Interim Report 1st Quarter 2013

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Crudecorp ASA is an independent and international E&P company engaged in the acquisition, development and operation of oil and natural gas properties. Currently, the Company owns a 90% interest in the Chico Martinez oilfield in California, and is in the process of developing the reservoir located in the Etchegoin sands of this field for production. The Company's goal is to significantly increase recovery and to raise production rates of old, abandoned resources, through the use of the EOR techniques.

Quarterly highlights

- **Production build-up in progress.**
- **Raised NOK 64 million in new equity through a private placement**
- **New Competent Persons Report from GCA. 2P reserves up 8%.**
- **Close to completion on well hook up, and received a permit for increased steam injection pressure.**

Quarterly financial highlights

(Mill USD, unaudited)

	Q1-13	Q1-12
Oil sale (bbls)	26,803	4,293
Revenues	2.013	0.337
Operating costs	-1.950	-0.965
Other income/expenses*	-0.363	0
Depreciation**	-0.660	-0.493
Operating profit	-0.959	-1.121
Net financial items	0.156	-1.733
Taxes	0.384	0
Net profit (-loss)	-0.419	-2.854
Net cash from operating activities	0.118	-0.798
Capital expenditure	6,232	5,548
Cash position (as per 31.03)	4,626	8,575
Book equity (as per 31.03)	30,144	35,724

** Provision of calculated loss on MTM (market to market) value on the Oil swap agreement related to the Credit Suisse facility.*
*** From Q4 12 the Company implemented a unit of production (UOP) depreciation profile on the field. This is in accordance with earlier communicated change in depreciation profile in accordance with the increase in production. The UOP are based on the definition of 1P reserve estimate.*

Health, safety and the environment

No HSE incidents were reported in connection with operations conducted by Crudecorp during the first quarter.

Management report

- Sales volumes were higher in Q1 2013 (26,803 bbls) than Q4 2012 (13,015 bbls).
- Production in Q1 2013 (26,235 bbls) showed a significant increase from Q4 2012 (17,091), mainly as a result of increased steam injection and production from additional wells. Steam injection averaged 3,424 BSPD in Q1 2013, versus 2,472 BSPD in Q4 2012.
- In Q1, approximately 43% of the steam injected was used for cyclic steaming (stimulation of producing wells) and 57% for continuous steam injection (stimulation of reservoir through dedicated steam injection wells). The total Steam to Oil ratio was 11.7 in Q1 versus 13.0 for Q4. However, the production achieved in Q1 came mostly from wells which had been stimulated with cyclic steam, which is to be expected as the production effect from continuous steam takes longer time to give effect. Considering the injection rates and resulting production from the cyclic steam injection, this points to a Steam to Oil Ratio of 5.3 for cyclic operations versus 6.5 for Q4. Although production from continuous steam is believed to be negligible, it is observed a general increase in temperature in those areas where continuous steam is injected. Most likely, the temperature increase assists the cyclic steam injection efforts and is probably one contributing factor why the Steam to Oil Ratio has fallen in Q1 versus Q4.
- By end of Q1, all 44 production wells and 16 of 27 steam injection wells had been hooked up.
- Steaming operations have been run at 68% of capacity for Q1. The lack of steam generator utilisation was driven predominantly by the lack of wells being hooked up, following completion of drilling in December 2012, as well as pressure limitations on steam injection. Towards the end of the quarter, steam injection rates have approached full capacity on steam generator number 1 of 5,000 BSPD.
- The Company has conducted environmental surveys in order to proceed with the application for drilling of an exploration well into the Monterey formation at around 6,500 ft.
- The Company has received a new Competent Persons Report, conducted by Gaffney, Cline and Associates (GCA). The Company's net entitlement reserves per 31.12.2012 is estimated at 4.03 MMbbls oil versus 3.70 MMBbls oil per 31.10.2011. The full report is available on the Company's home page www.crudecorp.no.
- The original field development budget experienced some unforeseen cost increases as a result of adjustment to the planned drilling pattern as more well data became available from the on-going drilling operations. This decision resulted in a need for additional flow lines and group lines. A decision was also made to use multistage frac on thirteen wells, as there were indications that this type of completion was more productive. As a result of these decisions, the investment budget increased from USD 61.3 million (from Q2 presentation) to USD 64.7 million. The company also has spent and plan to spend an additional USD 2.8 million on other activities, including drilling of a delineation well in the Etchegoin structure and planning a deeper Etchegoin exploration well, 2 water transportation trucks, planned water injection well and a program for returning old wells (wells drilled around 1980) to production.

Future plans and strategy

- Production rates are highly correlated to the amount of steam injected. The Company's injection efforts have been somewhat delayed by wells not being hooked up and being available for steaming as well as a steam injection permit which only allowed low injection pressure (0.6 psi/ft). The company has by end of Q1 hooked up most of its wells and has also received a permit for higher injection pressure (1.1 psi/ft), effectively doubling the injection pressure allowed at the well head. These two factor will allow higher injection rates as more wells are available and injection rates per well will increase.
- At end of Q1, the steam injection has approached the maximum steam injection capacity available from one generator which is 5,000 bbls steam per day. A second generator with an additional 5,000 bbls steam per day capacity is being installed and is operational as of 1 May.
- The Company now see production increase from continuous steaming from two wells, one new well and one old well (drilled in the 1980s). The production increase observed was 4 and 10 times respectively). It is believed that this production increase is a result from steam breaking through to the production well. This experience is therefore not an accurate predictor of when production from continuous steaming can be expected. However, it does demonstrate that the production increase can be significant once the continuous steaming starts contributing to production.
- The Company is about to resubmit its application for the Monterey well, including the environmental study required. At the same time, the Company will apply for a second deeper well to Carneros and the Point of Rocks formation. The deeper well prospects will be conditional on additional surveys being arrried out during the summer (to cover the breeding season) and the earliest possible date for drilling will be late Q3, early Q4.Furthermore, the Company will apply for a deep Etchegoin well as well as an eight well expansion of the shallower Etchegoin reservoir. Currently, the Company will production test the Etchegoin delineation well, and the result of this test will determine to a large extent the drilling in this formation.

Comments to financials

- Oil sold in Q1 2013 was 26,803 bbls vs. 4,293 bbls in Q1 2012. Revenue increased in Q1 2013 to USD 2,013' from USD 337' in Q1 2012 due to increased steam injection and production from additional wells. Average price achieved per barrel, net of transport cost, was USD 102.46 (USD 108.67 in Q1 2012).

  Production cost, salaries, depreciation and other operating expenses increased to USD 2,610' in Q1 2013 from USD 1,458' in Q1 2012 as a result of increased activity including a new steam generator with increased capacity and new wells completed for production. From Q4 12 the Company implemented a unit of production (UOP) depreciation profile on the field. This is in accordance with earlier communicated change in depreciation profile in accordance with the increase in production. The UOP are based on the definition of 1P reserve estimate.
- Other income and expenses of USD 363' in Q1 2013 is due to calculated loss on MTM (market to market) value on the Oil swap agreement related to the Credit Suisse facility.
- Net financial items were positive with USD 156' in Q1 2013 versus negative net financial items of USD 1,733' in Q1 2012. The functional currency in Crudecorp ASA is NOK and production rights, production assets, intercompany loans to subsidiary CMO and Credit Suisse facility is in USD. As a result, a change in exchange rate will affect the net financial items in Crudecorp ASA's account and this effect will not be eliminated in the consolidated accounts. Included in net financial income for Q1 13 is foreign exchange adjustment of historic asset cost prices of USD 1,735' and interest expenses related to Credit Suisse, Bond Issue and Paladin of USD 1,580'.
- Deferred tax assets are recorded in the Balance Sheet from 31 December 2012 and tax income in Q1 13 is amounted to USD 384' based on effective tax rate in 2012.
- The balance sheet consisted of total non-current assets of USD 67,637' as per 31 March 2013 versus USD 29,483' as per 31 March 2012. The increased balance is due to recorded deferred tax assets, investments for oil production (wells, water tanks, production tanks, flow lines, steam generator etc.) and increase in other non-current assets. Deferred tax assets are recorded in the Balance Sheet from 31 December due to decrease in uncertainty of future taxable income and are amounted to USD 3,005' as of 31 March 2013. Increased non-current assets is specified in note 6 of the first quarter 2013 report and included USD 4,531' related to third parties' share of investment. The third parties' share of investments is in accordance with the agreement with the external owners of 10% of production rights of Chico Martinez. According to the agreement with these owners Crudecorp shall bear the first USD 20 million of the investments in the field.The owner of the last 10% of Chico Martinez is, according to the agreement, not committed to pay their share before receiving cash flow from the production in the field.
- The Balance Sheet reflects oil in inventory as of 31 March of USD 90' based on production costs. Trade receivables and other receivables increased to USD 2,876 as of 31 March from USD 671' USD as of 31 March 2012. The increased amount was mainly due to prepaid steam operating expenses as a result of increased activity. The bank balance decreased from USD 8,575' as per 31 March 2012 to USD 4,626' as per 31 March 2013.
- Loans and derivatives are specified in note 5 to the financial report of Q1 2013. Loan as per 31 March 2013 consists of Bond Issue USD 3.5 million and loan from Credit Suisse USD 29.5 million as well as a non-interest bearing no maturity loan from Paladin USD 1.8 million (repaid with USD 2/bbls oil produced). Derivatives (short term and long term) consist of income on forward gas purchase of USD 23' and loss on forward oil sale of USD 4.2 million.

Outlook

- The Board continues to consider the Company to be in a good position for future growth. Initial production results from cyclic steaming has been encouraging with better than anticipated results so far. The Company's near term challenge is to ramp up steam injection to full utilisation of two steam generators and receive production from it's continuous steaming efforts. The initial production results and delineation drilling has given the Company an improved understanding of the field dynamics as well as future areas for production expansion. As a result, the Board feels that the Company's Chico Martinez project has been significantly de-risked, although the Company is still dependent on production contribution from continuous steaming to achieve long term sustainability. The Board will continue to monitor the development closely to make sure the Company stays on track to fulfil its obligations and generates value.

Condensed Consolidated Income Statement

Crudecorp ASA

(Unaudited figures in USD)

	Note	Q1 13	Q1 12	2012
Revenues		2 013 409	319 937	2 015 715
Other operating income		-	17 276	17 179
Production costs		-1 210 628	-339 072	-2 027 664
Salaries		-417 839	-352 185	-1 537 367
Depreciation	2	-659 511	-493 075	-1 889 253
Other operating expenses		-321 780	-273 936	-1 881 755
Other income and expenses	5	-362 817	-	-3 798 231
Operating profit		**-959 166**	**-1 121 055**	**-9 101 376**
Net financial items	7	155 577	-1 732 953	-3 404 862
Profit before tax		**-803 589**	**-2 854 008**	**-12 506 238**
Taxes		384 229	-	2 730 173
Net profit/(loss)		**-419 361**	**-2 854 008**	**-9 776 065**

Consolidated Statement of Comprehensive Income

Crudecorp ASA

(Unaudited figures in USD)

	Note	Q1 13	Q1 12	2012
Net profit		**-419 361**	**-2 854 008**	**-9 776 065**
Comprehensive income items				
Translation differences		-1 919 453	263 623	3 069 299
Other comprehensive income, net after tax		**-1 919 453**	**263 623**	**3 069 299**
Total comprehensive income		**-2 338 814**	**-2 590 385**	**-6 706 766**
Net profit allocated				
The shareholders of the parent		-419 361	-2 854 008	-9 776 065
Total comprehensive income allocated				
The shareholders of the parent		-2 338 814	-2 590 385	-6 706 766

Earnings per. share is calculated by dividing net profit attributable to equity shareholders of the weighted average number of ordinary shares outstanding during the period

	Q1 13	Q1 12	2012
Profit attributable to equity shareholders	-419 361	-2 854 008	-9 776 065
Weighted average number of ordinary shares outstanding (in thousands)	93 374	91 152	91 152
Earnings per share	-0,004	-0,031	-0,107
Diluted earnings per share	-0,004	-0,031	-0,107

Consolidated Balance Sheet

Crudecorp ASA

(Unaudited figures in USD)

	Note	31.03.13	31.03.12	31.12.12
ASSETS				
Non-current assets				
Deferred tax assets		3 004 886	-	2 742 688
Fixed Assets	2	52 097 616	20 483 711	48 526 364
Working Interest Chico Martinez	3	7 738 978	7 924 936	8 186 562
Other non-current assets	6	4 795 037	1 074 849	4 298 295
Total non-current assets		**67 636 517**	**29 483 496**	**63 753 909**
Current Assets				
Inventories		89 914	-	187 041
Client Receivables and other receivables		2 875 834	671 136	1 978 179
Cash and cash equivalents		4 625 835	8 574 763	10 875 771
Total current assets		**7 591 583**	**9 245 899**	**13 040 991**
Total assets		**75 228 100**	**38 729 395**	**76 794 900**
		31.03.13	**31.03.12**	**31.12.12**
EQUITY				
Equity attributable to parent company shareholders				
Share capital	4	321 766	320 207	335 491
Share premium	4	44 469 458	42 486 492	44 354 860
Retained Earnings		-14 647 454	-7 082 395	-12 459 147
Total shareholders' equity		**30 143 770**	**35 724 304**	**32 231 204**
LIABILITIES				
Long Term Liabilities				
Loan	5	34 748 343	1 726 942	34 965 476
Derivatives	5	3 143 691	-	3 117 184
Decommissioning and Abandonment	5	718 509	-	718 509
Total long term liabilities		**38 610 543**	**1 726 942**	**38 801 169**
Short Term liabilities				
Trade and other payables	5	5 352 530	1 278 149	4 983 230
Derivatives	5	1 121 257	-	779 296
Total short term liabilities		**6 473 787**	**1 278 149**	**5 762 526**
Total liabilites		**45 084 330**	**3 005 091**	**44 563 695**
Total equity and liabilities		**75 228 100**	**38 729 395**	**76 794 900**

Note 1 to 9 forms an integral part of the group accounts.

Consolidated Cash Flow

Crudecorp ASA

(Unaudited figures in USD)

	Note	31.03.13	31.03.12	31.12.12
Cash flow from operating activities				
Cash flow from operations		257 448	-798 479	-881 564
Interest paid		-139 793	-	-160 038
Taxes paid		-36	-	-12 514
Net cash from operating activites		117 619	-798 479	-1 054 116
Cash flow from investing activities				
Purchase of tangible fixed assets		-5 770 339	-4 731 883	-33 058 475
Loans to third parties		-462 000	-816 451	-4 035 000
Net cash flow from investing activities		-6 232 339	-5 548 334	-37 093 475
Cash flow from financing activities				
Issue of ordinary shares		414 379	-	2 697 792
Bond Issue		-	-	3 772 636
Credit Suisse facility		-	-	29 470 200
Net cash from financing activities		414 379	-	35 940 628
Net change in cash, cash equivalents and bank overdrafts		**-5 700 341**	**-6 346 813**	**-2 206 963**
Cash, cash equivalents and bank overdrafts as of 1 January		10 875 711	14 757 305	14 757 306
Exchange rate gain-/loss on cash, cash equivalents and bank overdrafts		-549 535	164 271	-1 674 632
Cash, cash equivalents and bank overdrafts at end of period		**4 625 835**	**8 574 763**	**10 875 711**

Changes in Group Equity

Crudecorp ASA

(Unaudited figures in USD)

		Share Capital	Share Premium	Retained Earnings	Total Equity
Equity 31 December 2011		**304 209**	**40 431 789**	**-4 492 012**	**36 243 986**
Share issue		7 993	2 689 799	-	2 697 792
Share Issue Cost		-	-5 778	-	-5 778
IFRS 2 option cost		-	1 971	-	1 971
Net profit/loss in 2012		-	-	-9 898 844	-9 898 844
Transfer from share premium		-	-1 781 202	1 781 202	-
Comprehensive income		-	-	150 507	150 507
Translation differences equity		23 289	3 018 281	-	3 041 570
Equity 31 December 2012		**335 491**	**44 354 860**	**-12 459 147**	**32 231 204**
Share issue		1 228	413 151	-	414 379
Share Issue Cost		-	-18 592	-	-18 592
Net profit (loss) in Q1 13		-	-	-419 361	-419 361
Comprehensive income		-	-	-1 768 946	-1 768 946
Translation differences equity		-14 953	-279 961	-	-294 914
Equity 31 March 2013		**321 766**	**44 469 458**	**-14 647 454**	**30 143 770**

Note 1 General accounting principles

Crudecorp ASA (the “Company”) and its subsidiaries (together with the Company the “Group”) is an international oil company. The Group owns 90 % of the working interest in the oilfield Chico Martinez in California.

Crudecorp ASA is a public limited liability company, incorporated and domiciled in Norway.

The Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and these financial statements have been prepared in accordance with the International Accounting Standard for Interim Financial Reporting (IAS 34). As the interim financial statements do not include the full information and disclosures as required in the annual financial statements, it should be read in connection with the Annual Financial Statements for 2012.

Tax in Q1 is calculated based on the effective tax rate for 2012.

Note 2 Fixed Assets

	31.03.13	31.03.12	31.12.12
Carrying value as of beginning of period	48 526 364	15 559 364	15 559 364
Conversion differences (Translation)	-	-	-
Additions	4 154 105	5 417 422	32 745 532
Capitalization of interest	-	-	1 335 227
Decommissioning and Abandonment	-	-	718 509
Retirement	-	-	-
Depreciation	-582 853	-493 075	-1 832 267
Carrying value as of end of period	**52 097 616**	**20 483 711**	**48 526 364**
As of end of period			
Acquisition Cost	54 123 676	21 922 952	49 969 571
Capitalization of interest	1 335 227	-	1 335 227
Accumulated depreciation	-3 361 287	-1 439 242	-2 778 434
Carrying value as of end of period	**52 097 616**	**20 483 711**	**48 526 364**

Reserves and production (not audited)

Estimated total P90 reserves as of 31.12.12 is 2.75 million boe (net Crudecorp).

Total production in Q1 2013 was 26,235 boe.

Note 3 Oil field production rights

	31.03.13	31.03.12	31.12.12
Carrying Value as of beginning of period	8 186 562	7 464 281	7 464 281
Depreciation of period	-76 659	408 355	-56 986
Conversion differences (Translation)	-370 926		593 705
Additions interest	-	52 300	185 562
Carrying value as of end of period	**7 738 978**	**7 924 936**	**8 186 562**
As of end of period			
Acquisition Cost	7 872 622	7 924 936	8 243 548
Cumulative depreciation and amortization	-133 644	-	-56 986
Carrying value as of end of period	**7 738 978**	**7 924 936**	**8 186 562**

Note 4 Share capital and share premium

	Number of shares (1,000s)	Share capital (NOK)	Share capital (USD)	Share premium (USD)	Total (USD)
Total as of 31 December 2011	91 152	1 823 034	304 209	40 431 789	40 735 998
Conversion differences (Translation)			15 998	2 054 703	2 070 701
Total as of 31 March 2012	**91 152**	**1 823 034**	**320 207**	**42 486 492**	**42 806 699**
Share issue November 2012*	2 222	44 444	7 993	2 689 799	2 697 792
Share issue cost	-	-	-	-5 778	-5 778
IFRS 2 option cost	-	-	-	1 971	1 971
Transferred to uncovered losses	-	-	-	-1 781 202	-1 781 202
Conversion differences (Translation)	-	-	7 179	1 033 504	1 040 683
Total as of 31 December 2012	**93 374**	**1 867 478**	**335 379**	**44 424 786**	**44 760 165**
Share issue January 2013	350	7 000	1 228	413 151	414 379
Share issue cost	-	-	-	-18 592	-18 592
Conversion differences (Translation)	-	-	-14 841	-349 887	-364 728
Total as of 31 March 2013	**93 724**	**1 874 478**	**321 766**	**44 469 458**	**44 791 224**

** Share issue November 2012 was registered on 4 January 2013*

Note 5 Loans and Derivatives

	31.03.13	31.03.12	31.12.12
Long-term liabilities			
Loan from Paladin	1 762 648	1 726 942	1 819 595
Bond Issue	3 515 495	-	3 675 682
Credit Suisse	29 470 200	-	29 470 200
Derivatives	3 143 691	-	3 117 184
Decommissioning and Abandonment	718 509	-	718 509
Total long-term liabilities	**38 610 543**	**1 726 942**	**38 801 169**
Short-term liabilities			
Trade and other payables	5 352 530	1 278 149	4 983 230
Derivatives	1 121 257	-	779 296
Total short-term liabilities	**6 473 787**	**1 278 149**	**5 762 526**

	Norminal value		
	31.03.13	31.03.12	31.12.12
Loan from Paladin	1 877 962	1 966 933	1 934 909
Bond Issue	3 604 779	-	3 772 636
Credit Suisse	30 000 000	-	30 000 000
Total	**35 482 741**	**1 966 933**	**35 707 545**

Other income and expenses

	Q1 13	Q1 12	2012
Other income and expenses			
Profit/loss on MTM value on oil and gas contract Credit Suisse	**-362 817**	-	-3 798 231
Total	**-362 817**	**-**	**-3 798 231**

The carrying value of the Bond Issue is in NOK. Remaining Group's loan is in USD.

The loan from Paladin has a nominal interest rate 0% and a repayment schedule that is in step with production with installments of $2 per barrel produced in the Chico Martinez field.

The Company has in July 2012 successfully completed a bond issue of NOK 21 million. The bond issue has a nominal interest rate of 3 month NIBOR + 12,5 %. Maturity date of the bond issue is 17 July 2017. The bond issue is unsecured and subordinated to the Credit Suisse facility. The Bond Issue agreement includes a call option and Crudecorp may redeem parts of the Bond Issue or the entire Bond Issue as stated in the agreement between Crudecorp ASA and Norsk Tillitsmann (on behalf of the Bondholders).

Book value of Bond Issue is USD 3.5 million and consists of principal reduced by costs and transaction fee and added with the period's amortization of costs/transaction fee. Accrued interest related to Bond Issue is USD 0.1 million as per 31 March. Interest is to be paid every third month.

The Company has in July 2012 signed a USD 30 million crude oil prepaid swap facility with Credit Suisse. The Prepay Facility also involves a cash-settled forward swap over 986,000 barrels of crude oil spread across March 2013 - December 2016 and priced in reference to ICE Brent.

Book value of Credit Suisse facility was USD 29.5 million and consists of principal reduced by costs and transaction fee. Accrued interest/margin cost on oil swap related to Credit Suisse facility is USD 3.3 million as per 31 March and is mainly booked as capitalization on fixed assets. Repayment of principal and interests/margin cost on oil swap will start in April 2013.

Oil sale will be treated as income as before, without any changes.
The loan will be accounted for as a fixed interest loan using amortized cost method. The fixed interest will be the margin inherent in the Oil swap agreement. The sale of oil will be recognized at market price, and the change in fair value (MTM) in the Oil swap agreement will be recognized as other gain and losses in the financial statement (operating section, above EBITDA). Crudecorp treats the arrangement as one contract and then bifurcate the embedded derivative for MTM (Market to Market), leaving the host instrument for as fixed interest loan, accounted as amortized cost, where the fixed interest is the margin (incl. funding cost) of USD 15,71 on each bbl. The rest of the oils swap (MTM value) is accounted for as fair value through profit and loss on the line other gains and losses. MTM (Market to Market) value will be calculated each quarter.

As per 31 March 2012 the total loss on the oil contract is amounted to USD 4.2 million. As per 31 December 2012 the total loss was 3.5 million and the cost for Q1 13 is USD 0.8 million. This loss is presented as other income/expenses in the Condensed Consolidated Income Statement and included in derivatives in the balance sheet.

Gas purchase agreement will be treated at amortized cost, as the purchase is accounted for as own use under IAS 39 definitions. MTM (Market to Market) value is to be calculated each quarter.

As per 31 March 2013 there was a total income on the gas contract amounted to USD 23'. As per 31 December 2012 the total loss was 409' and the income for Q1 is USD 386'. This loss is presented as other income/expenses in the Condensed Consolidated Income Statement and included in derivatives in the balance sheet.

The table below anlyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:
Level 1: Quoted prices (unadjusted) in acive markrets for identical assets or liabilities
Level 2: Inputs other than quotes prices included within Level 1 that are observable for the assets or liability, either directly (that is, as prices) or indirectly (that iss, derived prom prices)
Level 3: Inputs for the assets or liability that are not based on observable market data (that is, unobseervable inputs)

31 March 2013	Level 1	Level 2	Level 3	Total
Assets				
Financial derivatives	-	-	-	.
Liabilities				
Financial derivatives		4 264 948		**4 264 948**

2012	Level 1	Level 2	Level 3	Total
Assets				
Financial derivatives	-	-	-	.
Liabilities				
Financial derivatives		3 896 480		**3 896 480**

— Note 6 Other non-current assets

	31.03.13	31.03.12	31.12.12
Warranty Bond related to production rights	264 137	258 398	263 295
Third parties' share of investment	4 530 900	816 451	4 035 000
Other non-current assets	**4 795 037**	**1 074 849**	**4 298 295**

According to the Purchase Agreement related to 90 % of Working interest in the Chico Martinez oil field Sea Industries, Inc. and Petrov Enterprises, Inc, which owns 5 % each of the working interest in Chico Martinez, shall not be required to bear any of the first 20 Million USD in costs and expenses incurred in the development of the leases.

Third parties' share of investment is reflecting the amount due in the period.

— Note 7 Financial income and expenses

	Q1 13	Q1 12	2012
Interest expense Credit Suisse and Bond Issue*	1 579 965	-	737 474
Interest expense Paladin	-	-	32 472
Miscellaneous financial expenses	-	33 113	96 891
Foreign exchange losses	6 086 669	1 745 528	4 095 311
Financial expenses	**7 666 634**	**1 778 641**	**4 962 148**
Foreign exchange gain	7 821 435	-	1 473 566
Interest income on short-term bank deposits	776	45 688	83 720
Financial Income	**7 822 211**	**45 688**	**1 557 286**
Net financial expenses	**155 577**	**-1 732 953**	**-3 404 862**

Due to the fact that the parent company has NOK as functional currency, any intercompany receivables with USD entities generate foreign exchange gains and losses. These are in general offset by translation differences presented within Other Comprehensive Income.

— Note 8 Events after balance date

There have been no subsequent events that affect the accounts.

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