BRANDT
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Statsautoriseret
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ESP Oil & Gas ApS

Company reg. no. 35 40 44 65

Annual report

18 July 2013 - 31 December 2014

The annual report has been submitted and approved by the general meeting on the 18 June 2015.

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Patrick Horst Rocholl
Chairman of the meeting

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Contents

Management's report

The managing director has today presented the annual report of ESP Oil & Gas ApS for the financial year 18 July 2013 to 31 December 2014.

The annual report has been presented in accordance with the Danish Financial Statements Act.

I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2014 and of the company's results of its activities in the financial year 18 July 2013 to 31 December 2014.

I am of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Copenhagen, 18 June 2015

Managing Director

Patrick Horst Rocholl
CEO

The independent auditor's reports

To the shareholder of ESP Oil & Gas ApS

Report on the annual accounts

We have audited the annual accounts of ESP Oil & Gas ApS for the financial year 18 July 2013 to 31 December 2014, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

The management's responsibility for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control as it determines necessary in order to prepare annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of annual accounts that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as the overall presentation of the annual accounts.

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

The audit has not resulted in any qualification.

The independent auditor's reports

Opinion

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2014 and of the results of the company's operations for the financial year 18 July 2013 to 31 December 2014 in accordance with the Danish Financial Statements Act.

Emphasis of matter paragraph on matters in the accounts

Without modifying our opinion, we note that there is considerable uncertainty about the company´s ability to continue operations. We refer to note 1 of the annual account, which states that the condition for the company's continued operation is that the budget of cashflow for the parent company for the period from June 2015 to January 2016 is realized. It is management's assessment that it is realistic to realized the budget of cashflow why the financial statements accordingly has been prepared assuming continued operations.

Statement on the management's review

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the annual accounts. On this basis, it is our opinion that the information provided in the management's review is consistent with the annual accounts.

Aarhus, 18 June 2015

BRANDT
State Authorised Public Accountants

Henrik Rummenhoff
State Authorised Public Accountant

Company data

The company	ESP Oil & Gas ApS c/o Plesner Law Firm Amerika Plads 37 2100 Copenhagen	
	Company reg. no.:	35 40 44 65
	Financial year:	18 July - 31 December
Managing Director	Patrick Horst Rocholl, 46 Chevenning Road, London SE10 0LAGreat Britain, CEO	
Auditors	BRANDT Statsautoriseret Revisionspartnerselskab Søren Frichs Vej 36 L 8230 Åbyhøj	

The significant activities of the enterprise
The object of the entity is to operate within the energy business including within the oil and gas sector. ESP Oil & Gas ApS are pleased to report on the Activities to the end of this reporting year and provide an update on the outlook for the year 2015.

Operational Highlights
* Successful acquisition of Licence 1/13("Licence"); the largest exploration and production licence in the Danish North Sea.
* Application made for a further licence of eight offshore blocks in the Danish Sea, adjacent to Licence 01/13.
* Technical update published by the Company in February 2014 identified 20 prospects and leads on the Licence area and one gas discovery.
* Competent Person's Report ("CPR") released in June 2014 recognising the Maja Miocene gas discovery with Contingent Net Recoverable Resources of 69 Bcf gas.
* It also stated Best Estimate Prospective Recoverable Resources of 1.8bn bbl oil and 1.9 Tcf gas in the portfolio of 20 prospects and leads.
* Migration and Maturation study released in October 2014 further supported the Company's view that hydrocarbons have migrated from the Central Graben to the area of the Licence.

Financial Highlights
The company is funded by it's wholly owned parent company Nordic Energy PLC.

Loss before taxation for the year is Danish Krone 31,390, reflecting the low cost nature of the early stage development of the Company

This has been a pivotal year in the Company's development starting with the acquisition of Licence 1/13 and subsequent progress made with the technical analysis of the area. Our work has further supported our belief that this is a highly prospective area and we feel confident in our position going forward.

Strategy and Outlook

Objectives
The Company's objective is to create significant value from the exploration, appraisal and development of oil and gas projects.

The Company has a number of secondary objectives, including promoting the highest level of health and safety standards, developing our staff to their highest potential and being a good corporate citizen.

Strategy
The Company's will seek to maximise the exploration and appraisal potential within the existing Licence 1/13held in the Danish North Sea.

Business model
The Company seeks to increase shareholder value by acquiring low cost oil and gas exploration and production assets with highly prospective characteristics, reduced geographical and political risk, and the

potential for rapid advancement. This focus is demonstrated by the acquisition and development activities that have already taken place on Licence 1/13 in Denmark and is supported by a current application to the Danish Energy Agency for additional blocks. Management focus is on value creation through cost effective acquisitions and judicious expenditure focussed on exploration and development.

The Company has identified a number of approaches which may be employed to create value, including: the acquisition of further licence areas, strategic joint ventures, including farm-in agreements, disposals, and the development of projects to production by the Company itself or spin-offs to new entities.

Review of the Company's business using key performance indicators
In September, 2013 the Company acquired operatorship and an 80% working interest of Danish Hydrocarbons Exploration and production Licence 1/13 in the Danish North Sea from Nikoil Limited (an entity controlled by a director of the Company).

Since this time the Company has undertaken extensive geological structural interpretation and mapping work using existing 2D-seismic data aided by a volume of Pseudo 3D-seismic data. The Company now holds a sizeable licence area, a library of seismic information, data logs, structural interpretations and mapping, creating a large Hydrocarbon Prospect Portfolio.

The Company commissioned a Competent Persons Report which was completed in June, 2014 providing an independent evaluation of the recoverable hydrocarbons expected for the asset Licence 1/13.

Business performance overview
During the early part of the period under review ESP Oil & Gas ApS acquired the Exploration and Production Licence 1/13 covering an area of 3633 km2 in the Danish North Sea. Following this award the company has commenced activities in meeting work programme commitments over the licence area and has acquired well and seismic data both 2D and Pseudo 3D and has carried out structural interpretation and mapping work that has led to the identification of a gas discovery and 20 oil and gas prospects across a number of geological play types and varying depth as follows:

Play type	Target depth	Likely resource
Miocene	1,100ft	Shallow Gas
Upper Cretaceous	6,725ft	Oil
Rotliegendes	8,200ft	Oil
Carboniferous (Pre-Permian)	9,800ft	Gas

This work has resulted in the commissioning of an independent Competent Persons report ("CPR") that was completed in June, 2014.

In addition as a result of the potential identified through the initial interpretation and mapping work the Company made an application for a further licence area of a total of 8 blocks covering an area of 1,750km2 adjacent to existing Licence 01/13.

Work programme
Following the year-end the Company completed further technical work principally a maturation and

migration study and plans to complete a seismic attribute study, together with the balance of the interpretation work over a remaining volume of 2D-seismic.This will allow for a further maturing of the assets in the portfolio and the commissioning of an updated CPR.

Set out below are the Company's Reserves and Resources as provided in the Independent Competent Persons Report provided by Xodus Group Limited in their report dated 6 June 2014.

Contract Area	Prospect Gross MM Boe	ESP MM Boe	Interest %
Contingent Resource (best)	14.4	11.5	80
Prospective Resource (best)	2,590.0	2,072.0	80

Key objectives

At commencement of the company we set ourselves the principal objective of progressing the low cost development programme to further define the prospectivity of the licence. This resulted in an upgraded resource portfolio including a mapped gas discovery and supported by an Independent Competent Persons Report. We are also progressing the objective of adding further exploration assets to the Companys portfolio through the Application for 8 additional blocks in the Danish North Sea.

For the coming year we will continue to develop and mature Licence 1/13 supported by the completed maturation and migration study modelling, seismic attribute work and further mapping of prospects and structural interpretation through the acquisition of additional 2D, working toward the planning and acquisition of a 3D seismic programme as well as carrying out work to optimise a development concept for the Maja gas discovery and its surrounding accumulations.

Events subsequent to the end of the financial year

A precondition of the company's continued operation is receiving of subsidies of cash from the parent company. The cashflow budget of the parent company for the period from June 2015 to January 2016 shows positive stock of liquidity. The budget takes into account the need for liquidity in the ESP Oil & Gas' future operations. It is management's assessment that it is realistic to realize the budget of cashflow.

Accounting policies used

The annual report for ESP Oil & Gas ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. It is the Company´s first accounting year.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to loose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency, which are not settled at the date of the balance sheet, are translated by using the closing rate. The difference between the closing rate and the rate at the time of establishment of the receivable or the payable is recognised in the profit and loss account under financial income and financial costs.

Fixed assets acquired and paid for in foreign currency are translated by using the prevailing rate pub-lished in the Financial Times on the date of the previous month.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

The profit and loss account

Administration costs comprise costs which have been incurred during the year for management and administration of the entity, including costs for the administrative staff, the executive board, offices, stationery and office supplies.

Net financials

Net financials comprise interest income and interest costs, financial costs in connection with financial leasing, realised and unrealised capital profits and losses concerning securities, and liabilities and transactions in foreign currency. Net financials are recognised with the amounts concerning the finan-cial year.

Tax of the results for the year

The tax for the period comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year.

The balance sheet

Intangible fixed assets

Development projects and licences

The company applies the full-cost method of accounting under which expenditure relating to the ac-quisition, exploration, appraisal and development of oil and gas interests, including an appropriate share of directly attributable overheads, is capitalised within cost pools. Capitalised costs are amortised on a unit of production basis. The Board regularly reviews the carrying values of intangible assets and writes down capitalised expenditure to levels it considers being prudent. Cost pools are determined on the basis of geographical principles. The company currently has one cost pool, relating to exploration interests within the Danish North Sea Licence no 1/13.

Capitalised development costs are measured at cost with deduction of accrued amortisation or at the recoverable value, if this is lower.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 5 years and does not exceed 20 years.

Licenses are measured at cost with deduction of accrued amortisation.Licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the realisation of development projects and licenses are measured as the differ-ence between the sales price with deduction of sales costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under amortisation.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax. In the period 2014 to 2016, the corporate tax rate will be reduced gradually from 25 % to 22 %, which will affect the deferred tax liabilities and deferred tax assets. Unless a recognition with a different tax rate than 22 % will result in a significant material deviation in the estimated deferred tax liability or tax asset, deferred tax liabilities and assets are recognised by 22 %.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Profit and loss account

Note		18/7 2013 - 31/12 2014
	Gross loss	**-31.412**
	Operating profit	**-31.412**
	Other financial income	22
	Results before tax	**-31.390**
	Tax on ordinary results	0
	Results for the year	**-31.390**
	Proposed disposal of the results:	
	Disposed from results brought forward	-31.390
	Disposals in total	**-31.390**

Balance sheet

Assets

Note		31/12 2014
	Fixed assets	
	Development projects in progress	1.295.844
	Acquired concessions and licenses	305.475
	Intangible fixed assets in total	1.601.319
	Fixed assets in total	**1.601.319**
	Current assets	
	Other debtors	19.950
	Debtors in total	19.950
	Current assets in total	**19.950**
	Assets in total	**1.621.269**

Balance sheet

Liabilities

Note		31/12 2014
	Equity	
2	Contributed capital	80.000
3	Results brought forward	-31.390
	Equity in total	**48.610**
	Liabilities	
	Debt to group enterprise	1.572.659
	Short-term liabilities in total	1.572.659
	Liabilities in total	**1.572.659**
	Liabilities in total	**1.621.269**

4 Related parties

Notes

1. Uncertainties concerning the enterprise's ability to continue as a going concern

A precondition of the company's continued operation is receiving of subsidies of cash from the parent company. The cashflow budget of the parent company for the period from June 2015 to January 2016 shows positive stock of liquidity. The budget takes into account the need for liquidity in the ESP Oil & Gas' future operations. It is management's assessment that it is realistic to realize the budget of cashflow.

	31/12 2014
2. Contributed capital	
Contributed capital 18 July 2013	80.000
	80.000
3. Results brought forward	
Profit or loss for the year brought forward	-31.390
	-31.390

4. Related parties

Ownership

According to the company's list of shareholders, the following shareholders own a minimum of 5 % of the voting rights or a minimum of 5 % of the share capital:

Nordic Energy PLC, 111 Canon Street, EC4N 5AR London, Great Britian