

Total E&P Angola Block 16 A/S

CVR-No. 28701365

Annual Report 2018

Approved at the General Assembly: 24 May 2019
Chairman of the meeting: Majbritt Perotti Carlson

Amerika Plads 29, 2100 Copenhagen Ø, Denmark.

Company information

Total E&P Angola Block 16 A/S
Amerika Plads 29
2100 Copenhagen Ø

CVR-No.: 28701365
Date of incorporation: 11 May 2005
Registered office: Copenhagen
Financial year: 1 January 2018 - 31 December 2018

Board of Directors

Sophie Paule Roland Barthe (Chairman)
Martin Rune Pedersen
Troels Albrechtsen

Executive Board

Olivier Jacques Maurice Jouny

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen Ø

Branch

Total E&P Angola Block 16
Sito no Sector de Talatona
Zona Residencial 2A,
GU16D Talatona, Luanda
Republic of Angola

Directors' Report

Activities

The Company is a wholly owned subsidiary of Total E&P Danmark A/S.

Total E&P Angola Block 16 A/S participates as operator with a 50% participating interest in Block 16 offshore Angola in partnership with Odebrecht (15%), Sonangol (20%) and Total E&P Chissonga Ltd. (15%). Sonangol's share of the costs are carried by the other partners, which results in a cost share for Total E&P Angola Block 16 A/S of 62.5%. Chissonga development was challenged, due to the low oil price. In 2018, the publication of the Presidential Decree 06/18 resulted in an improvement of the project fiscal terms. Following Maersk Oil acquisition, Total launched a new development study to reevaluate the project.

Total reevaluation resulted in a significant reduction of the field resources. In spite of a significant cost reduction the development remains uneconomic. Studies are ongoing to look for resources upsides and further cost reductions.

A request was submitted to Sonangol EP to extend the preliminary General Development and Production Plan submission deadline to 31/12/2019 and the First Oil Lifting date to 30/06/2024.

Financial review

Financial performance for the year

The result for 2018 shows a loss of USD 6 million, compared to a gain of USD 12 million in 2017.

Key figures for the Company are as follows:

USD million	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Income statement:					
Revenue	0	0	2	1	1
Profit before financial items and tax	(6)	10	(33)	(517)	(162)
Financial items, net	0	2	0	(3)	0
Profit for the year after tax	(6)	12	(32)	(520)	(162)

Balance sheet:

Total assets	36	43	125	200	501
Investments in property, plant and equipment	0	0	0	60	126
Equity	30	35	113	146	388
Solvency ratio	83%	83%	91%	73%	78%
Return on equity	(19%)	35%	(29%)	(357%)	(42%)

Employees:

Average number of employees	4	15	32	82	107
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The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysis. For definitions, see under accounting policies.

Guidance for 2019

For 2019 there is no expected income of significance, which is why a loss is expected.

Change of parent company owner

The share capital in Total E&P Danmark A/S was acquired by Total S.A. from A.P. Møller – Mærsk A/S with effective date 8th March 2018. This does not affect the going concern of the Company.

As of the effective date the Company is no longer part of the A.P. Møller – Maersk Group joint taxation but is instead jointly taxed with the Danish registered Total Group companies. Joint liability for previous periods still exists.

External environment

Total E&P Angola Block 16 A/S seeks to make use of environmentally friendly and energy efficient solutions to reduce negative impact on the environment.

Risks and uncertainties

Total E&P Angola Block 16 A/S is subject to a variety of risks which derive from the nature of the oil production activities.

Total E&P Angola Block 16 A/S' strategic, operational, compliance, financial and emerging risks are monitored through a structured approach including systematic identification, assessment and mitigation of the risks.

Management's Statement

The Board of Directors and Executive Board have today discussed and approved the annual report of Total E&P Angola Block 16 A/S for 2018.

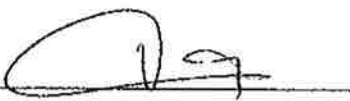
The annual report for 2018 of Total E&P Angola Block 16 A/S has been prepared in accordance with Danish Financial Statements Act and in our opinion gives a true and fair view of the Company's assets, liabilities and the financial position at 31 December 2018 and of the results of the Company's operations for the financial year 2018.

In our opinion the Directors' Report includes a fair review of the development in and the result of the Company's operations and financial conditions, the result for the year and financial position as well as a description of the most significant risks and uncertainty factors that the Company faces.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 24 May 2019

Executive Board:



Olivier Jacques Maurice Jouny

Board of Directors:

Sophie Paule Roland Barthe
(Chairman)



Martin Rune Pedersen



Troels Albrechtsen

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Copenhagen, 24 May 2019

Executive Board:

Olivier Jacques Maurice Jouny

Board of Directors:



Sophie Paule Roland Barthe
(Chairman)



Martin Rune Pedersen



Troels Albrechtsen

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Independent auditors' report

To the shareholder of Total E&P Angola Block 16 A/S

Opinion

We have audited the financial statements of Total E&P Angola Block 16 A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity, and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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 Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements 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 contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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 Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 24 May 2019

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Henrik O. Larsen
State Authorised
Public Accountant
MNE no. 15839



Morten Høgh-Petersen
State Authorised
Public Accountant
MNE no. 34283

Accounting Policies

The Annual Report for 2018 of Total E&P Angola Block 16 A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to class B companies with options from higher reporting classes.

The accounting policies for the financial statements are unchanged from last year.

Total E&P Angola Block 16 A/S has with reference to the Danish Financial Statements Act provision 86 section 4 refrained from preparing a cash flow statement.

Presentation, classification and designations in the income statement and balance sheet have been adjusted to the special nature of the Company.

Key Figures

The ratios shown in the Directors' Report are computed as follows:

$$\text{Solvency ratio} = \frac{\text{Equity, closing}}{\text{Total assets, closing}}$$

$$\text{Return on equity} = \frac{\text{Result before taxes}}{\text{Equity, closing}}$$

Foreign Currency

The functional currency is USD. The Annual Report is presented in USD, in accordance with provision 16 of the Danish Financial Statements Act. The exchange rate of USD to DKK was 6.5213 at 31 December 2018 (2017: DKK 6.2067).

Monetary assets and liabilities in currencies other than USD are translated at the exchange rate at the balance sheet date. Transactions in currencies other than USD are translated at the exchange rate prevailing at the date of the transaction.

Exchange rate gains and losses are included in the income statement as financial income and expenses.

The Income Statement

Revenue comprises operator fee income earned during the financial year.

Exploration expenses are capitalised unless the costs do not qualify for capitalisation, and are then recognised in the income statement as incurred. Expenses for initial surveys

incurred before acquisition of licence for hydrocarbon extraction are also included in the income statement as they are incurred.

Administrative expenses comprise parent company overhead as well as general administrative expenses.

Financial items comprise interest and currency exchange rate gains and losses from translation of cash, receivables and debt in foreign currencies other than USD.

The Company is jointly taxed with the Danish companies within the Total Group. **Tax on profit** for the year includes the amount estimated to be paid for the year as well as adjustments regarding previous years and change in deferred tax.

Provision for deferred tax is made on temporary differences between the accounting and tax values of assets and liabilities. Deferred tax on temporary differences which at the time of the transaction does not affect the financial result or the taxable income is not recognised.

Deferred tax assets are only recognised to the extent that it is probable that they can be utilised against future taxable income.

The Balance Sheet

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets.

IT software is amortised over a useful life of 3 years.

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost price of production facilities etc. comprises direct and indirect costs for appraisal and production wells and production equipment, etc. for fields considered commercial. Depreciation on production facilities etc. is made over the expected economic life determined individually for each development plan.

Fixtures and operating equipment are depreciated within three years.

Depreciation periods and residual values for intangible assets and property, plant and equipment are re-evaluated annually.

Impairment losses are recognised when the carrying amount of an asset or a cash-generating unit exceeds the higher of the estimated value in use and fair value less costs of disposals.

Receivables are measured at nominal value which in all material respects corresponds to amortised cost. Write-down is made for anticipated losses on an individual basis.

Prepayments recognised under assets include prepaid expenses.

Dividend for distribution regarding the financial year is included as part of the **equity**.

Debt to group, suppliers etc. is measured at amortised cost price or lower net realisable value, which in most situations corresponds to the nominal value.

Provisions are recognised when the Company has an existing legal or actual obligation. Provisions are recognised on the basis of best estimates and take discounting into consideration when the time element is significant.

TOTAL E&P ANGOLA BLOCK 16 A/S
INCOME STATEMENT
FOR 2018

Note	USD 1,000	
	2018	2017
Revenue	215	153
Gross profit	215	153
1. Administrative expenses	(12)	2,869
Exploration expenses	(5,446)	7,200
2. Depreciation and impairment	0	0
Result before financial items and tax	(5,243)	10,222
3. Financial income	141	2,160
4. Financial expenses	(463)	0
Result before tax	(5,565)	12,382
5. Tax for the year	0	(102)
RESULT FOR THE YEAR	(5,565)	12,280
6. Proposed distribution of net result		

TOTAL E&P ANGOLA BLOCK 16 A/S
BALANCE SHEET AT 31.12.2018

Note	USD 1,000	
	2018	2017
ASSETS		
2.	NON-CURRENT ASSETS	
	Intangible assets	
	Exploration rights	0
	Software	0
	<u>0</u>	<u>0</u>
	Property, plant and equipment	
	Land and Buildings	0
	Fixtures and operating equipment	0
	Production facilities etc. under construction	0
	<u>0</u>	<u>0</u>
	TOTAL NON-CURRENT ASSETS	0
	CURRENT ASSETS	
	Receivables	
	Receivables from sale of goods and services	439
	Receivables Group companies	34,399
	Other receivables	885
7.	Prepayments	437
	<u>36,160</u>	<u>41,117</u>
8.	Cash	77
	<u>77</u>	<u>1,597</u>
	TOTAL CURRENT ASSETS	36,237
	TOTAL ASSETS	36,237
	<u>36,237</u>	<u>42,714</u>

TOTAL E&P ANGOLA BLOCK 16 A/S
BALANCE SHEET AT 31.12.2018

Note	USD 1,000	
	2018	2017
LIABILITIES AND EQUITY		
EQUITY		
Share capital	22,694	22,694
Retained earnings	0	12,767
Proposed dividend	7,202	0
	29,896	35,461
CURRENT LIABILITIES		
9. Other provisions	1,178	3,467
Trade payables	0	1,777
Payables to group companies	4,858	1,791
Other payables	0	218
Deferred income	305	0
	6,341	7,253
TOTAL LIABILITIES	6,341	7,253
TOTAL LIABILITIES AND EQUITY	36,237	42,714
10. Contingencies etc.		
11. Related parties		

TOTAL E&P ANGOLA BLOCK 16 A/S
STATEMENT OF CHANGES IN EQUITY AT 31.12.2018
(USD 1,000)

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Dividends</u>	<u>Total</u>
Equity 01.01	22,694	12,767	0	35,461
Profit for the year		(5,565)	0	(5,565)
Proposed dividend		(7,202)	7,202	0
Extraordinary dividend		0	0	0
Equity 31.12	22,694	0	7,202	29,896

Share capital consists of the following shares:

<u>Number</u>	<u>Nominal, DKK</u>
130,662	1,000
Total nominal value in DKK	<u>130,662,304</u>

Share capital changes in the last five years:

	<u>DKK</u>
Increase of capital 10 September 2014	4,800,000
Increase of capital 5 February 2015	4,150,000
Increase of capital 20 April 2015	3,450,000
Increase of capital 3 August 2015	2,930,000
Increase of capital 30 October 2015	8,132,304

TOTAL E&P ANGOLA BLOCK 16 A/S

Notes as at 31.12.2018

(USD 1,000)

	2018	2017
Note 1, Staff costs		
Salaries and wages	512	3,069
Pension contributions	0	0
Other social security costs	35	67
	<u>547</u>	<u>3,136</u>
Average number of employees	<u>4</u>	<u>15</u>

Staff costs included in the income statement are contained under the items administrative expenses and exploration expenses.

There has been no Board of Directors fee or Management remuneration paid in the year.

Note 2, Intangible assets/Plant, property and equipment

	2018	2018	2018	2018	2018
	Software etc.	Exploration rights	Fixtures and operating equipment	Production facilities etc. under con- struction	Land and Buildings
Cost at 01.01	12,938	107,500	3,528	421,898	39,515
Additions during the year	0	0	0	0	0
Transferred	0	0	0	0	0
Cost price 31.12	<u>12,938</u>	<u>107,500</u>	<u>3,528</u>	<u>421,898</u>	<u>39,515</u>
Depreciation and impairment losses at 01.01	12,938	107,500	3,528	421,898	39,515
Depreciation and amortisation for the year	0	0	0	0	0
Depreciation, amortisation and write- downs at 31.12	<u>12,938</u>	<u>107,500</u>	<u>3,528</u>	<u>421,898</u>	<u>39,515</u>
Carrying amount 31.12	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

	<u>2018</u>	<u>2017</u>
Note 3, Financial income		
Interest received from group companies	141	1,215
Other interest received	0	799
Exchange rate adjustments etc.	0	146
	<u>141</u>	<u>2,160</u>

Note 4, Financial expenses

Interest	8	0
Exchange rate adjustments etc.	400	0
Other financial expenses	55	0
	<u>463</u>	<u>0</u>

Note 5, Corporate tax

There is no tax on this year's result (2017: USD 102 thousand).

This Company is part of a joint taxation scheme with the Danish companies within the Total Group. The tax is divided between the members of the joint taxation scheme by use of the full allocation method.

Note 6, Proposed distribution of net result

	<u>2018</u>	<u>2017</u>
Extraordinary dividend	0	90,000
Proposed dividend for distribution	7,202	0
Retained earnings	(12,767)	(77,720)
	<u>(5,565)</u>	<u>12,280</u>

Note 7, Prepayments

Prepayments include prepaid insurance and other costs related to future periods.

Note 8, Cash

Cash, USD 77 thousand (2017: USD 1,600 thousand), is the company's share of joint venture bank accounts.

Note 9, Provisions

Provisions are due within one year and include provisions related to tax.

Provisions are recognised when the Company has an existing legal or actual obligation. Provisions are recognised on the basis of best estimates and take discounting into consideration when the time element is significant.

Note 10, Contingencies

As a normal part of business operations field development plans are signed and drilling and production rigs are chartered. At the end of 2018 there are no commitments (2017: USD 50 thousand which is leasing commitments).

As of 31 December 2018, the Company is jointly taxed with Danish companies within the Total Group. This entails unlimited joint liability for Danish corporation taxes and withholding taxes on dividends, interests and royalties within the jointly taxed companies. A similar obligation exists for joint registration of VAT.

Joint liability for previous joint taxation still exists.

Note 11, Related parties

Companies in the Total Group and the Executive board and board members of the company are related parties.

Transactions during 2018 with related parties:

	<u>2018</u>
Service fee from group companies	80
Service fee to group companies	(515)

Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 1.

Payables and receivables to group entities are disclosed in the balance sheet, and financial income is disclosed in note 3.

Parties exercising control

The Company is 100% owned by Total E&P Danmark A/S.

As of 31 December 2018, the ultimate parent company is Total S.A., Tour Coupole, 2 place Jean Millier, 92078 Paris la Défense, France The consolidated Financial Statements of the Total group are available at

<https://www.total.com/en/investors/publications-and-regulated-information/regulated-information/annual-financial-reports>

The Company is included in the consolidated Financial Statements as a subsidiary.