

Registered number: 10166359

PENNPETRO ENERGY PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
31 DECEMBER 2016

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	<b>Page</b>
<b>Company Information</b>	2
<b>Strategic Report</b>	3
<b>Directors' Report</b>	5 - 6
<b>Statement of Directors' Responsibilities</b>	7
<b>Report of the Independent Auditor</b>	8 - 9
<b>Statement of Comprehensive Income</b>	10
<b>Statement of Financial Position</b>	11
<b>Statements of Changes in Equity</b>	12
<b>Statements of Cash Flows</b>	13
<b>Notes to the Financial Statements</b>	14 - 21

**Directors**

Chairman	K Edelman (appointed 2 May 2017)
Executive Director	P Nash (appointed 15 June 2017)
Executive Director	S Reeve (app. 6 May 2016, res. 17 June 2016)
Executive Director	T Evans (appointed 17 June 2016)
Non-Executive Director	O Rapp (appointed 6 May 2016)

**Company Secretary**

FHF Corporate Finance Limited (app. 6 May 16)  
A Maharaj (appointed 10 August 2017)

**Company Number**

10166359

**Business Address**

88 Whitfield Street,  
First Floor,  
London W1T 4EZ

**Registered Office**

88 Whitfield Street  
First Floor  
London W1T 4EZ

**Independent Auditor**

PKF Littlejohn LLP  
Statutory Auditor  
1 Westferry Circus  
Canary Wharf  
London E14 4HD

**Solicitors**

Birketts, LLP  
22 Station Road,  
Cambridge,  
Cambridgeshire CB8 12JD

**Strategic report for the period ended 31 December 2016**

The Directors present their strategic report on the Company for the period ended 31 December 2016.

**Review of the business**

The principal activity of the Company in the period under review was the preparation with the Company's professional advisors of documentation that would enable the Company to seek a listing for its shares on the London Stock Exchange.

The Company opened negotiations with various parties with a view to acquiring a suitable energy based opportunity which could be assessed as being de-risked by falling within either the proven undeveloped or proven producing categories assessed by the Society of Petroleum Engineers, petroleum management system.

**Principal Risk and Uncertainty**

The principal risk and uncertainties lie in the nature of the assets being acquired by the Company. The nature of the natural resources sector means that returns are uncertain and resources may be unviable to extract. The Company has an investment strategy in place which is continually reviewed by the Board.

The Company's continued future operations depend upon the ability to hold sufficient working capital to be able to meet its financial obligations. To date, the sources of funding available to the Company have principally comprised the issue of equity capital. However, the Company's ability to raise further funds will depend upon the success of the Company's petroleum development strategy, which is continually reviewed by the Board.

The Directors are confident there is adequate funding to finance future immediate working capital requirements, for the next twelve months.

**Key Performance Indicators ("KPIs")**

Cash and Cash equivalents  
Other gains/(losses) - net

**General**

The Company intends to make direct investments into producing or near to producing petroleum asset opportunities within the Continental United States, with a focus on Texas and the offshore Gulf of Mexico region. Such opportunities may be in companies, partnerships, joint venture or direct interests in assets or projects. The Company intends to be a medium to long-term investor, but would not rule out the acquisition and disposal of assets in the short term if the Directors determine this to be in the best interests of the shareholders.

The Company will seek to mitigate its risk by undertaking appropriate due diligence and transactional analysis which will include using appropriately qualified advisors together with its consultants. The Board proposes to carry out a comprehensive and thorough project review process in which all material aspects of a potential project will be subject to rigorous due diligence, as appropriate.

Should projects be presented that require further funding it is the intention of the Directors to expand the capital base of the Company to enable a greater pursuit of this policy, either through a placing/utilisation of its shares to acquire assets, thereby preserving the Company's cash resources for working capital, as a reserve against unforeseen circumstances. The Company will also be permitted to engage in suitable borrowing, within strict debt parameters, to assist in funding situations.

By Order of the Board



T. M. Evans  
Director  
8 September 2017

**Directors' report for the period ended 31 December 2016**

The Directors present their report and the audited financial statements for the period ended 31 December 2016.

**General Information**

The Company was incorporated on 6<sup>th</sup> May 2016 as a public limited liability company with number 10166359 registered in England and Wales. The registered office is located at 88 Whitfield Street, London W1T 4EZ.

**Future Developments**

The Company's future developments are focused on the operational activity of its wholly owned subsidiary Nobel Petroleum LLC currently conducting oil drilling activity on its petroleum lease interests held within the City of Gonzales, Gonzales, Texas, USA.

**Dividends**

The Company has not paid any dividends, although its intention is to become a dividend paying Company.

**Research and Development**

The Company did not engage in research and development during the period.

**Political Donations and Political Expenditure**

The Company has not made any political donations or expenditures

**Events after the Reporting Period**

The Company acquired Nobel Petroleum LLC in May 2017 (100% owned), which has commenced the drilling of its initial oil well on petroleum lease acreage acquired from Av-Tech Oil & Gas LLC, who maintain a 20% working interest within the petroleum leases acquired defined as the Area of Mutual Interest ("AMI"), alongside Landex Petroleum LLC who acquired a 5% working interest in the AMI, with both these companies being carried for their working interest obligations only in respect of the drilling of two lateral oil wells within the AMI; they both contribute their working interest obligations to post completion expenses for any wells drilled. Thereafter, both contribute their full working interest obligations in regard to all further lateral wells; however, all vertical well obligations are expensed pursuant to the working interest obligations of the parties to the AMI.

**Directors**

The Directors of the Company during the period ended 31 December 2016 were:

S Reeve (app. 6 May 2016, res. 17 June 2016)  
T Evans (appointed 17 June 2016)  
O Rapp (appointed 6 May 2016)

**Directors' Indemnity**

There was no indemnity insurance in place during the period for the benefit of the directors of the Company.

**Employees**

Apart from the directors the Company did not employ any staff during the period.

## Financial Instruments

The Company's operations expose it to a variety of financial risks that include the effect of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs. The Company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

The Directors have delegated the responsibility of monitoring financial risk to a sub-committee of the Board. The sub-committee has a policy and procedures manual that sets out specific guidelines to manage interest rate risk and credit risk, and circumstances where it would be appropriate to use financial institutions to manage these.

Details on the Company's exposure to price risk, credit risk, liquidity risk and cash flow risk are shown at Note 2 to the financial statements

## Provision of Information to Auditor

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

This report was approved by the Board on 8 September 2017 and signed on its behalf.



**Thomas M. Evans**  
Director

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENNPETRO ENERGY PLC**

We have audited the financial statements of Pennpetro Energy Plc for the period ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Directors and Auditor**

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Mark Ling (Senior statutory auditor)**  
For and on behalf of PKF Littlejohn LLP  
Statutory auditor

1 Westferry Circus  
Canary Wharf  
London E14 4HD

8 September 2017

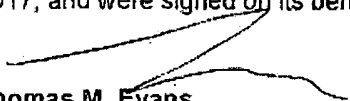
	Note	Period ended 31 December 2016 \$
Revenue		-
Administrative expenses	5	(43,320)
Depreciation expense	10	(1,218)
<b>Operating result</b>		<u>(44,538)</u>
Interest received	7	10
Interest expense		(92)
<b>Loss before income tax</b>		<u>(44,620)</u>
Income tax	8	-
<b>Loss for the year</b>		<u>(44,620)</u>
<b>Total comprehensive loss for the period</b>		<u>(44,620)</u>
<b>Earnings per share</b> (expressed in pence per share)		
Basic	9	<u>(0.01)</u>

The accounting policies and notes on pages 14 to 21 form part of these financial statements.

	Note	As at 31 December 2016 \$
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	10	<u>3,653</u>
		<u>3,653</u>
<b>Current assets</b>		
Cash and cash equivalents		
Other receivables	11	<u>347,904</u>
		<u>347,904</u>
<b>Total assets</b>		<u><u>351,557</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Other payables	12	<u>9,268</u>
<b>Total liabilities</b>		<u>9,268</u>
<b>Equity attributable to owners</b>		
Share capital	13	106,270
Share premium	13	276,797
Foreign exchange reserve	14	3,842
Retained earnings	14	<u>(44,620)</u>
<b>Total equity attributable to owners</b>		<u>342,289</u>
<b>Total equity and liabilities</b>		<u><u>351,557</u></u>

The accounting policies and notes on pages 14 to 21 form part of these financial statements.

The financial statements were approved and authorised for issue by the board of Directors on 8 September 2017, and were signed on its behalf by:

  
 Thomas M. Evans  
 Director

Attributable to Equity Shareholders

	Share capital	Share premium	Retained earnings	Foreign exchange reserve	Total equity
	\$	\$	\$	\$	\$
At incorporation	-	-	-	-	-
Equity investment in the period	106,270	276,797	-	-	383,067
Total comprehensive loss for the period	-	-	(44,620)	-	(44,620)
Increase in translation reserve	-	-	-	3,842	3,842
<b>As at 31 December 2016</b>	<b>106,270</b>	<b>276,797</b>	<b>(44,620)</b>	<b>3,842</b>	<b>342,289</b>

The accounting policies and notes on pages 14 to 21 form part of these financial statements.

	Note	Period ended 31 December 2016 \$
<b>Cash flows from operating activities</b>		
Loss before income tax		(44,620)
Add back:		
Interest received	7	(10)
Depreciation	10	1,218
Foreign exchange loss		(8)
Increase in trade and other receivables	11	(347,905)
Increase in trade and other payables	12	9,268
<b>Net cash outflow used in operating activities</b>		<b>(382,057)</b>
<b>Cash flows from investment activities</b>		
Purchase of tangible assets	10	(4,870)
Interest received	7	10
<b>Net cash outflow from investment activities</b>		<b>(4,860)</b>
<b>Cash flows from financing activities</b>		
Cash received from issue of shares	13	383,075
Increase in foreign exchange reserve	14	3,842
<b>Net cash inflow from financing activities</b>		<b>386,917</b>
<b>Net increase/(decrease) in cash and cash equivalent</b>		<b>-</b>
Cash and cash equivalents at beginning of period		-
<b>Cash and cash equivalents at end of period</b>		<b>-</b>

The accounting policies and notes on pages 14 to 21 form part of these financial statements.

## 1. General Information

The Company was incorporated on 6 May 2016 as Pennpetro Energy Plc in England and Wales with Registered Number 10166359 under the Companies Act 2006. The Company has not yet commenced business.

The address of its registered office is 88 Whitfield Street, First Floor, London W1T 4EZ.

## 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of Preparation

The financial statements of Pennpetro Energy Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations (IFRS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant in the financial statements, are disclosed in Note 3.

### Going Concern

The financial statements have been prepared on a going concern basis. The directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### Standards and interpretation issued and not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective for the period presented:

- IFRS 9 in respect of Financial Instruments which will be effective for the accounting periods beginning on or after 1 January 2018; and
- Amendments to IAS 7 in respect of the Disclosure Initiative which will be effective for the accounting periods beginning on or after 1 January 2017.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

The directors do not expect these new standards to materially impact future periods.

## 2. Summary of significant Accounting Policies (continued)

### Property, plant and equipment

All property, plant and equipment assets are stated at cost less accumulated depreciation.

Depreciation of property, plant and equipment is provided to write off the cost, less residual value, on a straight line basis over the estimated useful lives as follows:

- Office equipment - 4 years

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Gains or losses on disposal are included in profit or loss.

### Financial Assets

#### Loans and Receivables

##### (a) Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Company's loans and receivables comprise Trade and Other Receivables (note 11).

##### (b) Recognition and measurement

Loans and receivables are initially recognised at fair value through profit or loss and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

##### (c) Impairment of Financial Assets

###### (a) Assets Carried at Amortised Cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A financial asset, or a group of financial assets, is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

Receivables that are known to be uncollectible are written off by reducing the carrying amount directly. The Company considers that there is evidence of impairment if any of the following indicators are present:

- Significant financial difficulties of the debtor
- Probability that the debtor will enter bankruptcy or financial reorganisation
- Default or delinquency in payments

For loans, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced, and the loss is recognised in the income statement.



## 2. Summary of significant Accounting Policies (continued)

### Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

### Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### Taxation

Income tax for the period is based on the taxable income for the year. Taxable income differs from profit as reported in the statement of comprehensive income for the period as there are some items which may never be taxable or deductible for tax and other items which may be deductible or taxable in other periods. Income tax for the period is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### Foreign exchange

Transactions in foreign currencies are translated to the respective functional currencies. Monetary items denominated in foreign currencies are retranslated at the exchange rates applying at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise, except for:

- exchange differences on foreign currency borrowings which are regarded as adjustments to interest costs, where those interest costs qualify for capitalisation to assets under construction;
- exchange differences on loans to or from a foreign operation for which settlement is neither planned nor likely to occur and therefore forms part of the net investment in the foreign operation, which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

The functional currency of the Company is Pounds Sterling whereas the presentational currency for the Financial Statements is US Dollars. The assets and liabilities of the Company are translated to US Dollars using exchange rates at period end. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rate on transaction date is used.

Exchange differences are recognised in other comprehensive income and accumulated in a separate category of equity.

**2. Financial Risk Management****Financial Risk Factors**

The Company's activities expose it to a variety of financial risks. The Company's Board monitors and manages the financial risks relating to the operations of the Company.

**(a) Market Risk****Foreign exchange risk**

The Company operates internationally, and is exposed to foreign exchange risk primarily with respect to the US Dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

**(b) Credit Risk**

At the period end the Company held no cash or cash equivalents.

**(c) Liquidity risk**

The Company's continued future operations depend on its ability to raise sufficient working capital through the issue of share capital and generate revenue.

**Capital Risk Management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The Company's capital structure primarily consists of equity attributable to the owners, comprising issued capital, reserves and retained losses.

**3. Critical Accounting Estimates and Judgements**

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**4. Expense by nature**

	2016 \$
Depreciation	1,218
Professional fees	18,301
Accountancy fees	20,336
FX loss	8
Administrative expenses	4,674
	<u>(44,537)</u>

**5. Auditor Remuneration**

**Services provided by the Company's auditor and its associates**

During the period, the Company obtained the following services from the Company's auditor and its associates:

	2016 \$
Fees payable to the Company's auditor for the audit of the financial statements	9,268
	<u>9,268</u>
Non-audit services	12,500
<b>Total</b>	<u><b>21,768</b></u>

**6. Staff remuneration**

There has been no staff or directors remuneration during the period.

**7. Investment income**

	2016 \$
Interest received	10
	<u>10</u>

**8. Income tax expense**

	2016 \$
Tax charge for the period	-
	<u>-</u>

Corporation tax is calculated at 20% of the estimated assessable profit for the period.

	2016 \$
Loss before taxation	(44,620)
Expected tax charge at 20%	(8,924)
Unutilised tax losses carried forward	8,924
	<u>-</u>

No deferred tax has been recognised in the period to 31 December 2016 as it is uncertain when such losses can be applied against taxable profits.

**9. Earnings per Share**

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

There were no share options or warrants issued at the period end.

Reconciliations are set out below.

Basic EPS	31 December 2016		
	Earnings \$	Weighted average number of shares	Per-share amount \$
Earnings attributable to ordinary shareholders	(44,620)	7,800,000	(0.01)
Effect of dilutive securities	-	-	-

**10. Property, Plant and Equipment**

	Office equipment \$	Total \$
<b>Cost</b>		
At incorporation	-	-
Additions	4,870	4,870
<b>Cost as at 31 December 2016</b>	<u>4,870</u>	<u>4,870</u>
<b>Depreciation</b>		
Depreciation charge for the period	1,218	1,218
<b>Accumulated depreciation at 31 December 2016</b>	<u>1,218</u>	<u>1,218</u>
<b>Carrying amount</b>		
At 31 December 2016	<u>3,653</u>	<u>3,653</u>

**11. Trade and other receivables**

	2016 \$
Amounts falling due within 1 year:	
Other receivables	347,904
	<u>347,904</u>

Other receivables are held in Pound Sterling and translated to US Dollar at the period end rate.

**12. Trade and other payables**

	2016 \$
<b>Amounts falling due within 1 year:</b>	
Accruals	9,268
	<u>9,268</u>

Accruals are held in Pound Sterling and translated to US Dollar at the period end rate.

**13. Share capital and premium**

	2016 \$
<b>Ordinary share capital</b>	
8,600,000 Ordinary A shares of £0.01 (\$0.012) each	106,270
	<u>106,270</u>

	Number of shares	Shares \$	Share premium \$	Total \$
At incorporation	-	-	-	-
Issued of fully paid shares	8,600,000	106,270	276,797	383,067
At 31 December 2016	<u>8,600,000</u>	<u>106,270</u>	<u>276,797</u>	<u>383,067</u>

During the period, the Company issued 8,600,000 ordinary share of £0.01 (\$0.012) nominal value for various considerations.

**14. Reserves**

	Retained Earnings \$	Foreign exchange reserve \$	Total \$
At incorporation	-	-	-
Additions	(44,620)	3,842	(40,778)
As at 31 December 2016	<u>(44,620)</u>	<u>3,842</u>	<u>(40,778)</u>

The Company's functional and presentational currency are not the same. As a result a foreign exchange reserve is created to manage any differences occurring on translation at the period end.

**15. Related Party transactions**

The Company was not party to any related party transactions during the period.

**16. Controlling party**

The Directors do not believe there to be one ultimate controlling party as a result of no one shareholder owning a majority interest.

**17. Events after the Reporting Period**

As reported in the Directors' Report, the Company acquired from Nobel Petroleum Ireland Limited on the 17th May 2017 the entire share capital of Nobel Petroleum UK Limited, a United Kingdom enterprise, whose assets comprise ownership of two US incorporated entities, Nobel Petroleum USA, Inc., incorporated in the State of Delaware, and Nobel Petroleum LLC, incorporated in the State of Louisiana. The acquisition consideration was the issue of 3,400,000 fully paid ordinary shares in the capital of the Company at a deemed price of 25 pence each, together with the issue of a further 41,600,000 fully paid ordinary shares in the capital of the company to various parties at a deemed price of 25 pence per share.

The assets of Nobel Petroleum LLC ("Nobel LLC") at acquisition comprised of approximately 900 petroleum leases within the township of the City of Gonzales, Gonzales, Texas. Since completion of the transaction, further additional leases have been acquired. Nobel LLC is the operating company for these petroleum leases, and as reported, has commenced the drilling of an initial horizontal well within the Austin Chalk / Eagleford Shale formations deemed to be potential active petroleum reservoirs.