631**
Total financial assets		291 974	381 375	-	-	**673 350**
Liabilities						
Non-current interest-bearing loans and borrowings	5.5, 5.11	-	-	-	783 377	**783 377**
Current interest-bearing loans and borrowings		-	-	-	-	**-**
Accounts and other payables	5.5, 5.7	-	-	-	79 032	**79 032**
Derivatives	2.3, 5.11	-	-	32 476	-	**32 476**
Total financial liabilities		-	-	32 476	862 409	**894 886**

The Group did not reclassify any financial instruments during 2017.

Impairment of financial assets

Financial assets valued at amortized cost are impaired when objective evidence exists that the instrument's cash flows have been negatively affected by one or more events occurring after the initial recognition of the instrument. The impairment loss is recognised in the income statements. The loss is measured as the difference between the asset`s carrying value and the present value of estimated future cash flows discounted with the instruments original effective interest rate. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced.

De-recognition of financial instruments

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

USD 1 000 31.12.2016	NOTE	FINANCIAL ASSETS AT FAIR VALUE HELD FOR TRADING ACCORDING TO IAS 39	LOANS AND RECEIVABLES	FINANCIAL LIABILITIES AT FAIR VALUE HELD FOR TRADING ACCORDING TO IAS 39	OTHER FINANCIAL LIABILITIES	TOTAL
Assets						
Derivatives	2.3, 5.11	4 180	-	-	-	**4 180**
Trade receivables	5.9	-	8 766	-	-	**8 766**
Other receivables	5.9	-	99 244	-	-	**99 244**
Cash and cash equivalents	5.8	108 699	-	-	-	**108 699**
Total financial assets		112 879	108 009	-	-	**220 888**
Liabilities						
Non-current interest-bearing loans and borrowings	5.5, 5.11	-	-	-	98 120	**98 120**
Current interest-bearing loans and borrowings	5.5, 5.11	-	-	-	79 055	**79 055**
Accounts and other payables	5.5, 5.7	-	-	-	39 815	**39 815**
Total financial liabilities		-	-	-	216 990	**216 990**

The Group did not reclassify any financial instruments during 2016.

5.2. Financial risk management

Overview

The Group is exposed to a range of risks affecting its financial performance, including market risk (commodity risk, currency risk, interest rate risk), liquidity risk and credit risk. The Group seeks to minimize potential adverse effects of such risks through sound business practices, risk management and use of derivative financial instruments.

Risk management is carried out by senior management under policies approved by the Board. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commodity price risk, interest rate risk and foreign currency risk. Financial instruments affected by market risk include loans and borrowings, deposits, trade receivables, trade payables, accrued liabilities and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 December 2017 and 2016.

Commodity price risk

Point Resources is exposed to the risk of fluctuations in prevailing market commodity prices on the oil products it produces. The Group's policy is to manage these risks through the use of derivative commodity contracts (Brent crude oil put options).

Commodity price sensitivity

The table below summarises the impact on profit before tax for changes in commodity prices on the fair value of derivative financial instruments. The impact on equity is the same as the impact on profit after tax as these derivative financial instruments have not been designated as hedges and are classified as held-for-trading and therefore fair valued through the income statements.

The following table demonstrates the sensitivity to a possible increase or decrease in the oil price, holding all other variables constant:

	INCREASE/ DECREASE IN OIL PRICE	EFFECT ON PROFIT BEFORE TAX (USD 1 000)	EFFECT ON EQUITY (USD 1 000)
31 December 2016	+/- 10 %	+/- 9 404	+/- 2 069
31 December 2017	+/- 10 %	+/- 19 232	+/- 4 231

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's reserve based lending with floating interest rate. As of 31 December 2017, the Group does not have any interest hedging instruments nor any fixed rate loan agreements.

Interest rate sensitivity

The following table demonstrates the sensitivity to a possible change in interest rates, with all other variables held constant, on the Group's profit before tax:

	INCREASE/ DECREASE IN BASIS POINTS	EFFECT ON PROFIT BEFORE TAX (USD 1 000)	EFFECT ON EQUITY (USD 1 000)
31 December 2016	+/- 100	+/- 2 706	+/- 1 597
31 December 2017	+/- 100	+/- 4 803	+/- 2 593

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange rate risk related to the value of NOK (functional currency) relative to other currencies, mainly due to sales in USD and operational costs in NOK, USD, GBP and EUR. The Group has also currency risk related to long term credit facility in USD. The Group may seek to reduce the currency risk by entering into foreign currency instruments. The Group does not have any currency hedging instruments as of 31 December 2017, however management is monitoring movements in exchange rates closely.

Further, fluctuations in NOK/USD may affect the presented figures of Point Resources, as the presentation currency is USD.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a possible increase or decrease in the NOK/USD exchange rate, holding all other variables constant:

	INCREASE/ DECREASE IN NOK/USD	EFFECT ON PROFIT BEFORE TAX (USD 1 000)	EFFECT ON EQUITY (USD 1 000)
31 December 2016	+/- 10 %	+/- 1 959	+/- 97
31 December 2017	+/- 10 %	+/- 45 804	+/- 24 732

(b) Liquidity risk

Liquidity risk is the risk that Point Resources will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its risk to a shortage of funds by monitoring its debt rating and the maturity dates of existing debt and other payables.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of resource based lending structures, bonds, parent company loan facility etc.

See note 5.5 for an overview of maturity profile on Point Resources' financial liabilities and accessible borrowing facility from Point Resources Holding AS.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Point Resources trades only with recognised, creditworthy third parties.

Outstanding customer receivables are regularly monitored. See note 5.9 for comments regarding trade receivables ageing. Point Resources' maximum exposure is equal to the carrying amount of the receivables.

As part of the transaction with ExxonMobil in 2017, the seller has in the sale and purchase agreement agreed to pay parts of the decommissioning costs for Jotun and the Group has recorded a receivable against ExxonMobil to cover those costs that are within compensation threshold (note 4.2). The Group expects that all Jotun decommissioning costs will be refunded.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and derivative financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group's limits its counterparty credit risk on these assets by dealing only with financial institutions with credit ratings of at least A or equivalent.

Management is of the opinion that Point Resources does not have significant credit risk.

5.3. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes have been made in the objectives, policies or processes since the inception of Point Resources in May 2016.

The Group's net debt includes interest-bearing loans and borrowings, trade and other payables, less cash and cash deposits.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period. Reference is made to section 5.5 for disclosed information regarding interest bearing debt and financial covenants.

The Company has not paid any dividend in 2017.

5.4. Share capital

The share capital in the Company at 31 December 2017 consists of Common shares. In 2017 all shares were converted to one class from Commom shares A which was weighted 35 percent, common shares B weighted 32 percent and common shares C weighted 33 percent.

The ultimate parent

The Company is indirectly owned by private equity funds managed by HitecVision.

AMOUNT IN USD	NUMBER OF SHARES	NOMINAL AMOUNT ORDINARY SHARES	TOTAL SHARE CAPITAL
At 1 January 2016	30	3 406	**3 406**
Capital decrease	-30	-3 406	**-3 406**
Capital increase	10 535 512	1 263 226	**1 263 226**
At 31 December 2016	10 535 512	1 263 226	**1 263 226**

AMOUNT IN USD	NUMBER OF SHARES	NOMINAL AMOUNT ORDINARY SHARES	TOTAL SHARE CAPITAL
At 1 January 2017	10 535 512	1 263 226	**1 263 226**
Capital increase	154 634 963	747 218	**747 218**
At 31 December 2017	165 170 475	2 010 444	**2 010 444**

The nominal value of the shares is valued in NOK.
Each share has a nominal value of NOK 1.00.

THE GROUP'S SHAREHOLDERS AT 31.12.2017	SHARES	OWNERSHIP INTEREST
Core Energy Holding AS	47 816 220	29 %
Spike Exploration AS	43 717 680	26 %
Pure E&P AS	45 083 850	27 %
HV Momentum Co-invest AS	28 552 725	17 %
Total number of shares excluding treasury shares	165 170 475	100 %
Treasury shares at 31.12.17	0	0 %
Total number of shares including treasury shares	165 170 475	100 %

No ordinary or extraordinary dividend was distributed in 2017.

Reconciliation of equity is shown in the statement of changes in equity.

5.5. Financial liabilities and borrowings

The accounting policy concerning loans and borrowings reference is described in note 5.1.

Credit facilities - utilised and unused amount

USD 1 000	31.12.2017	31.12.2016
Utilised amount credit facilities	**542 000**	180 162
Unused amount credit facilities	**-**	-

The RBL credit facility has an undrawn amount of USD 158 million subject to that the borrowing base as set out in the agreement is available.

Commitments related to loans and borrowings

USD 1 000	31.12.2017	31.12.2016
Interest-bearing loans and borrowings	**783 377**	177 175
Trade and other payables	**245 502**	51 815
Less cash and short-term receivables	**-520 109**	-216 708
Net debt	**508 771**	12 282
Equity	**656 251**	253 369
Total capital	**3 010 869**	702 467
Capital and net debt	**1 165 022**	265 651
Gearing ratio	**54 %**	41 %
Equity ratio	**22 %**	36 %

In relation to the reserve based lending facility, Point Resources is obliged to submit a liquidity test every three months to ensure liquidity levels comply with what is outlined in the RBL agreement (The Group shall have a net remaining cash or cash equivalents balance greater than zero). In addition there is a covenant related to a max ratio of the Group's Net Debt divided by the Group's EBITDAX.

No covenants were breached in 2017.

Financial liabilities and borrowings

31.12.2017

USD 1 000	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 3 YEARS	OVER 3 YEARS	TOTAL
Interest-bearing loans and borrowings	34 977	-	219 718	528 682	**783 377**
Other liabilities	60 096	7 166	58 893	40 316	**166 471**
Trade and other payables	79 032	-	-	-	**79 032**
Totals	174 104	7 166	278 611	568 998	**1 028 880**

31.12.2016

USD 1000	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 3 YEARS	OVER 3 YEARS	TOTAL
Interest-bearing loans and borrowings	-	79 055	-	98 120	**177 175**
Other liabilities	-	-	12 000	-	**12 000**
Trade and other payables	38 170	1 645	-	-	**39 815**
Totals	38 170	80 700	12 000	98 120	**228 990**

Interest-bearing loans and borrowings

	INTEREST RATE	MATURITY	31.12.2017	31.12.2016
RBL credit facility	4.38 %	2024	**528 681**	98 120
Deferred payment ExxonMobil [1)]	2.8 %	2020	**113 512**	-
Deferred payment ExxonMobil	1.8 %	2020	**141 184**	-
Total non-current interest-bearing loans and borrowings			**783 377**	98 120

1) Related to shares and interest in subsidiaries

Current interest-bearing loans and liabilites

	INTEREST RATE	MATURITY	31.12.2017	31.12.2016
Exploration Finance Facilities	2.6 %	2017	-	79 055
Total current interest-bearing loans and borrowings			-	79 055

Carrying amount of assets provided as security for the borrowing base facility:

USD 1 000	31.12.2017	31.12.2016
Producing assets	**363 815**	221 171
Inventories	**63 819**	9 085
Trade and other receivables	**237 478**	108 009
Cash and short-term deposits	**282 631**	108 699
Totals	**947 742**	446 965

Security related to the Group's reserve based lending facility include specified carrying value of assets, assignment of right under insurance proceeds,assignment of hedging agreements, intra-group claims with Point Resources Holding AS, as well as share pledge in Point Resources AS.

5.6. Changes in liabilities arising from financing activities

USD 1 000	1 JANUARY 2017	CASH FLOWS	OBTAINING CONTROL OF SUBSIDIARIES OR OTHER BUSINESSES	FOREIGN EXCHANGE MOVEMENT	CHANGES IN FAIR VALUES	NEW LEASES	OTHER	31 DECEMBER 2017
Current interest-bearing loans and borrowings (excluding items listed below)	79 055	-79 055	-	-	-	-	-	**0**
Current obligations under finance leases and hire purchase contracts	-	-	-	-16	-	2 278	-	**2 262**
Non-current interest-bearing loans and borrowings (excluding items listed below)	98 120	432 999	-	9 001	-	-	243 257	**783 377**
Non-current obligations under finance leases and hire purchase contracts	-	-	-	-154	-	21 954	-	**21 801**
Dividends payable	-	-	-	-	-	-	-	**-**
Derivatives	-	-	-	-	-	-	-	**-**
Total liabilities from financing activities	177 175	353 944	-	8 831	-	24 232	243 257	**807 440**

The 'Other' column includes the effect of accrued but not yet paid interest on interest-bearing loans and borrowings and amortized borrowing costs and deferred payments related to the business combination.

5.7. Accounts and other payables

Accounting policy - Accounts and other payables

For policies on trade payables refer to note 5.1

Terms and conditions related to accounts and other payables:

- Trade payables are non-interest bearing and are normally settled on 30-day terms
- Other payables are non-interest bearing and have an average term of six months
- Payables and accruals to a joint operations partner mainly represent joint expenses that were paid by the joint operations partner, which are non-interest bearing and are normally settled on a 30-day terms

USD 1 000	31.12.2017	31.12.2016
Trade creditors	**21 070**	10 184
Prepayments from customers	**-**	69
Withholding payroll taxes and social security	**3 946**	1 831
Holiday pay	**4 408**	1 442
Overlift oil	**-**	3 599
Working capital, trade creditors, joint operations	**4 166**	1 112
Working capital, accruals, joint operations	**-**	5 068
VAT payable	**-**	1 262
Government taxes, tax deductions etc.	**3 726**	-
Accrued expenses	**41 717**	15 248
Total Accounts and other payables	**79 032**	39 815

5.8. Cash and cash equivalents

Accounting policy - Cash and short-term deposits

Cash and short-term deposits comprise of cash at banks and short-term deposits with a maturity of three months or less. Cash and short-term deposits exclude restricted cash, which is not available for use by the Group and therefore are not considered highly liquid.

For more information on the Group's credit facilities see note 5.5.

USD 1 000	31.12.2017	31.12.2016
Bank deposits, unrestricted	278 802	107 564
Bank deposit, restricted, employee taxes	3 829	970
Bank deposits, restricted, office rental deposit	-	165
Bank deposits, restricted, other	-	-
Total bank deposits	282 631	108 699

5.9. Trade and other receivables

Accounting policy - Trade and other receivables

For policies on trade receivables refer to note 5.1

Trade receivables are non-interest bearing and are generally on 30-day terms.

In determining the recoverability of a trade or other receivable, the Group performs a risk analysis considering the type and age of the outstanding receivable and the creditworthiness of the counterparties.

USD 1 000	NOTE	31.12.2017	31.12.2016
Trade receivables		80 822	7 899
Accrued revenues		1 210	866
Refund payable tax	6.1	-	84 374
Underlift oil		8 790	1 056
Underlift NGL		-	1 054
Working capital, receivables, joint operations		-24	754
Working capital, prepayments, joint operations		584	1
Over call, joint operations		26 003	9 561
Prepayments		5 980	2 442
Other receivables		114 113	1
Total trade and other receivables		237 478	108 009

Other receivables primarily consist of receivables related to decommissioning costs for Jotun, for more information see note 4.2.

TRADE RECEIVABLES	TOTAL	NOT DUE	DUE
31.12.2017	80 822	79 459	1 363
31.12.2016	7 899	7 899	-

The Group has no impaired trade receivables in 2016 or 2017.

5.10. Financial income and financial expenses

Accounting policy - Financial income and expenses

For accounting principles related to underlying financial instruments, reference is made to note 5.1.

USD 1 000	31.12.2017	31.12.2016
Interest income on bank accounts and receivables	2 876	1 111
Interest income on tax receivable	-	-
Net exchange rate gain	11 848	8 124
Other financial income	-	100
Financial income	14 724	9 335
Interest expense on financial liabilities measured at amortised cost	-10 676	-14 025
Accretion expenses (asset retirement obligation)	-10 781	-4 063
Interest expense on financial liabilities to group companies measured at amortised cost	-	-
Net exchange rate loss	2 294	-
Impairment of financial assets	-	-5 857
Other financial expenses	-4 806	-6 709
Financial expenses	-23 969	-30 654
Net financial items	-9 245	-21 319

5.11. Fair Value measurement

Accounting policies - Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are grouped into classes and categories. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value.

Fair value hierarchy

The Group measures fair value using the fair value hierarchy as described below, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in an active market for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level that is significant to the fair value measurement is directly or indirectly observable.
Level 3 Valuation techniques for which the lowest level that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

CARRYING AMOUNT ASSETS MEASURED/DISCLOSED AT FAIR VALUE	DATE OF VALUATION	31.12.2016	LEVEL 1	LEVEL 2	LEVEL 3
Derivative financial assets	31.12.2016	4 180		x	

ASSETS MEASURED/DISCLOSED AT FAIR VALUE	DATE OF VALUATION	31.12.2017	LEVEL 1	LEVEL 2	LEVEL 3
Derivative financial assets	31.12.2017	7 335		x	

CARRYING AMOUNT LIABILITIES MEASURED/DISCLOSED AT FAIR VALUE	DATE OF VALUATION	31.12.2016	LEVEL 1	LEVEL 2	LEVEL 3
Interest-bearing loans and borrowings	31.12.2016	177 175			x

LIABILITIES MEASURED/DISCLOSED AT FAIR VALUE	DATE OF VALUATION	31.12.2017	LEVEL 1	LEVEL 2	LEVEL 3
Interest-bearing loans and borrowings	31.12.2017	783 377			x
Derivative financial liabilities		32 476		x	

The table above discloses information about all assets and liabilities that are measured at fair value.

There were no transfers between the levels during 2017 or 2016.

Fair value of financial instruments

Below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments.

The management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Commodity put options are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include observable inputs and use of present value calculations (hierarchy level 2). The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, oil price spot and forward rates and interest rate curves and forward rate curves of the underlying commodity (oil). All derivative contracts are fully cash collateralised, thereby eliminating both counterparty risk and the Group's own non-performance risk. As at 31 December 2017, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on measurement of financial instruments recognised at fair value. The fair value calculations are made by the Group's respective bank relations.

The fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF-method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. Point Resources' own non-performance risk as at 31 December 2017 was assessed to be insignificant.

	31.12.2017		31.12.2016	
USD 1 000	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial assets				
Trade and other receivables	**381 375**	**381 375**	108 009	108 009
Derivative financial assets	**7 335**	**7 335**	4 180	4 180
Cash and short-term deposits	**282 631**	**282 631**	108 699	108 699
Financial liabilities				
Interest-bearing loans and borrowings	**783 377**	**783 377**	177 175	177 175
Accounts payable and accrued liabilities	**79 032**	**79 032**	39 815	39 815

Section 6 Tax

6.1. Tax

Accounting policy - Tax

Income tax in the statement of income comprises of current and deferred tax expense. Income tax is recognised in the statement of income except when it relates to items recognised in OCI. Current tax consists of the expected tax payable on the taxable income for the year and any adjustment to tax payable for previous years.

Uncertain tax positions and potential tax exposures are analysed individually. The best estimate of the probable amount for liabilities to be paid (unpaid potential tax exposure amounts, including penalties) and for assets to be received (disputed tax positions for which payment has already been made) in each case is recognised within current tax or deferred tax as appropriate.

A tax-free allowance (uplift) of 5.5 percent per year is granted on the basis of capitalised cost on offshore production installations on NCS. The uplift is deductible from petroleum taxable income over a period of four years from the year the cost incurred. Uplift benefit on the NCS is recognised when the deduction is included in the current year tax return and impacts taxes payable. Unused uplift may be carried forward indefinitely.

Production installations can be depreciated linearly over six years. Depreciation can start as expenses are incurred. Any remaining cost may be deducted in the final year at the end of production.

Interest income and interest expenses relating to tax issues are estimated and recognised in the period in which they are earned or incurred and are presented within Net financial items in the statement of income.

USD 1 000	2017	2016
Current income tax expense in respect of current year	-17 660	86 231
Prior period adjustment	-314	-382
Current income tax expense	-17 975	85 848
Origination and reversal of temporary differences	41 772	15 879
Change in tax regulations		405
Prior period adjustments	-119	2 308
Deferred tax expense	41 653	18 592
Income tax expense	23 679	104 441

Reconciliation of nominal statutory tax rate to effective tax rate:

USD 1 000	2017	2016
Income before tax	-43 215	-147 753
Calculated income tax at statutory rate	10 372	36 939
Calculated Norwegian Petroleum tax	33 491	79 113
Tax effect uplift	27 512	7 229
Tax effect of permanent differences	-11 052	-13 833
Tax effect of finance income/expense	-35 061	-8 792
Change in unrecognised deferred tax assets	-1 413	1 453
Change in tax regulations	275	405
Prior period adjustments	-445	1 925
Other items including currency effects	-	2
Income tax expense	23 679	104 441
Effective tax rate	55 %	70 %

USD 1 000	2017	2016
Taxes payable / Refund payable tax	-24 079	83 999
Current income tax expense in respect of current year	-17 660	86 231
Currency effects	440	-2 232
Tax payable (Point Resources FPSO AS) before 1 November 2017 [1)]	-6 859	-
Total taxes payable / Refund payable tax	-24 079	83 999

1) For accounting purposes the income statement reflects the acquired operation from ExxonMobil from 1 November 2018. For tax and economic purposes, the effective date was 1 January 2017.

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. The amount of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable income will be available against which the asset can be utilised.

Companies operating on the NCS 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.

Deferred tax assets and liabilities are offset to the extent that the deferred taxes relate to the same fiscal authority, and there is a legally enforceable right to offset current tax assets against current tax liabilities. After netting deferred tax assets and liabilities by fiscal entity, deferred taxes are presented on the balance sheet as follows:

Deferred tax assets are recognised based on the expectation that sufficient taxable income will be available through reversal of taxable temporary differences or future taxable income.

Deferred tax assets and liabilities

USD 1 000	TAX LOSSES CARRIED FORWARD	PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	ASSET REMOVAL OBLIGATION AND OTHER OBLIGATIONS	UPLIFT	DERIVA-TIVES	OTHER	TOTAL
Deferred tax at 31.12.2017							
Deferred tax assets	2 476	-	664 627	-	-	809	**667 912**
Deferred tax liabilities	-	-843 228	-	-	5 529	-66 008	**-903 707**
Total asset (liabilities) at 31.12.2017	2 476	-843 228	664 627	-	5 529	-65 199	**-235 796**
Deferred tax assets allowance	-2 081						**-2 081**
Net asset (liabilities) at 31.12.2017	395	-843 228	664 627	-	5 529	-65 199	**-237 876**
Deferred tax at 31.12.2016							
Deferred tax assets	20 091	-	71 351	33 314	-	-	**124 756**
Deferred tax liabilities	-	-250 411	-	-	-501	-685	**-251 597**
Total asset (liabilities) at 31.12.2016	20 091	-250 411	71 351	33 314	-501	-685	**-126 841**
Deferred tax assets allowance	-966						**-966**
Net asset (liabilities) at 31.12.2016	19 125	-250 411	71 351	33 314	-501	-685	**-127 808**

USD 1 000	2017	2016
Changes in net deferred tax liability during the year were as follows:		
Net deferred tax liability at 1 January	127 807	142 963
Charged (credited) to the statement of income	-41 653	-18 592
Against equity (Point Resources AS)	139 809	-
Translation differences and other	11 914	3 436
Net deferred tax liability at 31 December 2017	237 876	127 808

USD 1 000	31.12.2017	31.12.2016
Deferred tax assets	809	-
Deferred tax liabilities	-238 685	-127 808
Net deferred tax liability at 31 December 2017	-237 876	-127 808

Section 7 Staff costs and remuneration

7.1. Staff costs and remuneration

Pensions

The Group 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").

The scheme is 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.

USD 1 000	31.12.2017	31.12.2016
Salary expenses	20 244	18 028
Employer's payroll tax expenses	3 179	2 732
Pensions	1 650	1 569
Other personnel expenses	496	390
Total salaries and social expenses	25 569	22 719
Of this:		
Personnel expenses reclassified to exploration	12 070	18 994
Personnel expenses reclassified to development	1 271	-
Personnel expenses reclassified to cost of sales	11 962	2 733
Personnel expenses reclassified as G&A	266	992
Number of FTE's	106	63
Total headcount	358	57

7.2. Management remuneration

The Group Chief Excecutive Officer (CEO) is part of the Group's ordinary bonus scheme and also have the right to severance payment if the Group terminates the employment. The Group CEO is entitled to a severance payment consisting of an agreed one time payment plus ordinary salary for the remaining of his three year terms. The management takes part in the general pension scheme described in the pension note.

The management takes part in the general pension scheme described in the pension note.

No loans have been granted and no guarantees have been issued to CEO or any member of the Board of Directors.

The chairman of the board, Jan Harald Solstad, stepped in as acting Group CEO in November 2016 while employed in HitecVision. No compensation was paid from the Group in 2016. In 2017 the Group paid USD 446 thousand as compensation to HitecVision from 1 January - 31 October.

As part of the transaction with ExxonMobil in 2017 Morten Mauritzen was appointed as new Group CEO in November 2017.

Compensation to Chief Excecutive Officer (CEO)

USD 1 000

2017	SALARY	BONUS	PENSION COST	OTHER COMPENSATION	TOTAL REMUNERATION
Morten Mauritzen (1 November -)	105	-	3	3	111
Total remuneration	105	-	3	3	111

2016	SALARY	BONUS	PENSION COST	OTHER COMPENSATION	TOTAL REMUNERATION
Former CEO	411	190	26	11	638
Total remuneration	411	190	26	11	638

Remuneration to Board of Directors

USD 1 000	31.12.2017	31.12.2016
Liv Marit Lundby (Chairman)	-	-
Ole Ertvaag	-	-
Pål Magnus Reed	-	-
Total compensation to Board of Directors	-	-

Section 8 Other disclosure

8.1. Subsequent events

In January 2018, the Group was awarded ten new licences in the APA 2017 licensing round. In two of the licences Point Resources was appointed operatorship.

2 March 2018, the Norwegian Petroleum Directorate announced an oil discovery in production licence 340. Preliminary estimates indicate that the size of the discovery is between 5 and 10 million standard cubic meters (Sm3) of recoverable oil. The licencees will consider a tie-in of the discovery to the existing infrastructure in the Alvheim area. Point Resources AS has a 20 per cent participating interest.

13 March 2018, Point Resources AS successfully completed a senior unsecured bond issue of USD 250 million with maturity in September 2024.

On 5 April, the Ministry of Petroleum and Energy approved the plan for development and operation (PDO) for the Fenja field (PL586) in the Norwegian Sea. The Group has 45 percent ownership interest in the field.

8.2. Reserves (un-audited)

The following table reflects the Group's net entitlement proven and probable reserves.

MILLION BOE	BALDER/ RINGHORNE	RINGHORNE ØST	BRAGE	BØYLA	BAUGE/ HYME	SNORRE	FENJA	TOTAL RESERVES
Opening balance 1 January 2016	-	-	5.7	3.4	3.1	4.5	-	**16.7**
Production	-	-	-0.7	-0.9	-0.4	-0.4	-	**-2.4**
Revisions and reclassifications	-	-	-1.5	0.1	-0.3	0.7	-	**-1.0**
Aqusitions or sales	-	-	-	-	-	-	-	**-**
Increased oil recovery	-	-	0.7	-	-	-	-	**0.7**
Discoveries	-	-	-	-	-	-	-	**-**
31 December 2016	-	-	4.1	2.7	2.4	4.8	-	**14.0**
Production	-2.1	-0.4	-0.4	-0.5	-	-0.3	-	**-3.7**
Revisions and reclassifications	-	-	0.4	-0.5	12.9	1.8	42.8	**57.4**
Additions through business combinations	101.9	23.8	-	-	-	-	-	**125.7**
Aqusitions or sales	-	-	-	-	-	-	-	**-**
Increased oil recovery	-	-	0.2	-	-	-	-	**0.2**
Discoveries	-	-	-	-	-	-	-	**-**
31 December 2017	99.8	23.4	4.3	1.7	15.3	6.3	42.8	**193.6**

During 2017 the Fenja field (42.7 million boe) was reclassified from 2C (Contingent Resources) to 2P (Probable reserves).

Production on Balder, Ringhorne and Ringhorne Øst where 13.3 million boe before the business combination and is not reflected in the table above. For more information on the business combination see note 2.1. If the transaction with ExxonMobil had occurred 1 January 2017, total production for the Group would have been 17 million boe.

At year-end the reserves (2P) and contingent resources (2C) were 369 million barrels of oil equivalent.

As discussed in the accounting principles, estimation of oil and gas reserves and resources involves uncertainty. The figures above represent management's best judgement of the most likely quantity of economically recoverable oil and gas estimated at year-end 2017, given the information at the time of reporting. The estimates have a large spread especially for fields for which there is limited data available. The uncertainty will be reduced as more information becomes available through production history and reservoir appraisal. In addition, for fields in the decline phase with limited remaining volumes, fluctuations in oil prices will have a significant impact on the profitability and hence the economic cut-off for production.

8.3. Related parties

Balances with related parties

USD 1 000		31.12.2017	31.12.2016
Pure E&P AS	Receivables/Liabilities (-)	88	9
Rocksource Gulf of Mexico Corp	Receivables/Liabilities (-)	1	5
Oere Invest & Consulting AS	Management consultancy	-	-
Redrock Energy Ltd	Management consultancy	-	-
Spike Exploration AS	Receivables/Liabilities (-)	12	
Spike Exploration UK	Receivables/Liabilities (-)	5	
Core Energy Holding	Receivables/Liabilities (-)	91	
Pure E&P Holding AS	Receivables/Liabilities (-)	284	
Geotech Software Solutions AS	Receivables/Liabilities (-)	2	
Rocksource Gulf of Mexico AS	Receivables/Liabilities (-)	6	
CE Investment AS	Receivables/Liabilities (-)	12	

Transactions with related parties

USD 1 000		2017	2016
Pure E&P AS	Man hour	-	34
Rocksource Gulf of Mexico Corp	Man hour	36	38
Spike Exploration UK Ltd [1]	Man hour	-	148
Oere Invest & Consulting AS	Management consultancy	159	151
Redrock Energy Ltd	Management consultancy	218	88
HitecVision AS	Advisory and negotiation fees	-2 008	-441

1) Receivable from Spike Exploration UK Ltd was impaired by kUSD 4 071 in 2016.

Borrowing facility - group companies

Point Resources AS have a borrowing facility from Point Resources Holding (USD 248 million as of 31 December 2017). In addition, Point Resources AS has additional USD 159 million in accessible borrowing facility from the Company if certain conditions are met.

Pledged securities

The Company's shares in Point Resources AS been pledged as security for the borrowing base facility held by Point Resources AS.

Other agreements

Point Resources Holding AS has entered an back-to-back agreement with Pure E&P AS, of wich the Company assumes the financial interest of the operation of Pure E&P AS. As of 31 December 2017, no provision is recored. For more information refer to Note 4.3.

INVESTMENT IN SHARES		OWNERSHIP PERCENTAGE		CARRYING AMOUNT	
USD 1 000	BUSINESS LOCATION	2017	2016	2017	2016
Pure E&P Holding AS	Oslo, Norway	0.4 %	-	2 008	-
Total investment in shares				2 008	-

The shares listed above are not consolidated in the Group financial statements and are measured at cost. For more information on the valuation techniques see note 5.1.

8.4. Licences and joint arrangements

Accounting policy – Joint arrangements

The Group undertakes a number of business activities through joint arrangements and unincorporated cooperation arrangements. According to IFRS 11 a joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement which exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. For unincorporated cooperation arrangements various voting rules not necessarily requiring unanimous consent apply.

Joint operations and unincorporated cooperation arrangements

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement also have rights to the assets and obligations for the liabilities, relating to the arrangement. Licences that are unincorporated cooperation agreements are outside of scope of IFRS 11, but the accounting is generally the same.

In relation to its interests in joint operations and unincorporated cooperation agreements, the Group recognises its share of assets, liabilities, revenue, expenses and cash flow on a line-by-line basis in the financial statements.

Point Resources' portfolio of licences

Point Resources have investments in licences on NCS and most of its licences are considered to be joint operations. Point Resources is required to participate in the approved work programs for the licences, and does have joint responsibility for the obligations of its joint operations.

A list of all Point Resources' licences is given below, divided in fields in operation and fields not yet in operation.

LICENCE	WI %	OPERATOR	PHASE
PL001/CS	100.0 %	Point Resources	Production
PL027/B/C/FS	100.0 %	Point Resources	Production
PL028/S	100.0 %	Point Resources	Production
PL053B	12.3 %	Wintershall	Production
PL055/B/D	12.3 %	Wintershall	Production
PL057	4.9 %	Statoil	Production
PL107/B/D	5.0 %	Statoil	Development
PL169E	13.0 %	Statoil	Production
PL185	12.3 %	Wintershall	Production
PL340/BS	20.0 %	Aker BP	Production
PL348/B	17.5 %	Statoil	Prod / Development
PL375	20.0 %	Suncor	Exploration
PL554/B/C	30.0 %	Total	Exploration
PL586	45.0 %	VNG	Development
PL740/B/C	50.0 %	Faroe	Exploration
PL746 S	40.0 %	Point Resources	Exploration
PL775/B	20.0 %	ConocoPhilips	Exploration
PL777/B/C/D	20.0 %	Aker BP	Exploration
PL784	20.0 %	Aker BP	Exploration
PL796	20.0 %	Statoil	Exploration
PL819	40.0 %	Suncor	Exploration
PL821B	40.0 %	Aker BP	Exploration
PL822S	40.0 %	Aker BP	Exploration
PL824	40.0 %	Point Resources	Exploration
PL826	40.0 %	Point Resources	Exploration
PL833	30.0 %	Statoil	Exploration
PL834	30.0 %	Statoil	Exploration
PL835	40.0 %	Statoil	Exploration
PL843	20.0 %	Aker BP	Exploration
PL869	20.0 %	Aker BP	Exploration

Licences relinquished/sold in 2017

LICENCE	WI %	OPERATOR	PHASE	STATUS
PL103B	100.0 %	Point Resources	Exploration	Relinquished
PL226	20.0 %	Eni	Exploration	Relinquished
PL226/ B	20.0 %	Eni	Exploration	Relinquished
PL528	10.0 %	Centrica	Exploration	Farm out
PL528B	10.0 %	Centrica	Exploration	Farm out
PL610	12.5 %	Engie	Exploration	Relinquished
PL659	15.0 %	Aker BP	Exploration	Farm out
PL708	10.0 %	Lundin	Exploration	Relinquished
PL716	10.0 %	Eni	Exploration	Relinquished
PL717	20.0 %	Eni	Exploration	Relinquished
PL791	50.0 %	Point Resources	Exploration	Relinquished
PL797	25.0 %	Lotos	Exploration	Relinquished

8.5. Earnings per share

Accounting policy - Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

USD 1 000	2017	2016
Profit attributable to ordinary equity holders	-19 535	-44 454
Profit attributable to ordinary equity holders for basic earnings	-19 535	-44 454
Interest on convertible preference shares	-	-
Profit attributable to ordinary equity holders adjusted for the effect of dilution	-19 535	-44 454

NUMBER OF SHARES	2017	2016
Weighted average number of ordinary shares for basic EPS [1)]	44 165 537	6 723 254
Effects of dilution from:		
Share options	-	-
Convertible preference shares	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution [1)]	44 165 537	6 723 254

1) The weighted average number of shares takes into account the weighted average effect of changes in shares during 2016 and 2017.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

As Point Resources does not have any share options or convertible preference shares as of 31 December 2017 there are no differences between basic and diluted EPS.

8.6. Net profit Interest

Accounting policy - Net profit interest

The Norwegian state has large holdings in oil and gas licences on Norway's continental shelf (NCS) through the State's Direct Financial Interest (SDFI). The Balder, Ringhorne and Ringhorne Øst fields are subject to a Net profit interest ("NPI") as these fields are located on some of the first licences issued on the NCS. SDFI receive a share of the net profit of the few fields in Norway subject to such agreements. Petoro is a state-owned limited company which manages the SDFI in the Norwegian oil and gas sector.

The net profit interest is calculated based quarterly cash flows. Losses in a quarter can be offset against profits in subsequent quarters. NPI related to abandonment costs incurred after cessation of production will be refunded by Petoro.

LICENCE	NET PROFIT INTEREST TO PETORO
PL027	17.50 %
PL028	17.50 %

USD 1 000	2017	2016
PL027	1 987	-
PL028	523	-
Cost of Net profit licences	2 510	-

Point Resources Holding AS Alternative Performance Measures

Point Resources discloses alternative performance measures (APM) as part of its financial statements prepared in accordance with IFRS. These performance measures are used in the Company's internal reporting as well as by analysts, investors and other interested parties. The disclosures of these APM's are meant to provide insight into the operation and future prospect of the Company.

Definitions of the performance measures are provided in the table below:

	2017	2016
Equity APMs		
Earnings per share	-0.44	-6.44
Earnings per share fully diluted	-0.44	-6.44
Equity ratio	22 %	36 %
Operating APMs		
EBIT	-31 461	-126 435
EBITDAX	93 871	61 051
Direct production cost (boe)	10.0	6.7
Transportation cost (boe)	0.9	2.3
Amortisation and depreciation (boe)	19.7	26.1
General and administation cost (boe)	2.3	5.4
Other APMs		
Net cash flow on acquisition	-635 541	-
Net debt	508 771	12 282
Total capital	3 010 869	702 467
Capital and net debt	1 165 022	265 651
Gearing ratio	54 %	41 %

Earnings per share: Net result attributable to shareholders of the Parent Company divided by the weighted average number of shares for the year.

Earnings per share fully diluted: Net result attributable to shareholders of the Parent Company divided by the weighted average number of shares for the year considering any dilution effect.

EBIT: Operating profit before interest, other financial items and taxes.

EBITDAX: Operating profit before interest, other financial items, taxes, impairment costs, depreciation and exploration costs

Equity ratio: Total equity divided by total assets

Net debt: Cash and cash equivalents subtracting short and longterm debt.

Direct production cost (boe): Lifting costs divided by the number of produced barrels of oil equivalents

Transportation cost (boe): The expense of moving oil and gas products divided by the number of produced barrels of oil equivalents

Amortisation and depreciation (boe): Total amortisation and depreciation divided by the number of produced barrels of oil equivalents

General and administration cost (boe): Total general and administrative expenses divided by the number of produced barrels of oil equivalents

Net cash flow on acquisition: The net result between cash paid for the acquisition and cash acquired in the transaction

Gearing Ratio: The interest bearing loans and borrowings divided on the sum of equity and interest bearing loans and borrowings

Capital and net debt: The sum of net debt and equity in the Company

Financial Statements Point Resources Holding AS (Parent Company)

Content

Statements of comprehensive income **57**

Statements of financial position **58**

Statements of financial position **59**

Statements of equity **60**

Statements of cash flow **61**

Section 1 Background information **62**

1.1. Corporate information 62
1.2. Basis for preparation 62
1.3. General accounting principles 63
1.4. Standards and amendments issued but not yet effective 63
1.5. Transition note 63

Section 2 Operating performance **64**

2.1. General and administrative expenses 64

Section 3 Special items and provisions **64**

3.1. Commitments and contingencies 64

Section 4 Financial instruments, capital structure and equity **65**

4.1. Share capital 65
4.2. Accounts and other payables 65
4.3. Cash and cash equivalents 66
4.4. Trade and other receivables 66
4.5. Financial income and financial expenses 67
4.6. Provisions for other liabilities 67

Section 5 Tax **68**

5.1. Tax 68

Section 6 Other disclosure **70**

6.1. Subsequent events 70
6.2. Related parties 70
6.3. Shares in subsidiaries 71

Statements of comprehensive income

1 January - 31 December

USD 1 000	NOTES	2017	2016
General and administrative expenses	2.1	-88	-1
Operating profit/(loss) (EBIT)		-88	-1
Finance income	4.5	16 152	2 210
Finance costs	4.5	-	-692
Profit/(loss) before income taxes		16 064	1 517
Income tax expenses	5.1	-3 797	-377
Profit/(loss) for the year		12 267	1 140
Items that may be reclassified subsequently to income statement:			
Currency translation differences		27 005	-9 553
Income tax relating to items that may be reclassified		-	-
Total comprehensive income/(loss)		39 272	-8 413

Statements of financial position

USD 1 000	NOTES	31.12.2017	31.12.2016
ASSETS			
Non-current assets			
Financial assets			
Shares in subsidiaries	6.3	325 206	253 715
Loans to group companies	6.2	248 043	-
Total non-current assets		573 249	253 715
Current assets			
Trade and other receivables	4.4	394	543
Cash and short term deposits	4.3	159 566	31 991
Total current assets		159 959	32 535
TOTAL ASSETS		733 208	286 250

Statements of financial position

USD 1 000	NOTES	31.12.2017	31.12.2016
EQUITY AND LIABILITIES			
Equity			
Share capital	4.1	**2 010**	1 263
Share premium		**687 158**	291 500
Other equity		**30 859**	-8 413
Total equity		**720 028**	284 350
Non-current liabilities			
Deferred tax liabilities	5.1	**1 354**	-
Total non-current liabilities		**1 354**	-
Current liabilities			
Accounts payable and accrued liabilities	4.4	**2 375**	389
Taxes payable	5.1	**300**	-
Other current liabilities	4.6	**9 151**	1 510
Total current liabilities		**11 827**	1 899
Total liabilities		**13 180**	1 899
TOTAL EQUITY AND LIABILITIES		**733 208**	286 250

Oslo, 27 April 2018
The Board of Directors of Point Resources Holding AS

Liv Marit Lundby
Chairman

Thomas Bjørgo
CEO

Ole Ertvaag
Board member

Pål Magnus Reed
Board member

Statements of equity

USD 1 000	NOTE	SHARE CAPITAL	SHARE PREMIUM	OTHER EQUITY (Other equity)	OTHER EQUITY (Translation differences)	OTHER EQUITY (Retained earnings (loss))	TOTAL EQUITY
Balance at 1 January 2016		3	-	-	-	0	**3**
Profit/(loss) for the year		-	-	-	-	1 140	**1 140**
Other comprehensive income/(loss)		-	-	-	-9 553	-	**-9 553**
Total comprehensive income (loss)		-	-	-	-9 553	1 140	**-8 413**
Issue of share capital		1 260	291 500	-	-	-	**292 760**
Dividends paid		-	-	-	-	-	**-**
Balance at 31 December 2016		1 263	291 500	-	-9 553	1 140	**284 350**
Balance at 1 January 2017		1 263	291 500	-	-9 553	1 140	**284 350**
Profit/(loss) for the year		-	-	-	-	12 267	**12 267**
Other comprehensive income/(loss)		-	-	-	27 005	-	**27 005**
Total comprehensive income (loss)		-	-	-	27 005	12 267	**39 272**
Issue of share capital		747	395 658	-	-	-	**396 405**
Group contribution		-	-	-	-	-	**-**
Dividends paid		-	-	-	-	-	**-**
Balance at 31 December 2017		2 010	687 158	-	17 453	13 407	**720 028**

Statements of cash flow

1 January - 31 December

USD 1 000	NOTES	2017	2016
Cash flows from operating activities			
Profit/(Loss) before income taxes		16 064	1 517
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation, depletion and amortisation		-	-
Other non-cash income and expenses		-24 085	-3 047
Add: Finance expense (disclosed in financing activities)		-	-
Finance income (disclosed in investing activities)	4.5	-2 113	-141
Working capital adjustments:			
Change in trade and other receivables	4.4	150	-543
Change in inventories		-	-
Change in accounts and other payables	4.2	1 986	389
Change in provisions and other accruals		7 641	1 510
Income tax received/(paid)		-	-
Net cash flows from operating activities		-357	-315
Cash flows from investing activities			
Expenditures on other property, plant and equipment		-	-
Expenditures on goodwill and other intangible assets		-	-
Investments in subsidiaries	6.3	-50 000	-67 838
Loans and borrowings to subsidiaries	6.2	-246 000	
Business combination		-	-
Interest received	4.5	2 113	141
Net cash used in investing activities		-293 887	-67 697
Cash flow from financing activities			
Proceeds from issuance of shares	4.1	423 000	100 000
Group contribution		-1 181	-
Payments of loan and borrowings		-	-
Cash acquired in business acquisitions		-	-
Interest paid		-	-
Net cash used in financing activities		421 819	100 000
Increase/(decrease) in cash		127 575	31 988
Cash and cash equivalents, beginning of period		31 991	3
Cash and cash equivalents, end of period		159 566	31 991

Section 1 Background information

1.1. Corporate information

The financial statements of Point Resources Holding AS ("the Company" or "Point Resources") for the year ended 31 December 2017 were authorised for issue in accordance with a Board resolution on 27 April 2018. Point Resources Holding AS is a limited liability company incorporated and domiciled in Norway and the Company's shares are privately held. The Company's head office is located at Grenseveien 6, 4313 Sandnes, Norway.

Point Resources Holding AS is a holding company of Point Resources AS, a mid-sized, independent exploration and production (E&P) company with a diverse portfolio of production, development and exploration assets on the Norwegian Continental Shelf (NCS).

On 1 November 2017, Point Resources AS acquired ExxonMobil's operated upstream business in Norway from ExxonMobil Exploration and Production Norway AS. The acquisition included a transfer of the majority of ExxonMobil's offshore and onshore E&P staff in Norway; a significant package of operated producing assets on the Norwegian Continental Shelf; field assets such as platforms and Floating Production Storage and Offloading vessels (FPSOs); as well as the Company's office building in Sandnes. More detailed information is included in note 2.1 in the Group's Consolidated Financial Statements.

1.2. Basis for preparation

The Company's financial statements consist of statements of comprehensive income, statements of financial position, statements of cash flows, statements of changes in equity and related notes. The financial statements have been prepared in accordance with section 3-9 of the Norwegian Accounting Act and the Regulation on Simplified IFRS as set out by the Ministry of Finance on 3 November 2014. Meaning that recognition and measurement are in accordance with International Financial Reporting Standards (IFRS) and presentation and disclosure is in accordance with Norwegian Accounting Act. The annual accounts have been approved by the Company's board of directors.

For all periods up to and including the year ending 31 December 2016, the Company prepared its accounts in accordance with Norwegian GAAP. The accounts for the year ended 31 December 2017 are the first the Company have prepared in accordance with the Regulation on simplified IFRS. See Note 1.5 for information on how the Company has adopted IFRS.

The financial statements are prepared based on the going concern assumption.

The financial statements are presented in USD and all values are rounded to the nearest thousand (000) except when otherwise indicated. The parent company's functional currency is NOK. The Company has chosen to present its financial statements in USD, as this is a commonly used presentation currency among oil and gas companies.

Transactions in foreign currencies are initially recorded at the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using spot rates of exchange at the reporting date. Items within total comprehensive income are translated from functional currency to presentation currency by use of average exchange rates for each month.

1.3. General accounting principles

Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affecting future periods. The Company bases its assumptions and estimates on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances that are beyond the control of the Company. Such changes are reflected in the assumptions as they occur.

Valuation and classification of assets and liabilities

Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Financially motivated investments in shares are classified as current assets, while strategic investments are classified as non-current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

Current assets are valued at the lower of historical cost and fair value. Fixed assets are carried at historical cost, but are written down to their recoverable amount if this is lower than the carrying amount and the reduction in value is expected to be permanent. Fixed assets with a limited economic life are depreciated in accordance with a reasonable depreciation schedule.

1.4. Standards and amendments issued but not yet effective

Refer to Note 1.5 in the Consolidated Financial Statements disclosing information of standards and amendments issued but not yet effective.

1.5. Transition note

As a the Company decided to change their accounting language from NGAAP to the Regulation on Simplified IFRS (2014), this implies individual changes of principles. The change from NGAAP to simplified IFRS will not have any effect on the Companys financial statemens as the recognicion of the initial numbers are in coherance with the regulation given in IFRS.

Deviations from IFRS:

IAS 10 No. 12 and 13, IAS 18 No. 30 and IFRIC 17 No. 10 are waived so that dividends and group contributions are accounted for in accordance with the provisions of the Accounting Act.

Section 2 Operating performance

2.1. General and administrative expenses

Accounting policy - General and administrative expenses
In principle, general and administrative expenses are recognised in the same period as the revenue to which they relate. In instances where there is no clear connection between the expense and revenue, the apportionment is estimated. Other exceptions to the matching criteria are disclosed where appropriate.

USD 1 000	NOTE	31.12.2017	31.12.2016
Consulting, legal and audit fees		87	1
Other general and administrative expenses		1	0
Total general and administrative expenses		88	1

No compensation has been paid, no loans have been granted and no guarantees have been issued to any member of the Board of Directors.

The CEO is formally employed in the subsidiary Point Resources AS, and he has not received compensation for his role as CEO in the Company.

USD 1 000	NOTE	31.12.2017	31.12.2016
Audit fee		3	-
Tax advisory services		-	-
Attestation services		-	-
Other advisory services		-	-
Total auditor's fees		3	-

Auditor fees are presented net of VAT.

Section 3 Special items and provisions

3.1. Commitments and contingencies

Refer to Note 4.3 in the Consolidated Financial Statements disclosing information of the Company's commitments and contingencies.

Section 4 Financial instruments, capital structure and equity

4.1. Share capital

The share capital in the Company at 31 December 2017 consists of common shares. In 2017 all shares were converted to one class from Commom shares A which was weighted 35 percent, common shares B weighted 32 percent and common shares C weighted 33 percent.

AMOUNT IN USD	NUMBER OF SHARES	NOMINAL AMOUNT ORDINARY SHARES	TOTAL SHARE CAPITAL
At 1 January 2016	30	3 406	**3 406**
Capital decrease	-30	-3 406	**-3 406**
Capital increase	10 535 512	1 263 226	**1 263 226**
At 31 December 2016	10 535 512	1 263 226	**1 263 226**

AMOUNT IN USD	NUMBER OF SHARES	NOMINAL AMOUNT ORDINARY SHARES	TOTAL SHARE CAPITAL
At 1 January 2017	10 535 512	1 263 226	**1 263 226**
Capital increase	154 634 963	747 218	**747 218**
At 31 December 2017	165 170 475	2 010 444	**2 010 444**

THE COMPANY'S SHAREHOLDERS AT 31.12.2017	SHARES	OWNERSHIP INTEREST
Core Energy Holding AS	47 816 220	29 %
Spike Exploration AS	43 717 680	26 %
Pure E&P AS	45 083 850	27 %
HV Momentum Co-invest AS	28 552 725	17 %
Total number of shares	165 170 475	100 %

No ordinary or extraordinary dividend was distributed in 2017.

Reconciliation of equity is shown in the statement of changes in equity.

4.2. Accounts and other payables

Accounting policy - Accounts and other payables

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms
- Other payables are non-interest bearing and have an average term of six months
- Payables and accruals to a joint operations partner mainly represent joint expenses that were paid by the joint operations partner, which are non-interest bearing and are normally settled on a 30-day terms

USD 1000	31.12.2017	31.12.2016
Trade creditors	**388**	390
Trade creditors group companies	**1 987**	-
VAT payable	**-**	-1
Total Accounts and other payables	**2 375**	389

4.3. Cash and cash equivalents

Accounting policy - Cash and short-term deposits

Cash and short-term deposits comprises cash at banks and short-term deposits with a maturity of three months or less. Cash and short-term deposits exclude restricted cash, which is not available for use by the Company and therefore is not considered highly liquid.

USD 1000	31.12.2017	31.12.2016
Bank deposits, unrestricted	159 566	31 991
Bank deposit, restricted, employee taxes	-	-
Bank deposits, restricted, office rental deposit	-	-
Bank deposits, restricted, other	-	-
Total bank deposits	159 566	31 991

4.4. Trade and other receivables

Accounting policy - Trade and other receivables

Trade receivables and other receivables are carried at face value less an allowance for expected losses.

Trade receivables are non-interest bearing and are generally on 30-day terms.

In determining the recoverability of a trade or other receivable, the Company performs a risk analysis considering the type and age of the outstanding receivable and the creditworthiness of the counterparties.

USD 1000	NOTE	31.12.2017	31.12.2016
Trade receivables		390	155
Other receivables		3	388
Total trade and other receivables		394	543

TRADE RECEIVABLES	TOTAL	NOT DUE	DUE
31.12.2017	390	390	-
31.12.2016	155	155	-

The Company has no impaired trade receivables in 2016 or 2017.

4.5. Financial income and financial expenses

Accounting policy - Financial income and expenses

Refer to Note 5.1 in the Consolidated Financial Statements disclosing accounting principles related to underlying financial instruments.

USD 1000	31.12.2017	31.12.2016
Interest income on bank accounts and receivables	2 113	141
Interest income on tax receivable	-	-
Net exchange rate gain	14 039	-
Other financial income	-	2 069
Financial income	16 152	2 210
Other financial expenses	-	-692
Financial expenses	-	-692
Net financial items	16 152	1 518

4.6. Provisions for other liabilities

Accounting policy - Financial income and expenses

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable 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.

USD 1000	31.12.2017	31.12.2016
Group contribution	9 141	1 499
Other	10	11
Total other current liabilities	9 151	1 510

Section 5 Tax

5.1. Tax

Accounting policy - Tax

Income tax in the statement of income comprises of current and deferred tax expense. Income tax is recognised in the statement of income except when it relates to items recognised in OCI. Current tax consists of the expected tax payable on the taxable income for the year and any adjustment to tax payable for previous years.

Uncertain tax positions and potential tax exposures are analysed individually. The best estimate of the probable amount for liabilities to be paid (unpaid potential tax exposure amounts, including penalties) and for assets to be received (disputed tax positions for which payment has already been made) in each case is recognised within current tax or deferred tax as appropriate.

USD 1 000	2017	2016
Current income tax expense	-2 461	-377
Prior period adjustment	-	-
Current income tax expense	-2 461	-377
Origination and reversal of temporary differences	-1 336	-
Change in tax regulations	-	-
Prior period adjustments	-	-
Deferred tax expense	-1 336	-
Income tax expense	-3 797	-377

Reconciliation of nominal statutory tax rate to effective tax rate:

USD 1 000	2017	2016
Income before tax	16 064	1 517
Calculated income tax at statutory rate	-3 855	-379
Change in tax regulations	58	-
Prior period adjustments	-	-
Permenant differences	-	2
Income tax expense	-3 797	-377
Effective tax rate	24 %	25 %

USD 1 000	2017	2016
Taxes payable / Refund payable tax	-300	-
Current income tax expense in respect of current year	-2 461	-377
Tax on group contribution	2 194	375
Currency effects	-33	2
Total taxes payable / Refund payable tax	-300	-

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. The amount of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable income will be available against which the asset can be utilised.

Deferred tax assets and liabilities are offset to the extent that the deferred taxes relate to the same fiscal authority, and there is a legally enforceable right to offset current tax assets against current tax liabilities. After netting deferred tax assets and liabilities by fiscal entity, deferred taxes are presented on the balance sheet as follows:

Deferred tax assets are recognised based on the expectation that sufficient taxable income will be available through reversal of taxable temporary differences or future taxable income.

Deferred tax assets and liabilities

USD 1 000	TAX LOSSES CARRIED FORWARD	OTHER	TOTAL
Deferred tax at 31.12.2017			
Deferred tax assets	-	-	-
Deferred tax liabilities	-1 354	-	**-1 354**
Total asset (liabilities) at 31.12.2017	-1 354	-	**-1 354**
Deferred tax assets allowance	-	-	-
Net asset (liabilities) at 31.12.2017	-1 354	-	**-1 354**
Deferred tax at 31.12.2016			
Deferred tax assets	-	-	-
Deferred tax liabilities	-	-	-
Total asset (liabilities) at 31.12.2016	-	-	-
Deferred tax assets allowance	-	-	-
Net asset (liabilities) at 31.12.2016	-	-	-

USD 1 000	2017
Changes in net deferred tax liability during the year were as follows:	
Net deferred tax liability at 1 January	-
Temporary differences on long term receivables	**-1 336**
Against equity (Point Resources AS)	-
Translation differences and other	-18
Net deferred tax liability at 31 December	**-1 354**

Section 6 Other disclosure

6.1. Subsequent events

In January 2018, Point Resources AS was awarded ten new licences in the APA 2017 licensing round. In two of the licences Point Resources was appointed operatorship.

2 March 2018, the Norwegian Petroleum Directorate announced an oil discovery in production licence 340. Preliminary estimates indicate that the size of the discovery is between 5 and 10 million standard cubic meters (Sm3) of recoverable oil. The licencees will consider a tie-in of the discovery to the existing infrastructure in the Alvheim area. Point Resources AS has a 20 per cent participating interest.

13 March 2018, Point Resources AS successfully completed a senior unsecured bond issue of USD 250 million with maturity in September 2024.

On 5 April, the Ministry of Petroleum and Energy approved the plan for development and operation (PDO) for the Fenja field (PL586) in the Norwegian Sea. Point Resources AS has 45 percent ownership interest in the field.

6.2. Related parties

Accounting policy - Related parties

Parties are related when 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.

Balances with related parties

USD 1 000		31.12.2017	31.12.2016
Point Resources AS	Receivables	339	155
Point Resources AS	Payables	3	388
Point Resources AS, other current liabilities	Payables	1 987	-
Point Resources AS	Group contribution	9 141	1 499

Transactions with related parties

USD 1 000		2017	2016
Point Resources AS	Purchase of services	-	-
Point Resources AS	Delivery of services	-	-

Long-term receivable - group companies

USD 1 000	2017	2016
Point Resources AS	248 043	-

Long-term receivable - group companies

Point Resources has a facility of USD 246 million with maturity date 31 December 2024. Drawdown at 31 December 2017 was USD 246 million. Interest rate for the facility is LIBOR 3 months + margin 3.0 percent p.a.

Pledged securities

The Company's shares in Point Resources AS has been pledged as security for the borrowing base facility held by Point Resources AS.

Other agreements

The Company has entered an back-to-back agreement with Pure E&P AS, of wich the Company assumes the financial interest of the operation of Pure E&P AS. As of 31 December 2017, no provision is recored. For more information refer to Note 4.3 in the Consolidated Financial Statements disclosing information of the Company's commitments and contingencies.

6.3. Shares in subsidiaries

Accounting policy - Shares in subsidiaries

Shares in subsidiaries are evaluated at the lower of cost or fair value. Any impairment losses or reversal of impairment losses, are recognised in the statements of comprehensive income. Subsidiaries and investments in associates are carried at cost in the parent company accounts. A write-down to fair value will be performed if the impairment is not considered to be temporary, and an impairment charge is deemed necessary according to generally accepted accounting principles. Shares in the subsidary PR Jotun DA that are indirectly owned by the Company is accounted for using the equity method.

Dividends and group contributions are recognised as other financial income.

		VOTING/OWNERSHIP		CARRYING AMOUNT		
NAME	BUSINESS LOCATION	2017	2016	31.12.2017	31.12.2016	DATE OF ACQUISITION
Point Resources AS	Oslo, Norway	100 %	100 %	325 206	253 715	25.05.2016

USD 1000	EQUITY LATEST FINANCIAL STATEMENTS	PROFIT/LOSS LATEST FINANCIAL STATEMENTS
Point Resources AS	252 362	-33 946

Deloitte AS
Strandsvingen 14 A
Postboks 287 Forus
NO-4066 Stavanger
Norway

Tel: +47 51 81 56 00
Fax: +47 51 81 56 01
www.deloitte.no

To the General Meeting of Point Resources Holding AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Point Resources Holding AS. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2017, and income statement, statement of comprehensive income, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2017 and income statement, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to § 3-9 of the Norwegian Accounting Act.
- The accompanying financial statements present fairly, in all material respects, the financial position of the group 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 the 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 and the Group 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 Director's 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

Deloitte AS and Deloitte Advokatfirma AS are the Norwegian affiliates of Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.no for a more detailed description of DTTL and its member firms.

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

© Deloitte AS

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 of the parent company in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and fair presentation of the financial statements of the group 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 and the Group'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 Group 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 and the Group'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 and the Group'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 and the Group to cease to continue as a going concern.

Deloitte.

- 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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 allocation of the profit 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 and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Stavanger, 27 April 2018
Deloitte AS

Ommund Skailand
State Authorised Public Accountant

Design and production **artbox.no**

pointresources.no