AVENIR LNG LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the Period ended December 31, 2018

AVENIR LNG LIMITED

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AVENIR LNG LIMITED

CONSOLIDATED INCOME STATEMENT

	Notes	For the Thirteen Months ended December 31, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017
		(in thousands)	
Operating Revenue	**3**	**$ 491**	$ —
Operating Expenses	**4**	**(498)**	—
Gross Profit		**(7)**	—
Administrative and general expenses	**5**	**(11,620)**	(70)
Other operating income		**704**	—
Operating Loss		**(10,923)**	(70)
Non-Operating Expenses:			
Finance expense	**6**	**(119)**	—
Finance income	**6**	**313**	—
Other non-operating income		**287**	—
Foreign currency exchange gain		**5**	—
Loss before Income Tax		**(10,437)**	(70)
Income tax expense	**7**	**5**	—
Net Loss		**$ (10,442)**	$ (70)
Loss per share	**19**		
Basic		(0.40)	(7.00)
Diluted		(0.40)	(7.00)

Notes 1 to 23 are integral part of these consolidated financial statements.

AVENIR LNG LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Thirteen Months ended December 31, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017
	(in thousands)	
Net loss	**$ (10,442)**	$ (70)
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(259)**	—
Other comprehensive loss	**(259)**	—
Total comprehensive loss	**$ (10,701)**	$ (70)

Notes 1 to 23 are integral part of these consolidated financial statements.

AVENIR LNG LIMITED

CONSOLIDATED BALANCE SHEET

	Notes	December 31, 2018	November 30, 2017
		(in thousands)	
ASSETS			
Current Assets:			
Cash and cash equivalents	8	$ 73,570	$ —
Receivables	9	1,297	—
Related party receivable balances	20	—	10
Prepaid expenses	10	1,951	—
Total Current Assets		76,818	10
Property, plant and equipment	11	7,097	—
Newbuilding deposits	11	15,527	—
Goodwill	12	58	—
Total Non-current Assets		22,682	—
Total Assets		$ 99,500	$ 10
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Accounts payable	13	$ 291	$ —
Related party payable balances	20	1,163	70
Income tax payable	7	5	—
Accrued expenses	13	417	—
Total Current Liabilities		1,876	70
Shareholders' Equity			
Common shares	18	110,000	10
Contributed capital		(1,605)	—
Retained deficit		(10,512)	(70)
Other components of equity		(259)	—
Total Shareholders' Equity		97,624	(60)
Total Liabilities and Shareholders' Equity		$ 99,500	$ 10

Notes 1 to 23 are integral part of these consolidated financial statements.

AVENIR LNG LIMITED

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	Common Shares	Retained Deficit	Contributed Capital	Foreign Currency Reserve	Total
			(in thousands)		
Balance, March 20, 2017	$ —	$ —	$ —	$ —	$ —
Comprehensive loss:					
Net loss	—	(70)	—	—	(70)
Total comprehensive loss	—	(70)	—	—	(70)
Transactions with shareholders:					
Issuance of shares	10	—	—	—	10
Total transactions with shareholders	10	—	—	—	10
Balance, November 30, 2017	$ 10	$ (70)	$ —	$ —	$ (60)
Comprehensive loss:					
Net loss	—	(10,442)	—	—	(10,442)
Other comprehensive loss:					
Translation adjustments, net	—	—	—	(259)	(259)
Total other comprehensive loss	—	—	—	(259)	(259)
Total comprehensive loss	—	(10,442)	—	(259)	(10,701)
Transactions with shareholders:					
Transfer of Stolt-Nielsen Gas B.V.	—	—	(1,905)	—	(1,905)
Share options	—	—	300	—	300
Issuance of shares	109,990	—	—	—	109,990
Total transactions with shareholders	109,990	—	(1,605)	—	108,385
Balance, December 31, 2018	$ 110,000	$ (10,512)	$ (1,605)	$ (259)	$ 97,624

Notes 1 to 23 are integral part of these consolidated financial statements.

AVENIR LNG LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	For the Thirteen Months ended December 31, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017
		(in thousands)	
Cash used in continuing operations	**21**	**$ (1,856)**	$ (10)
Interest received		**261**	—
Net cash used in operating activities		**(1,595)**	(10)
Cash flows used in investing activities:			
Capital expenditures	**11**	**(2,573)**	—
Cash at Stolt-Nielsen Gas B.V. upon transfer less acquisition price		**297**	—
Net cash used in investing activities		**(2,276)**	—
Cash flows from financing activities:			
Issuance of shares	**18**	**77,520**	10
Net cash from financing activities		**77,520**	10
Net increase in cash and cash equivalents		**73,649**	—
Effect of exchange rate changes on cash		**(79)**	—
Cash and cash equivalents at beginning of period		—	—
Cash and cash equivalents at end of period		**$ 73,570**	$ —

Notes 1 to 23 are integral part of these consolidated financial statements.

1. Background

Avenir LNG Limited (the "Company" or "Avenir") is incorporated in Bermuda. The registered address of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the registration number is EC 52417. The Company and its subsidiaries (collectively, the "Group") financial statements have been prepared in accordance with the accounting policies outlined in Note 2. These accounting policies are in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The object of the Group is to acquire and operate LNG carriers and other assets related to the small-scale LNG segment. The Company was incorporated on March 20, 2017 by Stolt-Nielsen LNG Holdings Ltd. ("SN LNG"), an indirect subsidiary of Stolt-Nielsen Limited ("SNL"). Avenir purchased the shares of Stolt-Nielsen Gas B.V. ("SNG BV") from SN LNG for $20,000 on July 31, 2018. SNG BV had entered into two 7,500 cbm LNG newbuilding contracts from Keppel Singmarine in 2017. SNG BV also has a 66.6% owned subsidiary, HiGas Srl ("HiGas"), which is in the process of building a terminal and distribution facility in the port of Oristano, Sardinia. The acquisition of SNG BV has been accounted for as a business acquisition involving entities under common control. As such the transfer was at book value, resulting in a $1.9 million adjustment to Contributed capital.

On October 1, 2018, SN LNG, Golar LNG Ltd ("Golar") and Höegh LNG Holdings Ltd. ("Höegh") announced a combined investment commitment of $182 million to pursue opportunities to deliver LNG to areas of stranded demand, as well as the development of LNG bunkering capabilities. The initial contribution was $49.5 million from SN LNG and $24.7 million from Golar and from Höegh. SN LNG's contribution consisted of cash of $17.0 million and $32.5 million related to the forgiveness of amounts due to SN LNG by Avenir.

On November 13, 2018, an additional 11.0 million shares were issued for $11.0 million to a group of institutional and professional investors. Avenir's shares were listed on the Norwegian over-the-counter market on November 14, 2018.

The Group is in the process of finalising the contracts for two options for 7,500 cbm LNG newbuildings. Subsequent to year end, the contracts have been finalised for two 20,000 cbm newbuildings and contracts are in the process of being finalised for two 7,500 cbm LNG newbuildings. In addition, in 2018, Avenir contributed $5.9 million to HiGas Srl for an additional 14.4% ownership of HiGas Srl.

For 2017, the consolidated financial statements are for the period from inception (March 20, 2017) to November 30, 2017, a period of approximately eight months. The year end of the Group was changed to December 31 in 2018 so 2018 includes thirteen months of activity.

2. Summary of Significant Accounting Policies

Basis of Preparation

These financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). These are the Group's first IFRS financials statements as the Group did not present financial statements for previous periods. The presentation currency used in these consolidated financial statements is the U.S. dollar and the consolidated financial statements are prepared on the historical cost basis.

The shareholders regularly review the cash requirements of the Group and under the Shareholders' Agreement will take all reasonable endeavours to procure that financing is available to meet the Group's capital expenditure commitments and working capital needs. The shareholders have also committed to invest an additional $72.0 million to fulfil the Group's capital commitments. The Board of Directors or the President may request that the shareholders provide further funding to the Group in order to maintain its going concern status. Failure of the shareholders to do this, could result in a material uncertainty over the Group's ability to continue as a going concern.

Management believes that the Group's cash position and the shareholders' commitments will provide the cash necessary to satisfy the Group's working capital and capital expenditure requirements as well as satisfy the Group's other financial commitments for the foreseeable future. The Group therefore adopted the going concern basis in preparing its consolidated financial statements.

Separate Financial Statements of the Parent Company, Avenir, are included.

Critical Accounting Estimates and Judgements

In connection with the preparation of the consolidated financial statements, management has made assumptions and estimates about future events, and applied judgements that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. The assumptions, estimates and judgements are based on historical experience, current trends and other factors that management believes to be relevant at the time the consolidated financial statements are prepared. Actual results may differ from these estimates. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgements to ensure that the financial statements are presented fairly and in accordance with IFRS and Bermudian Company law, applied on a consistent basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the change affects both as per IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

Critical accounting estimates and judgements are those that have a significant risk of having a material impact on the consolidated financial statements. Management believes the following area is the significant judgement and estimate used in the preparation of the Consolidated Financial Statements:

Description: Plant, property and equipment and Newbuilding deposits are reviewed for impairment whenever circumstances indicate the carrying value of the ships or property may not be fully recoverable. When such events or circumstances are present, Management measures the recoverable amount of these assets by comparing their carrying amount to the higher of their fair value less costs of disposal ("FVLCD") or value in use ("VIU").

Judgements and estimates: The cash flows on which the assessment of recoverability is based for VIU is highly dependent upon forecasts which are highly subjective, especially as the market for small-scaled LNG ships is an expanding market and the Group's newbuildings have yet to be delivered. Although Management believes that the underlying assumptions supporting the assessment are reasonable and appropriate at the time they are made, it is reasonably possible that a further decline in the economic environment could adversely impact the business prospects in the future. This could represent a triggering event for a further impairment assessment.

Accordingly, the principal assumptions that have been used in the recoverability assessment included, among others, charter rates, ship operating expenses, utilisation, drydocking requirements, future growth rates, supply-demand balance of LNG ships and residual value. Specifically, forecasted charter rates are based on information regarding current spot market rates from industry experts. Estimated outflows for operating expenses and drydockings are based on historical costs adjusted for assumed inflation.

Effect if actual results differ from assumptions: Although Management believes the underlying assumptions supporting the impairment assessment are reasonable, if charter rate trends and the length of the current market downturn vary significantly from forecast, this might trigger impairment indicators and result in an impairment review and possibly a material impairment of plant, property and equipment and/or the newbuilding deposits.

Basis of consolidation

Control exists where either a parent entity is exposed, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. A parent entity has power over the subsidiary when it has existing rights to direct the relevant activities of the subsidiary. The relevant activities are those which significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Business combinations with Entities under Common Control

For business combinations with entities under common control, the assets and liabilities of the purchased entity is included in the Group's books based on their existing carrying values in the parent's consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term time deposits of less than three months, which are subject to an insignificant risk of changes in value.

Accounts receivable

Accounts receivable are initially valued at their fair value and subsequently at amortised cost. The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit losses. See ***Financial Instruments*** below for further discussion.

Property, plant and equipment and Newbuilding deposits

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Estimated useful lives are 20 years for tanks and from three to five years for furniture and fixtures.

Cost includes expenditures that are directly attributable to the acquisition of the asset, including instalment payments, supervision and technical costs. Borrowing costs directly attributable to the construction of significant assets are added to the cost of such assets until they are ready for their intended use. Capitalisation ceases and depreciation commences once the asset is completed and available for its intended use.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases.

(ii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Land and assets under construction are not depreciated. Property, plant and equipment are depreciated to a residual value which reflects management's estimate of scrap value or otherwise recoverable value at the end of the estimated useful life of the asset. Residual values and economic lives are reviewed annually.

(iii) Impairment of tangible assets

Tangible assets, including Newbuilding deposits, are tested for impairment if there are indications of impairment. The carrying amounts of the Group's tangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Ship newbuildings and other assets under construction are tested for impairment when there is an indication of impairment.

FVLCD is determined as the amount that would be obtained from the sale of the asset in an orderly transaction between market participants. FVLCD is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion projects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted at an appropriate rate to arrive at a net present value of the asset.

VIU is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. VIU is determined by applying assumptions specific to the Group's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value and consequently the value in use calculation is likely to give a different result to a fair value calculation.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

An impairment loss, other than for goodwill, is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

Goodwill

Goodwill represents amounts arising on the acquisition of subsidiaries. Goodwill arising on acquisition represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment, or more frequently when there is an indication that the cash-generating unit is impaired.

Accounts payable

Accounts payable are initially valued at their fair value and subsequently at amortised cost.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost.

Foreign currency

(i) Foreign currency transactions

The individual financial statements of all Group companies are presented in the functional currency of the primary economic environment in which the subsidiaries operate.

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the foreign exchange rate prevailing at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated while non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates prevailing at the dates the fair value was determined.

Foreign exchange differences arising on retranslation are recognised in the income statement, except for those differences arising from monetary balances with foreign operations where settlement is not planned and unlikely to occur which are recorded in other comprehensive income.

(ii) Foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at foreign exchange rates prevailing at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates the foreign exchange rates at the dates of the transactions.

Financial Instruments

IFRS 9 contains a classification and measurement approach for financial assets and liabilities, that reflects the business model in which assets are managed.

Under IFRS 9 all financial instruments are initially measured at fair value plus or minus transaction costs, in the case of a financial asset or liability not at fair value through profit or loss. This requirement is consistent with IAS 39. Financial asset classification and measurement is an area where many changes have been introduced by IFRS 9. Consistent with IAS 39, the classification of a financial asset is determined at initial recognition, however, if certain conditions are met, an asset may subsequently need to be reclassified.

IFRS 9 contains three principal classification categories for financial assets, based on the business models under which they are held:

- Amortised cost: The Group classifies its financial assets at amortised cost only if both of the following criteria are met: the assets are held within a business model with the objective of collecting the contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Income from these financial assets is included in finance income using the effective interest rate method. The Group's assets measured at amortised cost include trade and other receivables and cash and cash equivalents.

- Fair value through other comprehensive income (FVTOCI): Assets that are held for collection of contractual cash flows and for future sales the financial assets, where the assets' cash flows represent solely payments of principal and interest and dividends, are measured at fair value through other comprehensive income.
- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss.

Impairment

As required by IFRS 9, the Group adopted an "expected credit loss model", as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each year end or half year end date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Credit losses are calculated as the present value of the difference between all contractual cash flows that are due and all cash flows that the entity expects to receive. Expected credit losses are the sum of all possible credit losses, weighted by their probability of occurrence.

The "12 month expected credit losses" approach is applied to all financial assets with the exception of trade receivables. For this asset, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, net of any allowance losses. The allowance loss measurement is determined by applying a simplified approach equalling the lifetime expected credit losses.

Under the simplified approach the tracking of changes in credit risk is not required but instead the base lifetime expected credit loss at all times is applied. An allowance for loss is made for potentially impaired receivables during the year in which they are identified based on a periodic review of all outstanding amounts. Losses are recorded within administrative and general expenses in the income statement. Trade receivables are deemed as impaired when there is an indication of significant financial difficulties of the debtor (delinquency in or default on payments occurs, probability of bankruptcy or need for financial reorganisation).

Equity capital stock

The company's capital comprises equity capital stock. Equity capital stock is measured based upon net proceeds.

Share-based payments

The fair value of options as of the date granted to employees is recognised as an employee expense, with a corresponding increase to equity over the vesting period. The fair value of the options granted is measured using the Black-Scholes-Merton option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

Earnings per share

Basic Earnings per Common share ("EPS") is computed by dividing net profit by the weighted average number of shares outstanding during the year. Diluted EPS is computed by adjusting the weighted average number of shares outstanding during the year for all potentially dilutive shares and equivalents outstanding, including share warrants, during the year using the Treasury stock method.

Operating revenue

Operating revenue is measured on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. Currently, the Group purchases LNG which it transports and stores in a tank that is owned by the Group but which is located at a customer's facility. Revenue is generated when the LNG is loaded to the tank. Lease revenue is also recorded by the Group for the customer's use of the tank which is recognized on a straight-line basis.

IFRS 15, Revenues from Contracts with Customers, was adopted in 2018 but did not have a material impact on the financial statements.

Expenses

(i) Operating expenses

Operating expenses include costs directly associated with the operation and maintenance of the property, plant and equipment. These types of costs include LNG purchases, transportation costs, depreciation and other expenses.

(ii) Leases

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received and receivable are recognised in the income statement on a straight-line basis over the lease term as an integral part of the total lease expense.

(iii) Finance expenses

Finance expenses are recognised in the income statement as they accrue, using the effective interest method.

IFRS Issued but not Effective as of December 31, 2018

The following standard has been issued and become effective in 2019 and beyond, assuming European Union adoption.

IFRS 16, Leases ("IFRS 16") requires lessees to recognise assets and liabilities for most leases as "right to use" assets. The implementation date for the Group is for the year ending December 31, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. IFRS 16 removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like Earnings before interest taxes, depreciation and amortisation ("EBITDA") will increase.

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest will continue to be presented as operating cash flows.

These changes will result in an increase in lease assets and financial liabilities since all leases will be reported on the balance sheet, with the exception of short-term leases and leases of low-value assets. IFRS 16 is not expected to have a material impact on the financial statements of the Group.

The Group has entered into an office building lease for five years, commencing January 21, 2019. This lease will increase property, plant and equipment and long-term debt by $0.8 million. Interest and depreciation will increase by the following amounts:

	2019	2020	2021	2022	2023
	(in thousands)				
Interest element	$ 49	$ 42	$ 31	$ 20	$ 7
Depreciation	156	156	156	156	156

The Group does not expect there to be a material impact on its Consolidated Financial Statements from any other new standard that is not yet effective, apart from additional disclosures in the financial statements.

3. Operating Revenue

	For the Thirteen Months Ended December 31, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017
	(in thousands)	
Revenue from the sale of LNG and rendering of services	**$ 470**	$ —
Lease revenue	**21**	—
	$ 491	$ —

Revenue is generated in Sardinia from a non-governmental customer. The LNG is transferred to the customer over time as required by the customer.

4. Operating Expenses

	For the Thirteen Months Ended December 31, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017
	(in thousands)	
LNG purchases	**$ 221**	$ —
Transportation expenses	**195**	—
Excise duties	**10**	—
Rent	**5**	—
Depreciation expense	**13**	—
Other	**54**	—
	$ 498	$ —

5. Administrative and General Expenses

	For the Thirteen Months Ended December 31, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017
	(in thousands)	
Salary expenses	**$ 180**	$ —
Defined contribution plan expenses	**101**	—
Share option expense	**300**	—
Other personnel expenses	**38**	—
Audit fees	**250**	—
Legal professional fees	**296**	—
Other professional fees	**153**	70
Office fees	**9**	—
Travel and entertainment expenses	**24**	—
Fee to SNL for development expenses (Note 20)	**10,000**	—
Management fee from SNGL	**259**	—
Other	**10**	—
	$ 11,620	$ 70

Auditors' remuneration to PricewaterhouseCoopers LLP was $250,000 for the thirteen months ended December 31, 2018. For the period from March 20, 2017 to November 30, 2017, it was included within the SNL group. All fees were to accrue for the 2018 audits of the Group and its subsidiaries, as applicable.

6. Finance Expense and Income

Finance Expense

	For the Thirteen Months Ended December 31, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017
	(in thousands)	
Interest on related party loan	$ **407**	$ —
Capitalised interest	**(288**)	—
	$ **119**	$ —

The interest rate on the related party loan was 5.27% for the period from August 1 to October 1, 2018, when the loan was netted against SNL's payment for the issuance of shares.

The capitalized interest rate was 5.45% for the same period.

Finance Income

	For the Thirteen Months Ended December 31, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017
	(in thousands)	
Interest on deposits	$ **313**	$ —

7. Income Tax Expense

	For the Thirteen Months Ended December 31, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017
	(in thousands)	
Current income tax expense	$ **5**	$ —
Total income tax expense	$ **5**	$ —

The following reconciles the actual income tax expense to income taxes computed at the Bermuda statutory tax rate:

	For the Thirteen Months Ended December 31, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017
	(in thousands)	
Loss from continuing operations before income tax expense	$ **(10,437)**	$ (70)
Tax at the Bermuda statutory tax rate	**—**	**—**
Differences between the Bermuda and other tax rates	**5**	—
Total income tax expense	$ **5**	$ —

8. Cash and Cash Equivalents

	December 31, 2018	November 30, 2017
	(in thousands)	
Cash and cash equivalents	$ 73,570	$ —

Cash and cash equivalents comprise cash and short-term time deposits held by the Group.

9. Receivables

	December 31, 2018	November 30, 2017
	(in thousands)	
Customer receivables	$ 279	$ —
VAT receivables	965	—
Interest receivables	53	—
	$ 1,297	$ —

See Note 15 for an analysis of the credit risk of receivables. At December 31, 2018, there is no expected credit loss so no impairment has been recorded.

10. Prepaid Expenses

	December 31, 2018	November 30, 2017
	(in thousands)	
Advance payment to contractor	$ 1,789	$ —
Prepaid grant	140	—
Other	22	—
	$ 1,951	$ —

11. Property, Plant and Equipment and Newbuilding Deposit

	Land	Plant and Equipment	Other	Construction In Progress	Total
Cost			(In thousands)		
Balance at March 20, 2017 and November 30, 2017	$ —	$ —	$ —	$ —	$ —
Additions	—	—	—	2,628	2,628
Stolt-Nielsen Gas B.V. transfer from SNL	2,882	650	8	1,098	4,638
Net foreign exchange differences	(111)	(25)	(1)	(19)	(156)
Balance at December 31, 2018	$ 2,771	$ 625	$ 7	$ 3,707	$ 7,110
Accumulated depreciation					
Balance at March 20, 2017 and November 30, 2017	$ —	$ —	$ —	$ —	$ —
Depreciation expense	—	13	—	—	13
Balance at December 31, 2018	$ —	$ 13	$ —	$ —	$ 13
Balance at December 31, 2018	$ 2,771	$ 612	$ 7	$ 3,707	$ 7,097

Newbuilding Deposits

The Newbuilding deposits are the yard payments on the contract for two 7,500 cbm LNG carriers that was announced on May 24, 2017. These ships will be built by Keppel Singmarine with expected delivery in late 2019 and early 2020. The total cost for both ships will be approximately $80.0 million, including site team costs and capitalised interest which are recorded in Construction in progress.

12. Goodwill

The Goodwill was generated from the HiGas acquisition in 2017 upon SN Gas BV's acquisition of 66.6% of HiGas for $5.8 million. It is tested for impairment on an annual basis based upon the cash-generating unit which is considered to be the entire Group. The impairment test was based upon the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. The Group prepared a formal five-year management plan which was used in the calculation. The five-year plan was based upon historical experience, financial forecasts and expectations of industry trends and conditions. The discount rate was based upon the Group's weighted average cost of capital, adjusted for the assets' risk profile.

13. Accounts Payable and Accrued Expenses

Accounts Payable:

	December 31, 2018	November 30, 2017
	(in thousands)	
Trade payables	**$ 260**	$ —
Withholding tax	**29**	—
Other	**2**	—
	$ 291	$ —

Accrued Expenses:

	December 31, 2018	November 30, 2017
	(in thousands)	
Audit accrual	**$ 250**	$ —
Deferred income	**140**	—
Other	**27**	—
	$ 417	$ —

14. Restrictions on Payment of Dividends

Under the Bermuda Companies Act, dividends cannot be paid if there are reasonable grounds for believing that –

(a) The company is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) The realizable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

15. Financial Risk Factors

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's activities expose it to a variety of financial risks such as market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, receivables, accounts payable and accrued expenses are a reasonable estimate of their fair value, due to the short maturity thereof.

Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposure, primarily with the euro and British pound. Any appreciation of the expense currency against the US dollar will decrease profit margins. There is also exposure when a member of the Group holds accounts receivable or payable in a non-functional currency.

At December 31, 2018, if the US dollar had weakened or strengthened by 5% against the major currencies mentioned above, with all other currencies remaining constant, the recalculated profit for the year would have been approximately $0.1 million higher/lower, mainly as a result of lower/higher administrative and general expenses from non-US dollar transactions and foreign exchange gains/losses on translation of non-US dollar-denominated accounts receivable and payable balances.

Concentration of Credit Risk

Receivables are from customers of the Group. The Group extends credit to its customers in the normal course of business. The maximum exposure to credit risk is the customer receivables balance of $0.3 million at December 31, 2018. The Group regularly reviews its receivables by performing credit checks upon entering into an initial sales contract with a customer and by the business controller regularly reviewing the days past due receivable reports. The majority of receivables are currently in Euros. There are no receivables that are past due and no recorded allowance for doubtful accounts.

Financial Risk Factors

Risk management is carried out by the SNL central treasury department under policies approved by the Avenir Board of Directors. SNL treasury identifies, evaluates and hedges financial risks in close co-operation with the Group. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

Fair Value of Financial Instruments

The following estimated fair value amounts of financial instruments have been determined by the Group, using appropriate market information and valuation methodologies. Considerable judgement is required to develop these estimates of fair value, thus the estimates provided herein are not necessarily indicative of the amounts that could be realised in a current market exchange:

	As of December 31, 2018		As of November 30, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in thousands)			
Financial Assets:				
Cash and cash equivalents	**$ 73,570**	**$ 73,570**	$ —	$ —
Receivables, excluding VAT receivables	**332**	**332**	—	—
Related party receivable balances	—	—	10	10
Financial Liabilities:				
Accounts payables, excluding withholding taxes	**262**	**262**	—	—
Related party payable balances	**1,163**	**1,163**	70	70

The carrying amounts of cash and cash equivalents, receivables and accounts payable are reasonable estimates of their fair values, due to the short maturity thereof.

The Group has no financial assets which would otherwise have been past due or impaired that have been renegotiated.

Maturity of Financial Liabilities

As of December 31, 2018	Less than 1 yr	Total
	(in thousands)	
Contractual obligations:		
Accounts payable	$ 262	$ 262
Related party payable balances	1,163	1,163
Total contractual obligations	**$ 1,425**	**$ 1,425**

As of November 30, 2017	Less than 1 yr	Total
	(in thousands)	
Contractual obligations:		
Related party payable balances	$ 70	$ 70
Total contractual obligations	$ 70	$ 70

16. Share options

The Company's Board of Directors approved the Avenir LNG Limited Share Option Plan 2018 on October 1, 2018. Options are to be granted in consideration of services to the Company and its subsidiaries.

On October 21, 2018, the Board of Directors approved 620,000 options to three key employees of a subsidiary of the Company for $1.00 per share. For 200,000 options, 50,000 options vest on the first through fourth anniversaries of the date of grant. For 420,000 options, full vesting occurred in 2018. The options cease to be exercisable after five years from the grant date and are forfeited upon termination of employment for 200,000 of the options. The Company has no legal or constructive obligation to repurchase or settle the options in cash. None of the 200,000 options were exercisable at December 31, 2018.

Share-based compensation expense has been recorded by the Group for $300,000 for the thirteen months ended December 31, 2018. The Company has recorded a corresponding increase in its Contributed Capital account.

The weighted average fair value of options granted in 2018 determined using the Black-Scholes valuation model was $0.64 per share, using an expected option life of five years and an annual risk-free rate of 2.51%. The volatility of 49.66% was measured based on the share price development of four companies within the LNG industry for the last ten years.

17. Commitments and Contingencies

The Group had an additional $91.1 million of purchase commitments on December 31, 2018. These commitments relate to newbuildings totaling $58.9 million and HiGas terminals totaling $32.2 million. Of the total purchase commitments at December 31, 2018, $87.3 million is expected to be paid over the next 12 months and financing is in the process of being arranged for the newbuildings. The remaining payments will be paid out of existing liquidity or by issuing additional equity shares.

In the fourth quarter of 2018, the Group entered into a contract with Sinopacific Offshore Engineering for two 20,000 cbm LNG carriers but the Group's conditions precedents were not completed until January 2019. As such, these two ships were not reflected as part of the capital commitments as of December 31, 2018. The total delivered cost of the two additional ships, including site team and capitalised interest, will be approximately $111.8 million. See Note 23 for discussion of commitments entered into in 2019 for two 7,500 cbm LNG carriers.

18. Capital Stock

The Group's authorised and issued share capital consists of 500.0 million and 10,000 Common shares as of December 31, 2018 and November 30, 2017, respectively. There were 110.0 million shares outstanding December 31, 2018.

	Common Shares, par value $1 per share
Balance at November 30, 2017	**10,000**
Issuance of shares	**109,990,000**
Balance at December 31, 2018	**110,000,000**

As mentioned in Note 1 above, SN LNG acquired 49.5 million shares and Golar and Höegh each acquired 24.7 million shares with the remaining 11.0 million acquired by external parties. All shares were sold at $1.00 per share. SN LNG's contribution consisted of cash of $17.0 million and the forgiveness of amounts due to SN LNG by Avenir of $32.5 million.

19. Loss per Share

The following is a reconciliation of the numerator and denominator of the basic and diluted losses per share calculation.

	For the Thirteen Months Ended December 31, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017
	(in thousands)	
Net loss	**$ (10,442)**	$ (70)
Basic and dilutive weighted average shares outstanding	**26,192**	10
Basic loss per share	**(0.40)**	(7.00)
Diluted weighted average loss per share	**(0.40)**	(7.00)

There was no difference in the weighted average number of shares used for the calculation of basic and diluted loss per share as the effect of the share options discussed in Note 16 and the warrants discussed in Note 20 was anti-dilutive.

20. Related Party Transactions

SNL Transactions

	For the Thirteen Months Ended December 31, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017
	(in thousands)	
Transactions with SNL:		
Site team services costs, capitalised to property, plant and equipment	**$ 550**	$ —
Expenses paid by SN LNG on the Company's behalf	**10,000**	—
Support services	**259**	—
Finance expense	**407**	—

During 2018, the Group entered into three service agreement with subsidiaries of SNL for (a) newbuilding site team services, (b) accounting, finance, treasury and other support services and (c) the procurement of a President of Avenir.

As noted above, on August 17, 2018, SNL invoiced Avenir $10.0 million for development costs incurred on Avenir's behalf by SNL. This amount, along with a long-term related party loan of $22.5 million, was netted against SNL's obligation for the acquisition of 49.9 million of Avenir shares. The long-term loan related to the accumulated newbuilding costs and the acquisition of 66.6% of HiGas.

Board of Directors and Key Management Compensation

Key management consists of three members of management. Total compensation and benefits of the management were as follows:

	For the Thirteen Months Ended December 31, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017
	(in thousands)	
Salary and benefits	**$ 152**	$ —
Pension cost	**151**	—
Share-based compensation	**300**	—
Total compensation and benefits	**$ 603**	$ —

Board Members were not remunerated for the period ended December 31, 2018. At the end of 2018 the Board of Directors consists of 4 members.

Accounts Receivable from related parties

	December 31, 2018	November 30, 2017
	(in thousands)	
Stolt-Nielsen Gas Holdings Ltd	$ —	$ 10
Total	$ —	$ 10

Accounts Payable to related parties

	December 31, 2018	November 30, 2017
	(in thousands)	
Stolt-Nielsen M.S. Ltd	**$ 256**	$ 70
Stolt Bitumen Singapore PTE Ltd	**23**	—
Stolt-Nielsen LNG Holdings Ltd	**181**	—
Stolt-Nielsen M.S. Ltd (UK)	**549**	—
Stolt-Tankers B.V.	**154**	—
Total	**$ 1,163**	$ 70

Warrants

Concurrent with the Framework and Shareholders Agreement, the Company issued warrants to SNL for the right to acquire up to 14,560,000 shares for $1/share (the "Warrants"). The Warrants shall be exercisable in tranches of 25% of the total number of Warrants when the price of Avenir's shares have been traded on the Norwegian OTC for 20 successive days at a price which is 25%, 50%, 75% and 100% above the first equity offering price of $1/share. The expiration date is October 1, 2023. No warrants have been exercised.

21. Reconciliation of Net Loss to Cash used in Continuing Operations

	For the Thirteen Months Ended December 31, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017
	(in thousands)	
Net loss	**$ (10,442)**	$ (70)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation expense	**13**	
Finance income, net	**(194)**	—
Expenses paid by SN LNG on the Company's behalf	**10,000**	—
Share option expense	**300**	—
Foreign exchange gain	**(5)**	—
Income tax expense	**5**	—
Changes in assets and liabilities, net of effect of acquisitions and divestitures:		
Increase in receivables	**(826)**	—
Decrease (increase) in related party receivables	**158**	(10)
Increase in prepaid expenses	**(1,929)**	—
Increase in related party payables	**610**	—
Increase in accounts payable and accrued expenses	**489**	70
Other, net	**(35)**	—
Cash used by operations	**$ (1,856)**	$ (10)

22. Business Acquisition

On July 31, 2018, SNG BV was acquired by Avenir for $20,000 from a subsidiary of SNL.

The assets and liabilities recognized at the date of the acquisition were as follows:

	(in thousands)
Cash	317
Receivables	430
Related party receivables	146
Prepaid and other current assets	37
Plant, property and equipment	4,638
Newbuilding deposit	15,489
Goodwill	61
Assets	21,118
Accounts payable	144
Accrued expenses	177
Long-term related party note liability	22,682
Liabilities	23,003
Net	(1,885)
Less: Cash paid	20
Included in Contributed capital	(1,905)

The acquisition of SNG BV has been accounted for as a business acquisition involving entities under common control as Avenir and SNG BV were subsidiaries of SNL at the date of transfer. No restatement from historical cost has been recorded. Therefore, the difference between the book value of the assets and liabilities and the amount paid has been recorded into retained deficit.

23. Subsequent Events

On January 25, 2019, SNG BV made the first progress payment of $11.2 million for two 20,000 cbm LNG carriers discussed in Note 11. The ships are expected to be delivered in 2021. In addition, on March 29, 2019, SNG BV entered into a contract and paid an initial deposit of $7.8 million for two 7,500 LNG carriers. The ships are expected to be delivered in 2021.

AVENIR LNG LIMITED
RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the consolidated Group and Company financial statements for the year ended December 31, 2018 have been prepared in accordance with IFRS and gives a true and fair view of the Group and Company's assets, liabilities, financial position and loss as a whole. In preparing these financial statements, we are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable;
- State whether applicable IFRSs 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.

We are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group. We are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. We highlight that legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Bermuda
August 8, 2019

Signed for and on behalf of the Board of Directors

N.G. Stolt-Nielsen

Niels G. Stolt-Nielsen
Director

Independent auditors' report to the members of Avenir LNG Limited

Report on the audit of the financial statements

Opinion

In our opinion, Avenir LNG Limited's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's and the company's loss and cash flows for the 13 month period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 1981 (Bermuda).

We have audited the financial statements, included within the Consolidated Financial Statements (the "Annual Report"), which comprise: Consolidated Income Statement for the thirteen months ended December 31, 2018, Consolidated and Company Statements of Comprehensive Income for the thirteen months ended December 31, 2018, Consolidated and Company Balance Sheets as at December 31, 2018, Consolidated and Company Statements of Shareholders' Equity for the thirteen months ended December 31, 2018, Consolidated and Company Statements of Cash Flows for the thirteen months ended December 31, 2018; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

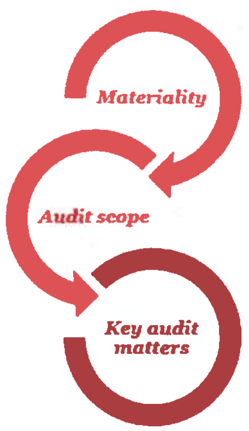
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the UK Financial Reporting Council's (FRC's) Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Context

This is our first reporting period as auditor.

Overview



- Overall group materiality: $985,000, based on 1% of Total Assets.
- Overall company materiality: $886,500, based on 1% of Total Assets, capped at 90% of group materiality

- Full scope audit of Avenir LNG Limited (parent company) performed by us in the UK
- Full scope audit of Hi Gas Srl (Italy) performed by our component team in Italy under our instruction
- Material Property Plant and Equipment balances in Stolt-Nielsen Gas BV tested by us to provide sufficient evidence over the group's consolidated position

- Recoverability of Property Plant and Equipment.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	***How our audit addressed the key audit matter***
Recoverability of Property, Plant and Equipment- Group The group is in its first year of trading and has invested significant amounts in new, small scale LNG carriers and a terminal in Sardinia. The capitalisation of this investment is based on management's estimation of the future economic benefit to be derived from these assets and, therefore, is inherently subject to risk of misstatement. Given the significant book value of these assets at 31 December 2018, this uncertainly is considered to represent a key audit matter.	We performed audit procedures to test the amounts capitalised on the balance sheet. These included obtaining schedules of capitalised costs and analysing them for appropriate inclusion, vouching amounts to underlying contracts and verifying cash movements. We obtained cash flow forecasts from management and understood the basis for the estimated performance. We assessed the assumptions used in the models for reasonableness and performed sensitivity analyses to identify the scenarios in which the assets would not be recoverable, and assessed the likelihood of such scenarios occurring. Based on the procedures performed, we noted no material issues from our work.

We determined that there were no key audit matters applicable to the company to communicate in our report.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

Avenir LNG Limited has four main components, namely Avenir LNG MS Ltd (based in the UK), Hi Gas Srl (based in Italy), Avenir LNG Limited (based in Bermuda) and Stolt-Nielsen Gas BV (based in The Netherlands). Avenir LNG Limited holds the majority of cash and cash equivalents, while Stolt-Nielsen Gas BV holds the majority of the capitalised costs associated with the new investments in property, plant and equipment. The majority of reported revenue is generated by Hi Gas Srl.

As part of our scoping we have obtained sufficient coverage over each material financial statement line item in the consolidated financial statements. Full scope audits were performed for Avenir LNG Limited and Hi Gas Srl and material Property, Plant and Equipment balances have been tested at Stolt-Nielsen Gas BV. In addition, individual balances across the group were tested to provide sufficient coverage of the consolidated financial statements. All procedures except those related to Hi Gas Srl were performed by us in the UK. Instructions were issued to our component team in Italy for the audit of Hi Gas Srl and we maintained regular communications with that team throughout the audit cycle. These interactions included participating in planning and clearance meetings with our team in Italy, holding regular conference calls, as well as reviewing work papers and assessing matters reported.

Consolidation journals were also considered centrally by us in the UK.

In total, the audit work performed addressed approximately 99.8% of consolidated total assets.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	*Company financial statements*
Overall materiality	$985,000	$886,500
How we determined it	1% of Total Assets.	1% of Total Assets.
Rationale for benchmark applied	We have selected total assets as the benchmark for materiality. This reflects the early stage of the business's lifecycle; with significant investment in fixed assets and less significant trading activities. As a result, total assets rather than an operating-based measure is considered to be a more relevant benchmark for a reader of the financial statements.	We have selected total assets as the benchmark for materiality. This reflects the early stage of the business's lifecycle; with significant investment in fixed assets and less significant trading activities. As a result, total assets rather than an operating-based measure is considered to be a more relevant benchmark for a reader of the financial statements. The Parent only total assets are greater than the consolidated total assets at Avenir Group. We have therefore capped the company materiality at 90% of overall group materiality.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between $450,000 and $886,500.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $49,000 (Group audit) and $44,000 (Company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Responsibility Statement set out on page 23, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are responsible for assessing the group's and 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 unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

The engagement partner responsible for this independent auditor's report is Gregory Briggs.

Use of this report

This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 90 of the Companies Act 1981 (Bermuda) and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Uxbridge
9 August 2019

AVENIR LNG LIMITED

FINANCIAL STATEMENTS

For the Period Ended December 31, 2018

AVENIR LNG LIMITED

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AVENIR LNG LIMITED

STATEMENT OF COMPREHENSIVE INCOME

	For the Thirteen Months ended December 31, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017 (Unaudited)
	(in thousands)	
Administrative and general expenses (Note 3)	**$ (10,321)**	$ (70)
Other operating income	**716**	—
Operating Loss	**(9,605)**	(70)
Non-Operating Income:		
Finance income from related parties (Note 4)	**54**	—
Finance income (Note 4)	**313**	—
Other non-operating income	**289**	—
Foreign currency exchange gain	**4**	—
Net Loss and Total Comprehensive Loss	**$ (8,945)**	$ (70)

Notes 1 to 16 are integral part of these consolidated financial statements.

AVENIR LNG LIMITED

BALANCE SHEET

	As of	
	December 31, 2018	**November 30, 2017 (Unaudited)**
	(in thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 5)	**$ 71,733**	$ —
Receivables (Note 6)	**53**	—
Related party receivable balances (Note 8)	**269**	10
Total Current Assets	**72,055**	10
Investment in subsidiaries (Note 7)	**23,439**	—
Long-term related party receivable (Note 8)	**6,100**	—
Total Non-current Assets	**29,539**	—
Total Assets	**$ 101,594**	$ 10
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Related party payable balances (Note 8)	**$ 294**	$ 70
Accrued expenses	**15**	—
Total Current Liabilities	**309**	70
Shareholders' Equity		
Common shares (Note 12)	**110,000**	10
Contributed capital (Note 15)	**300**	—
Retained deficit	**(9,015)**	(70)
Total Shareholders' Equity	**101,285**	(60)
Total Liabilities and Shareholders' Equity	**$ 101,594**	$ 10

Notes 1 to 16 are integral part of these consolidated financial statements.

AVENIR LNG LIMITED

STATEMENT OF SHAREHOLDERS' EQUITY

	Common Shares	Contributed Capital	Retained Deficit	Total
		(in thousands)		
Balance, March 20, 2017	$ —	$ —	$ —	$ —
Comprehensive loss:				
Net loss	—	—	(70)	(70)
Total comprehensive loss	—	—	(70)	(70)
Transactions with shareholders:				
Issuance of shares	10	—	—	10
Total transactions with shareholders	**10**	—	—	**10**
Balance, November 30, 2017	**10**	—	**(70)**	**(60)**
Comprehensive loss:				
Net loss	—	—	**(8,945)**	**(8,945)**
Total comprehensive loss	—	—	**(8,945)**	**(8,945)**
Transactions with shareholders:				
Share-based compensation	—	**300**	—	**300**
Issuance of shares	**109,990**	—	—	**109,990**
Total transactions with shareholders	**109,990**	**300**	—	**110,290**
Balance, December 31, 2018	**$ 110,000**	**$ 300**	**$ (9,015)**	**$ 101,285**

Notes 1 to 16 are integral part of these consolidated financial statements.

AVENIR LNG LIMITED

STATEMENT OF CASH FLOWS

	For the Thirteen Months ended December 30, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017 (Unaudited)
	(in thousands)	
Cash provided from continuing operations (Note 13)	**$ 68**	$ (10)
Interest received	**261**	—
Net cash provided by operating activities	**329**	(10)
Cash flows used in investing activities:		
Acquisition of Stolt-Nielsen Gas BV	**(20)**	—
Advances to subsidiary (Note 8)	**(6,100)**	—
Net cash used in investing activities	**(6,120)**	—
Cash flows from financing activities:		
Issuance of shares (Note 1 and 12)	**77,520**	10
Net cash generated from financing activities	**77,520**	10
Net increase in cash and cash equivalents	**71,729**	—
Effect of exchange rate changes on cash	**4**	—
Cash and cash equivalents at beginning of period	—	—
Cash and cash equivalents at end of period	**$ 71,733**	$ —

Notes 1 to 16 are integral part of these consolidated financial statements.

1. Basis of Preparation

Avenir LNG Limited (the "Company" or "Avenir") is incorporated in Bermuda. The registered address of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the registration number is EC 52417.

The financial statements have been prepared in accordance with the accounting policies outlined in Note 2. These accounting policies are in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

These are the Company's first IFRS financial statements as the Company did not present financial statements for previous years.

The object of the Company is to hold investments related to the small-scale LNG segment. The Company was incorporated on March 20, 2017 by Stolt-Nielsen LNG Holdings Ltd. ("SN LNG"), an indirect subsidiary of Stolt-Nielsen Limited ("SNL"). Avenir purchased the shares of Stolt-Nielsen Gas BV ("SNG BV") from SN LNG for $20,000 on July 31, 2018. SNG BV had entered into two 7,500 cbm LNG newbuilding contracts from Keppel Singmarine in 2017. SNG BV also had a 66.6% owned subsidiary, HiGas S.r.L. ("HiGas"), which is in the process of building a terminal and distribution facility in the port of Oristano, Sardinia.

On October 1, 2018, SN LNG, Golar LNG Ltd ("Golar") and Höegh LNG Holdings Ltd. ("Höegh") announced a combined investment commitment of $182 million to pursue opportunities to deliver LNG to areas of stranded demand, as well as the development of LNG bunkering capabilities. The initial contribution was $49.5 million from SN LNG and $24.7 million from each of Golar and Höegh. SN LNG's contribution consisted of cash of $17.0 million and $32.5 million related to the forgiveness of amounts due to SN LNG by Avenir.

On November 13, 2018, an additional 11.0 million shares were issued for $11.0 million to a group of institutional and professional investors. Avenir's shares were listed on the Norwegian over-the-counter market on November 14, 2018.

SNG BV is in the process of finalising the contracts for two options for 7,500 cbm LNG newbuildings. Subsequent to year end, they have finalised contracts for two 20,000 cbm LNG newbuildings. In addition, in 2018, SNG BV contributed $5.9 million to HiGas for an additional 14.4% ownership of HiGas.

For the prior year, the financial statements are for the period from inception (March 20, 2017) to November 30, 2017, a period of approximately eight months. The year end of the Company was changed to December 31 in 2018 so these financial statements include thirteen months of activity.

2. Significant Accounting Policies

Critical Accounting Estimates and Judgements

In connection with the preparation of the financial statements, management has made assumptions and estimates about future events, and applied judgements that affect the reported amounts of assets, liabilities, expenses and the related disclosures. The assumptions, estimates and judgements are based on historical experience, current trends and other factors that management believes to be relevant at the time the consolidated financial statements are prepared. Actual results may differ from these estimates. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgements to ensure that the financial statements are presented fairly and in accordance with IFRS, applied on a consistent basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the change affects both as per IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

Critical accounting estimates and judgements are those that have a significant risk of having a material impact on the consolidated financial statements. Management believes the following areas are the significant judgement and estimate used in the preparation of the Financial Statements:

Impairment Review of Investment in Subsidiaries

Description: The Company's Investment in subsidiaries is reviewed for impairment whenever circumstances indicate the underlying subsidiaries, SNG BV or HiGas' carrying value of the ships or property may not be fully recoverable. When such events or circumstances are present, Management measures the recoverable amount of these assets by comparing their carrying amount to the higher of their fair value less costs of disposal ("FVLCD") or value in use ("VIU").

Judgements and estimates: The cash flows on which the assessment of recoverability is based for VIU is highly dependent upon forecasts which are highly subjective, especially as the market for small-scaled LNG ships is an expanding market and the Group's newbuildings have yet to be delivered. Also, HiGas has only started to build its terminal in Sardinia. Although Management believes that the underlying assumptions supporting the assessment are reasonable and appropriate at the time they are made, it is reasonably possible that a further decline in the economic environment could adversely impact the business prospects in the future. This could represent a triggering event for a further impairment assessment.

Accordingly, the principal assumptions that have been used in the recoverability assessment included, among others, charter rates, ship operating expenses, utilisation, drydocking requirements, future growth rates, supply-demand balance of LNG ships and residual value. Specifically, forecasted charter rates are based on information regarding current spot market rates from industry experts. Estimated outflows for operating expenses and drydockings are based on historical costs adjusted for assumed inflation.

Effect if actual results differ from assumptions: Although Management believes the underlying assumptions supporting the impairment assessment are reasonable, if contracted and charter rate trends and percentage of and rates on renewal of contracts vary significantly from forecast, this might trigger impairment indicators and result in an impairment review of the Company's Investment in SNG BV and possibly a material impairment of the asset.

Basis of measurement

The financial statements are prepared on the historical cost basis.

The shareholders regularly review the cash requirements of the Company and under the Shareholders' Agreement will take all reasonable endeavours to procure that financing is available to meet the Company's capital expenditure commitments and working capital needs. The shareholders have also committed to invest an additional $72.0 million to fulfil the Company's capital commitments. The Board of Directors or the President may request that the shareholders provide further funding to the Company in order to maintain its going concern status. Failure of the shareholders to do this could result in a material uncertainty over the Company's ability to continue as a going concern.

Management believes that the Company's cash position and the shareholders' commitments will provide the cash necessary to satisfy the Company's working capital and capital expenditure requirements as well as satisfy the Company's other financial commitments. The Company therefore adopted the going concern basis in preparing its consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term time deposits of less than three months, which are subject to an insignificant risk of changes in value.

Foreign currency

(i) Foreign currency transactions

The Company's financial statements are presented in the functional currency of the primary economic environment in which it operates, which is the U.S. dollar.

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the foreign exchange rate prevailing at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated while non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates prevailing at the dates the fair value was determined.

Foreign exchange differences arising on retranslation are recognised in the income statement, except for those differences arising from monetary balances with foreign operations where settlement is not planned and unlikely to occur which are recorded in other comprehensive income.

Equity capital stock

The company's capital comprises equity capital stock. Equity capital stock is measured based upon net proceeds.

Administrative and general expenses

Administrative and general expenses include professional fees and management service fees from related parties.

Finance income

Finance income are recognised in the income statement as they accrue, using the effective interest method.

IFRS Issued but not Effective as of December 31, 2018

The following standard has been issued and become effective in 2019, assuming European Union adoption.

IFRS 16, Leases ("IFRS 16") requires lessees to recognise assets and liabilities for most leases as "right to use" assets. The implementation date for the Company is for the year ending December 31, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. IFRS 16 removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like Earnings before interest taxes, depreciation and amortisation ("EBITDA") will increase.

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest will continue to be presented as operating cash flows.

These changes will result in an increase in lease assets and financial liabilities since all leases will be reported on the balance sheet, with the exception of short-term leases and leases of low-value assets. Currently, the Company does not have any leases so IFRS 16 is not expected to have a material impact on the financial statements of the Company.

The Company does not expect there to be a material impact on its Financial Statements from any other new standard that is not yet effective, apart from additional disclosures in the financial statements.

3. Administrative and General Expenses

	For the Thirteen Months Ended December 31, 2018	**From the Date of Inception (March 20, 2017) to November 30, 2017 (Unaudited)**
	(in thousands)	
Recruitment costs	**$ 78**	$ —
Audit fees	**15**	—
Legal professional fees	**18**	—
Other professional fees	**138**	70
Development expenses paid by SNL on behalf of Avenir (Note 8)	**10,000**	—
Management fee from SNGL	**23**	—
Other	**49**	—
	$ 10,321	$ 70

Auditors' remuneration to PricewaterhouseCoopers LLP was $15,000 for the thirteen months ended December 31, 2018. All fees were to accrue for the 2018 audit of the Company.

4. Finance Income

	For the Thirteen Months Ended December 31, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017 (Unaudited)
	(in thousands)	
Interest on related party loan	**$ 54**	$ —
	$ 54	$ —

The interest rate on the related party loan was 4.6% for the period from October 1 to December 31, 2018.

	For the Thirteen Months Ended December 31, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017 (Unaudited)
	(in thousands)	
Interest on cash deposits with financial institutions	**$ 313**	$ —
	$ 313	$ —

5. Cash and Cash Equivalents

	December 31, 2018	November 30, 2017 (Unaudited)
	(in thousands)	
Cash and cash equivalents	**$ 71,733**	**$** —

Cash and cash equivalents comprise cash and short-term time deposits held by the Company.

6. Receivables

	December 31, 2018	November 30, 2017 (Unaudited)
	(in thousands)	
Interest receivables	**$ 53**	$ —

See Note 10 for an analysis of the credit risk of receivables.

7. Investment in Subsidiaries

The Company holds the following direct investments:

		November 30, 2017 (Unaudited)	Additions	December 31, 2018
			(in thousands)	
Direct investments:				
Stolt-Nielsen Gas BV	The Netherlands	$ —	$ 23,139	**$ 23,139**
Avenir LNG M.S. Ltd	United Kingdom	—	300	**300**
		$ —	$ 23,439	**$ 23,439**

The Company has an 80% ownership in HiGas through SN Gas BV.

8. Related Party Transactions

SNL Transactions

	For the Thirteen Months Ended December 31, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017 (Unaudited)
	(in thousands)	
Transactions with SNL:		
Development costs incurred by SNL on behalf of Avenir	**10,000**	—
Support services	**23**	—

During 2018, the Company entered into three service agreements with subsidiaries of SNL for (a) newbuilding site team services for its subsidiary, SN Gas BV, (b) accounting, finance, treasury and other support services and (c) the procurement of the President of Avenir.

Also, on August 17, 2018, SNL invoiced Avenir $10.0 million for development costs incurred on Avenir's behalf by SNL. This amount, along with a long-term related party loan of $22.5 million, was netted against SNL's obligation for the acquisition of 49.9 million of Avenir shares. The long-term loan related to the accumulated newbuilding costs and the acquisition of 66.6% of HiGas.

Board of Directors and Key Management Compensation

The Company has no employees as all services are performed by employees of its subsidiaries. Board Members did not charge any costs for the three months ended December 31, 2018. At the end of 2018 the Board of Directors consisted of 4 members.

Accounts Receivable from related parties

	December 31, 2018	November 30, 2017 (Unaudited)
	(in thousands)	
Stolt-Nielsen Gas BV	$ 269	$ —
Stolt-Nielsen Gas Holdings Ltd	—	10
Total	$ **269**	$ 10

Accounts Payable to related parties

	December 31, 2018	November 30, 2017 (Unaudited)
	(in thousands)	
Stolt-Nielsen M.S. Ltd	**$ 190**	$ 70
Stolt Bitumen Singapore PTE Ltd	**23**	—
Stolt-Nielsen M.S. Ltd (UK)	**81**	—
Total	**$ 294**	$ 70

Long-term related party receivables

	December 31, 2018	November 30, 2017 (Unaudited)
	(in thousands)	
Stolt-Nielsen Gas BV	**$ 6,100**	$ —

Short-term accounts receivable was a result of normal cash management activities while short-term accounts payable was owed to subsidiaries of SNL for performance of management services.

SN Gas BV entered into a long-term related party receivable with the Company for the initial payment on HiGas' terminal construction contract. The loan is at an interest rate of 4.6% and has a due date of September 30, 2020.

Warrants

Concurrent with the Framework and Shareholders Agreement, the Company issued warrants to SNL for the right to acquire up to 14,560,000 shares for $1/share (the "Warrants"). The Warrants shall be exercisable in tranches of 25% of the total number of Warrants when the price of Avenir's shares have been traded on the Norwegian OTC for 20 successive days at a price which is 25%, 50%, 75% and 100% above the first equity offering price of $1/share. The expiration date is October 1, 2023. No warrants are exercisable.

9. Restrictions on Payment of Dividends

Under the Bermuda Companies Act, dividends cannot be paid if there are reasonable grounds for believing that –

(a) The company is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) The realizable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

10. Financial Risk Factors

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's activities expose it to a variety of financial risks such as market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, receivables, accounts payable and accrued expenses are a reasonable estimate of their fair value, due to the short maturity thereof.

Concentration of Credit Risk

Receivables are from subsidiaries of the Company or from related parties. The maximum exposure to credit risk is the related party receivable balance of $0.3 million for the year ended December 31, 2018.

Financial Risk Factors

Risk management is carried out by the SNL central treasury department under policies approved by the Avenir Board of Directors. SNL treasury identifies, evaluates and hedges financial risks in close co-operation with the Company. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

Fair Value of Financial Instruments

The following estimated fair value amounts of financial instruments have been determined by the Company, using appropriate market information and valuation methodologies. Considerable judgement is required to develop these estimates of fair value, thus the estimates provided herein are not necessarily indicative of the amounts that could be realised in a current market exchange:

	As of December 30, 2018		As of November 30, 2017 (Unaudited)	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in thousands)			
Financial Assets:				
Cash and cash equivalents	**$ 71,733**	**$ 71,733**	$ —	$ —
Receivables	**53**	**53**	—	—
Related party receivable balances	**269**	**269**	10	10
Long-term related party receivable	**6,100**	**6,100**	—	—
Financial Liabilities:				
Related party payable balances	**294**	**294**	70	70

The carrying amounts of cash and cash equivalents, receivables, accounts payable and accrued expenses are reasonable estimates of their fair values, due to the short maturity thereof.

The Company has no financial assets which would otherwise have been past due or impaired that have been renegotiated.

Maturity of Financial Liabilities

As of December 31, 2018	**Less than 1 yr**	**2-3 yrs**	**4-5 yrs**	**Total**
	(in thousands)			
Contractual obligations:				
Related party payable balances	$ 294	$ —	$ —	$ 294
Total contractual obligations	**$ 294**	**$ —**	**$ —**	**$ 294**

As of November 30, 2017 (Unaudited)	**Less than 1 yr**	**2-3 yrs**	**4-5 yrs**	**Total**
	(in thousands)			
Contractual obligations:				
Related party payable balances	$ 70	$ —	$ —	$ 70
Total contractual obligations	$ 70	$ —	$ —	$ 70

11. Commitments and Contingencies

The Company's subsidiary, SN Gas BV had $91.1 million of purchase commitments on December 31, 2018. Of these commitments, $58.9 million which related to newbuilding payments are guaranteed by the Company. The remaining purchase commitments relate to HiGas terminals construction for $32.2 million. Of the total purchase commitments at December 31, 2018, $87.3 million is expected to be paid over the next 12 months and financing is in the process of being arranged for the newbuildings. The remaining payments will be paid out of existing liquidity or by issuing additional equity shares.

In the fourth quarter of 2018, SN Gas BV entered into a contract with Sinopacific Offshore Engineering for two 20,000 cbm LNG carriers but the Company's conditions precedents were not completed until January 2019. As such, these two ships were not reflected as part of the capital commitments as of December 31, 2018. The Company has guaranteed this commitment. See Note 16 for discussion of commitments entered into by SN Gas BV in 2019 for two 7,500 cbm LNG carriers.

12. Common Shares

The Company's authorised and issued share capital consists of 500.0 million and 10,000 Common shares as of December 31, 2018 and November 30, 2017, respectively. There were 110.0 million shares outstanding.

	Common Shares, par value $1 per share
Balance at November 30, 2017	**10,000**
Issuance of shares	**109,990,000**
Balance at December 31, 2018	**110,000,000**

13. Reconciliation of Net Loss to Cash Provided by Continuing Operations

	For the Thirteen Months Ended December 31, 2018	From the Date of Inception (March 20, 2017) to November 30, 2017 (Unaudited)
	(in thousands)	
Net loss	**$ (8,945)**	$ (70)
Adjustments to reconcile net loss to net cash from operating activities:		
Finance income, net	**(367)**	—
Expenses paid by SN LNG on the Company's behalf	**10,000**	—
Foreign exchange gain	**(4)**	—
Changes in assets and liabilities:		
Increase in related party payables, net	**17**	60
Increase in accrued expenses	**15**	—
Other, net	**(648)**	—
Cash provided by operations	**$ 68**	$ (10)

14. Business Acquisition

On July 31, 2018, Avenir acquired SN Gas BV for $20,000 from a subsidiary of SNL. The Company contributed $23.1 million to SN Gas BV by forgiving a loan subsequent to the acquisition.

15. Share Option Plan

The Company's Board of Directors approved the Avenir LNG Limited Share Option Plan 2018 on October 1, 2018. Options are to be granted in consideration of services to the Company and its subsidiaries.

On October 21, 2018, the Board of Directors approved 620,000 options to three key employees of a subsidiary of the Company for $1.00 per share. For 200,000 options, 50,000 options vest on the first through fourth anniversaries of the date of grant. For 420,000 options, full vesting occurred in 2018. The options cease to be exercisable after five years from the grant date and are forfeited upon termination of employment for 200,000 of the options. The Company has no legal or constructive obligation to repurchase or settle the options in cash. No options were exercisable at December 31, 2018.

Share-based compensation expense has been recorded by a subsidiary of the Company for $300,000 for the thirteen months ended December 31, 2018. The Company has recorded a corresponding increase in its Investment in subsidiaries.

The weighted average fair value of options granted in 2018 determined using the Black-Scholes valuation model was $0.64 per share, using an expected option life of five years and an annual risk-free rate of 2.51%. The volatility was measured based on the share price development of companies within the LNG industry.

16. Subsequent Events

On January 25, 2019, SN Gas BV made the first progress payment of $11.2 million for two 20,000 cbm LNG carriers discussed in Note 11 by borrowing the funds from the Group. The ships are expected to be delivered in 2021. The Company also advanced SNG BV $5.6 million for payments relating to the HiGas terminal construction contract and working capital requirements. In addition, on March 29, 2019, SNG BV entered into a contract and paid an initial deposit of $7.8 million for two 7,500 LNG carriers. The ships are expected to be delivered in 2021.