INDEPENDENT OIL & RESOURCES PLC

REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2022

INDEPENDENT OIL & RESOURCES PLC

REPORT AND FINANCIAL STATEMENTS
31 December 2022

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BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION

Board of Directors	Jan Egil Moe (Chairman) Anastasia Demosthenous (resigned on 24 February 2023) Robert Arnott Marios Tornaritis (appointed on 24 February 2023)
Company Secretary	Fidelius Management Services Ltd (resigned on 1 March 2023) Marios Tornaritis (appointed on 1 March 2023)
Independent Auditors	Ernst & Young Cyprus Limited Certified Public Accountants and Registered Auditors 27 Spyrou Kyprianou Ave., 4003 Mesa Yitonia Limassol Cyprus
Registered office	Spyrou Araouzou 37 Limassol 3036 Cyprus
Bankers:	Nordea Bank Bank of Cyprus Public Company Ltd
Registration number	HE319278

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Independent Oil & Resources Plc (the "Company") presents to the members its Report and audited financial statements of the Company for the year ended 31 December 2022.

Principal activity and nature of operations of the Company
The principal activity of the Company, which is unchanged from last year, is the holding and trading of investments.

Review of current position, performance of the Company's business and future developments
The Company's development to date, financial results and position as presented in the financial statements are not considered satisfactory and the Board of Directors is making an effort to reduce the Company's losses.

The Company expects to continue the same activities in the future.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Company are disclosed in notes 6 and 7 of the financial statements.

Results
The Company's results for the year are set out on page 7.

Dividends
The Board of Directors does not recommend the payment of a dividend.

Share capital
There were no changes in the share capital of the Company during the year under review.

Board of Directors
The members of the Company's Board of Directors as at 31 December 2022 and at the date of this report are presented on page 1. On 24 February 2023, Mrs. Anastasia Demosthenous resigned from the position of the director of the Company and on the same date Mr. Marios Tornaritis appointed as director of the Company.

In accordance with the Company's Articles of Association all Directors presently members of the Board retire and being eligible offer themselves for re-election.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 26 to the financial statements.

Independent Auditors
The independent auditors, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Jan Egil Moe
Director

Limassol, 8 June 2023

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Independent Auditor's Report

To the Members of Independent Oil & Resources Plc

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Independent Oil & Resources Plc (the "Company"), which are presented in pages 7 to 32 and comprise the statement of financial position as at 31 December 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters 1 and 2, and the effects of matter 3, described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Qualified Opinion

1. The Company's investment in Noco Oil & Resources Ltd ("Noco"), an associate company accounted for using the equity method (note 13), is carried at NOK 31.532.499 on the statement of financial position as at 31 December 2022, and the Company's share of net loss of NOK 3.323.938 is included in the Company's statement of profit or loss and other comprehensive income for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Company's investment in Noco as at 31 December 2022 due to the fact that Noco has not prepared audited consolidated financial statements for the year 2022, and therefore the equity accounting is based on the separate financial statements of Noco. Consequently, we are unable to determine whether any adjustments to these amounts were necessary. Our audit opinion for the year ended 31 December 2021 was qualified on the same grounds. The associate company was carried at NOK 31.190.929 on the statement of financial position as at 31 December 2021, and the Company's share of Noco's net profit of NOK 1.613.460 was included in the Company's statement of profit or loss and other comprehensive income for the year then ended, based on the separate financial statements of Noco.

2. The Company's investment in Epsis AS ("Epsis"), an associate company accounted for using the equity method (note 13), is carried at NOK nil on the statement of financial position as at 31 December 2022, and no share of net result for the Company's share was recognised in the Company's statement of profit or loss and other comprehensive income for the year then ended. An impairment charge of an amount of NOK 2.888.655 has been included in the Company's statement of profit or loss and other comprehensive income. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Company's investment in Epsis as at 31 December 2022 due to the fact that Epsis has not yet prepared its financial statements for the year 2022, and therefore we were not able to obtain sufficient audit evidence regarding its equity value recorded in the statement of financial position as at 31 December 2022 as well as to the amount of the impairment charge recognised for the year then ended. Consequently, we are unable to determine whether any adjustments to these amounts were necessary. Our audit opinion for the year ended 31 December 2021 was qualified on the same grounds. The associate company was carried at NOK 1.500.000 on the statement of financial position as at 31 December 2021, and the Company's share of Epsis's net loss of NOK 545.365 was included in the Company's statement of profit or loss and other comprehensive income for the year then ended.

3. The Company's derivative with carrying amount of NOK 210.000 as at 31 December 2022 is classified as a derivative financial liability at fair value through profit or loss on the statement of financial position as at 31 December 2022. The fair value of the Company's derivative as at 31 December 2022 has not been determined due to the fact that management has not prepared a valuation in accordance with the requirements of IFRS 9 Financial Instruments. Consequently, it was not practicable for us to determine the effects of this departure from the requirements of IFRS 9 on the statement of financial position as at 31 December 2022 and the statement of profit or loss and other comprehensive income for the year then ended.

We conducted our audit in accordance with 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 in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Except for the matters described in the Basis for Qualified Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for qualified opinion section above (matter 1 and 2), we were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Company's investment in Noco and the carrying amount of the Company's investment in Epsis as at 31 December 2022 and as at 31 December 2021. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters. In addition, as described in the Basis for Qualified Opinion section above (matter 3), it was not practicable for us to determine the effects from IFRS 9 departure related to the Company's derivative not carried at fair value as at 31 December 2022. Consequently, we have concluded that the other information is materially misstated with respect to the same matter.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors 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, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 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 the 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the management report, except for the possible effects from the matters 1 and 2, and the effects from the matter 3 described in the Basis for qualified opinion section above.

Building a better working world

Other Matters

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Kyriakos Christodoulou.

Kyriakos Christodoulou
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Limassol, 8 June 2023

INDEPENDENT OIL & RESOURCES PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
31 December 2022

	Note	**2022 NOK**	2021 NOK
Dividend income	18	**2.834.409**	1.318.970
Interest income	16	**2.553.303**	4.237.222
Fair value gains on financial assets at fair value through profit or loss	18	**301.107**	9.240.006
Impairment charge on financial assets	13	**(2.888.655)**	-
Reversal of expected credit losses on financial assets		**-**	349.278
Administration expenses	8	**(2.855.065)**	(2.587.049)
Operating (loss)/profit		**(54.901)**	12.558.427
Finance income	10	**3.529.694**	653.214
Finance costs	10	**(22.659)**	(21.784)
Share of results of associates after tax	13	**(10.258.020)**	(3.652.551)
(Loss)/profit before tax		**(6.805.886)**	9.537.306
Income tax	11	**(38.629)**	(88.905)
Net (loss)/profit for the year		**(6.844.515)**	9.448.401
Other comprehensive income			
Items that will not be classified subsequently to profit or loss:			
Changes in the fair value of equity investments designated at fair value through other comprehensive income	14	**2.150.530**	(6.657.475)
Net other comprehensive gain/(loss) that will not be reclassified to profit or loss in subsequent periods		**2.150.530**	(6.657.475)
Items that may be classified subsequently to profit or loss:			
Share of comprehensive loss from associates	13	**2.278.580**	(2.659.675)
Currency translation differences of associates	13	**19.773.413**	4.835.917
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**22.051.993**	2.176.242
Other comprehensive income/(loss) for the year		**24.202.523**	(4.481.233)
Total comprehensive income for the year		**17.358.008**	4.967.168
Basic and diluted (losses)/earnings attributable to equity holders (NOK per share)	**12**	**(0,09)**	0,14

The notes on pages 11 to 32 form an integral part of these financial statements.

INDEPENDENT OIL & RESOURCES PLC

STATEMENT OF FINANCIAL POSITION
31 December 2022

	Note	2022 NOK	2021 NOK
ASSETS			
Non-current assets			
Investments in associates	13	**178.499.800**	168.205.827
Equity investments designated at fair value through other comprehensive income	14	**28.711.228**	11.530.618
		207.211.028	179.736.445
Current assets			
Receivables	17	**131.331**	855
Other financial assets at amortised cost	16	**5.319.444**	22.788.018
Financial assets at fair value through profit or loss	18	**63.438.468**	65.377.556
Refundable taxes	22	**590.699**	493.578
Cash at bank	19	**64.311.292**	54.810.818
		133.791.234	143.470.825
Total assets		**341.002.262**	323.207.270
EQUITY AND LIABILITIES			
Equity			
Share capital	20	**74.053.211**	74.053.211
Share premium		**64.999.066**	64.999.066
Fair value reserve on equity instruments designated at fair value through other comprehensive income		**(5.647.707)**	(7.798.237)
Share capital redemption reserve		**51.079.817**	51.079.817
Translation reserve		**63.993.701**	44.220.288
Retained earnings		**91.747.823**	96.313.758
Total equity		**340.225.911**	322.867.903
Current liabilities			
Trade and other payables	21	**566.351**	339.367
Derivative financial instruments	15	**210.000**	-
		776.351	339.367
Total equity and liabilities		**341.002.262**	323.207.270

On 8 June 2023 the Board of Directors of Independent Oil & Resources Plc authorised these financial statements for issue.

....
Jan Egil Moe
Director

....
Robert Arnott
Director

The notes on pages 11 to 32 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
31 December 2022

	Note	Share capital NOK	Share premium NOK	Fair value reserve - Financial assets at fair value through other comprehensive income NOK	Share capital redemption reserve NOK	Translation reserve NOK	Retained earnings NOK	Total NOK
Balance at 1 January 2021		**59.053.211**	**49.999.066**	**(1.140.762)**	**51.079.817**	**39.384.371**	**89.525.032**	**287.900.735**
Comprehensive income								
Net profit for the year		-	-	-	-	-	9.448.401	9.448.401
Other comprehensive income for the year		-	-	(6.657.475)	-	4.835.917	(2.659.675)	(4.481.233)
Total comprehensive income for the year		-	-	(6.657.475)	-	4.835.917	6.788.726	4.967.168
Transactions with owners								
Issue of share capital	20	15.000.000	15.000.000	-	-	-	-	30.000.000
Total transactions with owners		15.000.000	15.000.000	-	-	-	-	30.000.000
Balance at 31 December 2021/ 1 January 2022		**74.053.211**	**64.999.066**	**(7.798.237)**	**51.079.817**	**44.220.288**	**96.313.758**	**322.867.903**
Comprehensive income								
Net loss for the year		-	-	-	-	-	(6.844.515)	(6.844.515)
Other comprehensive income for the year		-	-	2.150.530	-	19.773.413	2.278.580	24.202.523
Total comprehensive income for the year		-	-	2.150.530	-	19.773.413	(4.565.935)	17.358.008
Balance at 31 December 2022		**74.053.211**	**64.999.066**	**(5.647.707)**	**51.079.817**	**63.993.701**	**91.747.823**	**340.225.911**

Share premium and capital redemption reserves are not available for distribution.

STATEMENT OF CASH FLOWS
31 December 2022

	Note	2022 NOK	2021 NOK
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(6.805.886)**	9.537.306
Adjustments for:			
Foreign exchange gains		**(3.415.509)**	(1.125.910)
Share of loss from associates	13	**10.258.020**	3.652.551
Fair value gains on financial assets at fair value through profit or loss	18	**(301.107)**	(9.240.006)
Impairment charge - investments in associates	13	**2.888.655**	-
Dividend income	18	**(2.834.409)**	(1.318.970)
Interest income	10, 16	**(2.682.688)**	(4.246.056)
Reversal of expected credit losses on financial assets	16	**-**	(349.278)
		(2.892.924)	(3.090.363)
Changes in working capital:			
(Increase)/decrease in receivables		**(130.476)**	473.706
Increase in trade and other payables		**226.984**	8.885
Cash used in operations		**(2.796.416)**	(2.607.772)
Interest received	10,16	**3.626.421**	3.392.590
Dividends received		**2.704.034**	1.792.703
Tax paid		**(105.378)**	(341.813)
Net cash generated from operating activities		**3.428.661**	2.235.708
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of financial assets at fair value through other comprehensive income	14	**(15.030.080)**	(11.632.523)
Payment for purchase of investments in associated undertakings	13	**(1.388.655)**	(1.500.000)
Loans granted	16	**(20.000.000)**	(40.000.000)
Loans repayments received	16	**15.000.000**	40.000.000
Proceeds from sale of financial assets at fair value through other comprehensive income	14	**-**	2.038.014
Proceeds from sale of investments in associated undertakings	13	**-**	999.600
Proceeds from option issued	15	**210.000**	-
Payment for purchase of financial assets at fair value through profit or loss	18	**(17.436.672)**	(53.165.890)
Proceed from the sale of financial assets at fair value through profit or loss	18	**19.676.867**	35.221.311
Proceeds from maturity of bond	16	**25.040.353**	-
Net cash generated from/(used in) investing activities		**6.071.813**	(28.039.488)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	20	**-**	30.000.000
Net cash generated from financing activities		**-**	30.000.000
Net increase in cash and cash equivalents		**9.500.474**	4.196.220
Cash and cash equivalents at beginning of the year		**54.810.818**	50.614.598
Cash and cash equivalents at end of the year	**19**	**64.311.292**	54.810.818

The notes on pages 11 to 32 form an integral part of these financial statements.

1. Corporate information

Country of incorporation

Independent Oil & Resources Plc (the ''Company'') was incorporated in Cyprus on 14 October 1991 and on 14 February 2013, was redomiciled in Cyprus as a limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. The re-domiciliation was done as a continuity both in accounting terms and tax terms. Its registered office is at Spyrou Araouzou 37, Limassol, 3036, Cyprus.

Independent Oil & Resources Plc is listed on the OTC list on the Oslo Stock Exchange under the ticket code of IOTA. Following the relocation to Cyprus the Company changed its ISIN no. from NO 001 02480265 to CY 010 2470919.

Principal activity

The principal activity of the Company, which is unchanged from last year, is the holding and trading of investments.

Operating Environment of the Company

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The impact on the Company largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The Company has limited direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries.

Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Company. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and will assess the need for any adjustment in case the crisis becomes prolonged.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention as modified by the revaluation of, financial assets at fair value through profit or loss and its investments at fair value through other comprehensive income.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2022. This adoption did not have a material effect on the accounting policies of the Company.

4. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Investments in associates

The Company's investments in associated entities, in which the Company has significant influence, is accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Company's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate. The Company's share of profit or loss of an associate is shown on the face of the income statement and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investments in associates. At each reporting date, the Company determines whether there is objective evidence that the investments in associates is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Impairment charge of investments in associates' in the profit or loss.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

4. Summary of significant accounting policies (continued)

Foreign currency translation

(1) Functional and presentation currency
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in NOK, which is the Company's functional and presentation currency.

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on financial assets at fair value through other comprehensive income are recognised in other comprehensive income and then included in the fair value reserve in equity.

Income tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Financial assets

Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

The bond issued by the associate company Petrolia SE is classified as financial asset at amortised cost and the shares to Petrolia NOCO AS are classified as financial assets at fair value through other comprehensive income. All other financial assets are classified as measured at FVTPL.

4. Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets - Recognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's Management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

4. Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets - Measurement (continued)

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTPL are not reported separately from other changes in fair value.

Financial assets - impairment - credit loss allowance for ECL

The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at amortised cost and FVOCI and exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income under "Reversal/ (loss) of expected credit losses on financial assets”.

Debt instruments carried at amortised cost are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For financial instruments that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

4. Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank.

Financial liabilities - Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

Trade and other payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Derivative financial instruments

Derivatives are initially recognised at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and any changes therein are generally recognised in profit or loss. Fair value is calculated using the current values, discounted cash flow analysis or option valuation methods. Derivatives are recorded as assets when their fair value is positive and as liabilities when their fair value is negative.

The Company derivative financial instruments relates to options to buy shares in Petrolia Noco AS. Refer to Note 15.

Derecognition of financial assets and liabilities

<u>Financial assets</u>

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

4. Summary of significant accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

Financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects 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.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date. The fair value measurement that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

4. Summary of significant accounting policies (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating the interest over the relevant period. The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period to its net carrying amount.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on 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 Or
- 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 Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. No changes have been made in current year.

5. New accounting pronouncements

During the current year, the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2022. These adoptions did not have any effect on the accounting policies of the Company.

Standards issued but not yet effective

Up to the date of approval of these financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

5. New accounting pronouncements (continued)

(i) Adopted by the European Union
- *IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IFRS 17 "Insurance Contracts" Initial Application of IFRS 17 and IFRS 9 - Comparative Information(effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) (effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) (effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IAS 12 - "Income Taxes": Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021) (effective for annual periods beginning on or after 1 January 2023).*

(ii) Not adopted by the European Union
- *Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, Classification of Liabilities as Current or Non-current - Deferral of Effective Date and Non-current liabilities with Covenants (issued on 23 January 2020,15 July 2020 and 31 October 2022 respectively) (effective for annual periods beginning on or after 1 January 2024).*
- *Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022), (effective for annual periods beginning on or after 1 January 2024).*

The above are expected to have no significant impact on the Company's financial statements when they become effective.

6. Financial risk management objectives and policies

Financial risk factors
The Company is exposed to market price risk, interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

6.1 Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and that such changes will affect the Company's income or the value of its holdings of financial instruments. As at the year end, the Company hold investments as shown in Note 17, which are affected by market price changes.

6.2 Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's income and operating cash inflows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets and liabilities, other than the loan receivable shown in note 16 which carries interest at fixed rate.

6.3 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. The Company is exposed to credit risk from its operating activities, primarily its investments in financial assets at amortised cost and cash at bank.

Credit risk related to financial cash deposits: Cash balances are held with reputable financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

6. Financial risk management objectives and policies (continued)

6.3 Credit risk (continued)

The table below shows an analysis of the Company's bank deposit by the credit rating of the bank in which they are held.

Bank group based on credit rating by Moody's	External credit rating	2022 NOK	2021 NOK
Bank of Cyprus	B1	**15.517.208**	299.548
Nordea Bank Norge ASA	A3	**48.794.084**	54.511.270
Total		**64.311.292**	54.810.818

Credit risk related to financial assets at amortised cost: This is managed based on established policies, procedures and controls relating to financial assets at amortised cost credit risk management. Credit quality of the financial assets at amortised cost is assessed and outstanding financial assets are regularly monitored in accordance with ECL method.

The Company does not hold collateral as security. Management concluded that there has not been a significant increase in credit risk since initial recognition. The Petrolia Noco AS loan receivable as stated in note 16 is due for repayment within 2023. Management has reviewed the financial performance and financial position of Petrolia Noco AS, as well as its liquidity position and assessed that the loan receivable is fully recoverable. In this respect any ECL is not significant and has not been booked.

(i) Net impairment losses on financial assets recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired financial assets:

Impairment losses	2022 NOK	2021 NOK
Impairment charge - investments in associates	**(2.888.655)**	-
Net impairment loss on financial	**(2.888.655)**	-

Impairment loss recognised relates to the investment in associate company EPSIS AS. Refer to Note 13.

6.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The Company has established procedures with the objective of maintaining a balance between continuity of funding and flexibility through the use of various investment products.

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted payments:

6. Financial risk management objectives and policies (continued)

6.4 Liquidity risk (continued)

31 December 2022	Total contractual cash flows NOK	Within 1 year NOK	2-5 years NOK	More than 5 years NOK
Other creditors	117.334	117.334	-	-
Derivative financial instruments	210.000	210.000	-	-
	327.334	**327.334**	**-**	**-**

31 December 2021	Total contractual cash flows NOK	Within 1 year NOK	2-5 years NOK	More than 5 years NOK
Other creditors	123.301	123.301	-	-
	123.301	123.301	-	-

6.5 Foreign currency risk

Foreign currency risk is the risk that the fair value or cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency.

The Company is exposed to exchange rate fluctuations mainly connected to the value of NOK relatively to USD and Euro due to the fact that the Company has financial assets denominated in USD and Euro. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The Company's exposure to foreign currency risk was as follows:

		Assets
	2022 NOK	2021 NOK
United States Dollars	**121.125**	22.893.932
Euro	**15.396.082**	193.643
	15.517.207	23.087.575

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the United States Dollars exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity:

	Change in foreign currency rate	Assets NOK
2022		
Changes in monetary assets	10%	87.253
	5%	42.321
2021		
Changes in monetary assets	10%	2.308.757
	(5)%	(1.154.378)

6. Financial risk management objectives and policies (continued)

6.6 Capital risk management
Capital includes equity shares and share premium and capital redemption reserve.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company's overall strategy remains unchanged from last year.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

Fair value measurements recognised in statement of financial position

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2022	Level 1 NOK	Level 2 NOK	Level 3 NOK	Total NOK
Financial assets				
Financial assets at fair value through profit and loss	63.438.468	-	-	63.438.468
Financial assets at fair value through other comprehensive income	28.711.228	-	-	28.711.228
Total	**92.149.696**	**-**	**-**	**92.149.696**
Financial liabilities				
Derivative financial instruments	-	-	210.000	210.000
Total	**-**	**-**	**210.000**	**210.000**

31 December 2021	Level 1 NOK	Level 2 NOK	Level 3 NOK	Total NOK
Financial assets				
Financial assets at fair value through profit and loss	65.377.556	-	-	65.377.556
Financial assets at fair value through other comprehensive income	11.530.618	-	-	11.530.618
Total	76.908.174	-	-	76.908.174

The financial assets at fair value through other comprehensive income was defined as Level 1 based on its market value.

7. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Critical judgements in applying the Company's accounting policies

- **Impairment of investments in associates**

  The Company periodically evaluates the recoverability of investments in associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the estimated recoverable amount (being the higher of value in use and fair value less cost to sell) associated with these associates would be compared to their carrying amounts to determine if a write down to the recoverable amount is necessary.

- **Impairment of financial assets**

  The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Key assumptions and inputs include the probability of default of the counterparty, expected financial performance over 12 months and forecast economic conditions.

8. Administration expenses

	2022	2021
	NOK	NOK
Staff costs (Note 9, 23)	**232.338**	233.572
Annual levy	**4.660**	8.559
Insurance	**717**	722
Sundry expenses	**113.622**	114.086
Courier expenses	**256**	1.202
Auditor's remuneration - current year	**173.785**	167.882
Auditor's remuneration - current year for tax advice	**12.508**	11.120
Auditor's remuneration - current year - prior years	**138**	13.248
Accounting fees	**169.503**	168.691
Legal and professional	**224.133**	11.844
Directors' fees (Note 23)	**273.469**	268.798
Other professional fees	**128.431**	143.031
Fines	**252**	1.675
Travelling	**78.253**	15.119
Consultancy fees (Note 23)	**1.443.000**	1.427.500
	2.855.065	2.587.049

9. Staff costs

	2022	2021
	NOK	NOK
Salaries	**202.205**	203.278
Social security costs	**30.133**	30.294
	232.338	233.572

The average number of employees employed by the Company during the year 2022 and 2021 were 1 and 1 respectively.

10. Finance income/(costs)

	2022	2021
	NOK	NOK
Bank interest income	**129.385**	8.834
Net foreign exchange gains	**3.400.309**	644.380
Finance income	**3.529.694**	653.214
Sundry finance expenses	**(22.659)**	(21.784)
Finance costs	**(22.659)**	(21.784)
Net finance income	**3.507.035**	631.430

Foreign exchange gain is mainly due to the retranslation of bond which is denominated in USD and which was depreciated during the year. Refer to Note 16.

11. Income tax

	2022	2021
	NOK	NOK
Corporation tax - current year	**38.629**	88.905
Charge for the year	**38.629**	88.905

The tax on the Company's results before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2022	2021
	NOK	NOK
(Loss)/profit before tax	**(6.805.886)**	9.537.306
Tax calculated at the applicable tax rates	**(850.736)**	1.192.163
Tax effect of expenses not deductible for tax purposes	**1.860.860**	696.443
Tax effect of allowances and income not subject to tax	**(971.495)**	(1.799.701)
Tax charge	**38.629**	88.905

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

12. Earnings per share

	2022	2021
(Loss)/earnings attributable to equity holders of the entity (NOK)	**(6.844.515)**	9.448.401
Weighted average no. of shares	**74.053.211**	68.299.786
No. of shares at the period end	**74.053.211**	74.053.211
Basic (losses)/earnings per share (NOK per share)	**(0,09)**	0,14

13. Investments in associates

At share of equity less impairment

	2022	2021
	NOK	NOK
Balance at 1 January	**168.205.827**	169.181.736
Additions	**1.388.655**	1.500.000
Disposals	**-**	(999.600)
Impairment charge	**(2.888.655)**	-
Currency translation differences	**19.773.413**	4.835.917
Share of results of associates after tax	**(10.258.020)**	(3.652.551)
Share of other comprehensive gain/(loss)	**2.278.580**	(2.659.675)
Balance at 31 December	**178.499.800**	168.205.827

13. Investments in associates (continued)

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	**2022 Holding %**	2021 Holding %	**2022 NOK**	2021 NOK
Epsis AS (i)	Norway	Computer Software for Collaboration	22,48	22,48	**-**	1.500.000
Petrolia SE (ii)	Cyprus	Oil & Gas activities	45,97	45,97	**143.126.869**	132.047.440
Noco Oil & Resources Ltd (iii)	Cyprus	Oil & Gas activities	38,75	38,75	**31.532.499**	31.190.929
Rigloan Yields Ltd (iv)	Cyprus	Investment holding	20	20	**3.840.432**	3.467.458
					178.499.800	168.205.827

(i) During the year, the Company has made an additional equity contribution of NOK 1.388.655. As the financial statements of Epsis AS are not yet prepared and audited and the Company is loss making, management has decided to fully impaired the investment and recognised an impairment charge of NOK 2.888.655 for the year. The accumulated impairment as at 31 December 2022 is NOK 2.888.655.

(ii) Management has assessed that there are no indications for impairment during the year based on the financial position and financial performance of Petrolia SE. The share of net assets in Petrolia SE as at 31 December 2022 is NOK 165.214.848.

The market value of Petrolia SE's shares as at 31 December 2022 was NOK4,02 per share (2021: NOK4,65). The decrease in market value and the fact that the market value is below the carrying amount are due to reasons other than impairments. The Company holds 27.182.571 shares (2021: 27.182.571) in Petrolia SE.

Petrolia SE is listed in Oslo Stock Exchange under the ticker "PSE" and its audited financial statements can be found on www.petrolia.eu.

(iii) The accumulated impairment as at 31 December 2022 is NOK 225.203 (2021: NOK 225.203). Noco Oil & Resources Ltd has not prepared audited consolidated financial statements because of its subsidiaries registered in the United Kingdom, which are not required by local legislation to prepare and has not prepared audited financial statements. The preparation of consolidated financial statements will cause undue costs. The equity accounting is based on the seperate management accounts of the associate.

(iv) Accumulated impairment as at 31 December 2022 is NOK 56.961 (2021: NOK 56.961).

The Company does not have any contingent liabilities in relation to its interest in associates.

The Company does not have capital or other commitments in relation to its interest in associates.

2022	**Holding**	**Total assets NOK**	**Total liabilities NOK**	**Total net assets NOK**	**Share of net assets NOK**
Petrolia SE	45,97%	630.688.087	271.290.986	359.397.101	165.214.848
Epsis AS *	22,48%	-	-	-	-
Noco Oil & Resources Limited	38,75%	81.427.927	53.737	81.374.190	31.532.499
Rigloan Yields Liited	20%	19.219.716	17.560	19.202.156	3.840.432
TOTAL					200.587.779

13. Investments in associates (continued)

	Holding	**Income**	**Expenses**	**Results of the year**	**Share of net results**	**Comprehensive loss**
		NOK	**NOK**	**NOK**	**NOK**	**NOK**
Petrolia SE	45,97%	482.480.704	488.593.060	(6.112.356)	(6.899.022)	2.278.580
Epsis AS *	22,48%	-	-	-	-	-
Noco Oil & Resources Limited	38,75%	1.414.458	9.992.365	(8.577.907)	(3.323.938)	-
Rigloan Yields Limited	20%	775.217	950.516	(175.299)	(35.060)	-
TOTAL					(10.258.020)	2.278.580

2021	Holding	Total assets	Total liabilities	Total net assets	Share of net assets
		NOK	NOK	NOK	NOK
Petrolia SE	45,97%	611.120.920	280.924.248	330.196.672	151.791.410
Epsis AS **	22,48%	15.073.107	8.561.945	6.511.162	1.463.709
Noco Oil & Resources Limited	38,75%	80.578.507	85.787	80.492.720	31.190.929
Rigloan Yields Limited	20%	17.421.922	84.633	17.337.290	3.467.458
TOTAL					187.913.506

	Holding	Income	Expenses	Results of the year	Share of net results	Comprehensive loss
		NOK	NOK	NOK	NOK	NOK
Petrolia SE	45,97%	442.763.282	452.821.590	(10.058.308)	(4.714.700)	(2.659.675)
Epsis AS **	22,48%	6.937.710	9.329.213	(2.391.503)	(537.610)	-
Noco Oil & Resources Limitd	38,75%	16.966.648	12.803.915	4.162.733	1.613.460	-
Rigloan Yields Limited	20%	563.704	593.432	(29.728)	(5.946)	-
TOTAL					(3.644.796)	(2.659.675)

* As the financial statements of Epsis AS are not yet prepared, the relevant information above has not been disclosed.

** Management obtained the financial statements of Epsis AS for the year ended 31 December 2021, after the sign off of the Company's financial statements for the year ended 31 December 2021, and the figures above have been updated accordingly.

14. Financial assets at fair value through other comprehensive income

	2022	2021
	NOK	NOK
Balance at 1 January	**11.530.618**	8.593.584
Additions	**15.030.080**	11.632.523
Disposals	**-**	(2.038.014)
Fair value change	**2.150.530**	(6.657.475)
Balance at 31 December	**28.711.228**	11.530.618

14. Financial assets at fair value through other comprehensive income (continued)

On 11 November 2022, the Company subscribed and paid for 7.515.041 additional shares in Petrolia Noco AS at a price of NOK 2 per share for a total amount of NOK 15.030.082. The transaction was finalised on 5 January 2023 and the shares were issued accordingly. As at 31 December 2022 the shares were revalued based on the market value as at that date (NOK 1). The percentage shareholding in Petrolia NOCO AS as at 31 December 2022 was 8,55% (2021: 4,25%). See also note 15.

During the year the Company recognised a fair value gain of NOK 2.243.047 (2021: loss of NOK 6.657.475) in the investment, by reference to its market value.

During 2021, the Company purchased 3.323.578 shares in Petrolia Noco AS for NOK 11.632.523 and at the same time sold 22.000 shares in Petrolia Noco AS for NOK 77.000. Shares were sold at cost price of NOK 3,50 each.

During 2021, the Company sold the non-listed investment in Helsetelefonen AS which has been previously fully impaired, for NOK1.961.014.

15. Derivatives

	2022	2021
	NOK	NOK
Liabilities		
Current portion	**210.000**	-
	210.000	-

On 9 December 2022, the Company, offerred to its shareholders the possibility to subscribe for purchase-options of shares in Petrolia Noco AS for a maximum of 5.000.000 shares in total at a price of NOK 0,10 and strike price of NOK 2,00 each with maturity date 20 December 2023. The options can be exercised at any time. As at 31 December 2022, the offer was subscribed for an amount of NOK 210.000 representing 2.100.000 options received. Additional subscriptions of NOK 280.000 representing 2.800.000 options have been made in 2023.

None of the options were exercised as of today.

As per the current share price of Petrolia NOCO AS, management's assessment is that no option holder will exercise the option to purchase shares in Petrolia NOCO AS. The exercise of the options is directly related with the share price of Petrolia NOCO AS which is directly related with the development of the exploration activity of Petrolia NOCO AS.

Petrolia NOCO AS holds licences in 13 licenses for exploration and drilling of wells in Norwegian Sea and North Sea.

Refer to Petrolia NOCO AS website for further information at https://petrolianoco.no/.

If the share price of Petrolia NOCO AS goes above NOK 2 within the vesting period and all options in issue at year-end are exercised, the impact to the Company will be to receive maximum amount of NOK 4.200.000 in cash, dispose 0,13% of Petrolia NOCO AS at NOK2,00 reducing its shareholding from 8,55% to 8,42% and the carrying amount by NOK 2.100.000 and recognising a profit in income statement of NOK 2.100.000.

If no options are exercised, the carrying amount of derivative above amounting to NOK 210.000 will be released as income in the income statement.

16. Other financial assets at amortised cost

	2022	2021
	NOK	NOK
Balance at 1 January	**22.788.018**	20.933.097
Exchange differences	**3.608.030**	652.177
Loans granted	**20.000.000**	40.000.000
Repayments received	**(40.040.353)**	(40.000.000)
Interest income	**2.553.302**	4.237.222
Interest received	**(3.589.553)**	(3.383.756)
Reversal of expected credit losses on financial assets	**-**	349.278
Balance at 31 December	**5.319.444**	22.788.018
Less non-current portion	**-**	-
Current portion	**5.319.444**	22.788.018

During 2021, based on the loan agreement dated 14 May 2020 and the accession letter signed in the year, Petrolia NOCO AS withdrew the amount of NOK 40.000.000 in three instalments, on 25 February 2021, 24 March 2021 and 22 April 2021. The loan principal of NOK 40.000.000 was fully repaid during the year. The total interest income recognised amounted to NOK 2.931.507 out of which the amount of NOK 843.836 was unpaid as at 31 December 2022. Interest has been fully repaid on 4 February 2022. The loan carried interest at a fixed rate of 10% per annum.

During 2022, based on the loan agreement dated 14 May 2020 and the accession letter signed in the year, Petrolia NOCO AS withdrew the amount of NOK 20.000.000 on 1 February 2022. An amount of NOK 15.000.000 was repaid during the year. The total interest income recognised amounted to NOK 1.646.918 out of which the amount of NOK 319.444 remains receivable at year end. The loan carries interest at a fixed rate of 10% per annum.

On 21 July 2022, the bond owned by the Company which was issued by the associate company Petrolia SE has been fully repaid at the amount of NOK 26.458.596, including NOK 25.040.353 principal and NOK 1.418.243 interest. At 31 December 2021, the Company held 2.510.045 bond with carrying amount NOK 21.435.323 and accrued interest of NOK 508.859. The interest income for the year amounted to NOK 906.384 (2021: NOK 1.305.715).

17. Receivables

	2022	2021
	NOK	NOK
Receivables from related companies (Note 23.3)	**956**	855
Dividends receivable (Note 18)	**130.375**	-
	131.331	855

The fair values of receivables due within one year approximate to their carrying amounts as presented above.

18. Financial assets at fair value through profit or loss

	2022	2021
	NOK	NOK
Balance at 1 January	**65.377.556**	38.192.971
Additions	**17.436.672**	53.165.890
Disposals	**(19.676.867)**	(35.221.311)
Change in fair value	**301.107**	9.240.006
Balance at 31 December	**63.438.468**	65.377.556

The investment in shares relate to marketable securities and are valued at market value at the close of business on 31 December by reference to Oslo Stock Exchange quoted bid prices.

18. Financial assets at fair value through profit or loss (continued)

The total acquisition cost before the fair value adjustments is NOK 71.704.533 (2021: NOK 69.625.445).

During the year, the Company received dividends from its investments in listed shares totalling to NOK 2.834.409 (2021: 1.318.970). Accrued dividends not received by the year end amounted to NOK 130.375 (Note 17).

19. Cash at bank

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

	2022	2021
	NOK	NOK
Cash at bank	**64.311.292**	54.810.818
	64.311.292	54.810.818

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

20. Share capital

	2022	**2022**	2021	2021
	Number of shares	**NOK**	Number of shares	NOK
Authorised				
Ordinary shares of NOK 1,00 each	95.833.630	95.833.630	95.833.630	95.833.630
Issued and fully paid				
Balance at 1 January	74.053.211	74.053.211	59.053.211	59.053.211
Issue of shares	-	-	15.000.000	15.000.000
Balance at 31 December	**74.053.211**	**74.053.211**	74.053.211	74.053.211

Associate companies hold 16.050.000 shares constituting 21,67% of the total issued share capital of the Company (Note 23).

Share premium amounted to NOK 64.999.066 (2021: NOK 64.999.066).

On 14 May 2021, the Board decided to proceed with a fresh issue of shares, utilising the authorisation granted to the Board by the EGM held on 28 April 2021. The right issue comprised an offering of up to 15.000.000 new shares, with a subscription price of NOK 2,00 per share. The Board has decided not to engage any broker house for the right issue but will carry out the rights issue itself. The invitation for this right issue was sent to the 149 largest shareholders in the Company as of 28 April 2021. The proceeds from the new issue of shares amounted to NOK 30.000.000 including share premium of NOK 15.000.000. The subscription period in the offering has last from and including the 28 April 2021 to and including the 21 May 2021.

On 21 May 2021, the 15.000.000 shares were finally allocated to 29 existing shareholders who have indicated their interest to participate in the issue.

21. Trade and other payables

	2022 NOK	2021 NOK
Trade payables	**-**	1.708
Social insurance and other taxes	**4.535**	4.308
Accruals and provision	**444.482**	210.050
Other creditors	**117.334**	123.301
	566.351	339.367

22. Refundable taxes

	2022 NOK	2021 NOK
Corporation tax	**(590.699)**	(493.578)
	(590.699)	(493.578)

23. Related party balances and transactions

Shareholders	No of shares 31/12/2022	No of shares 31/12/2021	No of shares 31/05/2022	Shareholding 31/12/2022 %	Shareholding 31/12/2021 %	Shareholding 31/05/2022 %
1. Increased Oil Recovery AS	36.715.582	36.715.582	36.715.582	49,58	49,58	49,58
2. Noco Oil & Resources Ltd	16.050.000	16.050.000	16.050.000	21,67	21,67	21,67
3. Time Critical Petroleum Resources	14.422.734	14.422.734	14.745.351	19,48	19,48	19,91
4. Other shareholders with shareholding under 1%	6.864.895	6.864.895	6.542.278	9,27	9,27	8,84
Total number of shares	74.053.211	74.053.211	74.053.211	100	100	100

The chairman of the Company, Jan Egil Moe, holds the 0,41% of the shares of the Company.

In addition to the related party transactions and balances reported in note 13 and 16, other related parties transactions are as follows:

23.1 Directors' remuneration (Note 8)

The remuneration of Directors and other members of key management was as follows:

	2022 NOK	2021 NOK
Directors' fees	**273.469**	268.798
	273.469	268.798

23. Related party balances and transactions (continued)

23.2 Purchases of goods and services (Note 8)

	Nature of transactions	**2022 NOK**	2021 NOK
Janem AS (shareholder)	Janem AS (shareholder)	**1.443.000**	1.427.500
		1.443.000	1.427.500

23.3 Receivables from related parties (Note 17)

Name	Nature of transactions	**2022 NOK**	2021 NOK
Heavy Minerals Limited	Financing	**956**	855
		956	855

24. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2022 and 31 December 2021.

25. Commitments

The Company had no capital or other commitments as at 31 December 2022 and 31 December 2021.

26. Events after the reporting period

During 2023, and due to a new legislation, the Company has issued Norwegian depository receipts to all existing shareholders. According to Cypriot legislation, all shareholders who wish to convert their shares into Depository receipts have confirmed their willingness in writing. Shareholders who did not want to convert their share to Depository Receipts, had their shares being registered in a local Cypriot share register and shares are not tradable through the brokerage system on the NOTC-list. As of 20 February 2023, the transfer of shares were finalized.

Also, as explained in Note 1 the geopolitical situation in Eastern Europe intensified on 24 February 2022, with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds and additional sanctions are imposed.

Depending on the duration of the conflict between Russia and Ukraine, and continued negative impact on economic activity, the Company might experience negative results, liquidity restraints and incur impairments on its assets in 2023 which relate to new developments that occurred after the reporting period.

Except from the matters mentioned above, there were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

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