

**J.P. KENNY PETROLEUM LTD**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

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**J.P. Kenny Petroleum Ltd  
Company Information**

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<b>Directors</b>	Mr John Kenny Mrs Tracy Peverell Mr Nils Trulsvik Mr Jon Wiggen
<b>Company Number</b>	08494564
<b>Registered Office</b>	62 Wilson Street London EC2A 2BU
<b>Accountants</b>	Redwood Accountancy Ltd Chartered Management Accountant 4th Floor 18 St Cross Street London EC1N 8UN
<b>Independent auditors</b>	Kingly Brookes LLP Chartered Accountants and Statutory Auditors 415 Linen Hall 162-168 Regent Street London W1B 5TE

**J.P. Kenny Petroleum Ltd**  
**Chairman's Statement and Chief Executive Officers Report**  
**For The Year Ended 31 December 2018**

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The chairman presents his statement for the year.

Dear Shareholder,

Since our last annual report, we have had a number of developments that I wish to advise the shareholders on.

Since our listing on Merkur Market in November 2017, the company has worked on the acquisition of several projects in Colombia, which has been our main target for opportunities. As we informed the shareholders of last year, our funding for the targeted company in 2017 failed to materialize, with the proposed funder was unable to fulfill its obligations, and we were forced to start the process of finding both project and funding again in 2018. We have been through many opportunities and none of them, but one, satisfied our strategy in 2018.

We are now well into the final phase of due diligence of a new, exciting project and with a general upturn in the oil and gas industry, we are well situated to achieve our goals of acquiring and developing oil production in Colombia

John P.Kenny  
Chairman

Date 24 May 2019

The chief executive officer presents his statement for the year.

Just like the previous year, the focus of the management in 2018 and up to the date of preparing this report, has been to find suitable oil and gas projects in Colombia. The industry gained momentum in the second part of 2018 due to increasing price of oil. During the period a few projects were reviewed and found interesting, but only one project has turned out to meet our criteria and our investors' requirements. The project has been in our focus for a long period, and during that period, the field has started producing gas. A MOU has been entered into, and we are now in the final phase of a due diligence process. Unless something quite unexpected should turn up, we expect to finalize the deal during the first two weeks of July.

Our greatest challenge during 2018 and 2019 has been to secure the funding to maintain our activities and enable us to enter into an acquisition. As we informed about last year, Fortuna Opportunities Fund I subscribed in the last quarter of 2017 for 1.8 million USD at a share price of 0,60, to be paid up during a twelve months period. Due to many compliance issues and a long list of unexpected formalities to be resolved, the fund was unable to fulfill its obligations under the subscription agreement with JPK. The Fortuna investment was backed by a loss guarantee from JPK. This secured the subscription amount of 550.000 was paid into JPK in the beginning of January 2018, which enabled the company to settle outstanding debt and keep a low budgeted activity in Colombia.

In April 2019 we were able to secure into an agreement to fund \$7,000,000 USD into the project for an equity interest in the Company. The subscription is conditional on the acquisition process described above is successful. A prepayment of \$200,000 has been received in May 2019, to meet short term challenges and to fund the due diligence.

**J.P. Kenny Petroleum Ltd**  
**Chairman's Statement and Chief Executive Officers Report**  
**For The Year Ended 31 December 2018**

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**Financial Review**

The company's total operating loss for the period was \$664,430

All costs relate to the project organization in Colombia and the preparations of financial annual report for 2017, semi-annual report for 2018 and relevant management fees and travel expense.

**Outlook**

At the end of 2018, the equity of the company is negative. However, with the completion of the investment and related funding described, the equity will be restored. Hence, the company will be in a position to pursue various sources of funding, enabling us to explore and develop the field of our targeted investment and other projects. The Board has an optimistic view on the future but will exercise necessary caution.



**Nils N. Trulsvik**  
Chief Executive Officer

**J.P. Kenny Petroleum Ltd  
Strategic Report**

**For The Year Ended 31 December 2018**

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**Introduction**

J. P. Kenny Petroleum Ltd was established in order to invest in oil & gas opportunities internationally with focus on South America, mainly targeting development/production opportunities with exploration upside. Colombia is an attractive area both from a financial perspective and opportunity perspective.

**Business review**

During the year several projects were reviewed and for some a negotiated contract was entered into. A pipeline project was negotiated during the year and this was considered a good cash generator. However, subsequent due diligence discovered major issues with existing contracts and the project was discontinued.

The project in Portymayo Basin, negotiated in 2017, was again reviewed in 2018 and seller offer another opportunity to acquire this project. However, the downturn in the industry in the latter part of 2018 did not make this possible.

Subsequent to this, the Company has engaged 2 full time reservoir engineers in Colombia in order to review and find new projects for the Company to invest in.

**Substantial Shareholdings**

<b>Shareholder</b>	<b>No.of shares</b>	<b>% shareholding</b>
N51 Corporation Limited	3,726,000	32.22%
J.P.Kenny	1,990,000	17.21%
Heritage Legal Advisors	1,000,000	8.65%
Fortuna Investment Fund	916,667	7.93%
Nils N.Trulsvik	900,000	7.78%
Sidsel O.Trusvik	890,000	7.70%
Elliot Rogers	500,000	4.32%

**Director's Interests**

The interest in the Company at the Balance Sheet date of all Directors who held office on the Board of the Company at year end as stated below:

<b>Shareholder</b>	<b>No.of shares</b>	<b>% shareholding</b>
J.P.Kenny	1,990,000	17.21%
Jon Wiggen	261,600	2.26%
Nils N.Trulsvik	900,000	7.78%
Tracey Peverell	300,000	2.59%

**J.P. Kenny Petroleum Ltd  
Strategic Report (Continued)**

**For The Year Ended 31 December 2018**

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### **Principal risks and uncertainties**

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the Company and the board and management team take on an important oversight role in this regard.

The Company has developed a framework for identifying the risks that each business sector, and the Company as a whole, is exposed to and their impact on the company's financial position. This process is managed by the Company Finance Department to establish our capital requirements and to ensure we have the financial strength, capital adequacy and liquidity to support the growth of the business.

The principal risks to our business arise from inaccurate job costing, exchange rate fluctuations and the very competitive nature of the industry.

### **Corporate Governance Policy**

JP Kenny Petroleum Ltd ("the Company") and its Board of Directors and senior management consider good corporate governance to be central to the effective and efficient operation of the Company.

The Company's Corporate Governance Policy addresses issues that arise as a result of the Company's growth and emerging governance best practices. We are committed to ensuring our professionalism and acceptance of how we manage sustainability throughout our business activities. Our Corporate Governance Policy addresses the aspects which are of utmost importance to us, namely:

- compliance to applicable laws,
- human rights,
- a safe workplace for our employees,
- the protection of the environment,
- the well-being of all business associates and partners, and
- ensuring our operations is for the good of the surrounding communities.

Our aim is for continuous improvement of our performance in all areas and this forms an essential part of how we conduct business. Our Policy includes supporting policies and implementation programs to ensure compliance and we are prepared to meet internationally accepted standards, as they develop, which are applicable to our business.

How will we achieve our Corporate Governance aims?

The Company has established a Committee of not less than two directors of the Company who are independent of management and free from any interest and any business or other relationship which could, or could reasonably be perceived to be, materially interfere with the director's ability to act with a view to the best interests of the Company. The Committee may periodically ask appropriately qualified persons (who may include persons from management of the Company) or retain persons having special expertise to assist the Committee in fulfilling its responsibilities. These responsibilities will include:

- Preparing the Company's response to governance disclosure requirements and explaining to required or appropriate parties any differences between the Company's governance system and policies and those recommended by applicable regulatory bodies;
- Developing and monitoring the Company's general approach to corporate governance issues as they may arise;
- Proposing changes as necessary from time to time to respond to particular governance recommendations or guidelines from regulatory authorities and ensuring that all appropriate or necessary governance systems remain in place and are periodically reviewed for effectiveness.
- Ensuring that all members of the Board of Directors have been informed of and are aware of their duties and responsibilities as a Director of the Company.
- Ensuring that the Company has in effect adequate policies and procedures to allow the Company to meet all of its continuous disclosure requirements.

**J.P. Kenny Petroleum Ltd  
Strategic Report (Continued)**

**For The Year Ended 31 December 2018**

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- Ensuring that the Company has in effect adequate policies and procedures to identify and manage the principal risks of the Company's business.
- Ensuring the Board of Directors annually reviews organizational structure and succession planning matters including the monitoring of senior management.
- Ensuring the Board of Directors annually review areas of potential personal liability of Directors and ensuring reasonable protective measures are in place.
- Regularly considering the need for special policies of the Company, initiated by the Board of Directors in unique or emerging policy areas for example corporate ethics or environmental practices.

The Committee will regularly report its findings and recommendations to the Board of Directors.

### **Supporting Policies**

#### **Client Commitment**

We aim to maintain high standards of service, wherever we operate, honour all business obligations undertaken and develop long term relationships with commercial partners based on trust and integrity.

We will carry out management policies and programmes to ensure our products meet regulatory requirements and provide documentation to allow safe transport, handling and use.

#### **Investor Commitment**

With respect to current and future investors, within the broad framework that economic considerations are not to take priority over important environmental, health, safety and community standards, we aim to realise the maximum potential from existing revenue streams, as well as securing new ones on competitive terms. The respective risks we take are managed by strict internal governance, approvals and controls.

#### **Compliance Commitment**

As a listed company on the Merkur Market, Oslo Stock Exchange, we will comply with the laws and rules applicable to our operations and products, and the laws and best practice guidelines in the jurisdictions in which we operate. Our employees and contractors are required to act in strict adherence to these principles to ensure the satisfaction of our business practices and the quality and safety of our products.

We will not assist any third party in violating the law in any country, nor pay or receive bribes, nor participate in any other criminal, fraudulent or corrupt practice. We seek to prevent such misconduct through strong leadership, internal policies and procedures.

The Company's employees and contractors are obliged to comply with applicable law and applicable corporate policies. It is the obligation of our managers and supervisors to ensure employees and contractors act accordingly as well as acting to prevent, detect and report any violations of the law or our corporate policies.

#### **Commitment to the Environment**

We acknowledge that our global operations, including exploration, production, reclamation, processing, transportation or marketing of natural resources, could have a direct, indirect or cumulative impact on the environment. The impact on the environment is often complex and specific to each product group or production site. This requires our environmental programmes to be tailored to each specific need and to manage and limit the environmental impact of our activities.

To achieve effective short- and long-term management, we develop, implement and monitor management systems and programmes in order to meet international best practice standards and ensure regulatory compliance. We aim to continually improve our performance in this area

We aim to promote environmental awareness and to partner with our customers, suppliers and service providers to limit the overall impact with respect to our operations.



**J.P. Kenny Petroleum Ltd  
Strategic Report (Continued)**

**For The Year Ended 31 December 2018**

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**Commitment to our People**

Hiring and retaining skilled and motivated employees is important to our continued success. We are committed to fair remuneration by the provision of competitive wages and benefits. We do not tolerate any kind of harassment or discrimination and support the United Nations' Universal Declaration of Human Rights which prohibits forced, compulsory or child labour. One of our ultimate goals is to ensure the health and safety of our employees and contractors. In order to meet this goal, we develop, implement and maintain health and safety management systems and programmes which meet international standards. These are tailored to the specific needs of our different operations and activities.

**Commitment to the Community**

JP Kenny Petroleum Ltd's global presence and economic strength aims to have a positive impact on the communities in which we operate. We provide employment, training and educational opportunities and other benefits contributing directly and indirectly to the prosperity and development in local communities where we operate. We carry out assessments to define appropriate measures to prevent or mitigate possible adverse effects on the communities in which we operate. We are in regular contact with affected parties and have systems in place to ensure that all requests and concerns are brought to the attention of our local representatives.

This report was approved by the board and signed on its behalf.



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**Nils N. Trulsvik**

Director

Date: 24 May 2019

**J.P. Kenny Petroleum Ltd  
Directors' Report**

**For The Year Ended 31 December 2018**

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The directors present their report and the financial statements for the year ended 31 December 2018.

**Statement of Directors' Responsibilities**

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 of the company for that period. In preparing the 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.

**Statement of Disclosure of Information to Auditors**

The directors of the company who held office at the date of approval of this annual report confirm that:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Principal Activity**

The company is reviewing and looking to acquire oil & gas development and/or production assets with exploration upside in Colombia.

**Future Developments**

The directors do not consider there to be any future developments that require specific disclosure.

**Dividends**

The loss for the period, after taxation amounted to \$664,430 (2017 – loss \$901,740)

The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2018 (2017 - \$Nil).

**J.P. Kenny Petroleum Ltd  
Directors' Report (continued)**

**For The Year Ended 31 December 2018**

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**Directors**

The directors who held office during the year were as follows:

Mr John Kenny  
Mrs Tracy Peverell  
Mr Nils Trulsvik  
Mr Jon Wiggen

**Post Balance Sheet Events**

There have been significant events affecting the Company since the year end and disclosed in note 12 to the financial statements.

**Auditors**

Kingly Brookes LLP were appointed as auditors by the board for the year ended 2018.



**Nils N. Trulsvik**  
Director  
Date: 24 May 2019

**J.P. Kenny Petroleum Ltd**  
**Report of the Independent Auditors to the Members**

**For The Year Ended 31 December 2018**

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**Opinion**

We have audited the financial statements of J.P. Kenny Petroleum Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Profit or Loss, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

**Material uncertainty related to going concern**

The company incurred a net loss of £664,403 during the year ended 31 December 2018 and, as of that date, the Company's current liabilities exceeded its total assets by £1,685,814. As stated in note 12 the company has secured an agreement to fund a minimum \$7,000,000 as an equity injection but at the date of the approval of the financial statements no issue of shares had taken place. This gives rise to a material uncertainty regarding the company's ability to continue as a going concern.

Our opinion is not qualified in this respect.

**Key audit matters**

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Our audit risk identified the ability of management to override the system of internal control which for a company of this size are elementary. Our audit approach included review to identify exceptional transactions or unusual accounting adjustments. We are satisfied the result of our testing.

**Our application of materiality**

For the purpose of our audit, materiality was assessed to be \$50,743, being the 3.01% of the balance sheet deficit.

**An overview of the scope of our audit**

We tailored the scope of our audit to ensure we performed enough work to be able to give an opinion on the financial statements taking into account the structure of the company, the accounting process and controls and the industry in which it operates. As part of that tailoring we determined materiality and assessed the risk of material misstatement in the financial statements and designed audit procedures accordingly.

**J.P. Kenny Petroleum Ltd**  
**Report of the Independent Auditors to the Members (Continued)**

**For The Year Ended 31 December 2018**

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**Other information**

The directors are responsible for the other information published with the financial statements. Other information includes the Chairman's Report, the Chief Executive Report, the Strategic Report and the Directors Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinion on other matters 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 year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report and the Report of the Directors has been prepared in accordance with applicable legal requirements.

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

In the 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 Report of the Directors.

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.

**J.P. Kenny Petroleum Ltd  
Report of the Independent Auditors to the Members (Continued)**

**For The Year Ended 31 December 2018**

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**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page nine, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

**Auditors' 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 a Report of the Auditors 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 (UK) 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.

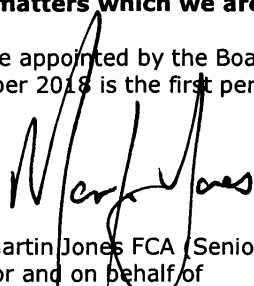
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Use of our report**

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 a Report of the Auditors 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.

**Other matters which we are required to address**

We were appointed by the Board of Directors in 2019 and the financial statements for the year ended 31<sup>st</sup> December 2018 is the first period for which we have acted as auditor.



Martin Jones FCA (Senior Statutory Auditor)  
for and on behalf of  
Kingly Brookes LLP  
Chartered Accountants  
and Statutory Auditors  
415 Linen Hall  
162-168 Regent Street  
London  
W1B 5TE

Date: ..... 24 May 2019 .....

**J.P. Kenny Petroleum Ltd**  
**Statement of Profit or Loss and Other Comprehensive Income**

**For The Year Ended 31 December 2018**

	<b>Notes</b>	<b>2018</b> <b>\$</b>	<b>2017</b> <b>\$</b>
Administrative expenses		(629,130)	(595,041)
Other operating income		5,000	-
<b>OPERATING LOSS</b>	<b>2</b>	<b>(624,130)</b>	<b>(595,041)</b>
Exceptional items		-	(209,601)
Finance costs	<b>4</b>	(40,300)	(97,098)
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(664,430)</b>	<b>(901,740)</b>

There were no recognised gains and losses for 2018 other than those included in the statement of profit and loss and other comprehensive income.

The notes on pages 18 to 21 form part of these financial statements.

**J.P. Kenny Petroleum Ltd  
Statement of Financial Position**

**As at 31 December 2018**

	Notes	2018		2017	
		\$	\$	\$	\$
<b>CURRENT ASSETS</b>					
Trade and other receivables	5	2,204		550,772	
Cash and cash equivalents		7,181		18,427	
		<b>9,385</b>		<b>569,199</b>	
<b>Current Liabilities: Trade and other payables</b>	6	<b>(1,189,258)</b>		<b>(904,368)</b>	
<b>NET CURRENT ASSETS (LIABILITIES)</b>			<b>(1,179,873)</b>		<b>(335,169)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>(1,179,873)</b>		<b>(335,169)</b>
<b>Non-current Liabilities: Trade and other payables</b>	7		<b>(505,941)</b>		<b>(686,215)</b>
<b>NET LIABILITIES</b>			<b>(1,685,814)</b>		<b>(1,021,384)</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	8		1,746		1,746
Share premium account			699,454		699,454
Retained earnings			(2,387,014)		(1,722,584)
<b>SHAREHOLDERS' FUNDS</b>			<b>(1,685,814)</b>		<b>(1,021,384)</b>

The financial statements were approved and authorised for issue by the board and were sign on its behalf on 24 May 2019

  
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**Nils N.Trulsvik**  
Director

  
.....

**Jon Wiggen**  
Director

The notes on pages 18 to 21 form part of these financial statements.



**J.P. Kenny Petroleum Ltd**  
**Statement of Changes in Equity**

**For The Year Ended 31 December 2018**

	<b>Share Capital</b>	<b>Share Premium</b>	<b>Profit and Loss Account</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
As at 1 January 2017	1,605	99,939	(820,844)	(719,300)
Loss for the year and total comprehensive income	-	-	(901,740)	(901,740)
Arising on shares issued during the period	141	599,515	-	599,656
As at 31 December 2017 and 1 January 2018	1,746	699,454	(1,722,584)	(1,021,384)
Loss for the year and total comprehensive income	-	-	(664,430)	(664,430)
<b>As at 31 December 2018</b>	<b>1,746</b>	<b>699,454</b>	<b>(2,387,014)</b>	<b>(1,685,814)</b>

**J.P. Kenny Petroleum Ltd  
Statement of Cash Flows**

**For The Year Ended 31 December 2018**

<b>Cash flows from operating activities</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Loss for the financial period	(664,430)	(901,740)
<b>Adjustments for:</b>		
Net foreign exchange gain	(18,029)	(10,909)
Finance costs	40,300	97,098
Interest received	-	-
Decrease/(Increase) in debtors	548,568	(540,000)
(Decrease)/Increase in creditors	282,345	495,982
Exceptional operating costs	-	209,601
Corporation tax (paid)/received	-	(4,967)
<b>Net cash generate from operating activities</b>	<b>188,754</b>	<b>(654,935)</b>
<b>Cash flows from investing activities</b>		
Purchase of current asset investments	-	-
Sale of current investments	-	478,689
Income from investments	-	-
<b>Net cash from investment activities</b>	<b>-</b>	<b>478,689</b>
<b>Cashflow from financing activities</b>		
Proceeds from issue of equity instruments of the company	-	599,621
Purchase of debenture loans	-	-
Repayment of debenture loans	(200,000)	(406,449)
Repayment of borrowings	-	-
<b>Net cash used in financing activities</b>	<b>(200,000)</b>	<b>193,172</b>
<b>Net increase/(decrease) in cash at the end of the period</b>	<b>(11,246)</b>	<b>16,926</b>
Cash and cash equivalents at the beginning of the period	18,427	1,501
<b>Cash and cash equivalents at the end of the period</b>	<b>7,181</b>	<b>18,427</b>

**J.P. Kenny Petroleum Ltd**  
**Notes to the Financial Statements**

**For The Year Ended 31 December 2018**

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## **1. Accounting Policies**

### **1.11. Basis of Preparation of Financial Statements**

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRSs. The financial statements have been prepared under the historical cost convention.

### **1.12. Going Concern Disclosure**

The directors agree that it is appropriate to prepare accounts on a going concern basis as they will continue to support the company for the foreseeable future and they understand that the trade creditors (primarily controlled and run by the directors as related parties) will not seek repayment of the amounts due to them until the company can fund those payments.

### **1.13. Financial Instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **1.14. Foreign Currencies**

The Company's functional and presentational currency is USD.

### **1.15. Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss and other comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income within 'other operating income'.

**J.P. Kenny Petroleum Ltd**  
**Notes to the Financial Statements (continued)**

**For The Year Ended 31 December 2018**

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**1.16. Financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities can be classified as FVTPL or other financial liabilities. All financial liabilities currently held are classified as other financial liabilities.

Other financial liabilities (including borrowings and trade and other payables) are recognised and subsequently measured as detailed below.

**1.17. Trade and other receivables**

Trade and other receivables are stated at their original fair value, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. The carrying amount is considered to be a reasonable approximation of their fair value. Receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

**1.18. Borrowing costs**

All borrowing costs are recognised in the Statement of comprehensive income in the period in which they are incurred.

**1.19. Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

**1.2. Judgments in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**1.21. New and revised IFRS's in issue but not yet effective**

The following is a list of potentially relevant new standards/interpretations that have been issued but not yet effective for period on or after January 2018. Earlier application is permitted for all standards/interpretation's details below:

- IFRS 16, "Leases" ("IFRS 16") (IASB effective date 1 January 2019).
- IFRS 15, "Revenue from Contracts with customers" ("IFRS 15") (IASB effective 1 January 2018).
- IFRS 9, "Financial Instruments" ("IFRS 9") (IASB effective date 1 January 2018).

**2. Operating Loss**

The operating loss is stated after charging:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Audit fees (previous auditors)	4,907	8,095
Audit fees (current auditors)	8,883	-
Exchange Gains	(18,188)	(10,909)
Legal & professional fees	<u>326,014</u>	<u>255,920</u>

**J.P. Kenny Petroleum Ltd**  
**Notes to the Financial Statements (continued)**

**For The Year Ended 31 December 2018**

**3. Average Number of Employees**

The Company has no employees other than the directors, who charged management fees to the company as disclosed in the accounts in note 10.

**4. Finance costs**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Interest on loans from related parties	40,300	97,098
	<b>40,300</b>	<b>97,098</b>

**5. Trade and other receivables**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Due within one year</b>		
Other receivables	772	772
VAT	1,432	-
Called up share capital not paid	-	550,000
	<b>2,204</b>	<b>550,772</b>

**6. Current liabilities: trade and other payables**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Trade payables	713,224	702,320
Other creditors	-	5,000
Accruals and deferred income	476,034	197,048
	<b>1,189,258</b>	<b>904,368</b>

Total trade creditors and accruals include amounts payable to related parties amounting to \$868,687 (2017:\$678,464)

The related parties who are members of the board, have agreed to treat these amounts as subordinated debt until the equity is restored.

**7. Non-current liabilities: trade and other payables**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Debentures loans	157,300	340,000
Other borrowings	348,641	346,215
	<b>505,941</b>	<b>686,215</b>

The debenture loan above represents a secured loan carrying a coupon of 12% per annum. During the year \$200,000 was repaid to the debenture holders.

Total fixed interest for the year amounted to the equivalent of \$17,300 (2017:\$89,656).

Other borrowings are due to related parties and consist of a loan of \$256,623 (\$325,641) (2017:\$256,623 (\$346,215)) denominated in GBP. Total interest for the year amounted to the equivalent of \$23,000 (2017:\$7,441).

The loan is secured to debenture loans by way of first fixed and floating charge over all the assets of the company.

**J.P. Kenny Petroleum Ltd**  
**Notes to the Financial Statements (continued)**

**For The Year Ended 31 December 2018**

**8. Share Capital**

	<b>2018</b>	<b>2017</b>
Allotted, Called up and fully paid	1,746	1,746

The company did not issue any new shares during the year.

	<b>Value</b>	<b>Number</b>	<b>2018</b>	<b>2017</b>
	\$		\$	\$
<b>Allotted and called up</b>				
Ordinary shares	0.000151	11563727	1,746	1,746

**9. Financial Instruments**

	<b>2018</b>	<b>2017</b>
	\$	\$
Financial assets		
Financial assets measured at fair value through the profit or loss	9,385	569,199
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	1,695,199	1,590,583

**10. Related Party Transactions**

During the year Force Capital Partner AS (which is a company associated to the director Nils Trulsvik) provided management services for the amount \$150,000 (2017:\$150,000) and travel expenses \$10,516 (2017:\$63,208). The balance payable as at year end amounted to \$537,683 (2017:\$400,183), accrued expenses amounted to \$20,000 (2017:\$63,208).

During the year Jon Wiggen (a director) provided management services for the amount \$56,000 (2016:\$108,000) and travel and other expenses \$1,369 (2017 \$7,244). The balance payable as at year end amounted to \$132,003 (2017:\$89,216) and accrued management fees \$24,000 (2017:\$24,000).

During the year Tracey Peverell (a director) provided management services for the amount of \$60,000 (2017:\$60,000) and travel expenses \$Nil (2017:\$6,857). The balance payable as at year end for management fees amounted to \$155,000 (2017:\$95,000).

**11. General Information**

J.P. Kenny Petroleum Ltd is a private company, limited by shares, incorporated in England & Wales, registered number 08494564. The registered office is 62 Wilson Street, London, EC2A 2BU.

**12. Post balance sheet events.**

In April 2019 the company was able to secure an agreement to fund \$7,000,000 USD into the project for an equity interest in the Company. The subscription is conditional on the acquisition process described in the strategic report being successful and at the date of approval of the financial statements, no shares have been issued.