

Maersk Oil Kalaallit Nunaat A/S

CVR-No. 33355092

Annual Report 2017

Approved at the General Assembly: 11 May 2018
Chairman of the meeting: Majbritt Perotti Carlson

Amerika Plads 29, st., 2100 Copenhagen Ø

Company information

Maersk Oil Kalaallit Nunaat A/S
Amerika Plads 29, st.
2100 Copenhagen Ø
Denmark

CVR-No.: 33355092
Date of incorporation: 25 November 2010
Registered office: Copenhagen
Financial year: 01 January 2017 - 31 December 2017

Board of Directors

Michael Simon Borrell (Chairman)
Troels Albrechtsen (Vice Chairman)
Martin Rune Pedersen

Executive Board

Jean-Baptiste Pierre Faget

Directors' Report

Activities

The Company is a wholly owned subsidiary of Mærsk Olie og Gas A/S (name changed to Total E&P Danmark A/S, as per May 1st 2018).

The Company was established during 2010 in connection with Maersk Oil being awarded a license covering Block 9 in Baffin Bay, offshore West Greenland.

Following the data gathering programme in 2012, evaluation of prospectivity of the Block 9 area was finalized in Q2 2014. Maturation of the Navarana prospect based on new 3D seismic data showed the prospect to be economically marginal. A decision on commitment to drill the prospect was due by the end of 2014. Following evaluation regarding possible implications and opportunities, Maersk Oil and partners (Tullow Greenland Exploration Limited and Nunaoil A/S) approached the authorities for an extension to the licence. An agreement on the specific terms for such extension was reached in October 2014. The addendum to the licence agreement was signed in November 2014, giving a two year extension (until December 31, 2016) with no additional commitments (only a minimum licence fee of USD 100,000 per year). The work programme for the block was completed and a decision was made to withdraw from the licence at the end of the extension. The Approval of Surrender documents for the license were signed on the 8th of February 2018, releasing all partners from any work obligation, claim or liability, and the Parent Company Guarantee was released.

Financial review

Financial performance of the year

The result for 2017 is a gain of USD 242 thousand, compared to a loss of USD 1,044 thousand in 2016.

Guidance for 2018

All accounts have been settled in April 2018 with the final payment of USD 12,421 to Tullow. As a result of the close out of Block 9 activities, a small loss is expected in 2018.

Change of parent company owner

The share capital in Mærsk Olie og Gas 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 and is instead jointly taxed with the previous Maersk Oil Group companies and Danish registered Total Group companies. Joint liability for previous periods still exists.

Management's Statement

The Board of Directors and Executive Board have today discussed and approved the annual report of Maersk Oil Kalaallit Nunaat A/S for 2017.

The annual report for 2017 of Maersk Oil Kalaallit Nunaat 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 2017 and of the results of the Company's operations for the financial year 2017.

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.

In 2016, a decision was taken to opt out of auditing the Financial Statements in accordance with provision 135 of the Danish Financial Statements Act. The conditions for this exemption are still applicable.

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

Copenhagen, 11 May 2018

Executive Board: _____

Jean-Baptiste Pierre Faget

Board of Directors: _____

Michael Simon Borrell
(Chairman)

Troels Albrechtsen
(Vice Chairman)

Martin Rune Pedersen

Accounting Policies

The Annual Report for 2017 of Maersk Oil Kalaallit Nunaat A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to class B companies.

The accounting policies for the Financial Statements are unchanged from last year.

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

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 6.2067 at 31 December 2017 (2016: DKK 7.0550).

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

Administrative expenses comprise parent company overhead and other general administrative expenses.

Exploration and evaluation 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.

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 a number of Danish companies in the A.P. Møller - Mærsk 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

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.

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.

MAERSK OIL KALAALLIT NUNAAT A/S
INCOME STATEMENT
FOR 2017

Note	USD 1,000	
	2017	2016
1. Administrative expenses	30	31
Exploration expenses	69	1,059
Result before financial items and tax	(99)	(1,090)
2. Financial income	371	130
3. Financial expenses	15	85
Result before tax	257	(1,045)
4. Tax for the year	15	(1)
RESULT FOR THE YEAR	242	(1,044)
Proposed distribution of net result		
Extraordinary dividend	6,380	45,000
Retained earnings	(6,138)	(46,044)
	242	(1,044)

MAERSK OIL KALAALLIT NUNAAT A/S
BALANCE SHEET AT 31.12.2017

Note	USD 1,000	
	2017	2016
ASSETS		
 CURRENT ASSETS		
Receivables		
Receivables Group companies	927	7,450
Receivables joint venture partners	7	39
	934	7,489
 TOTAL CURRENT ASSETS	934	7,489
 TOTAL ASSETS	934	7,489

MAERSK OIL KALAALLIT NUNAAT A/S
BALANCE SHEET AT 31.12.2017

Note	USD 1,000	
	2017	2016
LIABILITIES AND EQUITY		
5. EQUITY		
Share capital	897	897
Retained earnings	16	6,154
	913	7,051
 CURRENT LIABILITIES		
Trade payables	5	429
Payables to Group companies	16	9
	21	438
TOTAL LIABILITIES	21	438
TOTAL LIABILITIES AND EQUITY	934	7,489
6. Contingencies etc.		
7. Related parties		

MAERSK OIL KALAALLIT NUNAAT A/S

Notes as at 31.12.2017

(USD 1,000)

Note 1, Staff costs

The Company has no employees, as all those engaged are employed in other group companies.

USD 1,000

Note 2, Financial income

Interest received from group companies
Exchange rate adjustments etc.

	<u>2017</u>	<u>2015</u>
	44	130
	327	0
	<u>371</u>	<u>130</u>

Note 3, Financial expenses

Exchange rate adjustments etc.

	15	85
	<u>15</u>	<u>85</u>

Note 4, Corporate tax

Tax for the year is an expense of USD 15 thousand (2016: an income of USD 1 thousand).

This Company is part of a joint taxation scheme with the A.P. Møller-Mærsk Group. The tax is divided between the members of the joint taxation scheme by use of the full allocation method.

Note 5, Equity

USD 1,000

	2017	2016
Share capital		
Share capital at 01.01	897	897
Share capital at 31.12	897	897
Retained earnings		
Retained earnings at 01.01	6,154	52,198
Transferred from result for the year	(6,138)	(46,044)
Retained earnings at 31.12	16	6,154
Proposed dividend for distribution		
Proposed dividend at 01.01	0	0
Extraordinary dividend	6,380	45,000
Extraordinary dividend paid	(6,380)	(45,000)
Proposed dividend at 31.12	0	0
Total equity	913	7,051

Share capital consists of the following shares:

Number	Nominal, DKK
5,250	1,000
Total nominal value in DKK	5,250,000

There have been no changes to the share capital during the past five years.

Note 6, Contingencies

No work commitments are entered into by the end of 2017 (2016: USD 0.4 million).

As of 31 December 2017, the Company is jointly taxed with Danish companies within the A.P. Møller-Mærsk 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.

Note 7, Related parties

Companies in the A.P. Møller-Mærsk Group and the Executive board and board members of the Company are related parties. All transactions with related parties are carried out at arm's length.

Parties exercising control

The Company is 100% owned by Mærsk Olie og Gas A/S. The consolidated Maersk Oil Financial Statements are available at the Company's address, Amerika Plads 29, st., 2100 Copenhagen Ø, Denmark.

As of 31 December 2017, the ultimate parent company is A.P. Møller Holding A/S. The consolidated Financial Statements of A.P. Møller Holding A/S are available at the company's address, Esplanaden 50, 1098 Copenhagen K, Denmark.

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