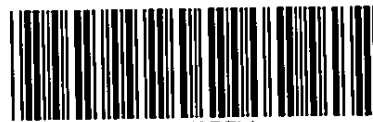


REGISTERED NUMBER: 07229424 (England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
FOR
FORTIS PETROLEUM UK LIMITED**

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FORTIS PETROLEUM UK LIMITED (REGISTERED NUMBER: 07229424)

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FOR THE YEAR ENDED 31 DECEMBER 2011**

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FORTIS PETROLEUM UK LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2011**

DIRECTORS:	R Omdahl M S Haagaard K M Berli
SECRETARY:	WFW Legal Services Limited
REGISTERED OFFICE:	C/O WFW Legal Services Limited 15 Appold Street London EC2A 2HB
REGISTERED NUMBER:	07229424 (England and Wales)
ACCOUNTANTS:	Gary Sargeant + Company Chartered Accountants and Statutory Auditors 5 White Oak Square London Road Swanley Kent BR8 7AG
BANKERS:	DnB Bank ASA 20 St Dunstan's Hill London EC3R 8HY
SOLICITORS:	Watson, Farley & Williams LLP 15 Appold Street London EC2A 2HB
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

FORTIS PETROLEUM UK LIMITED (REGISTERED NUMBER: 07229424)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2011**

The directors present their report with the audited financial statements of the company for the year ended 31 December 2011

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of exploration for oil and gas

REVIEW OF BUSINESS

During 2011, the Company performed regional and semi-regional screening as well as specific block evaluation in preparation for the upcoming UK 27th Offshore Licencing Round which was announced on 1 February 2012.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2011 (2010 £Nil)

FUTURE DEVELOPMENTS

During 2012 and onwards, Fortis Petroleum UK Limited has the potential for further organic and in-organic growth by participating in concession rounds on the UK Continental Shelf in addition to identified and potential farm ins in various licences

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2011 to the date of this report

M S Haagaard
K M Berli

Other changes in directors holding office are as follows

R Omdahl - appointed 10 January 2011
Ms H Eikeland - appointed 10 January 2011 - resigned 8 November 2011
C A Selmer - resigned 10 January 2011

All the directors who are eligible offer themselves for election at the forthcoming Annual General Meeting.

RISKS AND UNCERTAINTIES

The future risks and uncertainties are limited due to the assets and funds made available by the parent company which secures continued operations

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2011**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP will be proposed for re-appointment at the forthcoming Annual General Meeting.

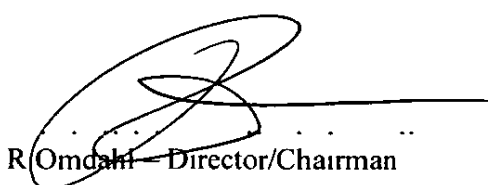
ON BEHALF OF THE BOARD:



M S Haagaard - Director



K M Berli – Director



R Omdahl – Director/Chairman

Date: 12 June 2012

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FORTIS PETROLEUM UK LIMITED

We have audited the financial statements of Fortis Petroleum UK Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FORTIS PETROLEUM UK LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Kevin McGhee

Kevin McGhee (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date 13 June 2012

FORTIS PETROLEUM UK LIMITED (REGISTERED NUMBER: 07229424)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

		Year Ended 31/12/11 £	Period 20/4/10 to 31/12/10 £
	Notes		
TURNOVER		-	-
Administrative expenses		(162,261)	(68,842)
		(162,261)	(68,842)
Other operating income	2	145,613	-
OPERATING LOSS	4	(16,648)	(68,842)
Interest payable and similar charges	5	(4,453)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(21,101)	(68,842)
Tax on loss on ordinary activities	6	(583)	-
LOSS FOR THE FINANCIAL YEAR		<u>(21,684)</u>	<u>(68,842)</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous period

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current year or previous period

There is no material difference between the loss on ordinary activities before taxation and the loss for the year stated above their historical costs equivalents


The notes on pages 8 to 14 form part of these financial statements

FORTIS PETROLEUM UK LIMITED (REGISTERED NUMBER: 07229424)

**BALANCE SHEET AS AT
31 DECEMBER 2011**

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	7	2,333	-
CURRENT ASSETS			
Debtors	8	2,122	-
Cash at bank		<u>8,289</u>	<u>-</u>
		10,411	-
CREDITORS			
Amounts falling due within one year	9	<u>(102,587)</u>	<u>(68,742)</u>
NET CURRENT LIABILITIES		<u>(92,176)</u>	<u>(68,742)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(89,843)</u>	<u>(68,742)</u>
PROVISIONS FOR LIABILITIES	10	<u>(583)</u>	<u>-</u>
NET LIABILITIES		<u>(90,426)</u>	<u>(68,742)</u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account	12	<u>(90,526)</u>	<u>(68,842)</u>
TOTAL SHAREHOLDERS' DEFICIT	17	<u>(90,426)</u>	<u>(68,742)</u>

The financial statements on pages 6 to 14 were approved by the Board of Directors on 12 June 2012 and were signed on its behalf by


M S Haagaard - Director


K M Berli - Director


R Omdahl - Director/Chairman

The notes on pages 8 to 14 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

1 ACCOUNTING POLICIES

Going Concern Basis

The financial statements have been prepared on the going concern basis, given that Fortis Petroleum UK Limited has the full on-going support of its parent company Fortis Petroleum Corporation AS, for at least 12 months from the date of approval of these financial statements and the directors have received confirmation from Fortis Petroleum Corporation AS that this is the case. In addition, Fortis Petroleum Norway AS, has agreed not to demand repayment of amounts due by the company until the company is in a position to do so.

Accounting convention

The financial statements were prepared under the historical cost convention and in accordance with the Companies Act 2006, applicable United Kingdom accounting standards and the Statement of Recommended Practice of Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities issued in June 2001 (the "SORP") in so far as it is relevant to the company's operations. The accounting policies have been applied consistently.

Cash flow statement

The directors have taken advantage of the exemption in FRS1 (revised 1996) from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its parent publishes a consolidated cash flow statement.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery - 33% per annum on cost

Exploration and development expenditure

In accordance with the successful efforts method, licence acquisition costs and all costs incurred after the rights to explore an area have been obtained, such as geological and geophysical costs and other direct costs of exploration and appraisals are accumulated and capitalised as intangible assets, pending determination.

Costs incurred prior to acquiring the rights to explore are charged directly to the profit and loss account. On completion of appraisal activities if technical feasibility is demonstrated and commercial reserves are discovered, then, following development sanction, the carrying value of the relevant intangible asset will be reclassified as a development and production asset and transferred to tangible fixed assets and depreciated over the expected productive life of the asset. Whenever a project is considered no longer viable the associated exploration expenditure is written off to the profit and loss account.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011**

1 ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The Company contributes into a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate

Taxation

Current tax, including UK corporation tax and foreign tax, is provided on taxable profits at the current rate of taxation

Deferred tax is recognised in respect of all timing difference that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Other operating income

Other operating income consists of recharges to Fortis Petroleum Norway AS and Fortis Petroleum Corporation AS. The recharges are for staff expenses and man hours relating to the two companies.

2 OTHER OPERATING INCOME

	Year Ended 31/12/11 £	Period 20/4/10 to 31/12/10 £
Management recharges	<u>145,613</u>	<u>-</u>

FORTIS PETROLEUM UK LIMITED (REGISTERED NUMBER: 07229424)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011**

3 STAFF COSTS

	Year Ended 31/12/11 £	Period 20/4/10 to 31/12/10 £
Wages and salaries	90,000	15,000
Social security costs	11,281	1,798
Other pension costs	<u>8,400</u>	<u>-</u>
	<u>109,681</u>	<u>16,798</u>

The average monthly number of employees during the year was as follows

	Year Ended 31/12/11	Period 20/4/10 to 31/12/10
Management and administration	3	3
Technical	<u>1</u>	<u>1</u>
	<u>4</u>	<u>4</u>

The directors did not receive any emoluments in respect of their services to the company
(2010 £nil)

4 OPERATING LOSS

The operating loss is stated after charging/(crediting)

	Year Ended 31/12/11 £	Period 20/4/10 to 31/12/10 £
Depreciation - owned assets	136	-
Auditors' remuneration	7,350	7,000
Foreign exchange differences	(2,316)	1,979
Exploration costs on relinquished blocks written off	<u>-</u>	<u>34,100</u>
Directors' remuneration	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011**

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31/12/11	Period 20/4/10 to 31/12/10
	£	£
Interest paid to group companies	<u>4,453</u>	<u>-</u>

6 TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows

	Year Ended 31/12/11	Period 20/4/10 to 31/12/10
	£	£
Deferred tax (see note 10)	<u>583</u>	<u>-</u>
Tax on loss on ordinary activities	<u>583</u>	<u>-</u>

Factors affecting the tax charge

The tax assessed for the year is higher (2010 – higher) than the standard rate of corporation tax in the UK. The difference is explained below

	Year Ended 31/12/11	Period 20/4/10 to 31/12/10
	£	£
Loss on ordinary activities before tax	<u>(21,101)</u>	<u>(68,842)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	(5,592)	(19,276)
Effects of		
Capital allowances in excess of depreciation for which deferred tax is not recognised	(618)	-
Creation of unrecognised tax losses	6,210	18,490
Expenses not deductible	<u>-</u>	<u>786</u>
Current tax charge	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011**

6 TAXATION - continued

Factors affecting current and future tax charges

Further reductions to the UK corporation tax rate were announced in the March 2012 Budget. The changes, which are expected to be enacted separately each year, propose to reduce the rate to 24% from 1 April 2012 and by a further 1% per annum to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements. The impact of the proposed changes is not expected to be material.

7 TANGIBLE FIXED ASSETS

	Plant and machinery £
COST	
At 1 January 2011	-
Additions	<u>2,469</u>
At 31 December 2011	<u>2,469</u>
DEPRECIATION	
At 1 January 2011	-
Charge for year	<u>136</u>
At 31 December 2011	<u>136</u>
NET BOOK VALUE	
At 31 December 2011	<u>2,333</u>
At 1 January 2011	<u>-</u>

8 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Other debtors	1,757	-
Prepayments	<u>365</u>	<u>-</u>
	<u>2,122</u>	<u>-</u>

FORTIS PETROLEUM UK LIMITED (REGISTERED NUMBER: 07229424)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011**

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Trade creditors	1,557	-
Amounts owed to group undertakings	86,283	48,944
Social security and other taxes	3,637	6,937
Other creditors	-	861
Accruals	<u>11,110</u>	<u>12,000</u>
	<u>102,587</u>	<u>68,742</u>

10. PROVISIONS FOR LIABILITIES

	2011	2010
	£	£
Deferred tax		
Accelerated capital allowances	<u>583</u>	<u>-</u>
		Deferred tax
		£
Balance at 1 January 2011		-
Charge for the year		<u>583</u>
Balance at 31 December 2011		<u>583</u>

11 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2011	2010
Number	Class	Nominal value	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

12 RESERVES

	Profit and loss account
	£
At 1 January 2011	(68,842)
Loss for the year	<u>(21,684)</u>
At 31 December 2011	<u>(90,526)</u>

FORTIS PETROLEUM UK LIMITED (REGISTERED NUMBER: 07229424)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011**

13. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Fortis Petroleum Corporation AS, a company incorporated in Norway.

The ultimate parent undertaking is Consema AS. The ultimate controlling parties are Consema AS and PGS Geophysical, both companies are incorporated in Norway.

Fortis Petroleum Corporation AS is the only parent undertaking of the group of undertakings to consolidate these financial statements. The consolidated financial statements of Fortis Petroleum Corporation AS can be obtained from Fortis Petroleum Corporation AS, Solbråveien 20, 1383 Asker, Norway

14. CONTINGENT LIABILITIES

The Company had no contingent liabilities at 31 December 2011 (2010: £Nil).

15. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2011 (2010: £Nil).

16. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption available under Financial Reporting Standard 8 Related party disclosures not to disclose transactions with other group companies, due to the Company being wholly owned by Fortis Petroleum Corporation AS which has publicly available consolidated financial statements

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2011 £	2010 £
Loss for the financial year	(21,684)	(68,842)
Share capital	<u>-</u>	<u>100</u>
Net reduction of shareholders' deficit	(21,684)	(68,742)
Opening shareholders' funds	<u>(68,742)</u>	<u>-</u>
Closing shareholders' deficit	<u>(90,426)</u>	<u>(68,742)</u>

FORTIS PETROLEUM UK LIMITED (REGISTERED NUMBER: 07229424)**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Year Ended 31/12/11		Period 20/4/10 to 31/12/10	
	£	£	£	£
Income		-		-
Other income				
Income		<u>145,613</u>		<u>-</u>
		144,566		-
Expenditure				
Exploration costs	-		34,100	
Wages	90,000		15,000	
Social security	11,281		1,798	
Pensions	8,400		-	
Staff Welfare	6,437		708	
Telephone	837		30	
Post and stationery	-		5	
Travelling	12,681		94	
Training costs	116		-	
Computer costs	185		54	
Accountancy	10,737		5,000	
Legal and professional fees	16,290		2,806	
Subscriptions	-		268	
Auditors' remuneration	7,350		7,000	
Foreign exchange losses	(2,316)		1,979	
Depreciation of tangible fixed assets	<u>136</u>		<u>-</u>	
		<u>162,134</u>		<u>68,842</u>
		(16,521)		(68,842)
Finance costs				
Bank charges	127		-	
Interest paid to group co's	<u>4,453</u>		<u>-</u>	
		<u>4,580</u>		<u>-</u>
NET LOSS		<u>(21,101)</u>		<u>(68,842)</u>

This page does not form part of the statutory financial statements