

Registered number: 08494564

**J P KENNY PETROLEUM LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2017**

BEGBIES CHARTERED ACCOUNTANTS  
9 BONHILL STREET  
LONDON  
EC4V 4AY

## J.P. KENNY PETROLEUM LIMITED

### COMPANY INFORMATION

Directors	J.P. Kenny (appointed 6 October 2014) N.N. Trulsvik (appointed 6 October 2014) K. Gray (appointed 27 November 2014, resigned 28 November 2016) J. Wiggen (appointed 1 June 2015) T.A. Peverell (appointed 21 September 2016) M. De La Mora (appointed 21 September 2016, resigned 10 May 2017)
Registered number	08494564
Registered office	62 Wilson Street London EC2A 2BU
Independent auditors	Begbies Accountants Chartered Accountants 9 Bonhill Street London EC2A 4DJ

## J.P. KENNY PETROLEUM LIMITED

### CONTENTS

	Page
Chairman's statement and chief executive officers report	1 - 2
Strategic report and corporate governance	3 - 7
Directors' report	8 - 9
Independent auditors' report	10 - 12
Statement of comprehensive income	13
Statement of financial position	14
Statement of changes in equity	15
Statement of cash flows	16
Notes to the financial statements	17 - 26

## **J.P. KENNY PETROLEUM LIMITED**

### **CHAIRMAN'S STATEMENT AND CHIEF EXECUTIVE OFFICER'S REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017**

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.

In November 2017, the Company listed on the Merkur Market, part of the Oslo Stock Exchange. The main purpose of this was to facilitate funding for projects which had been investigated and pursued in Colombia. In August, the Company signed an agreement to acquire a company with oil assets in Colombia, however the process of listing and then funding did not meet the timetable of the seller and as such this opportunity was terminated by the seller, with no repercussions to the Company.

As part of listing, we signed an agreement with Fortuna Opportunities Fund in Luxembourg, who committed to acquire 3million shares at \$0.60 for a total consideration of \$1.8million over a 12 month period. This funding was considered necessary in order to provide the Company with working capital for the next 12 months and to allow us to find a substitute project in Colombia.

We are now well into evaluation of several new, exciting projects and with a general upturn in the oil and gas industry, we are well situated to achieve our goals of acquiring development and/or production projects in Colombia.

Name John P. Kenny  
Chairman

Date 30 May 2018

The chief executive officer presents his statement for the year.

For the last 12 months, the focus of the management has been to find suitable oil and gas projects in Colombia. During the year several projects were reviewed and found interesting, but during due diligence, information discovered resulted in our withdrawing from completion on those projects.

During the second half of the year, a very suitable project was negotiated and a contract signed pending funding. This proved more challenging than expected and the company decided to list on the Merkur Market in Oslo in order to satisfy investors that we had engaged in discussions. JP Kenny Petroleum Ltd listed on the Merkur Market, Oslo Børs on 21 November 2017. We were able to satisfy the investors but could not complete the transaction in the time frame required by the Colombian seller.

In the interim, the industry has gained momentum due to increasing price of oil. Our strategy is still to acquire a development project with exploration upside as well as buying existing production in Colombia. There are still many opportunities in the country and we will pursue this strategy until we find a suitable project or projects. Currently, we are investigating a couple of projects which meet this criteria.

## J.P. KENNY PETROLEUM LIMITED

### CHAIRMAN'S STATEMENT AND CHIEF EXECUTIVE OFFICER'S REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017 Financial Review

The company's total operating loss for the period was \$901,740.

This includes a loss of \$194,601 in respect of a deficit which arose on the sale of a security for a working capital loan which was previously (2015) given to a potential joint venture partner, Comtrol SA, a Colombian oil company. As the oil price fell dramatically shortly after the establishment of the loan, the value of the project evaporated, funding promises were withdrawn, and Comtrol failed to pay the contracted interest. The pledged security for the loan was an apartment in Panama City which was appraised at \$930,000 by a highly reputable valuer, but subsequently turned out to be overvalued. This, in combination with a weak and falling property market and other problems in connection with a forced takeover and sales process, which also implied a lot of management attention, caused the loss.

Another important aspect when considering the operating expense in 2017, was that a listing was required to achieve the funding negotiated with Fortuna Opportunities Fund. The listing process was a time consuming process which cost approximately \$191,748 in external advice and expenses.

Except for the above mentioned extraordinary costs, the activity of seeking new projects represents the remaining part of the operational cost. Several projects have been presented, reviewed and rejected. Two projects were subject to short due diligence projects before they were dismissed. The processes during 2017 ended up with a Share Purchase Agreement (SPA) on a project that was considered very interesting, and which was described very thoroughly in the listing documentation in October 2017.

However, as the funding that was supposed to settle the entry obligations following the Share Purchase Agreement (SPA) took time to release, due to formalities within Fortuna Opportunities Fund, who had subscribed for \$1.8million at \$0.60 per share in JPK during a 12 month period. The first part, \$550,000, was two weeks short of fulfilling our obligations in the Share Purchase Agreement (SPA), and the investment opportunity was lost. Fortuna has maintained that they will fulfill its subscription commitment, which is supposed to be fulfilled by the end of October, in monthly installments. During 2018, parallel to following up the funding process, JPK has been building up a small organization in Colombia, to look at alternative attractive oil and gas projects.

#### Outlook

The equity of the company is negative. However, as pointed out above, new equity amounting to \$1,8million has been subscribed. The first part of this new equity has enabled the company to pay all unsecured external debt, and to focus on new projects. We are now in the process of discussing the acquisition of some very interesting new projects in Colombia and the required funding process has started. As the company has no obligations related to offices and staff – except for a small operation in Colombia, and the directors have accepted to be subordinated to other debt for their loans and unpaid management fees until the equity is restored. External expenses are held to a minimum. Hence, with the new and very promising project referred to above, in combination with the increased oil price, the Board has an optimistic view on the future, but will of course carefully watch it's step going forward.



Nils N. Trulsvik  
Chief Executive Officer

## J.P. KENNY PETROLEUM LIMITED

### STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017

#### 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. Another project, this time a development in the Portumayo Basin, was negotiated and a contract entered into. However, in order to fund the acquisition and subsequent development, a process of listing on the Merkur exchange in Oslo took longer than expected and the seller in Colombia withdrew as we did not meet their timeline.

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.

Fortuna Opportunity Fund placed 916 667 shares in December 2017 and have committed to invest a total of 3 million shares during the proceeding 12 month period, which shares will be listed on the Oslo Stock Exchange

#### Substantial Shareholdings

Shareholder % of shareholding	No. of shares	% shareholding
Wilson Street Nominees Ltd	3,726,000	32.22%
J.P. Kenny	1,990,000	17.21%
Heritage Legal Advisor	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:

Shareholder % of shareholding	No. of shares	% shareholding
J.P. Kenny	1,990,000	17.21%
Jon Wiggen	492,000	4.25%
Nils N. Trulsvik	900,000	7.78%%
Tracey Peverell	300,000	2.59%

## J.P. KENNY PETROLEUM LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

#### 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;

## **J.P. KENNY PETROLEUM LIMITED**

### STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

- 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.
- 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

## **J.P. KENNY PETROLEUM LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017**

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.

#### **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.

**J.P. KENNY PETROLEUM LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

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.



.....  
**N.N. Trulsvik**  
Director

Date: 30 May 2018

## **J.P. KENNY PETROLEUM LIMITED**

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017**

The directors present their report and the financial statements for the period ended 31 December 2017.

#### Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 prepared 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 these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements 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 to 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.

#### Principal activity

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

#### Results and dividends

The loss for the period, after taxation, amounted to \$901,740 (2016 - loss \$268,434).

The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2017 (2016 - \$Nil).

#### Directors

The directors who served during the period were:

J.P. Kenny (appointed 6 October 2014)

N.N. Trulsvik (appointed 6 October 2014)

K. Gray (appointed 27 November 2014, resigned 28 November 2016)

## J.P. KENNY PETROLEUM LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

J. Wigen (appointed 1 June 2015)  
T.A. Peverell (appointed 21 September 2016)  
M. De La Mora (appointed 21 September 2016, resigned 10 May 2017)

#### Future developments

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

#### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### Post balance sheet events

There have been significant events affecting the Company since the year end and disclosed in note 22 to the financial statements.

#### Auditors

The auditors Begbies Chartered Accountants were appointed during the year and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be reappointed will be put to the annual general meeting.

This report was approved by the board on 30 May 2018 and signed on its behalf.



N.N. Trulsvik  
Director

## **J P KENNY PETROLEUM LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF J P KENNY PETROLEUM LIMITED**

#### **Opinion**

We have audited the financial statements of J P Kenny Petroleum Ltd for the year ended 31st December 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and 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 31st December 2017 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 and Article 4 of the IAS Regulation.

#### **Conclusions Relating to Going Concern**

As at the year-end, the company's balance sheet showed net liabilities of \$1,021,384. As disclosed in note 21 of the accounts, the company has received a commitment from an existing shareholder to subscribe for an additional \$1,250,000 but as at the date of approval of the financial statements no further issue has taken place. This gives rise to a material uncertainty regarding the company's ability to continue as a going concern.

In the event that no additional equity finance arises, the company's ability to continue on a going concern will be contingent on the willingness of its creditors, who are principally directors and related parties, to continue to support the company and not require payment for loans made or services performed.

Our audit opinion is not qualified in this respect

#### **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 Auditor's 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 as applied to listed public interest entities, 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.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. 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.

The principal risks identified by us included the ability of the company to continue as a going concern in light of the year end balance sheet position. Our response to this included a review of the post year end position to ensure unpaid share capital of £550,000 was settled in January 2018 and all material third party liabilities were discharged. We also asked the related party creditors to specifically confirm the balances due to them and that they will not seek payment of the funds due to them until the

company's finances allow it. The new investor has also affirmed to us in writing their commitment to further invest in the fund as highlighted above and we have discussed with the directors their future plans and intentions. Given the ongoing balance sheet deficit, we believe there is uncertainty about the company's ability to continue as a going concern, as highlighted above, although our audit opinion is unqualified.

We also reviewed the issue of \$550,000 in new share capital in late December 2017 to ensure that cut off had been correctly applied and it was appropriate to recognise the share issue in the year. Audit evidence obtained in the form of bank statements, share certificates and share allotment agreements allowed us to conclude that it was appropriate to recognise the new share issue in year.

Other audit risk areas identified included the ability of management to override the system of internal controls, which given the size of the company are rudimentary. Our audit approach included extensive review to identify exceptional transactions, accounting estimates (if any) or unusual journal adjustments. We are satisfied with the result of our testing

#### **Our application of materiality**

For the purpose of our audit, materiality was assessed to be \$21,000, being 2% of the balance sheet deficit

#### **Other Information**

Management is responsible for other information published with the financial statements. Other information includes the chairman's report (page 1), the chief executive's report (page 1-2), the strategic report (page 3-7) and the directors' report (page 8-9)

Our opinion on the financial statements does not cover the other information 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 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, 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.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS 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 unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### **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 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.

In respect of fraud the objectives of our audit were to identify and assess the risks of material misstatement of the financial statements due to fraud and to obtain appropriate and sufficient audit evidence regarding those assessed risks of material misstatement due to fraud. However the primary responsibility for the prevention and detection of fraud rests with those charged with the governance and management of the entity.

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 auditor's report.

### **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 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.

We have nothing to report in respect of the following matters in relation to which 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.

### **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 an Auditors' 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.

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

We were appointed by the Board of Directors in 2018 and the audit of the financial statements for the year ended 31st December 2017 is the first period for which we have acted as auditor.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the group in conducting our audit.



Robert Maples ACA (Senior Statutory Auditor)  
For and on behalf of Begbies  
Chartered Accountants and Statutory Auditor

9 Bonhill Street  
London  
2018

**J.P. KENNY PETROLEUM LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

		As restated
	2017	2016
Note	\$	\$
Administrative expenses	(595,041)	(213,210)
Fair value adjustment of current asset investment	-	(51,204)
Exceptional operating cost	(209,601)	-
<b>Operating loss</b>	<b>4</b> (804,642)	<b>(264,414)</b>
Income from fixed assets investments	-	51,204
Finance costs	<b>8</b> (97,098)	(55,224)
<b>Loss before tax</b>	<b>(901,740)</b>	<b>(268,434)</b>
<b>Loss for the financial period</b>	<b>(901,740)</b>	<b>(268,434)</b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of profit or loss and other comprehensive income.

There was no other comprehensive income for 2017 (2016:\$NIL).

The notes on pages 17 to 26 form part of these financial statements.

**J.P. KENNY PETROLEUM LIMITED**  
REGISTERED NUMBER:08494564

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017

	Note	2017 \$	As restated 2016 \$
<b>Current assets</b>			
Trade and other receivables	10	550,772	10,772
Current asset investments	11	-	666,000
Cash and cash equivalents		18,427	1,501
		<u>569,199</u>	<u>678,273</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	(904,368)	(425,023)
		<u>(904,368)</u>	<u>(425,023)</u>
<b>Net current (liabilities)/assets</b>		<u>(335,169)</u>	<u>253,250</u>
<b>Total assets less current liabilities</b>		<u>(335,169)</u>	<u>253,250</u>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	13	(686,215)	(972,550)
		<u>(686,215)</u>	<u>(972,550)</u>
<b>Net liabilities</b>		<u><u>(1,021,384)</u></u>	<u><u>(719,300)</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	1,746	1,605
Share premium account		699,454	99,939
Retained earnings		(1,722,584)	(820,844)
		<u>(1,021,384)</u>	<u>(719,300)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 May 2018.



.....  
**N.N. Trulsvik**  
Director



.....  
**Jon Wiggen**  
Director

The notes on pages 17 to 26 form part of these financial statements.

**J.P. KENNY PETROLEUM LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

		Share capital	Share premium account	Retained earnings	Total equity
		\$	\$	\$	\$
As restated	At 1 January 2017	1,605	99,939	(820,844)	(719,300)
<b>Comprehensive income for the period</b>					
	Loss for the year	-	-	(901,740)	(901,740)
	Shares issued during the period	141	599,515	-	599,656
	<b>At 31 December 2017</b>	<u>1,746</u>	<u>699,454</u>	<u>(1,722,584)</u>	<u>(1,021,384)</u>

The notes on pages 17 to 26 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

		Share capital	Share premium account	Profit and loss account	Total equity
		\$	\$	\$	\$
	At 18 May 2016	1,544	-	(552,410)	(550,866)
<b>Comprehensive income for the period</b>					
	Loss for the period	-	-	(268,434)	(268,434)
	Shares issued during the period	61	99,939	-	100,000
	<b>At 31 December 2016</b>	<u>1,605</u>	<u>99,939</u>	<u>(820,844)</u>	<u>(719,300)</u>

The notes on pages 17 to 26 form part of these financial statements.

**J.P. KENNY PETROLEUM LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	2017	As restated 2016
	\$	\$
<b>Cash flows from operating activities</b>		
Loss for the financial period	(901,740)	(268,434)
<b>Adjustments for:</b>		
Net foreign exchange loss	(10,909)	-
Finance costs	97,098	55,224
Interest received	-	(51,204)
(Increase) in debtors	(540,000)	(10,000)
Increase in creditors	495,982	125,771
Exceptional operating cost	209,601	51,204
Corporation tax (paid)/received	(4,967)	-
<b>Net cash generated from operating activities</b>	<u>(654,935)</u>	<u>(97,439)</u>
<b>Cash flows from investing activities</b>		
Purchase of current asset investments	-	(51,204)
Sale of current investments	478,689	-
Income from investments	-	51,204
<b>Net cash from investing activities</b>	<u>478,689</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity instruments of the company	599,621	100,000
Purchase of debenture loans	-	51,204
Repayment of debenture loans	(406,449)	-
Repayment of borrowings	-	(55,224)
<b>Net cash used in financing activities</b>	<u>193,172</u>	<u>95,980</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>16,926</u>	<u>(1,459)</u>
Cash and cash equivalents at beginning of period	1,501	2,960
<b>Cash and cash equivalents at the end of period</b>	<u><u>18,427</u></u>	<u><u>1,501</u></u>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash and cash equivalents	18,427	1,501
	<u><u>18,427</u></u>	<u><u>1,501</u></u>

The notes on pages 17 to 26 form part of these financial statements.

## **J.P. KENNY PETROLEUM LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017**

#### **1. General information**

J.P. Kenny Petroleum Limited is a company domiciled in England and Wales, registration number 08494564. The registered office is 62 Wilson Street, London, EC2A 2BU.

The principal activity of the company was that of the extraction of crude petroleum and natural gas.

#### **2. Accounting policies**

##### **2.1 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.

##### **2.2 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.

##### **2.3 Going concern**

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.

##### **2.4 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.

##### **2.5 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.6 Trade and other payables

Trade and other payables are stated at their original value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material. The carrying amount is considered to be a reasonable approximation of their fair value.

2.7 Borrowings

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

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.9 Foreign currency translation

**Functional and presentation currency**

The Company's functional and presentational currency is USD.

**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'.

2.10 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

There have been no new amendments to IFRSs or new Interpretations issued by the International Accounting Standards Board (IASB) that are mandatorily effective for accounting periods that begin on or after 1 January 2017 and are relevant to the company.

## J.P. KENNY PETROLEUM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

#### 2. Accounting policies (continued)

##### 2.12 New and revised IFRSs in issue but not yet effective

The following is a list of potentially relevant new standards/interpretations that have been issued but are not yet effective for periods on or after January 2017. Earlier application is permitted for all standards/interpretations detailed below:

- IFRS 16, "Leases" ("IFRS 16") (IASB effective date 1 January 2019)
- IFRS 15, "Revenue from Contracts with customers" ("IFRS 15") (IASB effective date 1 January 2018)
- IFRS 9, "Financial Instruments" ("IFRS 9") (IASB effective date 1 January 2018).
- IFRS 2, "Share-based Payment" ("IFRS 2") (IASB effective date 1 January 2018).

##### 2.13 Borrowing costs

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

##### 2.14 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.

#### 3. 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.

#### 4. Operating loss

The operating loss is stated after charging:

	2017	2016
	\$	\$
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	8,095	6,000
Exchange differences	(10,909)	(2,081)
	<u>          </u>	<u>          </u>

**J.P. KENNY PETROLEUM LIMITED**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017

5. Auditors' remuneration

	2017 \$	2016 \$
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	8,095	6,000
Fees payable to the Company's auditor and its associates in respect of:		
All other services	-	3,000
	-	3,000

6. Employees

The Company has no employees other than the directors, who charged management fees to the company as disclosed in note 21 to the accounts.

7. Income from investments

	2017 \$	2016 \$
Income from fixed asset investments	-	(51,204)
	-	(51,204)

8. Finance costs

	2017 \$	2016 \$
Interest on loans from related parties	97,098	55,224
	97,098	55,224

**J.P. KENNY PETROLEUM LIMITED**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017

9. Exceptional items

	2017 \$	2016 \$
Fair value adjustment of current asset investment	-	51,204
Exceptional operating cost	209,601	-
	<u>209,601</u>	<u>51,204</u>

Exceptional operating cost relates to the deficit that arose on crystallisation of security on a working capital loan previously given to a joint venture partner.

10. Trade and other receivables

	2017 \$	2016 \$
Other receivables	772	10,772
Called up share capital not paid	550,000	-
	<u>550,772</u>	<u>10,772</u>

11. Current asset investments

	2017 \$	2016 \$
Secured loan	-	666,000
	<u>-</u>	<u>666,000</u>

**J.P. KENNY PETROLEUM LIMITED**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017

12. Current liabilities - trade and other payables

	2017 \$	2016 \$
Trade payables	702,320	338,491
Other creditors	5,000	5,000
Accruals and deferred income	197,048	81,533
	<u>904,368</u>	<u>425,024</u>

Total trade creditors and accruals include amounts payable to related parties amounting to \$678,464 (2016:\$360,395)

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

13. Non-current liabilities - trade and other payables

	2017 \$	2016 \$
Debentures loans	340,000	681,793
Other borrowings	346,215	290,757
	<u>686,215</u>	<u>972,550</u>

The debenture loan above represents a secured convertible loan 2015/16, carrying a coupon of 12% per annum, convertible at the rate of £2.45 per ordinary share representing 160,000 ordinary shares. Total fixed interest for the year amounted to the equivalent of \$89,656 (2016:\$51,203).

Other borrowings are due to related parties and consist of a loan of £256,623 (\$346,215) 2016: £191,451 (\$290,757) denominated in GBP. Total interest for the year amounted to the equivalent of \$7,441 (2016:\$4,021).

14. Secured loans

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

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**J.P. KENNY PETROLEUM LIMITED**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017

15. Financial instruments

	2017	2016
	\$	\$
Financial assets		
Financial assets measured at fair value through profit or loss	569,199	678,273
	<u>569,199</u>	<u>678,273</u>
	<u><u>569,199</u></u>	<u><u>678,273</u></u>
Financial liabilities		
Other financial liabilities measured at fair value through profit or loss	1,590,583	(1,397,573)
	<u>1,590,583</u>	<u>(1,397,573)</u>
	<u><u>1,590,583</u></u>	<u><u>(1,397,573)</u></u>

## J.P. KENNY PETROLEUM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

#### 16. Share capital

	2017 \$	2016 \$
Allotted, called up and fully paid		
11,563,727 (2016 - 10,629,536) Ordinary shares of \$0.000151 each	1,746	1,605
	<u>1,746</u>	<u>1,605</u>

On the 15th January 2015 999 £1 Ordinary shares were allotted and paid at par.

On the 1st March 2015 the shares were subdivided from the £1 nominal value to £0.001 each

On the 21st March 2017 the shares were subdivided from the £0.001 nominal value to £0.0001 each equivalent to \$0.000151 per share.

During September 2017 the company issued additional shares of 147,060 at a total premium of \$49,638 being \$0.3375 per share.

During December 2017 the company issued additional shares of 916,667 at a total premium of \$549,877 being \$0.5999 per share.

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#### 17. Prior year adjustment

Management fees for \$10,000 were not duly provided in the prior year, and this has been corrected for.

#### 18. 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 (2016: \$120,000) and travel expenses \$63,208 (2016:\$Nil). The balance payable as at year end amounted to \$400,183 (2016:\$255,183), accrued expenses amounted to \$63,208 (2016:\$5,000Nil).

During the year Jon Wigen (a director) provided management services for the amount \$108,000 (2016: \$Nil) and travel and other expenses \$7,244 (2016:\$Nil). The balance payable as at year end amounted to \$89,216 (2016:\$5,212) and accrued management fees \$24,000 (2016:\$Nil).

During the year Tracey Peverell (a director) provided management services for the amount of \$60,000 (2016:\$35,000) and travel expenses \$6,857 (2016: \$Nil). The balance payable as at year end amounted to \$6,857 (2016:\$Nil) and accrued management fees \$95,000 (2016:\$35,000).

Mauricio Rodriguez (a director) provided management services for the amount of \$60,000 for the year ending 31st December 2016. A credit note will be issued in the next financial year to reverse the invoices in 2016. The provision receivable as at year end amounted to \$60,000 (2016: \$Nil). No invoices have been issued during 2017.

**J.P. KENNY PETROLEUM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

**19. Post balance sheet events**

The company has received a commitment from an existing shareholder to subscribe for an additional 2,083,333 ordinary shares at the price of \$0.60 per share subject to the trading price not exceeding \$1.50. In the event the trading price does exceed \$1.50 then the original price will be increased to \$1.50. No further issue has taken place as a date of issue of these financial statements.

**J.P. KENNY PETROLEUM LIMITED**

**DETAILED PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	2017	As restated 2016
Note	\$	\$
	<u>          </u>	<u>          </u>
Gross profit	-	-
Less: overheads		
Administration expenses	(595,042)	(264,414)
Other operating charges	(209,601)	-
Operating loss	<u>(804,643)</u>	<u>(264,414)</u>
Interest payable	(97,097)	(55,224)
Investment income	-	51,204
Loss for the period	<u>(901,740)</u>	<u>(268,434)</u>

**J.P. KENNY PETROLEUM LIMITED**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017

	2017	As restated 2016
	\$	\$
Administration expenses		
Hotels, travel and subsistence	59,287	-
Consultancy	268,000	205,000
Computer costs	3,283	1,291
Legal and professional	255,920	-
Auditors' remuneration	8,095	6,000
Accountancy fees	10,964	3,000
Bank charges	402	-
Difference on foreign exchange	(10,909)	(2,081)
Exceptional expense	-	51,204
	<u>595,042</u>	<u>264,414</u>
	2017	2016
	\$	\$
Exceptional operating cost	209,601	-
	<u>209,601</u>	<u>-</u>
	2017	2016
	\$	\$
Interest payable		
Other loan interest payable	(97,097)	(55,224)
	<u>97,097</u>	<u>55,224</u>
	2017	2016
	\$	\$
Investment income		
Income from unlisted investments	-	51,204
	<u>-</u>	<u>51,204</u>

