

**Deutsche Oel & Gas SA**  
*Société Anonyme*

**Annual Accounts**  
**As at 31 December 2016**

**R.C.S. Luxembourg : B179408**

**Registered Office**

**45, Boulevard Prince Henri  
L-1724 LUXEMBOURG**

**Deutsche Oel & Gas SA**  
*Société Anonyme*

**Table of Contents**  
**31 December 2016**

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Report of the Directors	3
Report of the Réviseur d'Entreprises Agréé	4 - 5
Balance Sheet	6
Profit and Loss Account	7
Notes to the Annual Accounts	8 - 14

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45, Boulevard Prince Henri L-1724 LUXEMBOURG  
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<b>Report of the Directors</b>
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**For the year ended 31 December 2016**

**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 2016 and the Profit and Loss Account for the year then ended.

The profit brought forward is EUR 476,253,655. The result for the year is a profit of EUR 27,547. We propose that you appropriate EUR 1,377 to the Legal Reserve, to carry forward retained profits of EUR 478,279,825 and to approve the Balance Sheet and Profit and Loss Account as presented.

The authorised capital is EUR 1,500,000,000 and the subscribed capital is EUR 500,000,000 represented by 500,000,000 shares with a nominal value of EUR 1.00 each, divided into 121,435,892 A-shares, 219,584,308 B-shares, 10,000,000 C-shares, 125,000,000 D-shares and 24,000,000 E-shares of EUR 1.00 each and fully paid. 266,024 own B-shares have been sold during the financial year.

The Company did not acquire any additional own shares during the year under review.

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, 20/06/2017

  
\_\_\_\_\_  
Name  
Director



**International Audit Services**  
**Cabinet de Révision Agréé**

To the shareholders of  
**Deutsche Oel & Gas S.A.**  
45, Boulevard Prince Henri  
L-1724 Luxembourg

## **REPORT OF THE REVISEUR D'ENTREPRISES AGREÉ**

We have audited the accompanying annual accounts of Deutsche Oel & Gas S.A., which comprise the balance sheet as at 31 December 2016 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Responsibility of the Board of Directors for the annual accounts*

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

### *Responsibility of the réviseur d'entreprises agréé*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

**International Audit Services**  
**Cabinet de Révision Agréé**

In our opinion, the annual accounts give a true and fair view of the financial position of Deutsche Oel & Gas S.A. as of 31 December 2016 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Luxembourg, 20/06/2017

Karl Horsburgh  
Réviseur d'Entreprises Agréé  
International Audit Services S.à r.l.

**Deutsche Oel & Gas SA**  
Société Anonyme

**Abridged Balance Sheet  
as at 31 December 2016**

	Note	2016 EUR	2015 EUR
<b>ASSETS</b>			
<b>C. Fixed Assets</b>		<b>1,784,863,401</b>	<b>1,659,136,633</b>
II. Tangible assets		60,767	-
III. Financial assets	3	1,784,802,634	1,659,136,633
<b>D. Current Assets</b>		<b>738,913</b>	<b>112,749,452</b>
II. Debtors	4	692,662	112,434,911
a) becoming due and payable within one year		-	112,434,911
b) becoming due and payable after more than one year		692,662	-
IV. Cash at bank and in hand		46,251	314,541
<b>E. Prepayments</b>	5	<b>33,554</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>1,785,635,868</b>	<b>1,771,886,085</b>
<b>LIABILITIES</b>			
<b>A. Capital and reserves</b>		<b>1,768,075,893</b>	<b>1,770,837,288</b>
I. Subscribed Capital	6	500,000,000	500,000,000
II. Share premium account	7	530,058,312	24,951,000
III. Revaluation reserve	8	200,700,000	705,807,312
IV. Reserves	9	61,036,379	63,729,778
V. Profit brought forward	10	476,253,655	474,438,345
VI. Profit for the financial year	10	27,547	1,910,853
<b>B. Provisions</b>	11	<b>580,000</b>	<b>404,296</b>
<b>C. Creditors</b>	12	<b>16,979,975</b>	<b>644,501</b>
a) becoming due and payable within one year		5,023,476	644,501
b) becoming due and payable after more than one year		11,956,499	-
<b>TOTAL CAPITAL, RESERVES AND LIABILITIES</b>		<b>1,785,635,868</b>	<b>1,771,886,085</b>

The notes in the annex form an integral part of the annual accounts.

**Deutsche Oel & Gas SA**  
Société Anonyme

**Abridged Profit and Loss Account  
for the year ended 31 December 2016**

	Note	2016 EUR	2015 EUR
<b>ABRIDGED PROFIT AND LOSS ACCOUNT</b>			
<b>1 to 5 Gross profit or (loss)</b>		<b>944,046</b>	<b>1,936,514</b>
<b>6. Staff costs</b>		<b>(249,398)</b>	<b>(16,000)</b>
a) Wages and salaries		(249,398)	(16,000)
<b>8. Other operating expenses</b>	<b>13</b>	<b>(60,393)</b>	<b>(4,944)</b>
<b>14. Interest payable and similar expenses</b>		<b>(575,905)</b>	<b>(307)</b>
b) other interest and similar expenses		(575,905)	(307)
<b>15. Tax on profit or loss</b>		<b>(30,803)</b>	<b>(4,410)</b>
<b>16. Profit or (loss) after taxation</b>		<b>27,547</b>	<b>1,910,853</b>
<b>18. Profit for the financial year</b>		<b>27,547</b>	<b>1,910,853</b>

The notes in the annex form an integral part of the annual accounts.

**Deutsche Oel & Gas SA**  
*Société Anonyme*

**Notes to the abridged annual accounts**

**31 December 2016**

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**1. GENERAL**

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

The registered office is established at 45, Boulevard Prince Henri, L-1724 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 is exempt from preparing consolidated financial statements based on criteria defined by Luxembourg law. Consequently, these financial statements are presented on an unconsolidated basis.

The Company is defined as a small company under the law of 19 December 2002 as amended. Consequently, these annual accounts consist of an abridged Balance Sheet and an Full Profit and Loss Account as permitted by that law.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2 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 as amended, 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.

**Deutsche Oel & Gas SA**  
*Société Anonyme*

**Notes to the abridged annual accounts**  
**31 December 2016**

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**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, except for Deutsche Oel & Gas AG, Stuttgart which is at fair value.

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, except for Deutsche Oel & Gas AG, Stuttgart which is at fair value.

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

***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***

The Company maintains its accounting records in EUR. 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.

**Deutsche Oel & Gas SA**  
Société Anonyme

**Notes to the abridged annual accounts**  
**31 December 2016**

**Creditors**

Creditors are recorded at their reimbursement value.

**3. FINANCIAL FIXED ASSETS**

	2016 EUR	2015 EUR
Global Oil & Gas Invest GMBHs, IX and XIII to XVIII	390,283,726	390,283,726
Furie Oil & Gas XII LLC	102,840,977	47,205,038
Deutsche Oel & Gas AG	1,255,587,284	1,182,888,530
Deutsche Oel & Gas I SA	7,750	-
Oel & Gas Invest GmbH SARL	12,500	-
Invenit Holding AG	100,000	-
Own shares or corporate units	35,970,397	38,759,339
	<u>1,784,802,634</u>	<u>1,659,136,633</u>

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 %	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
Deutsche Oel & Gas AG Gerokstrasse 33, D-70184 STUTTGART	100%	31.12.2016	171,575,003	(7,891,284)
Deutsche Oel & Gas I SA, (formerly ELMAGO SA) 45, Boulevard Prince Henri L-1724 LUXEMBOURG	100%	31.12.2015	27,695	(3,305)
Oel & Gas Invest GmbH SARL 45, Boulevard Prince Henri, L-1724 LUXEMBOURG	100%	31.12.2016	8,190	(4,310)

The investment held in Global Oil & Gas Invest GmbHs IX and from XIII to XVIII as well as in Furie Oil & Gas XII LLC is in form of a silent partnership interest without voting rights.

Deutsche Oel & Gas SA has guaranteed the payment of future chartering costs by Furie Operating for the drilling vessel Randolph Jost amounting to €20.4 million. Furthermore, Deutsche Oel & Gas SA has also guaranteed the payment of the financial obligations of Deutsche Oel & Gas AG, Stuttgart up to an amount of €51.9 million.

**Movements**

	2016 EUR	2015 EUR
Own shares or corporate units		
Gross book value - opening balance	38,759,339	50,000,000
Disposals	(2,788,942)	(11,240,661)
	<u>35,970,397</u>	<u>38,759,339</u>
Gross book value - closing balance	35,970,397	38,759,339
Net book value - closing balance	<u>35,970,397</u>	<u>38,759,339</u>

**Deutsche Oel & Gas SA**  
Société Anonyme

**Notes to the abridged annual accounts**  
**31 December 2016**

**4. DEBTORS**

	2016 EUR	2015 EUR
Debtors comprise:		
Receivable amount from Deutsche Oel & Gas AG	409,314	61,077,877
Receivable amount from Furie Petroleum LLC	-	51,302,192
Fiscal debtors		
Taxation advances	-	3,210
Value Added Tax recoverable	60,269	-
Other debtors		
Amounts due after one year	223,079	51,632
<b>Total debtors</b>	<b>692,662</b>	<b>112,434,911</b>

**5. PREPAYMENTS**

	2016 EUR	2015 EUR
Prepayments and accrued income	33,554	-
<b>Total prepayments</b>	<b>33,554</b>	<b>-</b>

**6. SHARE CAPITAL**

The authorised capital is EUR 1,500,000,000 and the subscribed capital is EUR 500,000,000 represented by 500,000,000 shares with a nominal value of EUR 1.00 each, divided into 121.435.692 A-shares, 219,564,308 B-shares, 10,000,000 C-shares, 125,000,000 D-shares and 24.000.000 E-shares of EUR 1.00 each and fully paid. 255,024 own B-shares have been sold during the financial year.

	2016	2015
Number of shares in issue on 31 December	500,000,000	500,000,000
	EUR	EUR
Nominal value of shares in issue on 31 December	500,000,000	500,000,000

**7. SHARE PREMIUM AND SIMILAR PREMIUMS**

	2016 EUR	2015 EUR
Balance at 1 January	24,951,000	-
Movements during the year	505,107,312	24,951,000
<b>Balance at 31 December</b>	<b>530,058,312</b>	<b>24,951,000</b>

**Deutsche Oel & Gas SA**  
Société Anonyme

**Notes to the abridged annual accounts**  
**31 December 2016**

<b>8. REVALUATION RESERVES</b>	<b>2016 EUR</b>	<b>2015 EUR</b>
Revaluation Reserves on 1 January	705,807,312	200,700,000
Movements during the year	(505,107,312)	505,107,312
<b>Revaluation Reserves on 31 December</b>	<b>200,700,000</b>	<b>705,807,312</b>
<b>9. RESERVES</b>		
<b>Legal Reserve</b>	<b>2016 EUR</b>	<b>2015 EUR</b>
Legal Reserve at 1 January	24,970,439	-
Movements during the year	95,543	24,970,439
<b>Legal Reserve at 31 December</b>	<b>25,065,982</b>	<b>24,970,439</b>
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.		
<b>Reserve for own shares or own corporate units</b>	<b>2016 EUR</b>	<b>2015 EUR</b>
Reserve for own shares or own corporate units at 1 January	38,759,339	50,000,000
Movements during the year	(2,788,942)	(11,240,661)
<b>Reserve for own shares or own corporate units at 31 December</b>	<b>35,970,397</b>	<b>38,759,339</b>
<b>Total reserves</b>	<b>61,036,379</b>	<b>63,729,778</b>
<b>10. RETAINED PROFIT</b>	<b>2016 EUR</b>	<b>2015 EUR</b>
Profit brought forward at 1 January	476,349,198	499,408,784
Transfer to statutory reserves	(95,543)	(24,970,439)
<b>Results for the year</b>	<b>476,253,655</b>	<b>474,438,346</b>
	<b>27,547</b>	<b>1,910,853</b>
<b>Profit carried forward at 31 December</b>	<b>476,281,202</b>	<b>476,349,198</b>

**Deutsche Oel & Gas SA**  
Société Anonyme

**Notes to the abridged annual accounts**  
**31 December 2016**

<b>11. PROVISIONS</b>	<b>2016 EUR</b>	<b>2015 EUR</b>
The provisions for liabilities and charges are as follows:		
Taxation	30,000	2,408
Other operating provisions mainly consist of Legal, Tax and Audit fees.	550,000	401,888
<b>Total provisions</b>	<b>580,000</b>	<b>404,296</b>
The provisions for taxation represent charges for tax, estimated by the Company, for which no assessments have been received. Any taxes paid in advance appear under "Other debtors".		
<b>12. CREDITORS</b>	<b>2016 EUR</b>	<b>2015 EUR</b>
Amounts due and payable are as follows:		
Due within one year		
Trade creditors	93,425	644,501
Other creditors		
Grosspeter Bond	4,061,931	-
Tax Credit Bond	868,120	-
<b>Total creditors due within one year</b>	<b>5,023,476</b>	<b>644,501</b>
Due after five years		
Amounts owed to Deutsche Oel & Gas I SA, Luxembourg an undertaking linked by virtue of participating interests	11,956,499	-
<b>Total creditors due after five years</b>	<b>11,956,499</b>	<b>-</b>
<b>Total creditors</b>	<b>16,979,975</b>	<b>644,501</b>
<b>13. OTHER OPERATING EXPENSES</b>	<b>2016 EUR</b>	<b>2015 EUR</b>
Trademarks and franchise	(60,393)	(4,944)
<b>Total other operating expenses</b>	<b>(60,393)</b>	<b>(4,944)</b>
<b>14. OTHER OPERATING INCOME</b>	<b>2016 EUR</b>	<b>2015 EUR</b>
Recharge of expenses	5,917,346	6,708,374
Deutsche Oel & Gas SA Management fees	1,335,000	1,355,609
	<b>7,252,346</b>	<b>8,063,983</b>

**Deutsche Oel & Gas SA**  
*Société Anonyme*

**Notes to the abridged annual accounts**  
**31 December 2016**

<b>15. NUMBER OF EMPLOYEES</b>	<b>2016</b>	<b>2015</b>
Average number of employees in full-time employment during the year		
Employees	4	-
<b>Total employees</b>	<b>4</b>	<b>-</b>
<b>16. OFF-BALANCE SHEET COMMITMENTS</b>	<b>2016</b>	<b>2015</b>
	<b>EUR</b>	<b>EUR</b>
Gross Shareholder's Goodwill	9,802,857	10,400,000
Goodwill write off	(1,040,000)	(597,143)
Net Shareholder's Goodwill	8,762,857	9,802,857
<b>Total off Balance Sheet commitments</b>	<b>8,762,857</b>	<b>9,802,857</b>

**17. COMPARATIVE FIGURES**

Certain comparative figures have been restated to align with the layout imposed by current reporting requirements.

**18. SUBSEQUENT EVENTS**

It is expected that the B-Shares of the company will be listed on the Luxembourg Stock Exchange by the end of July 2017.