Danica Jutland ApS

c/o Jens Vasehus, Hulsøvang 3, 2960 Rungsted Kyst

CVR-number 31 75 23 29

Annual Report 2016

The Annual Report was presented and adopted at
the Annual General Meeting of the Company on

31 January 2017

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Jens Vasehus
Chairman

Contents

Company Information

The Company	Danica Jutland ApS c/o Jens Vasehus Hulsøvang 3 2960 Rungsted Kyst Municipality of reg. office: Hørsholm
Executive Board	Jens Vasehus John Arestad
Auditors	Aaen & Co. statsautoriserede revisorer p/s Kongevejen 3 3000 Helsingør
Bankers	Nordea Erhverv, Copenhagen
Date of foundation	10 August 2008
Financial year	1 January - 31 December

Management's Review

Main activity

The Company's main activity was exploration and production of hydrocarbons and other related business areas. In 2012 a Farm Out Agreement with a foreign company made an end to the activities.

Development in the year

The result of the year is stating a loss of 7.410 DKK.

As the Company has lost the equity, the owners have announced, that their loans will retire to the benefit of other creditors.

The Annual Report has been prepared under the going concern assumption

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Management's Statement on the Annual Report

Today the Board of Executives have discussed and approved the Annual Report 2016 of Danica Jutland ApS.

The Annual Report was prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Annual Report gives a true and fair view of the Company's financial position at 31 December and the results of operations and cash flows for the financial year 1 January - 31 December 2016 of the Company.

In our opinion, the management's review includes a fair review of the matters the review deals with.

We recommend that the Annual Report be approved at the annual general meeting.

Hørsholm 31 January 2017

Executive Board

Jens Vasehus   John Arestad

Independent auditors' report

To the shareholders of Danica Jutland ApS:
Opinion
We have audited the Financial Statements of Danica Jutland ApS for the financial year 1 januar - 31 december 2016, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies, for the Company. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 december 2016 and of the results of the Company's operations for the financial year 1 januar - 31 december 2016 in accordance with the Danish Financial Statements Act.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines 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, Management is responsible for assessing 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 in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 auditor's 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 and the additional requirements applicable in Denmark 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 of accounting information taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditors' report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Elsinore, 31 January 2017
Aaen & Co. statsautoriserede revisorer p/s
Kongevejen 3, 3000 Helsingør - CVR nummer 33 24 17 63

Hans Peter Jørgensen
State Authorised Public Accountant

Accounting Policies

Basis of accounting
The Annual Report of Danica Jutland ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Recognition and measurement
Revenues are recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities. Furthermore, all expenses incurred, including depreciation, amortisation and impairment losses, are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any deductions and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies
Transactions in foreign currencies are translated at the exchanges rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment, are recognised in financial income and expenses in the income statement. If foreign exchange positions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. The difference between the exchange rate at the balance sheet date and the rate at the time of origin of the receivable or debt is recognised in financial income and expenses in the income statement.

Fixed assets purchased in foreign currencies are measured at the rate of exchange at the date of transaction.

Income Statement

Revenue
Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk have been made to the purchaser by year end. Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses
Other external expenses comprise expenses for exploration and administration, and other company costs.

Other operating income
Other operating income comprise items of a secondary nature compared to the core activities of the Company, such as profit from the Farmout Agreement and received contribution to expenses for exploration.

Accounting Policies

Financial income and expenses
Financial income and expenses are recognised in the income statement with the amounts relating to the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised exchange gains and losses concerning debt and transactions in foreign currencies as well as extra payments and repayment under the on-account taxation scheme.

Corporation tax
Tax for the year consists of current tax for the year and change in deferred tax. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity entries is recognised directly in equity.

Balance Sheet

Receivables
Receivables are measured at amortised cost, which usually corresponds to nominal value. The value is reduced by provisions for bad debts.

Financial fixed assets
Financial fixed assets are measured at cost.

Dividend
Dividend which is expected paid for the year is shown as a separate item under equity. Proposed dividend is recognised as a liability at the time of adoption at the Annual General Meeting.

Accrued tax and deferred tax
Current tax liabilities and current tax receivable are recognised in the balance sheet as calculated tax on the taxable income for the year adjusted for tax on previous years' taxable income as well as for taxes paid on account.

Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. In cases, eg concerning shares, where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Any deferred net tax assets are measured at net realisable value.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallised as current tax.

Change in deferred tax due to changes in tax rates are recognised in the income statement. For this year, a tax rate of 22 % is applied

Debt
Other debt is measured at amortised cost corresponding to nominal value

Profit and loss account 1 January - 31 December

Note		2016	2015
	Revenue	0	0
	Other External expenses	-5.000	-5.000
	Profit from ordinary operating activities	**-5.000**	**-5.000**
1	Other finance income	169	8.707
2	Other finance expenses	2.579	8.057
	Profit (loss) from ordinary activities before tax	**-7.410**	**-4.350**
3	Tax expense on ordinary activities	0	0
	Profit (loss)	**-7.410**	**-4.350**
	Proposed distribution of results:		
	Retained earnings	-7.410	-4.350
	Profit for the year distributed	**-7.410**	**-4.350**

Balance sheet 31 December

Assets

Note		2016	2015
	Receivables from group enterprises	41.903	31.903
	Other receivables	1.250	1.250
	Receivables	**43.153**	**33.153**
	Other short-term investments	**3.275**	**5.404**
	Cash and cash equivalents	**38.065**	**53.346**
	Current assets	**84.493**	**91.903**
	Total assets	**84.493**	**91.903**

Balance sheet 31 December

Liabilities

Note		2016	2015
	Share capital	145.600	145.600
	Retained earnings	-399.360	-391.950
	Sundry reserves	0	0
4	**Equity**	**-253.760**	**-246.350**
	Long-term payables to shareholders and management	333.253	333.253
	Long-term debt	**333.253**	**333.253**
	Short-term trade payables	5.000	5.000
	Deferred income, liabilities	0	0
	Short-term debt	**5.000**	**5.000**
	Total debt	**338.253**	**338.253**
	Total liabilities	**84.493**	**91.903**

5 Disclosure of uncertainties relating to going concern

Notes to the annual accounts

		2016	2015
1	**Other finance income**		
	Adjustment, exchange rate	169	8.707
		169	**8.707**
2	**Other finance expenses**		
	Securities adjustment	2.128	7.756
	Other financial costs	451	301
		2.579	**8.057**
3	**Tax expense on ordinary activities**		
	Tax on the taxable income of the year	0	0
	Increase in provision for deferred tax	0	0
		0	**0**

4 Equity

	Share capital	Retained earnings	Dividend
Equity capital 1 January	145.600	-391.950	0
Increase of capital	0	0	0
Profit of the year	0	-7.410	0
Equity capital 31 December	**145.600**	**-399.360**	**0**

5 Disclosure of uncertainties relating to going concern

The equity of the Company is lost. The owners have announced that their loans will retire to the benefit of other creditors. For this reason the Annual Report has been prepared under the going concern assumption.