



INTERIM FINANCIAL STATEMENTS

UNAUDITED

THIRD QUARTER 2022

November 22, 2022

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INTERIM FINANCIAL STATEMENTS - Q3 2022

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GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

The interim financial statements for the nine months period ending September 30, 2022, have been prepared in accordance with NGAAP. The same accounting principles and methods of calculation have been applied as in the Annual Financial Statements for 2021. The interim condensed financial statements do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the Company's Annual Financial Statements for 2021.

The interim financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the financial position, results of operations and cash flows for the dates and interim periods presented. Interim period results are not necessarily indicative of results of operations or cash flows for an annual period. In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these interim financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2021.

For further detailed information on accounting principles, please refer to the Financial Statements for 2021.

These interim financial statements have not been subject to review or audit by independent auditors.

2022 ACTIVITY UPDATE

- The Strategic review process initiated on September 28 is ongoing. On November 3, the bondholders adopted the proposal as described in the summons for bondholder meeting dated October 24. The key changes adopted in the bond agreement is that the Issuer has agreed a temporary call option till June 30, 2023, to redeem all (but not parts) of the Outstanding Bonds at 105.125% of the Nominal Amount (plus accrued unpaid interest). In return the Issuer has increased the Put Option price from 101.0% to 103.0% of the Nominal Amount (plus accrued unpaid interest) in the event of a sale resulting from the strategic review process as announced September 28, 2022.
- The Operator, Vår Energi ASA, provided an update September 19, 2022, on the Balder X development which includes the ongoing Balder Future project and Ringhorne phase IV drilling campaign to commence in 2023. The update provided a revised schedule and cost estimates which reflect increased scope of work, the continued impact from global supply chain challenges, Covid-19 and schedule change. Additional gross investment requirements of NOK 11.5 billion have been identified, bringing the total estimated gross project cost to NOK 40.7 billion for Balder X. First oil from Balder Future is now expected in the third quarter of 2024, compared to previously late in 2023. The main production impact from the revised schedule is expected in 2024, however partly mitigated by a faster ramp-up of production as more Balder Future production wells are expected to be ready for start-up. It is also expected that the majority of incremental capital expenditure will be incurred in 2024.
- Following the drilling challenges at Ringhorne and additional maintenance program carried out in 2H 2022, the production guidance for 2022 is reduced from 720 kbbbl to 680 kbbbl. The high commodity price environment partially offsets the downward revisions to the 2022 production guidance.
- The Company has swap contracts equal to 16 000 bbl/month with an average price of USD 76.59/bbl for 2022. The 2022 contracts represent about 100% hedging ratio of the after-tax volume. For Q1 and Q2 2023, the Company has entered into swap contracts for in total 96 000 bbls at an average price of USD 98.11/bbl. Additional positions may be added to the program going forward, however, the structure, amounts and levels of any further hedging will depend on how the market for commodity derivatives develops.
- The Company is working with a short-term bridge financing whereby the tax refund amount for tax year 2022 to be received in Nov/Dec 2023 will be offered as security.
- Mime Petroleum AS only operates on the Norwegian Continental Shelf and market its petroleum products to customers in UK. While not directly exposed to Russia's invasion of Ukraine, there is significant uncertainty regarding the potential impact on safe and reliable energy supply, as well as to the market prices of oil, gas and other commodities which may impact future operations and results.

INTERIM FINANCIAL STATEMENTS - Q3 2022

FINANCIAL REVIEW

Total revenue in the third quarter was NOK 104 million (Q3/21: NOK 74 million), whereas total revenue YTD amounted to NOK 476 million (YTD2021: NOK 305 million). Revenue is related to oil sales from the Balder and Ringhorne Øst fields (103 kboe lifted in the quarter (Q3/21: 139 kboe)). The average preliminary oil price before hedging effects and final adjustments was USD 99.8/bbl in the quarter (Q3/21: USD 70.1/bbl). The Company has a hedging program to reduce the cash flow risk related to oil prices and the effect is reported as Other revenue. In the third quarter, a loss of NOK 12 million was recorded (Q3/21: loss of NOK 11.1 million) related to oil price hedging contracts. YTD a loss of NOK 38.5 million is recorded related to hedging contracts (YTD2021: loss of NOK 23.7 million). In addition, an accrual for the expected insurance settlement related to the incident at Balder in Q1 (LOPI) has been recorded under Other revenue in Q3.

Total operating expenses amounted to NOK 89 million in the third quarter (Q3/21; NOK 81 million), mainly driven by field opex and ordinary depreciation. Q3/22 operating expenses were also impacted by changes in inventory and over-/underlift (credit). The underlying operating expenses are at similar levels as in 2021. The reported operating profit for the quarter was NOK 14 million (Q3/21; loss of NOK 7 million). Net result before taxes ended at a loss of NOK 222 million for the quarter (Q3/21; loss of NOK 55 million), mainly due to an unrealized foreign exchange loss on long term debt in the period, in addition to interest costs, amortized loan costs and accretion expenses.

At the end of the third quarter, total assets amounted to NOK 5 879 million (end Q3/21; NOK 4 322 million), of which current assets represented NOK 1 422 million (end Q3/21; NOK 884 million). Investments in fixed assets year to date amounted to NOK 800 million, driven by capital expenditure related to the Balder Future project.

Expensed exploration costs amounted to NOK 0.3 million in the quarter, relating to G&G and other exploration costs. Total cash spend on exploration was NOK 2.3 million in the quarter, related to exploration activities in PL027. Costs related to exploration drilling and testing are capitalized as intangible assets pending the evaluation of the potential existence of oil and gas reserves.

Equity amounted to NOK 970 million at the end of the quarter, corresponding to an equity ratio of 16.5% (end Q3/21; NOK 1 288 million / 30%).

As of September 30, 2022, the Company had available cash of NOK 722 million.

At the end of Q3/22, Mime Petroleum had a capital structure made up of injected equity of USD 136 million and a senior secured bond loan of USD 225 million issued in November 2021, listed at Nordic ABM. The Company's interest-bearing debt was NOK 2 365 million at the end of the quarter, up from NOK 2 160 million end Q2/22 due to revaluation effects and amortizations.

The temporary tax rules with negative tax instalments means that the tax value of losses incurred in 2021 has been refunded in advance of the tax assessment on a running basis through the instalment tax regime. During 2022, Mime Petroleum AS has received refunds of NOK 630 million. According to the revised petroleum tax act effective from fiscal 2022, tax losses incurred in the special tax basis from 2022 onwards, will be refunded on a yearly basis in the year after the fiscal year. By end Q3 2022, the Company has recorded a net tax receivable of NOK 509 million.

INTERIM FINANCIAL STATEMENTS - Q3 2022

OPERATIONAL REVIEW

Key figures	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
<i>Production (boe, Mime net)</i>							
Balder Unit	122 943	177 806	174 383	195 728	143 693	219 737	190 871
Ringhorne East Unit	10 698	23 766	12 380	11 058	5 632	10 143	12 189
Total Production (Mime net)	133 641	201 572	186 763	206 786	149 325	229 880	203 059

The Company's net production from the Balder and Ringhorne fields in the third quarter was 134 kbbls. The Q3 production was impacted by the two-week turnaround and maintenance period in August.

The production efficiency in Balder JV was 74% in Q3. The efficiency in this quarter is impacted by the Balder subsea A-site being shut in as well as the planned annual turnaround process. The A-site is expected back in production around 1 November 2022.

Further drilling challenges at Ringhorne platform were encountered with the FA8 well during cementing operations. Prior to completing the FA8 well, the operator is carrying out several workover operations related to existing wells. The start-up for drilling the five sanctioned wells in the Ringhorne phase IV program is February 2023. The remaining Ringhorne wells are scheduled to be completed by mid-2025.

The production guidance for full year 2022 is reduced from 720 kbbl to 680 kbbl following the drilling challenges at Ringhorne and additional maintenance program and repairs carried out during 2H 2022.

The Company is committed to the NOROG targets for emission reductions on the NCS. Joint industry studies are ongoing to evaluate concept solutions for electrification of the greater Balder area. Electrification can reduce gross CO2 emissions by ~100 000 ton per year from the Balder field.

The optimal economic lifetime of Balder FPU is being evaluated. Replacing the FPU with subsea tie-backs of wells to Jotun FPSO may reduce CO2 emission by another ~100 000 ton per year.



OPERATIONAL REVIEW, cont.

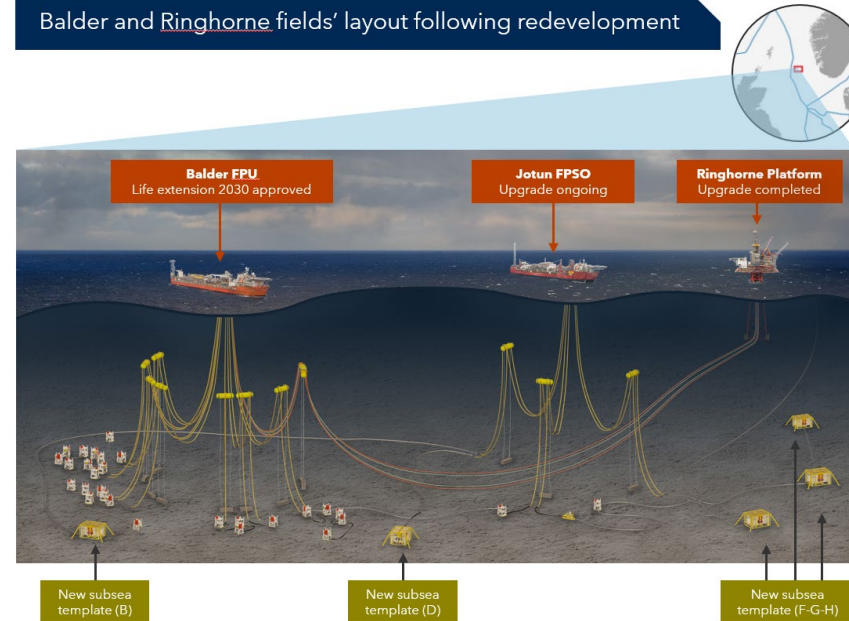
The **Balder Future** project involves drilling of fourteen new production wells plus one new water injector on the Balder field in the North Sea and refurbish the Jotun FPSO to become the new Balder area hub. The aim is to recover approximately 130 million barrels of oil equivalents. The project also accommodates for future expansion capacity to tie-in extra wells to the FPSO after the Balder Future drilling program. The revised Plan for Development and Operations (PDO) for Balder and Ringhorne was approved in June 2020.

The Jotun FPSO being on critical path for the Balder Future is currently at the Rosenberg Worley yard in Stavanger and undergoes a refurbishment program. The challenging market conditions under Covid-19 and delayed engineering, procurement and added work scope by inspections caused further delay of the project schedule envisaged in August. The Operator announced a further delay for "Balder Future first-oil" and cost increases on 19 September. The yard stay at Rosenberg is prolonged. Sail away in February 2024 is required to have a fully commissioned facility ready for operations from July 2024. Engineering completion and construction ramp-up is being worked along with moving the offshore hook-up operations to calmer weather during spring season 2024. First oil is scheduled in July 2024.

The subsea systems including flowlines, umbilical and risers are installed in campaigns and progress as schedule. All templates, multi flow bases, flowlines, buoyancy elements for risers are installed. The autumn installation campaign is ongoing with subsea connections for Ringhorne towards Jotun.

Balder Future drilling performance has improved by conducting batch drilling. This allows for drilling of reservoir sections during calm weather periods and contributes to securing borehole stability. Identified initiatives and recommended measures to improve drilling performance has proven effective for the rig. The West Phoenix rig will move to the D-template upon completion at F-template location.

Balder and Ringhorne fields' layout following redevelopment



Additional gross investment requirements of NOK 11.5 billion has been identified, bringing the total estimated gross project cost to NOK 40.7 billion for Balder X (Balder Future and Ringhorne phase IV drilling campaign).

The oil and gas discovery in King-Prince of 60 to 135 million barrels recoverable oil equivalents in the Balder license is evaluated for development in a Balder greater area context ensuring optimum resource recovery and profitability for the Balder JV.

HEDGING

The Company has focus on securing liquidity and has entered into hedging transactions to reduce the cash flow risk. The Company has swap contracts equal to 16 000 bbl/month with an average price of USD 76.59/bbl for 2022. The 2022 contracts represent a hedging ratio of about 100% of the after-tax volume.

The Company has entered into swap contracts for Q1 and Q2 2023 equal to 16 000 bbl/month at an average price of USD 98.11/bbl. The fair market value of the oil swap contracts at September 30, 2022, was positive by USD 1.04 million. The Company has recognized a net loss from oil price hedging YTD as Other revenue. The loss amounted to NOK 12 million in the quarter.

As revenues are denominated in USD, while investments and operating costs generally accrue in NOK, currency rate fluctuations represent both a direct and an indirect financial risk for the Company. The Company did not have any foreign exchange contracts at September 30, 2022.

OTHER ACTIVITIES

The Company continues to be an active and responsible partner in driving value in high quality assets on the Norwegian Continental Shelf. As part of this, the Company actively searches for and evaluates opportunities to make value-accretive investments (e.g. through acquisitions, farm-ins, swaps or other).

The Company pursues field acquisition and M&A opportunities offered in the market in structured processes as well as unsolicited bilateral approaches to companies with attractive fields and portfolios.

The Company expects more activity in the acquisition and M&A markets the coming months following an expected consolidation at the backdrop of the recent oil price shock. The Company is well positioned to benefit from such increased activity with a highly skilled multi-discipline team and investment capital available.

STATEMENTS OF INCOME - SEPTEMBER 30, 2022

Unaudited QUARTERLY				Unaudited YTD		Audited FULL YEAR
Q3 2022	Q3 2021	(NOK 1 000)	Note	30.09.2022	30.09.2021	2021
104 311	82 500	Sale of petroleum		503 313	325 746	432 027
-800	-8 550	Other revenue		-27 035	-21 112	-69 366
103 510	73 950	Total operating revenue		476 278	304 635	362 661
-33 967	-59 345	Operating expenses		-262 099	-197 810	-261 975
-54 915	-21 094	Ordinary depreciation		-113 492	-81 166	-120 777
-329	-309	Exploration costs		-819	-660	-1 347
-89 211	-80 748	Total operating expense		-376 410	-279 635	-384 099
14 299	-6 798	Profit / (loss) from operating activities		99 868	24 998	-21 438
-235 942	-48 209	Net financial items	8	-528 239	-94 383	-148 426
-235 942	-48 209	Net financial items		-528 239	-94 384	-148 426
-221 643	-55 007	Profit / (loss) before income tax		-428 372	-69 386	-169 864
79 140	86 095	Income tax	9	124 963	109 918	196 179
-142 503	31 088	Net profit / (loss)		-303 409	40 532	26 315
		Allocation of net profit / (loss):				
-142 503	31 088	Retained earnings		-303 409	40 532	26 315

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2022

(NOK 1 000)	Note	Unaudited		Audited
		30.09.2022	30.09.2021	31.12.2021
ASSETS				
FIXED ASSETS				
Intangible fixed assets				
Capitalized exploration wells		66 360	57 326	59 782
Other intangible assets		6 112	9 153	8 393
Total intangible fixed assets	2	72 473	66 479	68 174
Tangible fixed assets				
Production facilities		4 370 655	3 362 669	3 717 623
Other property, plant and equipment		452	399	336
Total tangible fixed assets	1	4 371 107	3 363 068	3 717 959
Financial fixed assets				
Other financial assets		14 060	8 596	11 795
Total financial fixed assets		14 060	8 596	11 795
TOTAL FIXED ASSETS		4 457 640	3 438 143	3 797 929
Current assets				
Inventory and underlift		36 443	10 307	26 145
Trade and other receivables	3	48 483	86 451	43 716
Tax receivable	9	508 894	493 369	596 557
Other current assets		105 723	83 564	85 321
Cash and cash equivalents		722 209	210 461	783 220
TOTAL CURRENT ASSETS		1 421 753	884 151	1 534 959
TOTAL ASSETS		5 879 393	4 322 294	5 332 888

(NOK 1 000)		Unaudited		Audited
		30.09.2022	30.09.2021	31.12.2021
EQUITY AND LIABILITIES				
EQUITY				
Paid-in capital				
Share capital		11 917	11 917	11 917
Share premium		1 179 748	1 179 748	1 179 748
Total paid-in capital		1 191 665	1 191 665	1 191 665
Retained earnings/(uncovered loss)		-221 336	96 291	82 074
TOTAL EQUITY		970 329	1 287 956	1 273 739
Non-current liabilities				
Deferred tax liability	9	1 743 529	1 087 615	1 326 446
Interest bearing loans and borrowings	7	2 365 012	1 117 829	1 895 710
Other long term liabilities		4 301	3 087	3 536
Asset retirement obligation	6	555 361	576 989	569 741
TOTAL NON CURRENT LIABILITIES		4 668 202	2 785 520	3 795 434
Current liabilities				
Trade payables	4	33 223	76 378	49 639
Public duties payable		1 542	1 477	7 635
Tax payable		-	-	1 330
Other current liabilities and overlift	4	206 096	170 963	205 110
TOTAL CURRENT LIABILITIES		240 861	248 819	263 715
TOTAL LIABILITIES		4 909 063	3 034 338	4 059 148
TOTAL EQUITY AND LIABILITIES		5 879 393	4 322 294	5 332 888

STATEMENTS OF CASH FLOWS - SEPTEMBER 30, 2022

(NOK 1 000)	Unaudited		Audited
	YTD 30.09.22	YTD 30.09.21	2021
Cash flows from operating activities			
Profit / loss (-) before income tax	-428 372	-69 386	-169 864
<u>Adjustments:</u>			
Income tax received	628 378	452 003	675 238
Depreciation, depletion and amortization	113 492	81 166	120 777
Interest and fees on borrowings	109 844	39 768	89 335
Accretion expense	31 986	23 930	43 354
Change in trade and other receivables	-77 422	-54 063	19 504
Change in trade and other payables	21 514	91 830	55 356
Net cash flows from / used in (-) operating activities	399 421	565 248	833 701
Cash flows from investing activities			
Investment in oil and gas assets	-799 718	-914 520	-1 310 180
Investment in exploration and evaluation assets	-6 579	-52 934	-55 389
Other investments	-974	-673	-1 340
Net cash flows from / used in (-) investing activities	-807 271	-968 126	-1 366 909
Cash flows from financing activities			
Proceeds from borrowings	-	359 345	1 203 619
Interest and fees on borrowings	-109 844	-44 800	-184 955
Loans to shareholder	-437	-866	-1 298
Proceeds from share issues	-	59 601	59 602
Unrealized FX effects long term debt	457 121	26 592	25 993
Net cash flows from / used in (-) financing activities	346 839	399 871	1 102 961
Net increase/ decrease (-) in cash and cash equivalents	-61 011	-3 007	569 752
Cash and cash equivalents at the beginning of period	783 221	213 467	213 467
Cash and cash equivalents at the end of the period	722 210	210 460	783 220

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 1 – Property, plant and equipment

(NOK 1 000)	Oil and gas assets	Furniture, fixtures and office machines	Total
2022			
Cost at January 1, 2022	4 013 635	949	4 014 585
Additions	799 718	257	799 975
Asset removal obligation - change in estimate	-35 615	-	-35 615
Cost at September 30, 2022	4 777 738	1 205	4 778 944
Accumulated depreciation and impairment at January 1, 2022	-296 012	-613	-296 624
Depreciation for the year	-111 071	-141	-111 212
Impairment loss	-	-	-
Disposals	-	-	-
Accumulated depreciation and impairment at September 30, 2022	-407 083	-754	-407 836
Carrying amount at September 30, 2022	4 370 655	453	4 371 107
2021			
Cost at January 1, 2021	2 709 789	949	2 710 739
Additions	1 310 180	-	1 310 180
Asset removal obligation - change in estimate	-6 334	-	-6 334
Cost at December 31, 2021	4 013 635	949	4 014 585
Accumulated depreciation and impairment at January 1, 2021	-178 526	-362	-178 887
Depreciation for the year	-117 486	-251	-117 737
Impairment loss	-	-	-
Accumulated depreciation and impairment at December 31, 2021	-296 012	-613	-296 624
Carrying amount at December 31, 2021	3 717 623	336	3 717 959

Capitalized costs mainly relate to the Balder Future project.

The Company has performed an impairment test based on the underlying conditions that existed September 30, 2022. No impairment is recognized as of September 30, 2022

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 1 – Property, plant and equipment, cont.

The impairment testing has been performed based on a value in use assessment and the discounted future after tax cash flows. The expected future cash flow is discounted to the net present value by applying a discount rate after tax that reflects the current market valuation of the time value of money, and the specific risk related to the asset. The discount rate is derived from the weighted average cost of capital (WACC). Cash flows are projected for the estimated lifetime of the fields.

The future income and cash flow are based on several assumptions;

- › The long-term cost and price inflation rate is set to 2% p.a., in line with Norges Bank’s inflation target.
- › Forecasted commodity prices are based on management's estimates and available market data. Information about market prices in the near future are derived from the Brent forward contract market that existed September 30, 2022 as basis for Q4 2022, 2023 and 2024 at respectively USD 92/bbl, USD 85/bbl and USD 78/bbl. A long-term oil price of USD 65/bbl expressed in real 2022 terms is assumed from 2026 and onwards. For 2026, this corresponds to a nominal value of USD 69/bbl. The applied oil price in 2025 is set to the average of 2024 and 2026, equal to USD 71.5/bbl.
- › The NOK has weakened versus the USD during 2022. The company’s long-term assumption for the USD/NOK is 8.5 and is assumed from 2026. A gradual decline from the level observed at September 30, 2022 down to 8.5 is assumed for the impairment evaluation.
- › The discount rate after tax reflects the time value of money and the specific asset risk. The post-tax nominal discount rate is estimated to 7.7% when using the weighted average cost of capital (WACC).
- › The cost and production estimates reflect a representative view of the future per September 30, 2022 considering the operator’s forecast for 2022 and management’s assumptions.
- › The estimated NPVs of the assets are based on a post-tax calculation and calculated according to the current Petroleum Tax Act and the Company Tax Act. The new petroleum tax legislation which was approved by the Norwegian Parliament in June 2022 is used for the impairment test.

The test show that the post tax NPV for the assets exceed the book values. As a result, no impairment is recognized as of September 30, 2022.

Impairment test - background

The Company has performed an impairment test for the assets due to several external and internal indicators which have impacted the value in use of the assets.

At the end of Q3-22 there has been changes to the estimated production forecast and reserves compared to YE2021. There are uncertainties concerning the costs and schedule related to the development and production of the 2c resource base.

In addition, the ongoing Balder Future development project has experienced cost and schedule challenges. In September, the operator presented the Balder Future Baseline 6, showing that the start-up is further delayed to July 2024, reserves are down by 14.5 mmbbls gross due to two disappointing wells, and the gross capex estimate has increased by NOK 14.9 billion compared to the PDO. According to the operator, the impact of the delay will be partly offset by the fact that all wells will be ready at first oil. Further, the Balder FPU lifetime is extended from 2026 to 2030 in order to ensure sufficient gas capacity at the field. This results in increased opex and capex compared to the impairment assessment done at YE2021.

In June the Norwegian Parliament approved changes to the petroleum tax system which was first proposed in late August 2021.

Million NOK	Impairment sensitivity		
	Change	Change in recoverable amount	
Oil and gas prices	+/-25%	1506	-1116
Production profile	+/-5%	248	-248
Discount rate	+/- 1% point	-182	198

The sensitivities are created for illustration purposes.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 2 – Intangible assets

(NOK 1 000)	Capitalized exploration costs	Licensing of seismic	Software	Total
2022				
Cost at January 1, 2022	59 781	14 651	1 102	75 534
Additions	6 579	-	-	6 579
Disposals	-	-	-	-
Cost at September 30, 2022	66 360	14 651	1 102	82 113
Accumulated depreciation and impairment at January 1, 2022	-	-7 081	-279	-7 360
Depreciation for the year	-	-2 198	-83	-2 280
Impairment loss	-	-	-	-
Disposals	-	-	-	-
Accumulated depreciation and impairment at September 30, 2022	-	-9 279	-362	-9 640
Carrying amount at September 30, 2022	66 360	5 372	740	72 473
2021				
Cost at January 1, 2021	4 392	14 651	1 102	20 145
Additions	55 496	-	-	55 496
Expensed	-107	-	-	-107
Cost at December 31, 2021	59 781	14 651	1 102	75 534
Accumulated depreciation and impairment at January 1, 2021	-	-4 151	-169	-4 320
Depreciation for the year	-	-2 930	-110	-3 040
Disposals	-	-	-	-
Accumulated depreciation and impairment at December 31, 2021	-	-7 081	-279	-7 360
Carrying amount at December 31, 2021	59 781	7 570	823	68 175

Capitalized exploration costs relate to drilling and testing of the King-Prince prospects in the western part of Balder Unit.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 3 – Trade and other receivables

(NOK 1 000)	YTD Q3-2022	YTD Q3-2021	2021
Trade receivables	-	30 277	30 318
Working capital, receivables, joint venture	1 733	1 825	1 754
Working capital, prepayments, joint venture	14 012	6 934	110
Overcall, joint ventures	5 039	40 791	-
Prepayments	2 650	2 228	9 512
Other short term receivables	25 050	4 395	2 023
Total trade and other receivables	48 483	86 450	43 716
Tax receivable	508 894	493 369	596 534

The trade receivables consist of receivables from companies with embedded low credit risk. No allowances for doubtful debts have been made, and no loss has been recognized during the year.

Trade receivables are non-interest bearing.

The tax receivable represents the tax value of the estimated special tax loss for 2022 and accumulated special tax losses incurred before 01.01.2020 less estimated corrections to the received negative installments for 2021 following the tax return for 2021.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 4 – Trade and other payables

(NOK 1 000)	YTD Q3-2022	YTD Q3-2021	2021
Trade creditors	1 981	5 967	2 725
Working capital, trade creditors, joint venture	31 242	70 411	46 914
Trade payables	33 223	76 378	49 639
Working capital, accruals, joint venture	92 932	137 900	110 099
Undercall, joint ventures	9 166		51 439
Overlift	13 088	12 841	8 491
Other accrued expenses	90 910	20 222	35 082
Other current liabilities	206 096	170 963	205 110

Trade payables are non-interest bearing and normally settled within 30 days. All other payments are scheduled to be settled as they fall due.

Other accrued expenses at September 30, 2022, are mainly related to accruals for operating costs and interest costs in the quarter.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 5 – Equity, share capital and shareholder information

	No. A shares	No. B shares	Total no. shares	Share capital
Shares/share capital at January 1, 2022	26 062 028	1 165 610 425	1 191 672 453	11 916 725
Capital increase	0	0	0	0
Shares/share capital at September 30, 2022	26 062 028	1 165 610 425	1 191 672 453	11 916 725

Shareholders as of September 30, 2022

Mime Petroleum S.á r.l	26 062 028	1 165 610 425	1 191 672 453	11 916 725
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All shares have a nominal value of NOK 0.01/share.

The Company does not own any treasury shares. Each Class A-share gives one vote in the Company's general meeting, whereas Class B-shares do not have voting rights. Class B-shares give the holder the right to 8% p.a. preference dividend on any form of distribution from the Company. There are no rights which may result in the issuing of new shares.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 6 – Asset Retirement Obligations

(NOK 1 000)	YTD Q3-2022	YTD Q3-2021	2021
Total obligation at January 1	569 740	560 515	560 515
Effect of changes in estimates	-1 121	11 865	17 085
Accretion expense	21 234	20 891	15 559
Actual decommissioning expenditure	-34 493	-16 282	-23 419
Total obligation at September 30/ YE 2021	555 360	576 989	569 740
Non-current portion at September 30	554 453	541 373	540 340
Current portion at September 30	908	35 616	29 400

An inflation rate of 2% and a nominal discount rate of 5% are applied when calculating the net present value of the abandonment retirement obligations.

The current abandonment obligation (next twelve months) mainly relates to plugging and abandonment in the ongoing Ringhorne phase III project.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 7 - Interest bearing debt and borrowings

(NOK 1 000)	YTD Q3-2022	YTD Q3-2021	2021
Long term interest bearing debt	2 442 915	1 155 933	1 984 365
Effect of currency swap bond		-15 282	-
Capitalized loan fees	-77 903	-22 822	-88 655
Total long-term interest bearing debt	2 365 012	1 117 829	1 895 710

As of September 30, 2022, the long-term interest-bearing debt consists of USD 225 million of five-year senior secured bonds with a coupon rate of 10.25%.

According to the relevant financial covenants in the bond agreement, the Company shall maintain a minimum liquidity of an amount equal to the total interest costs for the next 6 months, i.e approximately USD 11 million.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 8 – Financial items

(NOK 1 000)	YTD Q3-2022	YTD Q3-2021	2021
Interest income	3 836	-	275
Other financial income	-	-	-
Total financial income	3 836	0	275
Interest expenses	-170 022	-38 797	-70 994
Amortised loan costs	-10 751	-3 039	-27 795
Accretion expenses	-21 234	-20 891	-15 559
Net other financial income / (expenses)	-1 787	-3 579	-5 566
Total financial expense	-203 795	-66 306	-119 914
Realised foreign exchange gain/(loss)	8 686	-2 820	3 150
Net unrealised exchange gain / (loss)	-336 966	-25 258	-31 937
Net financial items	-528 239	-94 384	-148 427

The unrealized exchange loss mainly relate to unrealized loss on the long term debt in USD, partly offset by unrealized exchange gain on cash deposits in other currencies than NOK.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 9 – Tax

Changes to the Petroleum Tax Act were enacted in June 2022 with effect from January 1, 2022.

The combined tax rate of 78% is maintained, but the special petroleum tax (56%) is converted into a cash-based tax. Depreciation and uplift deductions are replaced by immediate deduction of total investments. A calculated ordinary corporation tax will be deductible in the basis for special tax. In order to maintain the overall tax rate of 78%, the special tax rate is increased to 71.8% [$56\% / (1-22\%)$]. The temporary 2020-rules are upheld for qualified future investments with immediate deductions plus 17.69% uplift for special tax. Thus, this applies to the Balder Future project.

The tax value of any losses in the special tax base will be refunded in the following year, whereas any losses in the ordinary corporation tax base (22%) must be carried forward without interest.

The new tax rules increase near term cash flow due to accelerated capex depreciation and annual refund of special tax losses. Over time the gap is gradually closed.

The refund for the tax year 2022 is due in Q4 2023.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 10 – Subsequent events

The Strategic review process initiated on September 28 is ongoing. On November 3 bondholders adopted the proposal as described in the summons for bondholder meeting dated October 24. The key changes adopted in the bond agreement is that the Issuer has agreed a temporary call option till June 30, 2023, to redeem all (but not parts) of the Outstanding Bonds at 105.125% of the Nominal Amount (plus accrued unpaid interest). In return the Issuer has increased the Put Option price from 101.0% to 103.0% of the Nominal Amount (plus accrued unpaid interest) in the event of a sale resulting from the strategic review process as announced September 28, 2022.



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