Interim Report 2nd Quarter 2013

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

- **Project phase 1-4 completed**
- **Production build-up in progress.**
- **Second steam generator start-up.**
- **Production test of appraisal well 463 gives evidence of a promising future development area.**

Quarterly financial highlights

(Mill USD, unaudited)

	Q2-13	Q2-12	H1-13	H1-12
Oil sale (bbls)	41,130	4,450	67,933	8,743
Revenues	2.946	0.328	4.959	0.662
Operating costs	-2.746	-1.695	-4.696	-2.652
Other income/expenses*	3.465	0	3.102	0
Depreciation**	-0.961	-0.447	-1.620	-0.940
Operating profit	2.704	-1.814	1.745	-2.930
Net financial items	0.186	-2.673	0.342	0.140
Taxes	-1.382	0	-0.998	0
Net profit (-loss)	1.508	0.859	1.089	-2.790
Net cash from operating activities	-5.052	-2.170	-4.935	-2.968
Capital expenditure	2,013	4,904	6,853	10,452
Cash position (as per 30.06)	7,338	1,043	7,338	1,043
Book equity (as per 30.06)	40,381	33,491	40,381	33,491

** Provision of calculated reversal of previous 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 second quarter.

Management report

- Sales volume was 41,130 bbls in Q2 2013, (26,803 bbls in Q1 2013).
- Production in Q2 2013 (40,768 bbls) showed an increase from Q1 2013 (26,235), mainly as a result of increased steam injection and production from additional wells. Steam injection averaged 6,551 BSPD in Q2 2013, versus 3,424 BSPD in Q1 2013.
- On 1 May, the second steam generator was put into service, effectively doubling the steam capacity of the Chico Martinez project. The Company was also allowed to use a higher steam injection pressure gradient from the same date, increasing to 1.1 psi/ft from 0.5 psi/ft. As a result, there was a noticeable increase in production in June with an average of 691 BOPD (versus 448 BOPD for the quarter).
- By end of Q2, all 44 production wells and all 27 steam injection wells had been hooked up. Some of the steam injection wells have not been operational long enough to initiate a continuous steam drive. It is estimated that approximately 50-55% of the wells are under continuous steam drive at the end of Q2.
- Steam capacity utilisation was around 77-78% in April and May. The utilisation reflects disruptions during commissioning of the second steam generator. In June, the utilisation has been above 90%, only disrupted by steam shut-ins to change to larger pump units on production wells.
- The Company are continuing environmental surveys and other work to progress the permitting process for a deeper Monterey well as well as for constructing a pipeline for water supply into the field.

Post 30.6.2013

- The Company drilled an appraisal well (well 463) late 2012, which encountered oil in a younger Etchegoin deposit on the East side of the current development. This well has been production tested and analysed. The well is believed to prove up a new area of reservoir with good oil saturation and good reservoir quality. The extent of this reservoir is still uncertain. In the first cyclic steam production test, the well showed a much higher productivity than the field average, returning a steam to oil ratio of 1.5-1.8. This is significantly better than the field average of SOR = 6-8.
- In July the Company drilled a new appraisal well (well 452) in an adjacent fault block to well 463, north east to the main field development. The well encountered several oil sands, of approximately 100 feet combined thickness. The well 452 has similar geological characteristics as well 463, but has not yet been production tested.
- The well 452 was drilled to 2,800 feet, and also encountered oil containing sands at a depth of 2,150 feet. This discovery provides proof of concept for a basal Etchegoin sand in the area. The presence and extent of such a reservoir will be developed in future studies.

Future plans and strategy

- The Company has now hooked up all production and injection wells, installed a second steam generator and utilised a higher steam injection gradient. The initial field development is believed to be 50-55 % in steam flood. The Company will let the steam injection effort take effect and continue to optimise the production.

- The development of Phase 1-4 was made in a mostly proven areas of the Etchegoin sands in the Chico Martinez field. The Company is now venturing into areas of the field where well data is more scarce. Before developing a new area, the Company will drill appraisal wells (like well 463 and 452) and perform production testing in order to establish a business model for the area, prior to full development.

- The results from well 463 have been encouraging, and in order to mature this prospect further, the Company plans a pilot field development in the 463 area, comprising 5 new production wells and 2 injection wells. A decision to go ahead with this development is expected to be made within August.

- The Company is in the process of completing its permits for drilling a Monterey well (6,000 ft) and a Point of Rock/ Carneros well (14,000 ft). The permits have been submitted, but as part of the permitting process, the Company has stated that it will undertake certain investigations, mainly with respect to document the wildlife in the area and wildlife protection if necessary.

Comments to financials

- Oil sold in Q2 2013 was 41,130 bbls vs. 4,450 bbls in Q2 2012. Revenue increased in Q2 2013 to USD 2,946' from USD 328' in Q2 2012 due to increased steam injection and production from additional wells. Average price achieved per barrel, net of transport cost, was USD 96.68 (USD 100.34 in Q2 2012).

  Production cost, salaries, depreciation and other operating expenses increased to USD 3,707' in Q2 2013 from USD 2,142' in Q2 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 3,465' in Q2 2013 consists of reversal of previous losses related to MTM (market to market) value on the Oil swap agreement related to the Credit Suisse facility.

- Net financial items were positive with USD 186' in Q2 2013 versus USD 2,673' in Q2 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 Q2 13 is foreign exchange adjustment of historic asset cost prices of USD 1,811' and interest expenses related to Credit Suisse, Bond Issue and Paladin of USD 1,653'.

- Deferred tax assets are recorded in the Balance Sheet from 31 December 2012 and tax in Q2 13 is amounted to USD 1,382' based on effective tax rate in 2012. Net deferred tax assets as per 30.06.2013 were USD 1,535'.

- The balance sheet consisted of total non-current assets of USD 67,178' as per 30 June 2013 versus USD 34,986' as per 30 June 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 1,535' as of 30 June 2013. Increased non-current assets is specified in note six of the second quarter 2013 report and included USD 4,755' 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 30 June 2013 of USD 77' based on production costs. Trade receivables and other receivables increased to USD 5,211' as of 30 June 2013 from USD 987' as of 30 June 2012. The increased amount was mainly due to prepaid steam operating expenses as a result of increased activity. The bank balance increased from USD 1,043' as per 30 June 2012 to USD 7,338' as per 30 June 2013.

- Loans and derivatives are specified in note 5 to the financial report of Q2 2013. Loan as per 30 June 2013 consists of Bond Issue USD 3.4 million and loan from Credit Suisse USD 28 million as well as a non-interest bearing no maturity loan from Paladin USD 1.7 million (repaid with USD 2/bbls oil produced). Derivatives (short term and long term) consist of loss on forward gas purchase of USD 0.7 million and loss on forward oil sale of USD 0.1 million.

Outlook

- The Board consider that the outlook for the Company has strengthened. Production growth has continued broadly in accordance with the Company's plans. The Company now consider a pilot development in the area surrounding well 463 which will underpin and most likely augment the existing production growth. The Company also believes that it has proved up additional acreage for development which will support a long term production growth. The Board will continue to monitor the development closely to make sure the Company stays on track to fulfil its obligations and generates value.

Responsibility Statement

- We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2013 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Group's assets, liabilities, financial position and net result as a hole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Stavanger, 13 August 2013
The Board of Crudecorp ASA

Sigurd Aase (Chairman of the Board)	Stig M. Herbern	Ann Helen Hystad
Eystein S. Aase	Ellen Hanetho	Gunnar Hviding (CEO)

Condensed Consolidated Income Statement

Crudecorp ASA

(Unaudited figures in USD)

	Note	Q2 13	Q2 12	H1 13	H1 12	2012
Revenues		2 946 056	327 925	4 959 465	644 970	2 015 715
Other operating income		0	-	-	17 276	17 179
Production costs		-1 706 218	-387 628	-2 916 846	-726 700	-2 027 664
Salaries		-577 435	-246 938	-995 274	-595 531	-1 537 367
Depreciation	2	-960 831	-447 009	-1 620 342	-940 084	-1 889 253
Other operating expenses		-462 263	-1 060 054	-784 043	-1 330 336	-1 881 755
Other income and expenses	5	3 464 877	0	3 102 060	0	-3 798 231
Operating profit		**2 704 186**	**-1 813 704**	**1 745 020**	**-2 930 405**	**-9 101 376**
Net financial items	7	186 294	2 673 232	341 871	139 857	-3 404 862
Profit before tax		**2 890 480**	**859 528**	**2 086 891**	**-2 790 548**	**-12 506 238**
Taxes		-1 382 056	0	-997 827	0	2 730 173
Net profit/(loss)		**1 508 424**	**859 528**	**1 089 064**	**-2 790 548**	**-9 776 065**

Consolidated Statement of Comprehensive Income

Crudecorp ASA

(Unaudited figures in USD)

	Note	Q2 13	Q2 12	H1 13	H1 12	2012
Net profit		**1 508 424**	**859 528**	**1 089 064**	**-2 790 548**	**-9 776 065**
Comprehensive income items						
Translation differences		-295 007	-222 199	-2 063 953	41 424	3 069 299
Other comprehensive income, net after tax		**-295 007**	**-222 199**	**-2 063 953**	**41 424**	**3 069 299**
Total comprehensive income		**1 213 417**	**637 329**	**-974 889**	**-2 749 124**	**-6 706 766**
Net profit allocated						
The shareholders of the parent		1 508 424	859 528	1 089 064	-2 790 548	-9 776 065
Total comprehensive income allocated						
The shareholders of the parent		1 213 417	637 329	-974 889	-2 749 124	-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.

	Q2 13	Q2 12	H1 13	H1 12	2012
Profit attributable to equity shareholders	1 508 424	859 528	1 089 064	-2 790 548	-9 776 065
Weighted average number of ordinary shares outstanding (in thousands)	103 724	91 152	98 724	91 152	91 152
Earnings per share	0,01	0,01	0,01	-0,03	-0,11
Diluted earnings per share	0,01	0,01	0,01	-0,03	-0,11

Consolidated Balance Sheet

Crudecorp ASA

(Unaudited figures in USD)

	Note	30.06.13	30.06.12	31.12.12
ASSETS				
Non-current assets				
Deferred tax assets		1 534 879	0	2 742 688
Fixed Assets	2	53 270 232	25 847 723	48 526 364
Working Interest Chico Martinez	3	7 354 510	7 632 396	8 186 562
Other non-current assets	6	5 018 816	1 505 621	4 298 295
Total non-current assets		**67 178 437**	**34 985 740**	**63 753 909**
Current Assets				
Inventories		77 387	0	187 041
Client Receivables and other receivables		5 210 555	986 709	1 978 179
Cash and cash equivalents		7 338 057	1 042 741	10 875 771
Total current assets		**12 625 999**	**2 029 450**	**13 040 991**
Total assets		**79 804 436**	**37 015 190**	**76 794 900**
	Note	**30.06.13**	**30.06.12**	**31.12.12**
EQUITY				
Equity attributable to parent company shareholders				
Share capital	4	344 146	304 687	335 491
Share premium	4	53 471 107	40 427 247	44 354 860
Retained Earnings		-13 434 036	-7 241 136	-12 459 147
Total shareholders' equity		**40 381 217**	**33 490 798**	**32 231 204**
LIABILITIES				
Long Term Liabilities				
Loan	5	33 193 605	1 813 219	34 965 476
Derivatives	5	597 915	0	3 117 184
Decommissioning and Abandonment	5	718 509	0	718 509
Total long term liabilities		**34 510 029**	**1 813 219**	**38 801 169**
Short Term dept				
Trade and other payables	5	4 711 054	1 711 173	4 983 230
Derivatives	5	202 136	0	779 296
Total short term dept		**4 913 190**	**1 711 173**	**5 762 526**
Total liabilites		**39 423 219**	**3 524 392**	**44 563 695**
Total equity and liabilities		**79 804 436**	**37 015 190**	**76 794 900**

Note 1 to 8 forms an integral part of the group accounts.

Consolidated Cash Flow

Crudecorp ASA

(Unaudited figures in USD)

	Note	30.06.13	30.06.12	31.12.12
Cash flow from operating activities				
Cash flow from operations		-3 275 835	-2 947 687	-881 564
Interest paid		-1 658 773	-20 358	-160 038
Taxes paid		-	-	-12 514
Net cash from operating activites		-4 934 608	-2 968 045	-1 054 116
Cash flow from investing activities				
Purchase of tangible fixed assets		-6 852 947	-10 452 257	-33 058 475
Loans to third parties		-658 201	-1 244 796	-4 035 000
Net cash flow from investing activities		-7 511 148	-11 697 053	-37 093 475
Cash flow from financing activities				
Issue of ordinary shares		11 536 303	-	2 697 792
Bond Issue		-	-	3 772 636
Credit Suisse facility		-1 400 000	-	29 470 200
Net cash from financing activities		10 136 303	-	35 940 628
Net change in cash, cash equivalents and bank overdrafts		**-2 309 453**	**-14 665 098**	**-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		-1 228 201	950 534	-1 674 632
Cash, cash equivalents and bank overdrafts at end of period		**7 338 057**	**1 042 741**	**10 875 711**

Changes in Group Equity

Crudecorp ASA

(Unaudited figures in USD)

	Note	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	0	2 697 792
Share Issue Cost		0	-5 778	0	-5 778
IFRS 2 option cost		0	1 971	0	1 971
Net profit/loss in 2012		0	0	-9 898 844	-9 898 844
Transfer from share premium		0	-1 781 202	1 781 202	0
Comprehensive income		0	0	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		35 984	11 500 319		11 536 303
Share Issue Cost			-112 307		-112 307
Net profit (loss) in H1 13		0	0	1 089 064	1 089 064
Comprehensive income		0	0	-2 063 953	-2 063 953
Translation differences equity		-27 329	-2 271 765		-2 299 094
Equity 30 June 2013		**344 146**	**53 471 107**	**-13 434 036**	**40 381 217**

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 Q2 2013 and H1 2013 is calculated based on the effective tax rate for 2012.

— **Note 2** Fixed Assets

	30.06.13	30.06.12	31.12.12
Carrying value as of beginning of period	48 526 364	15 559 364	15 559 364
Conversion differences (Translation)	0	0	0
Additions	6 194 745	11 228 444	32 745 532
Capitalization of interest	-	-	1 335 227
Decommissioning and Abandonment	-	-	718 509
Retirement	0	0	0
Depreciation	-1 450 877	-940 084	-1 832 267
Carrying value as of end of period	**53 270 232**	**25 847 723**	**48 526 364**
As of end of period			
Acquisition Cost	56 164 317	27 733 974	49 969 571
Capitalization of interest	1 335 227	-	1 335 227
Accumulated depreciation	-4 229 312	-1 886 251	-2 778 434
Carrying value as of end of period	**53 270 232**	**25 847 723**	**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 H1 2013 was 67,003 boe.

— **Note 3** Oil field production rights

	30.06.13	30.06.12	31.12.12
Carrying Value as of beginning of period	8 186 562	7 464 281	7 464 281
Depreciation of period	-192 775		-56 986
Conversion differences (Translation)	-639 278	64 499	593 705
Additions interest	-	103 617	185 562
Carrying value as of end of period	**7 354 510**	**7 632 396**	**8 186 562**
As of end of period			
Acquisition Cost	7 604 270	7 924 936	8 243 548
Cumulative depreciation and amortization	-249 761	-	-56 986
Carrying value as of end of period	**7 354 510**	**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)			478	-4 542	-4 064
Total as of 30 June 2012	**91 152**	**1 823 034**	**304 687**	**40 427 247**	**40 731 934**
Share issue November 2012*	2 222	44 444	7 993	2 689 799	2 697 792
Share issue cost	0	0	0	-5 778	-5 778
IFRS 2 option cost	0	0	0	1 971	1 971
Transferred to uncovered losses	0	0	0	-1 781 202	-1 781 202
Conversion differences (Translation)	0	0	22 811	3 022 823	3 045 634
Total as of 31 December 2012	**93 374**	**1 867 478**	**335 491**	**44 354 860**	**44 690 351**
Share issue January 2013	350	7 000	1 228	413 151	414 379
Share issue cost April 2013	10 000	200 000	34 756	11 087 168	11 121 924
Share issue cost				-112 307	-112 307
Conversion differences (Translation)			-27 329	-2 271 765	-2 299 094
Total as of 30 June 2013	**103 724**	**2 074 478**	**344 146**	**53 471 107**	**53 815 253**

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

— **Note 5** Loans and Derivatives

	30.06.13	30.06.12	31.12.12
Long-term debt			
Loan from Paladin	1 722 648	1 813 219	1 819 595
Bond Issue	3 400 757	-	3 675 682
Credit Suisse	28 070 200	-	29 470 200
Derivatives	597 915	-	3 117 184
Decommissioning and Abandonment	718 509	-	718 509
Total long-term debt	**34 510 029**	**1 813 219**	**38 801 169**
Short-term debt			
Trade and other payables	4 711 054	1 711 173	4 983 230
Derivatives	202 136	-	779 296
Total short-term debt	**4 913 190**	**1 711 173**	**5 762 526**

	Nominal value		
	30.06.13	30.06.12	31.12.12
Loan from Paladin	1 837 962	1 958 179	1 934 909
Bond Issue	3 483 800	-	3 772 636
Credit Suisse	30 000 000	-	30 000 000
Total	**35 321 762**	**1 958 179**	**35 707 545**

Other income and expenses

	Q2 13	Q2 12	H1 13	H1 12	2012
Other income and expenses					
Profit/loss on MTM value on oil and gas contract Credit Suisse	**3 464 877**	0	3 102 060	-	-3 798 231
Total	**3 464 877**	**0**	**3 102 060**	**0**	**-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 3.4 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 30 June. 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 28.1 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 3.4 million as per 30 June and is mainly booked as capitalization on fixed assets. Repayment of principal and interests/margin cost on oil swap started 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 30 June 2013 the total loss on the oil contract is amounted to USD 0.1 million. As per 31 March 2013 the total loss was 4.2 million resulting in a income related to the oil contract for Q2 13 of USD 4.1 million. This gain 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 30 June 2013 there was a total loss on the gas contract amounted to USD 674'. As per 31 March 2013 the total loss was 23' and the loss for Q2 is USD 651'. 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 active 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 is, derived prom prices)
Level 3: inputs for the assets or liability that are not based on observable market data (that is, unobseervable inputs)

30 June 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial derivatives	-	-	-	.
Liabilities				
Financial derivatives	-	800 051	-	**800 051**

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

	30.06.13	30.06.12	31.12.12
Warranty Bond related to production rights	264 137	260 825	263 295
Third parties' share of investment	4 754 679	1 244 796	4 035 000
Other non-current assets	**5 018 816**	**1 505 621**	**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

	2Q 13	2Q 12	H1 13	H1 12	2012
Interest expense Credit Suisse and Bond Issue*	1 653 483		3 233 448		737 474
Interest expense other					32 472
Miscellaneous financial expenses		24 219		60 341	96 891
Foreign exchange losses					4 095 311
Financial expenses	**1 653 483**	**24 219**	**3 233 448**	**60 341**	**4 962 148**
Foreign exchange gain	1 811 007	2 687 408	3 545 773	144 966	1 473 566
Interest income on short-term bank deposits	28 770	10 042	29 546	55 232	83 720
Financial Income	**1 839 777**	**2 697 450**	**3 575 319**	**200 198**	**1 557 286**
Net financial expenses	**186 294**	**2 673 232**	**341 871**	**139 857**	**-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.