


**Baltic Petroleum K/S
Stamholmen 153
2650 Hvidovre - Copenhagen**

**THE ANNUAL REPORT
The year 2016**

CVR-nr: 34 22 10 30

Approved at the General Meeting, the 30/08 2017



Chairman

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COMPANY INFORMATION

Company number: 34 22 10 30

Executive board: Roy Dennis Tolfts

Audit Kvist Revision
Godkendt Revisionsvirksomhed
CPH Business Park
Stamholmen 153
DK 2650 Hvidovre - Copenhagen

CVR-no.: 38818724

MANAGEMENT'S STATEMENT

The Annual Report has been prepared in conformity with the Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the Company's assets, equity, liabilities and financial position at 31. December 2016 and of its financial performance for the period 1. January - 31. December 2016.

We recommend that the Annual Report be approved by the Annual General Meeting.

Copenhagen, 30/02/2017



Roy Dennis Tolfts

INDEPENDENT AUDITOR'S REPORT

To the shareholders in Baltic Petroleum K/S

Auditor's report on the financial statements

Conclusion

We have audited the Financial Statements of Baltic Petroleum K/S for the period 1. January - 31. December 2016, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the Financial Statements Act.

Basis for conclusion

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 responsibility for the financial statements

Management is responsible for the preparation and fair presentation of financial statements in conformity with the Danish Financial Statements Act. Management is also responsible for the internal control that it deems necessary for 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 responsible for auditing 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:

- 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

INDEPENDENT AUDITOR'S REPORT

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 company 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 commentary

Management is responsible for Management's Review

Emphasis of matter relating to presentation of financial statements, bookkeeping and filing of accounting records

The comparative figures are unaudited because there have been no audited of the annual report for 2015.

Violation of the Danish Financial Statements Act's annual report

The company's management has not complied with the Danish Financial Statements Act's requirements to submit the annual report to the corporate board within 5 months deadline, and the management may incur liability.

Violation of th Danish Bookkeeping Act

The company's management has not complied with the provisions of the Danish Bookkeeping Act to plan and perform the bookkeeping in accordance with generally accepted bookkeeping principles, taking into consideration the nature and scope of the activities

Other reporting responsibilities

The company is taxable to Denmark based on the direct ownership. It is the responsibility of management that the authorities are informed of this

Copenhagen, 7th 2017



Carsten Kvist Jensen
Registered Public Accountant
Member of FSR – Danish Auditors

MANAGEMENT COMMENTARY

As in previous years, the main activities of the Company were trade.

The Company has continued its operations. No significant one-off events occurred in the financial year that need to be included in the management commentary.

The performance and results for the year are considered unsatisfactory.

Expected development, including special assumptions and uncertain factors

There is not expected significant changes in the activity levels.

ACCOUNTING POLICIES

GENERAL INFORMATION

The financial statements of Baltic Petroleum K/S for the financial year 2016 have been prepared in conformity with the provisions of the Financial Statements Act on class B enterprises.

The accounting policies applied in the financial statements are consistent with those of the previous year. The reporting currency is USD.

Recognition and measurement in general

The financial statements have been prepared under the historical cost convention.

Income is recognised in the income statement when earned. Value adjustments of financial assets and liabilities measured at fair value or amortised cost are also recognised in the income statement. Costs incurred to generate the earnings for the year are also recognised in the income statement, including amortisation, depreciation, impairment losses and provisions as well as reversals resulting from changed accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future financial benefits will flow to the Company and it is possible to obtain a reliable measurement of the individual assets.

Liabilities are recognised in the balance sheet when it is probable that future financial benefits will flow from the Company and it is possible to obtain a reliable measurement of the individual liabilities.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item.

Anticipated losses and risks arising before the presentation of the financial statements and confirming or disconfirming facts and circumstances known at the reporting date are taken into consideration at recognition and measurement.

Foreign currency translation

Foreign currency transactions are translated at the exchange rates ruling at the transaction dates. Gains and losses arising from movements between the exchange rates at the date of the individual transaction and the date of payment are recognised in the income statement as financial income or financial expenses.

INCOME STATEMENT

General information

Certain income and expenses have been aggregated in the item designated 'Gross profit' with reference to section 32 of the Financial Statements Act.

Gross profit

Gross profit is a combination of the items of 'Revenue', 'Change in inventories of finished goods, work in progress and goods for resale', 'Other operating income', 'Cost of raw materials and consumables' and 'Other external costs'.

Administrative expenses

Administrative expenses include expenses for Management and administrative staff, office expenses, amortisation and depreciation, etc.

Cost of raw materials and consumables

Cost of raw materials and consumables includes the cost of goods purchased less discounts and changes in inventories for the year.

ACCOUNTING POLICIES

Other external expenses

Other external expenses include costs for sales, advertising, administration, premises, bad debts, rental expenses under operating leases, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement based on the amounts which relate to the financial year. Financial income and expenses include interest revenue and expenses, finance charges in respect of finance leases, realised and unrealised capital gains and losses on securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme. Dividends from other equity investments are recognised as income in the financial year in which the dividends are declared.

Tax on net profit for the year

Tax for the year comprises current tax and changes in deferred tax. The share attributable to the profit or loss for the year is recognised in the income statement, and the share attributable directly to equity is recognised directly in equity.

BALANCE SHEET

Receivables

Receivables are measured at amortised cost, which normally corresponds to the nominal value. The value is reduced by an allowance for expected impairment losses.

Impairment of accounts receivable past due is established on individual assessment of receivables.

Corporate income 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 the taxable income for previous years and tax paid on account.

Deferred tax is measured using the balance-sheet liability method on temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases. In cases where the tax base can be determined under alternative taxation rules, such as in relation to shares, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are measured at their anticipated net realisable value, either by elimination in tax on future earnings or by offsetting against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at their net realisable values.

Payables

Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that the difference between proceeds and nominal value is recognised in the income statement over the life of the financial instrument(s).

Other payables, comprising trade payables and amounts owed to Group enterprises and associates and other accounts payable, are measured at amortised cost, which normally corresponds to the nominal value.

INCOME STATEMENT
1. JANUARY - 31. DECEMBER 2016

	2016 USD	2015 TUSD
GROSS PROFIT	-565.750	-304
Amortisation, depreciation and impairment losses - intangible assets and property, plant and equipment.....	-161.250	0
OPERATING PROFIT OR LOSS	-727.000	-304
Other financial expenses	-117.000	-19
PROFIT OR LOSS BEFORE TAX	-844.000	-323
Income tax for the year	0	0
PROFIT OR LOSS FOR THE YEAR	-844.000	-323
 PROPOSED DISTRIBUTION OF NET PROFIT		
Retained earnings.....	-844.000	-323
SETTLEMENT OF DISTRIBUTION TOTAL	-844.000	-323

BALANCE SHEET AT 31. DECEMBER 2016

ASSETS

	2016 USD	2015 TUSD
Material assets.....	0	5.590
Property, plant and equipment.....	0	5.590
NON-CURRENT ASSETS.....	0	5.590
Trade receivables	12.517.715	3.544
Contributed share capital in arrears	13.285	13
Receivables	12.531.000	3.557
Cash	1.518.204	0
CURRENT ASSETS.....	14.049.204	3.557
ASSETS.....	14.049.204	9.147

BALANCE SHEET AT 31. DECEMBER 2016
EQUITY AND LIABILITIES

	2016 USD	2015 TUSD
Contributed capital.....	13.285	13
Retained earnings.....	-14.874.081	-14.030
1 EQUITY.....	-14.860.796	-14.017
Other accounts payable.....	631.000	0
Long-term payables.....	631.000	0
Credit institutions	632.000	0
Trade creditors.....	27.647.000	23.164
Short-term payables	28.279.000	23.164
PAYABLES	28.910.000	23.164
EQUITY AND LIABILITIES	14.049.204	9.147

NOTES

	Opening balance	Proposed distribution of net profit	Closing balance
1 Equity			
Contributed capital.....	13.285	0	13.285
Retained earnings.....	-14.030.081	-844.000	-14.874.081
	<u>-14.016.796</u>	<u>-844.000</u>	<u>-14.860.796</u>