

Spyker Energy ApS

c/o Ecovis Danmark, Store Kongensgade 36,3, 1260 København K

Annual report for 2018

CVR no. 32 32 09 37

Adopted at the annual general meeting on 15 May 2019

chairman: Willem Van't Spijker

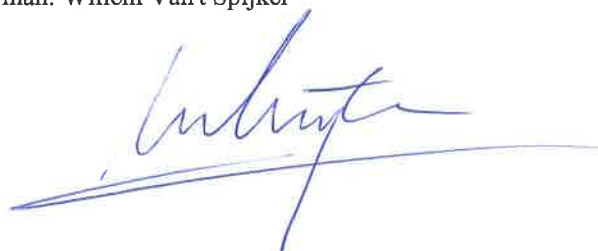
A handwritten signature in blue ink, appearing to read 'W. Van't Spijker', is written over a horizontal line.

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Spyker Energy ApS for the financial year 1 January - 31 December 2018.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018.

In my opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 24 April 2019

Executive board

Willem van't Spijker
director



Independent auditor's report

To the shareholder of Spyker Energy ApS

Opinion

We have audited the financial statements of Spyker Energy ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The financial statements are prepared under 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 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018 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 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 the 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 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:

Independent auditor's report

- 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.
- 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.

Independent auditor's report

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 Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 24 April 2019

Ecovis Danmark
statsautoriseret revisionsinteressentskab
CVR no. 28 93 95 23

Kurt Bülow
Statsautoriseret revisor
MNE no. mne3112

Company details

The company

Spyker Energy ApS
c/o Ecovis Danmark, Store Kongensgade 36,3
1260 København K

CVR no.: 32 32 09 37

Reporting period: 1 January - 31 December 2018

Domicile: Copenhagen

Executive board

Willem van't Spijker, director

Auditors

Ecovis Danmark
statsautoriseret revisionsinteressentskab
St. Kongensgade 36, 3.th
1264 København K

Management's review

Business activities

The company is involved in the exploration and exploitation of oil and gas resources

Business review

The company's income statement for the year ended 31 December shows a loss of EUR 60.336, and the balance sheet at 31 December 2018 shows equity of EUR 9.429.346.

Financial review

Spyker Energy ApS has an 8% interest in Licences 12/06 and 4/16, which contain the Broder Tuck gas/condensate and Lille John oil discoveries, resulting from the successful 2011 drilling campaign.

On 20 May 2016, the DEA confirmed the extension of the 12/06 licence for a further 30 years to enable production. Licence 4/16, a small area adjacent to 12/06 into which the Broder Tuck discovery may extend, was granted on 6 April 2016 with an expiry date of 20 May 2046, the same as licence 12/06.

It is planned that the discoveries may be developed jointly as a single project called Robin Hood.

Dana Petroleum, the operator for the joint-venture, proposed to produce a Field Development Plan ("FDP") by 1 July 2018. As a result of the technical and development work conducted by 1 June 2018, the partners agreed that more time was required to assess the recoverable resources of the Lille John ("LJ") and Broder Tuck ("BT") accumulations and the most profitable development concept. In particular, additional seismic work was deemed necessary both to re-process existing data and to acquire new data using high resolution 3 dimensional techniques, the drilling of an appraisal well on the BT structure (and, possibly, LJ) and maturing development concepts including potential access to existing infrastructure in order to economically optimise such concepts, as well as environmental impact assessments.

Following discussion with the Danish Energy Agency ("DEA") on 29 June 2018 the DEA determined that the date for submission of an FDP for the Robin Hood project should be no later than 3 August 2021 and that exploration of other prospects in the licence area should continue.

The partners currently await the outcome of the seismic work before deciding on the next steps.

The year at a glance and follow-up on expectations expressed last year

In accordance with its guarantee to the DEA, Spyker Energy plc continues to provide the funds required to pay for the company's capital investments and operating expenses. During the year this amounted to €277.302. The total cumulative contributions from group as at the end of 2018 are €10.270.277.

Spyker Energy plc retains sufficient cash to fund Spyker Energy ApS' commitments for the foreseeable future.

Management's review

Description of non-financial conditions

Exploration for oil and gas is an industry which has many uncertainties, technological, economic, and political. Following discovery of a resource, a period of evaluation of results is necessary to determine whether the resource is commercially viable. Large capital investments, uncertainty of yield size and production together with uncertain revenues, operating costs and other market risks beyond a company's control, requires a significant amount of time and money to conduct such an evaluation. Even then, there is no guarantee of commercial success. In order to mitigate the risks, it is common practice for the industry to conduct exploration and production activities in joint ventures.

Income statement 1 January - 31 December

	Note	2018 EUR	2017 EUR
Other external costs		-60.336	-74.453
Gross profit		-60.336	-74.453
Profit/loss before tax		-60.336	-74.453
Tax on profit/loss for the year		0	0
Profit/loss for the year		-60.336	-74.453

Distribution of profit

	2018 EUR	2017 EUR
Recommended appropriation of profit/loss		
Retained earnings	-60.336	-74.453
	-60.336	-74.453

Balance sheet 31 December

	<u>Note</u>	<u>2018</u> EUR	<u>2017</u> EUR
Assets			
Exploration and evaluation costs		9.453.624	9.210.200
Intangible assets	1	9.453.624	9.210.200
Total non-current assets		9.453.624	9.210.200
Other receivables		1.158	1.073
Receivables		1.158	1.073
Cash at bank and in hand		18.545	28.909
Total current assets		19.703	29.982
Total assets		9.473.327	9.240.182

Balance sheet 31 December

	<u>Note</u>	<u>2018</u> EUR	<u>2017</u> EUR
Equity and liabilities			
Share capital		10.730	10.730
Retained earnings		<u>9.418.616</u>	<u>9.201.650</u>
Equity	2	<u>9.429.346</u>	<u>9.212.380</u>
Trade payables		<u>43.981</u>	<u>27.802</u>
Total current liabilities		<u>43.981</u>	<u>27.802</u>
Total liabilities		<u>43.981</u>	<u>27.802</u>
Total equity and liabilities		<u>9.473.327</u>	<u>9.240.182</u>
Contingencies, etc.	3		
Related parties and ownership structure	4		

Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 January 2018	10.730	9.201.650	9.212.380
Net profit/loss for the year	0	-60.336	-60.336
Contribution from group	0	277.302	277.302
Equity at 31 December 2018	10.730	9.418.616	9.429.346

Notes

1 Intangible assets

	<u>Exploration and evaluation costs</u>
Cost at 1 January 2018	9.210.200
Additions for the year	<u>243.424</u>
Cost at 31 December 2018	<u>9.453.624</u>
Carrying amount at 31 December 2018	<u>9.453.624</u>

2 Equity

The share capital consists of 80.000 shares of a nominal value of EUR 0,10. No shares carry any special rights.

3 Contingencies, etc.

Spyker Energy ApS is jointly and severally liable with Dana Petroleum Denmark B.V., Petrogas E&P UK Limited, Petrogas Denmark ApS, Nordsofonden and Danoil Exploration A/S for the consortium's activities in the North Sea in relation to License 12/06 and 4/16. The Company's known future obligations amount to its share of the budgeted license costs of TEUR 481 in 2019.

In respect of the acquisition of Danish license 12/06, in the case of a commercial discovery, the Company agreed that it would, from the date of production, pay to the seller (Spyker Energy SAS) an overriding royalty interest equal to 5% of the buyers gross revenue generated, less any production taxes payable to the Mining Administration, from all petroleum produced from all commercial discoveries within the licence area.

4 Related parties and ownership structure

Controlling interest

S.E.S Holding B.V., Holland is the immediate parent company.
Spyker Energy PLC, UK is the intermediate parent company.
Spyker Energy S.A.S France is the ultimate parent company

Ownership structure

According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

S.E.S. Holding B.V. Kabelweg 37, 1014 BA Amsterdam, Holland.

Accounting policies

The annual report of Spyker Energy ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2018 is presented in EUR

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Other external costs

Other external costs include expenses related to administration as well as office expenses, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses in respect of realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

Accounting policies

Balance sheet

Intangible assets

Development projects, patents and licences

The Company accounts for oil and gas exploration under the successful efforts method. Exploration and evaluation ("E&E") costs are initially capitalised within intangible assets. Such E&E costs include licence acquisition costs, geological and geophysical costs, costs of drilling exploration and appraisal wells, and an appropriate share of overheads. E&E costs are capitalised and accumulated in cost pools which are not larger than a segment.

Costs relating to the exploration and evaluation of oil and gas interests are carried forward where the properties still have to be evaluated and where production of hydrocarbons has yet to commence. Costs related to such unevaluated properties are not amortised until such time as the related property has been appraised and put on production.

If commercial reserves have been discovered, the related E&E assets are assessed for impairment and the resultant carrying value is then reclassified as oil and gas assets within property, plant and equipment, on a field by field basis.

If evaluation of the oil and gas asset leads to the conclusion that the asset is not economic, the costs incurred acquiring this asset are expensed as exploration costs. If evaluation of the oil and gas asset leads to the conclusion that the asset has economic value but the costs incurred acquiring and developing this asset exceed this value, the excess costs are expensed as exploration costs.

Exploration and evaluation assets are regarded as intangible fixed assets until it has been established whether they are associated with commercially producible reserves of hydrocarbons or not. If the efforts associated with the costs of these assets are successful, these assets are reclassified into development and/ or producing assets, which are subject to regular impairment reviews on a field by field basis. If the efforts associated with the costs of these assets are unsuccessful, the carrying cost of these assets is written off to profit or loss in accordance with the successful efforts based accounting method.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Receivables for which there is no objective evidence of individual impairment are tested for impairment on a portfolio basis. The portfolios are primarily based on debtors' domicile and credit ratings in accordance with the Company's credit risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Accounting policies

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.