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Danica Resources ApS

CVR-no. 30 80 70 49

Hulsøvang 3
2960 Rungsted Kyst

Annual Report 2017
(Financial year 1 January 2017 - 31 December 2017)

The Annual Report is presented and adopted at the Annual General Meeting of shareholders on the 25 May 2018

Jens Vasehus
Chairman of the meeting

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Management's Statement

The Executive Board have today considered and approved the Annual Report of 1 January 2017 - 31 December 2017 for Danica Resources ApS.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets and liabilities, financial position and results of operations for the financial year ended 31 December 2017.

In our opinion the Management's Review gives a true and fair statement regarding the content in the Management's Review.

We recommend the Annual Report approved at the Annual General Meeting.

Hørsholm, 25 May 2018

Executive Board:

Jens Vasehus

John Fredric Arestad

Independent Auditor's Reports

To the Shareholders of Danica Resources ApS

Report on financial statements

Opinion
We have audited the Financial Statements of Danica Resources ApS for the financial year 1 January 2017 - 31 December 2017, which comprise the income statement, balance sheet, notes and accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the operations for the financial year 1 January 2017 - 31 December 2017, 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 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:

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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 Statement Acts. We did not identify any material misstatement of Management's Review.

Report on Other legal and Regulatory Reguirements

Shareholder loan in violation with the Danish Companies Act
We must draw the attention to the fact that a shareholder has received a loan from the company which is a violation of the Danish Companies Act Section 210. Management can be liable in this respect.

Birkerød, 25 May 2018
Piaster Revisorerne,
statsautoriseret revisionsaktieselskab
CVR. no.: 25 16 00 37

Steen Dahl Andersen
State Authorized Public Accountant
mne29455

Company details

Company details	Danica Resources ApS Hulsøvang 3 2960 Rungsted Kyst	
	CVR no.:	30 80 70 49
	Founded:	10 August 2008
	Registered office:	Hørsholm
	Financial year:	1 January - 31 December
Executive Board	Jens Vasehus John Fredric Arestad	
Auditor	Piaster Revisorerne, Statsautoriseret Revisionsaktieselskab Abildgårdsparken 8A 3460 Birkerød	

Management's Review

Primary activities of the Company
The company's main activity is exploration and production of hydrocarbons and other related business areas. The Farm Out Agreement with a foreign company entered into in 2012 was brought to an end in 2015 when the License was given back to the Danish Government.

The Company is considering starting up the activity again and has applied for a new License.

Development in activities and financial affairs
The company's financial performance is considered satisfying.

Profit and loss account 1 January - 31 December

DKK	Notes	2017	2016
Other external expenses		-31.077	-107.002
Gross profit (loss)		**-31.077**	**-107.002**
Financial income	1	0	33.088
Financial expenses	2	-27.180	-255
Profit before tax		**-58.257**	**-74.169**
Tax expense	3	0	0
Profit for the year		**-58.257**	**-74.169**
Proposed distribution of results			
Retained earnings		-58.257	-74.169
Proposed dividend recognised in equity		0	0
Total distribution		**-58.257**	**-74.169**

Balance Sheet at 31 December

Assets

	Notes	2017	2016
Long-term investments in associates		156.800	156.800
Financial fixed assets		**156.800**	**156.800**
Fixed assets		**156.800**	**156.800**
Receivables from owners and management	4	78.000	58.000
Other receivables		32.670	26.470
Receivables		**110.670**	**84.470**
Other short-term investments		**380**	**393**
Cash and cash equivalents		**168.233**	**252.677**
Current assets		**279.283**	**337.540**
Assets		**436.083**	**494.340**

Balance Sheet at 31 December

Equity and liabilities

	Notes	2017	2016
Share capital		380.000	380.000
Retained earnings		37.180	95.437
Proposed dividend recognised in equity		0	0
Equity	5	**417.180**	**475.437**
Trade payables		5.000	5.000
Other payables		13.903	13.903
Short-term liabilities other than provisions		**18.903**	**18.903**
Liabilities other than provisions		**18.903**	**18.903**
Equity and liabilities		**436.083**	**494.340**

Notes

	2017	2016
1 Financial income		
Changes in exchange rates	0	33.088
	0	**33.088**

	2017	2016
2 Financial expenses		
Adjustment, securities	13	255
Other financial expenses	167	0
Changes in exchange rates	27.000	0
	27.180	**255**

	2017	2016
3 Tax expense		
Tax expense on ordinary activities	0	0
Adjustment of deferred tax	0	0
Tax, prior years	0	0
	0	**0**

4 Shareholder loan

No interest has been calculated and no agreement on repayment has been entered.

Notes

	2017	2016
5 Equity		
Share capital at 1 January	380.000	182.000
Reduction of capital	0	-132.000
Increase of capital	0	330.000
Share capital at 31 December	380.000	380.000
Retained earnings at 1 January	95.437	-2.332.032
Reduction of capital	0	132.000
Debt forgivness from owners	0	2.369.638
Proposed distribution of results this year	-58.257	-74.169
Retained earnings at 31 December	37.180	95.437
Proposed dividend recognised in equity at 1 January	0	0
Extraordinary dividend recognised in equity this year	0	0
Dividend paid	0	0
Proposed distribution of results	0	0
Proposed dividend recognised in equity at 31 December	0	0
Equity 31 December	**417.180**	**475.437**

Accounting policies

The Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with election from reporting class C.

Last year a debet forgivness from owners was booked in the profit & loss account and not as a transaction with owners under equity. The debt forgiveness has been rebook in the comaprison figures which has decreaces the profit & loss comparison figures for profit before and after tax with t.DKK 2.369. Is has no effect on the comparison figures in the balance sheet.

The accounting policies are consistent with those of last year.

General

In general regarding accounting and measuring
Income is recognized in the income statement when they are earned. Furthermore are all costs, depreciations and write downs recognized in the income statement when incurred.

Assets are recognized in the balance sheet when it is probable that future economical benefits will accrue to the company and the assets value can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economical benefits will be deducted from the company and the value can be measured reliably.

On inital recognition assets and liabilities are measured to cost price. Thereafter assets and liabilities are measured as described for each entry.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Currency retranslation
Transactions denominated in foreign currency are translated into the functional currency at the exchange rates ruling at the date of the transaction. Exchange differences arising between the transaction date and the exchange rate at the date of actual payment are recognized in the income statement under financial income or financial expenses.

Accounting policies

Receivables, payables and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates ruling at the balance sheet date. The difference between the exchange rates ruling at the balance sheet date and at the date when the receivable or payable arose is recognized in the income statement under financial income or financial expenses.

Non-current assets aquired in foreign currency are measured to the exchange rate ruling at the date of the transaction.

Income statement

Revenue
Revenue includes invoiced sales of goods and rendering of services, recognition is done, when

- delivery and transfer of risk to the buyer has taken place before year end
- a commiting sales agreement exists
- sales price is determined, and
- payment is received, or there are reasonable security that it will be received

Revenue is recognized excluding value added tax and after deduction of provisions rebates and trade discounts relating to the sale.

Other external expenses
Other external expenses include expenses related to distribution, sale, advertising, administration, bad debt, premises, operating lease agreements etc.

Other operating income and expenses
Other operating income and expenses includes items of a secondary nature relative to the enterprise's core business.

Financial items
Financial income and expenses are recognized in the income statement with the amounts related to the year. Financial income and expenses comprise interest receivable and payable, realised and unrealised capital gains on securities and currency translation adjustments.

Tax expense
Tax on income for the year, consisting of the year's current tax and deferred tax, is recognized in the income statement to the extent that it relates to the income or loss for the year and on equity to the extent that it relates there to.

Accounting policies

Balance sheet

Financial fixed assets
Investments in group enterprises
Investments in group enterprises are recognized at historic cost less accumulated impairment losses. If the historic cost exceeds the recoverable amount the investment is written down to this lower value.

Investments in associates
Investments in associates are recognized at historic cost less accumulated impairment losses. If the historic cost exceeds the recoverable amount the investment is written down to this lower value.

Other long-term investments
Other long-term investments are recognized at historic cost less accumulated impairment losses. If the historic cost exceeds the recoverable amount the investment is written down to this lower value.

Receivables
Receivables are measured at amortized cost which corresponds in all material respects to nominal value. The value is reduced with provisions for expected bad debts.

Cash and bank balances
Cash comprises cash balances and bank balances.

Dividends
Dividends expected to be paid in respect of the year are stated as a separate line item under equity.

Current tax and current deferred tax
Current tax liabilities and current tax assets are recognized in the balance sheet as estimated tax on the taxable income for the year, adjusted for change in tax on prior years' taxable income and for tax paid under the on-account tax scheme.

Deferred tax is measured according to the balance sheet liability method on all timing differences between the tax and accounting value of assets and liabilities.

Defered tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measuered at net realisable value.

Accounting policies

Deferred income tax is measured using tax rules and tax rates that apply by the balance sheet date when the deferred tax asset is realised or the deferred income tax liability is settled. The change in deferred tax as a result of changes in tax rates is recognized in the income statement.

Liabilities
Other liabilities are measured at amortized cost, corresponding to the nominal value.