

Deutsche Oel & Gas
Société Anonyme

Annual Accounts
As at 31 December 2014

R.C.S. Luxembourg : B179408

Registered Office

26 Boulevard Royal
L-2449 LUXEMBOURG

Subscribed Capital

EUR 480,081,200

Deutsche Oel & Gas
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Directors' Report For the year ended 31 December 2014
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To the Shareholders of the Company

In accordance with our mandate as Directors of your Company and with the legal and statutory requirements, we present the Balance Sheet at 31 December 2014 and the Profit and Loss Account for the year then ended .

The loss brought forward is EUR 9,999 and the result for the year is a profit of EUR 499,418,783. We propose that you appropriate EUR 24,970,439 to the Legal Reserve, to carry forward retained profits of EUR 474,438,345 and to approve the Balance Sheet and Profit and Loss Account as presented.

During the year 2015, the following post balance sheet events occurred:

The 100% subsidiary Deutsche Oel&Gas Invest Sa, was dissolved on July 23, 2015. The net equity amounting to €500,003,397.34 was transferred to the parent company Deutsche Oel&Gas SA.

During 2015, it is intended to make a capital increase amounting to € 19,918,800 EUR of which € 14,494,998 EUR has already been paid in and booked under shareholder's account.

The authorised and subscribed capital is EUR 480,081,200 represented by 480,081,200 shares with a nominal value of EUR 1.00 each, divided into 430,285,692 A-shares, 49,444,308 B-shares, 150,000 C-shares of EUR 1.00 each, and fully paid. The Company acquired during the year 555,962 of its own A-shares and 49,444,308 of its own B-shares.

The Company did not engage in any research and development activities during the year under review.

The Company did not have any branches during the year under review.

Luxembourg,

Name
Director

Name
Director

Deutsche Oel & Gas
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**Abridged Balance Sheet
as at 31 December 2014**

	Note	2014 EUR	2013 EUR
ASSETS			
C. Fixed Assets		1,216,356,801	-
III. Financial assets	3	1,216,356,801	-
D. Current Assets		53,643,198	29,386
II. Debtors	4	49,930,813	4,784
a) becoming due and payable within one year		49,930,813	4,784
IV. Cash at bank, cash in postal cheque accounts, cheques and cash and in hand		3,712,385	24,603
TOTAL ASSETS		<u>1,269,999,999</u>	<u>29,386</u>
LIABILITIES			
A. Capital and reserves		1,255,115,014	21,001
I. Subscribed Capital	5	480,081,200	31,000
II. Share premium and similar premiums	5	24,951,000	-
III. Revaluation reserves	5	200,674,030	-
IV. Reserves	6	50,000,000	-
V. (Loss)/profit brought forward	6	(9,999)	-
VI. Profit/(loss) for the financial year/period	6	499,418,783	(9,999)
C. Provisions	7	294,840	8,385
D. Non subordinated debts	8	14,590,145	-
a) becoming due and payable within one year		14,590,145	-
TOTAL LIABILITIES		<u>1,269,999,999</u>	<u>29,386</u>

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Abridged Profit and Loss Account for the year ended 31 December 2014

			29 July 2013 to 31 December
	Note	2014 EUR	2013 EUR
A. CHARGES			
1 to 2 Gross loss (less B.1 to B.3 and B.5)	9	930,802	5,175
4. Value adjustments		-	1,574
a) on formation expenses and on tangible and intangible fixed assets		-	1,574
8. Interest and other financial charges		415	40
b) other interest and similar financial charges		415	40
11. Income tax		-	3,210
13. Profit for the financial year/period		499,418,783	-
TOTAL CHARGES		500,350,000	9,999

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Abridged Profit and Loss Account for the year ended 31 December 2014

	Note	2014 EUR	29 July 2013 to 31 December 2013 EUR
B. INCOME			
1. to 3. and 5. Gross profit (less A.1 and A.2)	10	850,000	-
10. Extraordinary income	11	499,500,000	-
13. Loss for the financial year/period		-	9,999
TOTAL INCOME		500,350,000	9,999

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Notes to the annual accounts

31 December 2014

1. GENERAL

Deutsche Oel & Gas (Formely SHCO51 SA) (hereafter the "Company") was formed on 29 July 2013 as a Société Anonyme for an unlimited duration.

The registered office is established at 26 Boulevard Royal, L-2449 LUXEMBOURG.

The Company's financial year begins on 1 January and ends on 31 December.

The object of the Company is the holding of participations, in any form whatsoever, in Luxembourg and foreign companies, or other business entities, the acquisition by purchase, subscription, or in any other manner as well as the transfer by sale, exchange or otherwise of stock, bonds, debentures, notes and other securities of any kind, and the ownership, administration, development and management of its portfolio. The Company may also hold interests in partnerships and carry out its business through branches in Luxembourg or abroad. Further, it may invest in the acquisition and management of a portfolio of trademarks or other intellectual property rights of any nature or origin.

The Company may borrow in any form and proceed to the issue of bonds and debentures.

The Company may grant assistance (by way of loans, advances, guarantees or securities or otherwise) to companies or other enterprises in which the Company has an interest or which forms part of the group of companies to which the Company belongs, take any controlling and supervisory measures and carry out any operation which it may deem useful in the accomplishment and development of its purposes.

The Company can perform all commercial, technical and financial or other operations, connected directly or indirectly in all areas in order to facilitate the accomplishment of its purpose.

The Company has not produced consolidated financial statements because as per the Law of 10th August 1915 concerning commercial companies, art.313 (1) an undertaking need not be consolidated into the accounts of the parent company if the parent company and the subsidiary do not together exceed two of the three criteria for consolidation as set out in the law.

The Company is defined as a small company under the law of 10 August 1915 as amended. Consequently, these annual accounts consist of an abridged Balance Sheet and an abridged Profit and Loss Account as permitted by that law.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The annual accounts have been prepared in accordance with the Luxembourg legal and regulatory requirements following accounting principles generally accepted in Luxembourg. Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002, determined and applied by the Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the accounting policies.

Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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2.2 Significant accounting policies

The main valuation rules applied by the Company are as follows:

Financial fixed assets

Shares in affiliated undertakings/participating interests/loans to these undertakings/securities held as fixed assets/other loans are valued at purchase price/nominal value (loans and claims) including the expenses incidental thereto.

In case of durable depreciation in value according to the opinion of the Directors, value adjustments are made in respect of fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date.

These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

All financial instruments are valued at market value.

Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Translation of foreign currencies

All transactions expressed in currencies other than EUR are converted into EUR at the exchange rate ruling at the date of the transaction.

Formation costs as well as long-term assets expressed in currencies other than EUR are converted into EUR at rates of exchange ruling on the date of the transaction. At the date of the Balance Sheet, these remain at historic rates of exchange.

Cash and bank balances are converted at rates of exchange ruling at the date of the Balance Sheet. Profits or losses resulting from such conversion are shown on the Profit and Loss Account.

Other assets are individually converted and shown at the lower of cost or converted values. Liabilities are individually converted and shown at the higher of their nominal or converted values. Realised gains and all losses on exchange, whether realised or unrealised, are shown on the Profit and Loss Account.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised loss is recorded in the Profit and Loss account.

Provisions

Provisions for liabilities and charges are intended to cover losses or debts the nature of which is clearly defined and which, at the date of the balance sheet are either likely or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Value adjustments

Value adjustments are deducted directly from the related asset.

Turnover

The net turnover comprises the amounts derived from the provision of services falling within the Company's ordinary activities, after deductions of sales rebates and of value added tax and other taxes directly linked to the turnover.

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3. FINANCIAL FIXED ASSETS	2014 EUR	2013 EUR
Cornucopia Oil & Gas Company, LLC	140,709,606	-
Deutsche Oel & Gas AG	525,642,165	-
Deutsche Oel & Gas INVEST SA	500,005,030	-
Own shares or corporate units	50,000,000	-
	1,216,356,801	-

Enterprises in which the Company holds at least 20% of the capital, or in which it is a general partner, and the registered addresses	Capital held %	Date to which the last annual accounts are made up	The Company's share of net equity at the date of the annual accounts, in EUR	The Company's share of results of the last financial year, in EUR
Cornucopia Oil & Gas Company, LLC	34%	31 Dec 2014	82,425,816	3,072,104
Deutsche Oel & Gas AG	80%	31 Dec 2014	525,642,165	-
Deutsche Oel & Gas INVEST SA	100%	31 Dec 2014	500,005,030	(12,218)

	2014 EUR	2013 EUR
Own shares or corporate units		
Gross book value - opening balance	-	-
Acquisition during the year consisting of		
Own 555,962 A shares and own 49,444,308 B shares	50,000,000	-
Gross book value - closing balance	50,000,000	-
Net book value - closing balance	50,000,000	-

4. DEBTORS	2014 EUR	2013 EUR
Debtors comprise of:		
Receivable amount from DOG AG	26,587,103	-
Receivable amount from Furie Petroleum LLC	22,300,000	-
Receivable amount from Shareholding	1,040,500	-
Fiscal debtors		
Taxation advances	3,210	3,210
Other debtors		
Amounts due in less than one year	-	1,574
Total	49,930,813	4,784

5. SHARE CAPITAL, SHARE PREMIUM AND REVALUATION RESERVES

The authorised and subscribed capital is EUR 480,081,200 represented by 480,081,200 shares with a nominal value of EUR 1.00 each, divided into 430,285,692 A-shares, 49,444,308 B-shares, 150,000 C-shares of EUR 1.00 each, and fully paid. The Company acquired during the year 555,962 of its own A-shares and 49,444,308 of its own B-shares.

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	2014 EUR	2013 EUR
Number of shares in issue on 1 January	31,000	31,000
Additional shares issued during the year	480,050,200	-
Number of shares in issue on 31 December	480,081,200	31,000

Own Shares	2014 EUR	2013 EUR
Reserve of Own Shares on 1 January	-	-
Own Shares acquired during the year	50,000,000	-
Reserve of Own Shares on 31 December	50,000,000	-

Share premium	2014 EUR	2013 EUR
Share premium at 1 January	-	-
Movements during the year	24,951,000	-
Share premium at 31 December	24,951,000	-

Revaluation reserves	2014 EUR	2013 EUR
Revaluation Reserves on 1 January	-	-
Movements during the period	200,674,030	-
Revaluation Reserves on 31 December	200,674,030	-

LEGAL RESERVE

Luxembourg companies are required by law to allocate at least 5% of their annual net profits to a legal reserve, until such time as the legal reserve reaches 10% of the issued share capital. This reserve is not available for distribution. As the company has accumulated losses no allocation to legal reserve has been made to date.

6. MOVEMENTS FOR THE PERIOD ON RESERVES AND RETAINED EARNINGS

	2014 EUR	2013 EUR
Reserves for own shares at 1 January	-	-
Profit/(loss) brought forward at 1 January	(9,999)	-
Results for the year	499,418,783	(9,999)
Profit/(loss) carried forward at 1 January	499,408,784	(9,999)

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7. PROVISIONS	2014 EUR	2013 EUR
The provisions for liabilities and charges are as follows:		
Taxation	2,408	3,210
Other provisions mainly consist of Audit provisions amounting to € 250,000	292,432	5,175
Total	294,840	8,385
8. NON SUBORDINATED DEBTS	2014 EUR	2013 EUR
Amounts due and payable are as follows:		
Due within one year		
Trade creditors	95,147	-
Other creditors mainly consists of shareholder's payment made for a capital increase.	14,494,998	-
Total due within one year	14,590,145	-
Total Non subordinated debts	14,590,145	-
9. OTHER OPERATING CHARGES	2014 EUR	2013 EUR
Office supplies	3,998	-
Computer maintenance and repairs	4,420	-
Legal fees	462,981	-
Accounting and Auditing fees	283,673	5,175
Other fees	2,458	1,574
Buildings rent	48,343	-
Advertising fees	105,296	-
Telephone	3,506	-
Administrative transportation	15,777	-
Contributions to professional organisations	350	-
	930,802	6,749
10. OTHER OPERATING INCOME	2014 EUR	2013 EUR
Other miscellaneous operating income consist of Management Fees	850,000	-
	850,000	-

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11. EXTRAORDINARY INCOME	2014 EUR	2013 EUR
During the year the Company sold 500.000 shares of its subsidiary Deutsche Oel & Gas AG to its parent company Deutsche Oel & Gas KG. The sale proceeds consisted of 555,692 of the company's own shares which the parent company gave back to the Company and valued them at at €500,000,000. This created a non-cash book profit of €499,500,000.	<u>499,500,000</u>	<u>-</u>
	<u>499,500,000</u>	<u>-</u>

12. Subsequent Event

The 100% subsidiary Deutsche Oel&Gas Invest Sa, was dissolved on July 23, 2015. The net equity amounting to €500,003,397.34 was transferred to the parent company Deutsche Oel&Gas SA.

During 2015, it is intended to make a capital increase amounting to € 19,918,800 EUR of which € 14,494,998 EUR has already been paid in and booked under shareholder's account.

13. Litigation

On September 17, 2013, a German resident filed a lawsuit in Alaska Superior Court, Third Judicial District in Anchorage, against the Company, the Company's ultimate individual German owner ("German Owner") and FPC (the "Furie Defendants"). The lawsuit seeks a declaratory judgment from the court that the plaintiff is entitled to a 15% interest in future production from oil and gas leases owned by the Company in the Alaska Kitchen Lights Unit. The lawsuit also alleges, among other things, (i) breach of contract by, and seeks specific performance from FPC and its German Owner with respect to a Termination and Settlement Agreement, dated March 15, 2012 ("TSA"), entered into among the plaintiff, FPC and the German Owner, which plaintiff alleges obligated FPC and the German Owner to cause the Company to deliver to plaintiff a Production Payment Agreement to secure approximately Euro 8,000,000 in obligations currently alleged to be owed under the TSA and (ii) that plaintiff is entitled to an equitable mortgage over Alaska oil and gas leases in which Cornucopia has a working interest. Plaintiff also requests a full accounting of the current status of production from the Alaska leases and requests certain other relief. On February 28, 2014 the court issued an order granting the Company's motion to dismiss this matter. On October 14, 2014 the court issued a final judgment in favor of the Company dismissing the lawsuit. This dismissal judgment is currently under appeal by the plaintiffs but has not been ruled upon by the appellate court. Also on March 4, 2014, the Furie Defendants filed a Motion and Memorandum with the trial court to expunge the lis pendens claim filed by plaintiff concerning the Alaska oil and gas leases. The Furie Defendants' motion was denied by the trial court. On January 15, 2015, the plaintiff filed a motion with the court seeking to reinstate the former action alleging a change in factual circumstances. The Company has filed its response vigorously contesting plaintiff's motion. While ultimate assurances cannot be given as to the outcome of this proceeding, management believes the ultimate outcome will not have a material adverse effect on the consolidated financial statements presented herein.

An action was also brought by the German resident referenced above in the District Court of Frankfurt am Main on September 1, 2014. In that lawsuit, the German plaintiff requested the District Court of Frankfurt to issue a preliminary injunction that would force Cornucopia to abide by certain provisions of the TSA. The District Court of Frankfurt dismissed this preliminary injunction request on September 22, 2014, and the German plaintiff did not appeal the District Court of Frankfurt's ruling.