Annual Accounts

Altinex Oil Norway AS

(Entity no. 987008644)

31 December 2007

Altinex Oil Norway AS

Results for 2007

Altinex Oil Norway's revenue totalled mNok 491 for 2007, compared to mNok 393 for 2006. Earning before interest, tax, depreciation and amortization (EBITDA) ended at mNok 274 for 2007, (mNok 246). Earning before interest and tax (EBIT) ended at mNok 169 for 2007, (mNok 131).

Cash flow from operating activities ended at mNok 137 for 2007, (mNok 216). As at 31 December 2007 the company's liquidity is healthy with mNok 138 in cash, (mNok 136).

Net financials for 2007 was mNok -18. The figures include interest expenses of mNok 47, gain on financial instruments was mNok 42 and a currency loss of mNok 15. All external loans in foreign currency are fully hedged.

At the end of 2007, the company has oil price hedging instruments in place, which secure a major part of expected after tax result against oil prices below USD 50 per barrel until June 2010.

Total equity and liabilities as at 31 December were mNok 1,232 with equity of mNok 174. At the end of 2007, the company's net interest bearing debt was mNok 257.
The covenants in the Bond agreement require a minimum book equity ratio of 25 per cent. As at 31. December the book equity ratio is 40 %. In February 2008 the company carried out a capital increase of NOK 25 million.
Net production from the Company's two fields averaged 3,400 boe/d for 2007.

Operations
The first Brage production well in the planned 5-year drilling campaign came on stream in the beginning of Q2 2007. The well is a 5,643 meters long horizontal producer completed in the Statfjord reservoir, with initial production much higher than expected, close to 13,000 boe/d, (1,650 boe/d net to Altinex), but with a fairly rapid increase in water cut. The well is the first of several wells planned to be drilled in the Brage field and adjacent prospects over the coming years.

A 4D seismic survey has recently been collected over the field and is being interpreted to identify bypassed oil and possible new targets for infill drilling. For 2008, further infill drilling is planned to optimize production. The average production from the Brage Field in 2007 was approximately 3,150 boe/d.

There is prospectivity in the areas around the Brage Field. Two near field exploration targets on the northern flank of the field are planned to be drilled from the Brage platform in 2008.

Production commenced on 1 June from the Enoch field where Altinex holds a 4.36% interest in the unitised field which straddles the UK and Norwegian sectors in UKCS Block 16/13a and NCS Block 15/5 (unitized at 80% and 20%, respectively). Talisman is operator for the unitised field. Enoch is developed as a subsea tie-back to the Brae A platform on the UKCS. Produced oil is transported in the Forties pipeline system to Cruden Bay in Scotland, and gas is delivered and sold at the Brae platform. The average production for the entire year 2007 from the Enoch Field was approximately 250 boe/d.

Altinex Oil was awarded one licence (PL 408) in the Norwegian APA 2006 awards announced by the Ministry of Petroleum and Energy on 29 January 2007. Altinex Oil has a 30% equity and Pertra has the remaining 70% and operates the licence. The licence is located immediately south of the Sleipner Field.

Further, Altinex Oil was awarded equity in licence PL 442 on the Norwegian Continental Shelf covering Blocks 25/2 and 25/3 in connection with the second phase of the Norwegian APA 2006 licensing round. Altinex Oil, Svenska Petroleum and DNO each have a 20% equity and Hydro has the remaining 40% and operates the licence. The awards were announced by the Ministry of Petroleum and Energy on 31 May 2007. The licence is located immediately east of the Frigg field and contains the Gamma oil and gas discovery proven by two wells, 25/2-10 S and 25/2-11.

ALTINEX OIL NORWAY AS - INCOME STATEMENT - IFRS

All figures in tNok	*2007*	*2006*
Operating income	491 150	393 356
Production cost	83 032	96 167
Exploration costs expensed	53 832	19 418
Other operating expenses	80 284	31 599
Operating results before depreciation and amortisation (EBITDA)	274 001	246 171
Depreciation and amortisation	104 641	115 346
Operating result (EBIT)	169 360	130 826
Net financial items	-18 414	-51 435
Profit before tax (EBT)	150 946	79 390
Tax	124 467	78 654
Net results	26 479	736

ALTINEX OIL NORWAY AS - BALANCE SHEET - IFRS

All figures in tNok	*2007*	*2006*
Non-Current assets		
Goodwill	300 191	324 839
License interests, exploration assets	126 887	126 887
Production facilities	543 729	443 912
Other machinery and equipment	2 950	3 615
Total non-current assets	973 756	899 253
Current assets		
Inventory, including underlift	33 123	16 251
Account receivables and other current receivables	87 141	45 828
Bank deposits, cash in hand, etc.	137 981	135 575
Total current assets	258 244	197 654
Total assets	1 232 000	1 096 907
Equity		
Share capital	140 001	140 001
Other equity	34 405	7 926
Total equity	174 406	147 927
Liabilities		
Deferred tax liabilities	276 568	280 104
Provisions for other liabilities and charges	189 986	136 247
Bond issue	394 763	393 044
Current income taxes payable	69 052	59 458
Other current liabilities	127 226	80 127
Total liabilities	1 057 594	948 980
Total equity and liabilities	1 232 000	1 096 907

ALTINEX OIL NORWAY AS - CASH FLOW STATEMENT

All figures in tNok	*2007*	*2006*
Net cash from operating activities	137 485	215 502
Net cash from investing activities	-135 079	-568 367
Net cash from financing activities	0	383 000
Net change in cash and cash equivalents	2 406	30 135
Cash and cash equivalents at the beginning of period	135 575	105 439
Cash and cash equivalents at the end of period	137 981	135 575

ALTINEX OIL NORWAY AS - STATEMENT AND CHANGES IN EQUITY

All figures in tNok	*2007*	*2006*
Balance at the beginning of period	147 928	56 691
Capital increase	0	90 500
Net results for the period	26 479	736
Balance at the end of period	174 407	147 928

NOTES

1) Basis for preparation

The interim financial statements for 2007 have been prepared in accordance with the regulations of Oslo Stock Exchange and IAS 34 “The interim financial statements”. The interim financial statements do not include all information required for annual financial statements and should for this reason be read in conjunction with Altinex Oil Norway’s 2006 financial statements. The accounting principles applied is the same as those used for the Altinex Oil Norway’s 2006 Financial statements. These statements were prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union and interpretations by the International Accounting Standard Board (IASB).

(2) Functional currency

Functional currency in 2007 was NOK.

(3) Exploration and development costs for oil and gas assets

Exploration costs are accounted for in accordance with the successful effort method. This means that all exploration costs including pre-operating costs (seismic acquisitions, seismic studies, internal man hours, etc.) are expensed as incurred. Exceptions are costs related to acquisition of licenses and drilling of exploration wells. These costs are temporarily capitalized pending an evaluation of the economics of the exploration drilling findings. If hydrocarbons are discovered, the costs remain capitalized. If no hydrocarbons are found or if the discoveries are not commercially profitable, the drilling costs are expensed. All costs of developing oil and gas fields are capitalized.

(4) Depreciations and amortizations

Depreciation of production equipment is calculated in accordance with the unit of production method. The added values which are allocated to producing fields will be amortized in accordance with the unit of production method.

(5) Taxes

Income tax expenses for the period are calculated based on the tax rate applicable to the expected total annual earnings. The ordinary income tax is 28% in Norway. In addition, there is an extra petroleum tax of 50% related to exploration and production on the Norwegian Continental Shelf.

The deferred tax and tax advantage is based on the difference between book value and fiscal value of assets and liabilities.

(6) Goodwill – Deferred tax liabilities

The acquisitions of the Brage field and the Enoch field have been treated in accordance with IFRS 3 – Business Combinations. The acquisition prices are allocated to assets and liabilities at the estimated fair values at the acquisition dates. The tax base of the acquired assets and liabilities is not affected by the acquisitions. As all acquisitions are treated as Business Combinations, the difference between new fair values and booked values prior to the acquisitions result in a change in the Deferred tax liability. The change in Deferred tax liability in turn affects Goodwill. All Goodwill in the balance sheet is the equivalent of the value of the increased Deferred tax liability at the day of the acquisitions. Goodwill is, according to IFRS, not amortized, but will be subject to impairment testing.