Maersk Oil Ethiopia A/S CVR-No. 37139343

Annual Report for the period 6 October 2015 - 31 December 2016

Approved at the General Assembly: 30 May 2017 Chairman of the meeting: Majbritt Perotti Carlson

Esplanaden 50, 1263 Copenhagen K

Company information

Maersk Oil Ethiopia A/S Esplanaden 50 1263 Copenhagen K

CVR-No.:	37139343
Date of incorporation:	6 October 2015
Registered office:	Copenhagen
Financial year:	6 October 2015 - 31 December 2016

Board of Directors

Gretchen H. Watkins (Chairman) Carsten Sonne-Schmidt (Vice Chairman) Samir Abboud

Executive Board

Alan Thomas McInally

Auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

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Directors' Report

Activities

The Company is a wholly owned subsidiary of Maersk Oil Exploration Netherlands B.V.

Maersk Oil Ethiopia A/S was formed on 6 October 2015. The purpose of the Company is to manage Maersk Oil's exploration activities in Ethiopia. The Company holds interests in two exploration blocks, the Tullow operated South Omo block and the African Oil Corporation operated Rift Valley block.

The operator, Tullow, recommended a withdrawal from the South Omo block to partners and a Maersk Oil decision to relinquish the licences and exit Ethiopia was made in January 2017.

Financial review

Financial performance for the year

The result for the period 6 October 2015 to 31 December 2016 is a loss of USD 13 million.

Guidance for 2017

In 2017, a smaller loss is expected due to close out of activities.

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Management's Statement

The Board of Directors and Executive Board have today discussed and approved the annual report of Maersk Oil Ethiopia A/S for 2016.

The annual report for the period 6 October 2015 to 31 December 2016 of Maersk Oil Ethiopia 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 2016 and of the results of the Company's operations for the period 6 October 2015 to 31 December 2016.

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.

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

It is proposed to the annual general meeting on 30 May 2017 that the Financial Statements for 2017 should not be audited. It is the Board of Directors and the Executive Board's opinion that the Company qualifies for an audit exemption.

Copenhagen, 30 May 2017

Executive Board:

Alan Thomas McInally

Board of Directors:

Gonne Schmich

Carsten Sonne-Schmidt (Vice Chairman)

Gretchen H. Watkins

(Chairman)

Samir Abboud



Independent auditors' report

To the shareholder of Maersk Oil Ethiopia A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company's operations for the financial year 6 October 2015 - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Maersk Oil Ethiopia A/S for the financial year 6 October 2015 - 31 December 2016, which comprise income statement, balance sheet, accounting policies and notes ("financial statements").

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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Directors' Report

Management is responsible for Directors' Report.

Our opinion on the Financial Statements does not cover Directors' Report, 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 Directors' Report and, in doing so, consider whether Directors' Report 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 Directors' Report provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Directors' Report is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Directors' Report.

Management's Responsibilities 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 as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's 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 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 and the additional requirements applicable in Denmark 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, 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 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.

Hellerup, 30 May 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

State Authorised Public Accountant

Kristian Pedersen

State Authorised Public Accountant

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Accounting Policies

The Annual Report for the period 6 October 2015 to 31 December 2016 of Maersk Oil Ethiopia A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to class B companies.

It is the Company's first financial year. Consequently, no comparative figures are included, and the financial year covers the period 6 October 2015 to 31 December 2016.

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 7.0550 at 31 December 2016.

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 expenses are capitalised unless the costs do not qualify for capitalisation, and are then recognised in the income statement as 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

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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.

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.

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MAERSK OIL ETHIOPIA A/S INCOME STATEMENT

FOR THE PERIOD 6 OCTOBER 2015 - 31 DECEMBER 2016

		USD 1,000 6/10 2015-
		31/12
Note		2016
1.	Administrative expenses	655
	Exploration expenses	517
2.	Amortisation	11,655
	Result before financial items and tax	(12,827)
3.	Financial income	2
4.	Financial expenses	44
	Result before tax	(12,869)
5.	Tax on result for the year	0
	RESULT FOR THE YEAR	(12,869)
	Proposed distribution of net result	
	Retained earnings	(12,869)
		(12,869)

MAERSK OIL ETHIOPIA A/S BALANCE SHEET AT 31.12.2016

Note		USD 1,000 2016
	ASSETS	
2.	NON-CURRENT ASSETS Intangible fixed assets	
	Oil rights	1,165
		1,165
	TOTAL NON-CURRENT ASSETS	1,165
	CURRENT ASSETS	
	Receivables	
	Receivables Group companies	4,217
	Other receivables	20
		4,237
	TOTAL CURRENT ASSETS	4,237
	TOTAL ASSETS	5,402



MAERSK OIL ETHIOPIA A/S BALANCE SHEET AT 31.12.2016

Note		USD 1,000 2016
	LIABILITIES AND EQUITY	
6.	EQUITY	
	Share capital	146
	Retained earnings	4,474
		4,620
	CURRENT LIABILITIES	
	Payables to group companies	782
		782
	TOTAL LIABILITIES	782
	TOTAL LIABILITIES AND EQUITY	5,402

- 7. Contingencies etc.
- 8. Related parties

MAERSK OIL ETHIOPIA A/S Notes as at 31.12.2016 (USD 1,000)

Note 1, Staff costs

The Company has no employees, as all those engaged are employed in Rederiet A.P. Møller A/S.

Note 2, Intangible assets	USD 1,000 2016 Oil Rights
Cost at 6.10.2015 Additions during the period	0 12,820
Cost price 31.12	12,820
Amortisation at 6.10.2015 Amortisation for the period	0 11,655
Amortisation at 31.12	11,655
Carrying amount 31.12	1,165
USD 1,000	6/10 2015- 31/12 2016
Note 3, Financial income Interest received from group companies	2
Interest received from group companies	2
Note 4, Financial expenses	
Exchange rate adjustments etc.	44
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Note 5, Corporate tax

Tax on result for the year is nil.

This Company is part of a joint taxation scheme with 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 6, Equity	
USD 1,000	2016
Share capital	
Share capital at 6.10.2015	0
Start up capital	71
Capital increases	75
Share capital at 31.12	146
Retained earnings	
Retained earnings at 6.10.2015	0
Capital increases, surplus premium	17,343
Transferred from profit for the period	(12,869)
Retained earnings at 31.12	4,474
Total equity	4,620

Share capital consists of the following shares:	Number	Nominal, DKK
	1,000	1,000
	Total nominal	
	value in DKK	1,000,000
Share capital, changes:		
Registration 6 October 2015		500,000
Increase of capital 19 February 2016		500,000
		1,000,000



Note 7, Contingencies

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 8, 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 on arm's length.

Parties exercising control

The Company is 100% owned by Maersk Oil Exploration Netherlands B.V., which does not prepare consolidated Financial Statements.

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 the ultimate parent company's consolidated Financial Statements as a subsidiary.



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